



MEMORANDUM TO SELLERS OF RESIDENTIAL PROPERTIES

Prepared by

DUST EVANS PROFESSIONAL CORPORATION

for assistance to its clients

PLEASE NOTE: This memorandum has been prepared and is intended for your general information only. It is not held out and is not to be construed as advice with respect to your particular sale. Specific problems relating to your sale should be referred to our office.

OUR FEES AND OTHER COST CONSIDERATIONS

The fees and disbursements quoted are based on the assumption there will be no unusual complications in the transaction as it progresses. While we make every effort to keep our costs within the amount quoted, it is understood that circumstances may arise which are beyond our control and which may require us to spend considerably more time on your file than originally anticipated. A few examples of events which may result in an increase in our fees and disbursements are: a change in the closing date, documents having to be signed under a Power of Attorney (unless this was foreseen at the time the fee quote was given), additional mortgages having to be discharged, or bridge financing being arranged and repaid. In the event that this transaction does not close our fees will be calculated on the basis of the amount of time spent on the file at our standard hourly rates.

If your account is reimburseable by your employer, relocation company, or any other third party, we will provide you or the third party with our account when required. If your account is reimburseable, or to be paid by someone else, please let us know as early as possible so that the appropriate arrangements for payment can be made.

ADJUSTMENTS

At the time of closing, there will be adjustments to the purchase price for certain items. The most common adjustments are for the deposit(s) paid and for realty taxes. If the amount you have paid towards taxes for the year amounts to more than your share up to the date of closing, you will be given the appropriate credit. If it comes to less, the purchaser will be given a credit. Generally, you should pay all tax instalments due up to and including the date of closing. If there is an instalment due very close to or on the date of closing, you should make the payment making sure you obtain a receipt as evidence of payment on the date of closing. A copy of this receipt should be delivered to us as soon as possible after you receive it for our files. Any tax instalments due after the closing date should not be paid by you. Rather, you should deliver the tax payment stub to us on the date of closing for delivery to the purchaser. If you are on an automatic payment plan with the municipality, it is of utmost importance that you discontinue the plan effective the date of closing.

Other, less common, adjustments are for fuel oil (where there is an oil tank), cost of an estoppel certificate and common expense fees (if you are selling a condominium) and mortgage interest (where the mortgage is being assumed). In the normal course of events it is impossible for us to advise you of the amount of these adjustments until very close to the closing date. You should keep in mind, however, that they normally come to somewhere between a few hundred and a thousand dollars.

DISCHARGE OR ASSUMPTION OF MORTGAGES

Any mortgages registered against the property which the purchaser has not agreed to assume must be paid in full from the proceeds of sale and discharged from title. We will obtain a discharge statement from the mortgagee and pay the mortgage out on the basis of the statement received. You should contact the mortgagee approximately one week before closing to clarify which payments need to be made prior to closing. You may find that payments due on the date of closing must be paid by you, as the discharge statement may be prepared assuming the final regular payment will be made. You should also clarify what, if any, interest or other penalties will be charged if the mortgage is being

paid out before the maturity date. As soon as possible after closing takes place, we will forward by courier funds to pay off any outstanding mortgage. Every effort will be made to deliver these funds on the closing date so that you will not be charged additional interest on the mortgage. However, if the transaction closes, as most do, late in the day, or if there is any unavoidable delay in forwarding the funds to the mortgagee, you may be charged interest on the mortgage until the next banking day. You should be aware that most mortgagees charge interest on the amount outstanding until the next banking day if funds are not in the mortgagee's hands by 1:00 or 2:00 p.m. If this concerns you, you should check with your mortgagee to determine what its policy is on this point.

If a mortgage is being assumed by the purchaser, an assumption statement will be obtained and the principal amount outstanding on the mortgage plus any accrued interest to closing will be credited to the purchaser. You should be aware that the assumption by the purchaser of your mortgage does not relieve you of liability under the mortgage unless a specific written release is obtained from the mortgagee. You may wish to speak to your mortgagee about this.

Of course, we will require the names and addresses of any outstanding mortgages well before closing. Account numbers are also helpful if you have them.

TAKING CARE OF THE UTILITIES

If the property is heated by metered gas, electricity, or oil, meter readings must be taken at the time of closing. You should contact any of these utilities at least two weeks prior to closing, advising them of the date of closing, requesting a meter reading be taken on that date, and directing them to forward the final bill to you at your new address. If you will be difficult to reach following closing, you should prepay your bill using an estimate provided by the utility company. This will avoid a lot of confusion following closing. Any automatic payment plans should be cancelled effective the date of closing.

If you have an oil tank, you must arrange to have it filled on the closing day. You should pay the bill for this, advise us of the size of your tank, and we will make sure you are given a credit on the Statement of Adjustments for a full tank of oil.

WHAT TO DO IF YOU WILL NOT BE PRESENT ON THE CLOSING DATE

If any of the vendors of this property will not be available on or before the closing date to execute documents, a Power of Attorney should be prepared permitting someone else to sign on that person's behalf. If there are no friends or relatives who could perform this function, your lawyer at this firm would be pleased to accept the appointment as your Attorney for the purpose of signing papers on your behalf. If you anticipate the need of a Power of Attorney, please contact us immediately so that we may take instructions, prepare the necessary documents, and get them to you for signature. The Power of Attorney must be registered on title prior to the closing date.

SURVEY

Any survey which you may have for the property should be delivered to the purchaser or his or her lawyer. Generally, a copy of the survey is delivered upon acceptance of the Offer to Purchase. Any original survey can be delivered to the purchaser at the time of closing. It is important to provide us with the best copy or original of the survey in your possession or control, as a survey which is incomplete or illegible is of little use to the purchaser.

INSURANCE

Your insurance representative should be made aware of this transaction. Be careful, however, not to cancel your insurance until after you have been advised that the transaction has closed. In some situations, a closing may be postponed, in which event it would be important to maintain your insurance. You should make arrangements with your insurance representative such that most of the paperwork is done prior to closing and only a phone call or faxed message is required to confirm the closing and advise that the insurance may be cancelled.

CLOSING AND DISTRIBUTION OF PROCEEDS

On the closing date we will be meeting with the solicitors for the purchaser to exchange your keys and signed documents for the balance of funds owing. After this exchange takes place and the Deed has been registered, we will return the balance of funds to our offices so that we may deposit them in our trust account and provide a cheque to yourselves. Normally, your cheque will be available for you to pick up (or delivery to your bank if you are unable to pick it up) between 5:00 and 6:00 p.m. on the day of closing. In very rare cases, a very late closing or other factors may prevent us from releasing funds to you the same day. In these instances, the cheque will be available to you on the following business day. It is our normal practice to deduct any outstanding real estate commission and all of your legal fees and disbursements from the funds received on closing prior to remitting the balance to yourselves. If you have any objections to this being done in your case, please contact me so that we might discuss this further.

In the normal course of events the signing of papers will not take place until the morning of or the day before the closing date. In the meantime, you may rest assured that we are proceeding with the necessary work on the file in order to complete this transaction on time. As the closing day approaches, we will be contacting you to make an appointment to attend at our offices to review and sign all documentation. If we are signing on your behalf as power of attorney (see below), we will be calling you at this time to review the documents and numbers with you. Please make sure you can be reached by phone on the day prior to and day of closing. It is critical that we are able to get in touch with you should we require instructions should something come up on the day of closing. Before closing, we will require at least one set of keys to the premises which we will deliver to the purchaser on closing. The rest of the keys may be left at the premises when you leave.

One of our secretaries and legal assistants will be assisting me on this file. If your lawyer is not immediately available when you call, he or she may be able to assist you. If not, please leave a detailed message and your lawyer will get back to you as soon as possible.

Thank you for having entrusted us with this transaction. For your assistance, set out below is a checklist you might find helpful.

SALE CHECKLIST

- ❖ check that the fixtures and chattels specified in the Agreement of Purchase and Sale have been left on the premises
- ❖ check that any work required to be done by you has been completed
- ❖ advise utility companies by phone of changes of ownership
- ❖ on the date of closing, write down the utility meter readings
- ❖ ensure that the oil tank, if there is one, is filled to capacity on the date of closing and pay the final bill
- ❖ advise the tax department of the change of ownership
- ❖ if your property is serviced by metered water, advise the water department of the change of ownership
- ❖ advise the condominium corporation, if applicable, of the change of ownership, arranging to have any post-dated cheques returned to you
- ❖ leave all remaining keys, garage door openers, manuals, warranty certificates, etc., in the premises