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Follow checklist to avoid surprises

It's a question every real estate lawyer gets asked: "The offer is signed. What happens next?"

Just because the deal is firm and binding, doesn't mean everything will go smoothly. Even the simplest hitch can send a house purchase off the rails. Here is my personal checklist of dos and don'ts to make sure the deal closes on time.

- ☐ The first job is to choose a lawyer if you don't already have one. Real estate can be a complex area of law and I recommend choosing a lawyer who devotes a substantial portion of his or her practice to real estate. Ask for recommendations from friends, relatives or colleagues. It's important to have someone on your team with the ability to keep the deal together if it starts to go sideways.
- ☐ Make sure your lawyer has a copy of the offer and all waivers of conditions. This may seem obvious, but I've received too many panicked phone calls the day before closing when the purchaser or agent forgot to send me the offer, and I had no idea there was a deal about to close.
- ☐ Don't wait until the last minute to arrange financing. Pre-approvals are conditional. Just because you have a pre-approval doesn't guarantee that the mortgage will be advanced. Follow up with your lawyer to make sure the lender has sent mortgage instructions. Even when the mortgage is approved, if the lawyer doesn't get bank instructions in time to prepare the documents, the deal won't close.
- ☐ Be sure to arrange fire and liability insurance well in advance of closing. Not too long ago insurance companies would insure anything. Nowadays, it's much harder to arrange insurance especially if the property is old, has an oil tank or knob-and-tube wiring, or if the purchasers have never had an insurance policy before. Before calling to arrange insurance, try to find out how old the house is and how many square feet it contains above ground level.
- ☐ Never lie to your lawyer, your insurance agent or your mortgage lender. If you've lost your job, or if there's a basement apartment, or a buried oil tank, or a pool not shown on the survey, admit it up front and deal with it early. A seemingly innocent misrepresentation can explode into a major problem at the last minute.
- ☐ Just because you're buying a condominium, doesn't mean you don't need insurance. You do. The master building policy doesn't cover theft, liability or improvements in your unit. And it may not cover fire, water or smoke damage coming to or from your unit.
- ☐ On closing day, you're going to need certified funds to deposit into your lawyer's trust account. In today's frenzied real estate market, your lawyer may not have the information available to calculate the exact amount you need until the last minute.
- ☐ I often think that real estate agents have wall calendars which only show three dates each month the 15th, the last day and the last Friday. These are the busiest days of each month and also the days purchasers will have the most trouble arranging movers, utility readings, mortgage financing, and phone and cable service. The absolute worst days of the year are the Fridays before the Canada Day, Labour Day and the civic holiday long weekends. If it's not too late, avoid these like you'd avoid West Nile virus and expect delays if you're stuck with those dates.
- ☐ Ask to see your mover's liability insurance policy before you sign anything. Make sure the company has coverage to protect your computer, piano, glassware and fine art. And make sure you don't have to pay until your possessions are unloaded. Some movers demand full payment in cash before the truck is unloaded.
- ☐ If more than one buyer is involved, make sure you discuss who will be registered on title with your lawyer. Two purchasers cannot be the registered owners if only one has been approved for the mortgage. And one purchaser cannot go on title if both have been approved by the lender. Make sure you know the difference between "joint tenants" (with survivorship rights) and "tenants-in-common" (50-50 ownership, like a

partnership.)

☐ Your lawyer is obligated to tell you about title insurance. Even though this is common now, not all title insurers offer the same coverage or the same premiums. Some have better claims payment records than others. Discuss title insurance with your lawyer.

☐ The logistics of moving keys and money around the city by courier or bank wiring (which is usually slower than courier) make it virtually certain that the transaction won't close early in the day. Keys are typically released between 3 p.m. and 5 p.m. Don't schedule your movers earlier unless you've made your own arrangements for the release of keys. If your lawyer's office is not close to the house, make arrangements for key pickup elsewhere. Real estate agents may be helpful with timely key delivery.

☐ If your home is heated by oil, make arrangements for delivery. Unlike water, hydro and gas, oil can be purchased from a number of suppliers and continued delivery is not automatic. As well, if the tank is more than 25 years old, you may not be able to get any supplier to sell oil to you. If you're going to replace the oil furnace with gas service, make sure to tell the vendor not to fill the oil tank.

☐ Call the utilities - gas, hydro, water, phone, cable/internet - and arrange service.

☐ If you have a fixed-term lease on the apartment you're vacating, be aware that you may not be able to terminate it on 60 days' notice. You may well be responsible for rent until the lease expires.

☐ If you're moving into a home, buy a lawnmower and a snow shovel. This is Canada. You're going to need them both.

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