

GISH LAW OFFICE



Legal Fees, Billing and Related Procedures

Experience shows more difficulties and misunderstandings arise between lawyers and their clients over fees and billings than any other cause. As it is most important you understand how billing will be conducted and your responsibilities in that regard, we urge you to review this information thoroughly. Basic fees are as quoted in the accompanying letter. If you do not completely understand or have any concerns please either myself or one of my assistants. The assistant assigned to your file should be identified in the letter to you confirming fees and expenses for your file.

Additional Charges

There will be additional charges if the work extends beyond that necessary for a regular mortgage. While additional charges are not the norm, they would arise from extraordinary requirements imposed by the mortgage company you are using including for example, payment of other debt. Should such an instance arise you will be notified in writing of any additional charges that may become necessary. NOTE: Purchase fees are not included. If a purchase is taking place, it is an entirely separate legal matter from the mortgage.

Disbursements, Expenses and Service Charges

Disbursements are payments made by our office on behalf of a client. Examples are payments to third parties such as the Land Titles Office and municipalities. Expenses include postage, photocopying, long distance toll charges, fax charges and on-line charges. Service Charges are levied for special mail services (certified mail, registered mail, priority post, etc.), contract courier service, wiring funds, and foreign exchange involvement. Disbursements, expenses and service charges are in addition to fees.

How to Estimate Expenses

The Borrower should budget for various expenses they will encounter, in particular Land Titles charges. Apply the following formula to obtain an estimate of expenses:

Mortgage Amount

----- + \$200.00 \$5,000.00

Title Insurance Real Property Reports and Municipal Compliance Certificates are NOT included in this formula. If you are obtaining a construction mortgage through your bank you may incur further expenses of approximately \$50.00 due to the searches required for each advance.

Insurance

If there are buildings upon the property being mortgaged, it is a requirement of your mortgage that fire insurance be placed upon them and that insurance be assigned to the mortgage holder naming them as First Loss Payable. Evidence of this insurance MUST be in our hands before funds can be disbursed. If you are obtaining a construction mortgage, construction insurance must be in place prior to the first advance of funds being released.

Real Property Report

Unless you are mortgaging with Community Savings Credit Union, the mortgage instructions received by our office will require my office to ensure we have an accurate Real Property Report and proof of municipal compliance. A Real Property Report is a survey that shows where the buildings on your property are located in relation to the boundary of your property. The Real Property Report must be reviewed by the municipality to ensure the structures on the property comply with municipal by-laws. This entire procedure usually takes at least two weeks. Funds will not be disbursed nor documents forwarded for Land Titles Registration until requirements relating to Real Property Reports and Municipal Compliance are satisfied. IT IS YOUR RESPONSIBILITY to obtain the Real Property Report from a surveyor and a Municipal Compliance Certificate from the municipality in which the land is located. If the offer has the seller providing the Real Property Report and Compliance, try to take a look at it – is it accurate? If not, please draw this to our attention at your earliest moment so we can address what steps need to be taken.

Title Insurance

Title Insurance is an insurance policy that can be used to satisfy the mortgage company's requirement for a Real Property Report and proof of municipal compliance. It is a per transaction fee (currently \$229.00 for a basic residential home in town) by insuring the buyer and lender against survey-related risks.

Title Insurance is also used to facilitate funding on the closing date when timing has not allowed for registration of the transfer of land and mortgage at Land Titles by the closing date..

Mortgage Amount

There may or may not be insurance, interest or municipal tax deductions from your mortgage proceeds. We recommend you confirm the amount of mortgage monies that will be advanced from the lending institution so that you can properly budget for this transaction.

Assumptions and Pay Out Penalties

If the mortgage being arranged is CMHC insured, it is strongly recommended the mortgage not be assumed by future purchasers.

A mortgage is a contract and to remain in place for its entire term. Early payment may result in penalties. Check with the lender for more information. Keep in mind a sale may require an early pay out.

Suggestions or Concerns

We try to make our service exceed your expectations. Just like any other business we strive to ensure our clients are satisfied with the service we provide. Please let us know if you have any suggestions or comments on how we can serve you better. Also, please advise us of any complaints or concerns. Only from your feedback will our service improve. Thank you for your assistance in this regard.

We hope this memo is informative and helpful. Your understanding of our billing procedures allows us to focus attention on your legal matters and to serve you better.