

What to do before possession date when buying a house

by: Stacy Senkbeil, Partner

published 16 June 2023

There are a number of dates that are important to note when buying a house, and the possession date is certainly the most significant one to the buyer. This is the date when the buyer receives the keys to the property and officially becomes the homeowner.

The process leading to this milestone date is full of many details that the buyer needs to accomplish prior to the move-in date. It starts on the day the lawyer's office receives the offer to purchase from the seller's broker. The lawyer's office will then contact the buyer to gather basic information, the mortgage broker's information, and details about where the buyer plans to get their home insurance.

Since the offer to purchase is sent from the seller's broker, the buyer's lawyer may not receive the offer to purchase until all conditions have been satisfied. The buyer is always welcome to reach out to their lawyer prior to the lawyer receiving the offer to purchase.

The buyer should work closely with their lender to ensure that the lender has completed the mortgage application and have advanced instructions to their lawyer. The mortgage instructions are typically received a couple of weeks before possession date, but on occasion banks are not able to get those instructions out until a few days before the possession date. Once the buyer's lawyer receives the mortgage instructions, the lawyer will schedule a meeting with the buyer where they will review all of the closing documents that need to be signed.

During the meeting, the lawyer will explain the process for possession and answer any questions that the buyer may have. The lawyer will also provide an "estimate of closing costs" which will be the total amount required from the buyer in order to close the transaction. These costs include the land titles registration fees and land transfer tax, legal fees, and any other required disbursements and taxes. Once the buyer has this statement, the lawyer will provide options to make payment prior to possession.

The buyer's lender will not advance funds to the buyer's lawyer unless the buyer has made arrangements for fire insurance before the possession date. Ideally, the buyer should go to an insurance broker and arrange for their home insurance policy after their mortgage is confirmed and before meeting with their lawyer.

If a home inspection has been completed, the buyer should provide their broker with a copy of the report in order to answer questions about the home. Once the buyer has confirmed and paid for the policy, the insurance broker will forward an "insurance binder" to the buyer's lawyer which the lawyer must provide to the buyer's lender to have the mortgage proceeds advanced.

The buyer should arrange to be available for the day of possession, so they have ample time to go through the house, and to ensure that the appliances, electrical, and mechanical systems are all in good working condition.

DISCLAIMER: *This article is written for informational purposes only and does not constitute legal advice. The views expressed are solely the author's and should not be attributed to any other party, including Meighen Haddad LLP. If you want to seek legal advice, please contact the author directly or call our office at (204) 727-8461.*