

Understanding the paperwork involved when buying a home

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Buying a home involves navigating several legal documents that outline the terms, process and specifics of the transaction. This article aims to provide a brief overview of some of these documents to help ensure you are well-informed before making one of life's most significant investments.

Most people know about the **Offer to Purchase** - the initial document that sets out the buyer's proposal to purchase the property and contains the rights and obligations of each party. When an Offer to Purchase is made, the buyer and seller may include conditions to the offer which afford you time to decide whether you are able/want to complete the purchase. Common conditions include the right to conduct a home inspection, the ability to secure financing, the right to obtain disclosures from the seller, and the inclusion of specific appliances or items in the sale. On the seller's side, they may include conditions such as a requirement that they themselves make an offer on a new house. Once the seller accepts the offer, it becomes a legally binding contract. Therefore, it is essential to review and understand all terms before signing.

The **Status of Title Document** is another important piece of paperwork and is often the first document your lawyer will examine on your behalf. The Status of Title outlines the current legal status of the property's title and includes details such as the legal description of the property, the current owner's name, any registered encumbrances (like mortgages or liens), and any caveats, easements or rights of way which affect your property and your ownership.

Reviewing the Status of Title is critical to ensure there are no undisclosed issues or claims against the property. This document provides transparency about the property's ownership and any legal rights associated with it, giving the buyer peace of mind regarding the property's legality and potential future liabilities. At the time of closing, you will sign a Transfer of Land document which your lawyer will register with the Manitoba Land Titles Office to move title from the seller's name into yours.

The **Statement of Adjustments** is a document prepared by the seller's lawyer detailing the financial adjustments to the purchase price between the buyer and seller at the time of closing. It ensures that both parties are responsible for paying their proportionate share of property-related expenses.

For example, if you took possession of your property halfway through the year, you should not be responsible for paying the entire year's property taxes when they come due. The Statement of Adjustments will account for these situations and ensure that financial obligations associated with the property are fairly distributed between the buyer and seller. Common items included in the statement are adjustments for property taxes, condominium fees (if applicable), rental income (if any) and utility bills.

If you are borrowing money to buy your home, you will also need to sign the **mortgage loan documentation** that sets out the terms and conditions of your mortgage. You should have already met with your mortgage agent to discuss these terms; however, your lawyer will go through the terms of the mortgage with you to make sure you understand the important pieces such as the fees, interest rate, payment amount and schedule. During this time, you will also sign the mortgage documentation necessary to register the mortgage in the Land Titles Office, such that it appears on your title to the property.

The **Declaration as to Possession** is a sworn statement signed by each the buyer and seller which is used as evidence in a real estate transaction. The statement makes sure that certain representations regarding the property are confirmed. For example, the signer will confirm, among other things, that their possession of the property is undisturbed, that there are no potential claims, orders, or liens which could affect ownership, and that all taxes and other accounts have been taken care of. This document provides each party some certainty and assurance that there will be no unwelcome surprises after possession.

Understanding the purchase documents involved in buying a home will help prospective buyers to navigate the transaction confidently and securely. Each document serves a specific purpose in protecting both the buyer's and seller's interests and ensuring that the transfer of property ownership is legally sound and transparent.

It is important to note that while this article discusses some of the documents involved in the purchase process, there are many other documents not included in this article which your lawyer will review with you. It is important to retain a qualified real estate lawyer to provide guidance specific to your situation and ensure that your rights are protected throughout the transaction.

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