

Quick Turn in BC



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Quick Review of Quick Turn in BC

Purchasing property using Agreement for Sale

What is Agreement for Sale?

- Seller (Transferor) sells property to Buyer (Transferee)
- Buyer takes possession (or not)
- Buyer makes payments
- Seller does not transfer title until Buyer finishes paying
- If Buyer defaults, Seller keeps all money paid to date

What are the keys to Quick Turn?

1. Find a Seller willing to sell for below market value

- What is market value?
- What amount is owing on mortgage?
- What is Seller willing to sell for?

2. Write up using Agreement for Sale

- Agreement for Sale is a specific document
- It is registered as Right to Purchase
- To protect you from the Seller selling to someone else or further mortgaging the property, you should register your Right to Purchase

3. How Agreement for Sale works

- Seller vacates, Buyer has possession
- Current mortgage stays in place
- Buyer owns it but does not have title
- Buyer pays all expenses, including mortgage
- Title transfers when Buyer completes payments
- Buyer can sell to New Buyer at a profit
- If Buyer defaults, Seller keeps property and all money paid by Buyer

CAUTION: IF YOU ARE THE BUYER, DON'T DEFAULT!

4. Be able to hold the property while you market it

5. Sell to someone else for market value

- “Flip” the property to New Buyer
- Flip means Seller sells directly to New Buyer

What documents do I use in BC?

- See attached documents

What are my expenses?

1. Property Transfer Tax

- If you register Right to Purchase, you have to pay Property Transfer Tax:
 - 1% first \$200,000
 - 2% above \$200,000
 - eg \$400,000 → \$5000 PTT
- If you do not register Right to Purchase, then only New Buyer pays PTT

2. Legal fees

- Budget \$1000 to \$2000
- Varies according to how much work Real estate commissions

3. Real Estate Commissions

4. Early payout penalty on mortgage

- Watch out for interest differentials
- Ask lender for a payout figure

CONTRACT OF PURCHASE AND SALE
INFORMATION ABOUT THIS CONTRACT OF PURCHASE AND SALE

THIS INFORMATION IS INCLUDED FOR THE ASSISTANCE OF THE PARTIES ONLY. IT DOES NOT FORM PART OF THE CONTRACT AND SHOULD NOT AFFECT THE PROPER INTERPRETATION OF ANY OF ITS TERMS.

1. **CONTRACT:** This document, when signed by both parties, is a legally binding contract. READ IT CAREFULLY. The parties should ensure that everything that is agreed to is in writing.
2. **DEPOSIT(S):** Section 28 of the *Real Estate Services Act* requires that money held by a brokerage in respect of a real estate transaction for which there is an agreement between the parties for the acquisition and disposition of the real estate be held by the brokerage as a stakeholder. The money is held for the real estate transaction and not on behalf of one of the parties. If a party does not remove a subject clause, the brokerage requires the written agreement of both parties in order to release the deposit. If both parties do not sign the agreement to release the deposit, then the parties will have to apply to court for a determination of the deposit issue.
3. **COMPLETION:** (Clause 4) Unless the parties are prepared to actually meet at the Land Title Office and exchange title documents for the Purchase Price, it is, in every case, advisable for the completion of the sale to take place in the following sequence:
 - (a) The Buyer pays the Purchase Price or down payment in trust to the Buyer's Lawyer or Notary (who should advise the Buyer of the exact amount required) several days before the Completion Date, and the Buyer signs the documents.
 - (b) The Buyer's Lawyer or Notary prepares the documents and forwards them for signature to the Seller's Lawyer or Notary who returns the documents to the Buyer's Lawyer or Notary.
 - (c) The Buyer's Lawyer or Notary then attends to the deposit of the signed title documents (and any mortgages) in the appropriate Land Title Office.
 - (d) The Buyer's Lawyer or Notary releases the sale proceeds at the Buyer's Lawyer's or Notary's office.

Since the Seller is entitled to the Seller's proceeds on the Completion Date, and since the sequence described above takes a day or more, it is strongly recommended that the Buyer deposits the money and the signed documents AT LEAST TWO DAYS before the Completion Date, or at the request of the Conveyancer, and that the Seller delivers the signed transfer documents no later than the morning of the day before the Completion Date.

While it is possible to have a Saturday Completion Date using the Land Title Office's Electronic Filing System, parties are strongly encouraged **NOT** to schedule a Saturday Completion Date as it will restrict their access to fewer lawyers or notaries who operate on Saturdays; lenders will generally not fund new mortgages on Saturdays; lenders with existing mortgages may not accept payouts on Saturdays; and other offices necessary as part of the closing process may not be open.

4. **POSSESSION:** (Clause 5) The Buyer should make arrangements through the real estate licensees for obtaining possession. The Seller will not generally let the Buyer move in before the Seller has actually received the sale proceeds. Where residential tenants are involved, Buyers and Sellers should consult the *Residential Tenancy Act*.
5. **TITLE:** (Clause 9) It is up to the Buyer to satisfy the Buyer on matters of zoning or building or use restrictions, toxic or environmental hazards, encroachments on or by the Property and any encumbrances which are staying on title before becoming legally bound. It is up to the Seller to specify in the Contract if there are any encumbrances, other than those listed in Clause 9, which are staying on title before becoming legally bound. If you as the Buyer are taking out a mortgage, make sure that title, zoning and building restrictions are all acceptable to your mortgage company. In certain circumstances, the mortgage company could refuse to advance funds. If you as the Seller are allowing the Buyer to assume your mortgage, you may still be responsible for payment of the mortgage, unless arrangements are made with your mortgage company.
6. **CUSTOMARY COSTS:** (Clause 15) In particular circumstances there may be additional costs, but the following costs are applicable in most circumstances:

Costs to be Borne by the Seller

Lawyer or Notary Fees and Expenses:
- attending to execution of documents.
Costs of clearing title, including:
- discharge fees charged by encumbrance holders,
- prepayment penalties.
Real Estate Commission.
Goods and Services Tax.

Costs to be Borne by the Buyer

Lawyer or Notary Fees and Expenses:
- searching title,
- investigating title,
- drafting documents,
- Land Title Registration fees.
Survey Certificate (if required).
Costs of Mortgage, including:
- mortgage company's Lawyer/Notary,
- appraisal (if applicable),
- Land Title Registration fees.
Fire Insurance Premium.
Sales Tax (if applicable).
Property Transfer Tax.
Goods and Services Tax.

7. **RISK:** (Clause 16) The Buyer should arrange for insurance to be effective on the earlier of the Completion Date or the date the Buyer pays the balance of the funds into trust. The Seller should maintain the Seller's insurance in effect until the later of the date the Seller receives the proceeds of sale, or the date the Seller vacates the property.
8. **FORM OF CONTRACT:** This Contract of Purchase and Sale is designed primarily for the purchase and sale of freehold residences. If your transaction involves:
 - a house or other building under construction
 - a lease
 - a business
 - an assignment
 - other special circumstances (including the acquisition of land situated on a First Nations reserve)additional provisions, not contained in this form, may be needed, and professional advice should be obtained. A Property Disclosure Statement completed by the Seller may be available.
9. **ALTERNATE DISPUTE RESOLUTION:** Parties to this contract may pursue alternate dispute resolution if a dispute arises after completion of the transaction. It is recommended that the parties first mediate the dispute. Failing agreement to mediate, or if the mediation fails, then disputes can be submitted to an arbitration under the *Commercial Arbitration Act*. BCREA member boards can provide guidance on the selection of mediation and arbitration services in your area.



CONTRACT OF PURCHASE AND SALE

PREPARED BY: _____ DATE: _____
(BROKERAGE - PLEASE PRINT)

ADDRESS: _____ PC: _____ PHONE: _____

PER: _____ MLS® No.: _____
(LICENSEE - PLEASE PRINT)

SELLER: _____	BUYER: _____
SELLER: _____	BUYER: _____
ADDRESS: _____	ADDRESS: _____
_____ PC: _____	_____ PC: _____
PHONE: _____	PHONE: _____
RESIDENT OF CANADA <input type="checkbox"/> NON-RESIDENT OF CANADA <input type="checkbox"/>	OCCUPATION: _____
as defined under the <i>Income Tax Act</i> .	

PROPERTY:

UNIT NO. _____ ADDRESS OF PROPERTY _____

CITY/TOWN/MUNICIPALITY _____ POSTAL CODE _____ PID _____

Legal Advice Required

LEGAL DESCRIPTION _____

The Buyer agrees to purchase the Property from the Seller on the following terms and subject to the following conditions:

- PURCHASE PRICE:** The purchase price of the Property will be _____
_____ DOLLARS \$ _____ (Purchase Price)
- DEPOSIT:** A deposit of \$ _____ which will form part of the Purchase Price, will be paid on the following terms:

All monies paid pursuant to this section (Deposit) will be delivered in trust to _____

_____ and held in trust in accordance with the provisions of the *Real Estate Services Act*. In the event the Buyer fails to pay the Deposit as required by this Contract, the Seller may, at the Seller's option, terminate this Contract. The party who receives the Deposit is authorized to pay all or any portion of the Deposit to the Buyer's or Seller's conveyancer (the "Conveyancer") without further written direction of the Buyer or Seller, provided that: (a) the Conveyancer is a Lawyer or Notary; (b) such money is to be held in trust by the Conveyancer as stakeholder pursuant to the provisions of the *Real Estate Services Act* pending the completion of the transaction and not on behalf of any of the principals to the transaction; and (c) if the sale does not complete, the money should be returned to such party as stakeholder or paid into Court.

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INITIALS

PROPERTY ADDRESS _____

3. **TERMS AND CONDITIONS:** The purchase and sale of the Property includes the following terms and is subject to the following conditions:

Each condition, if so indicated, is for the sole benefit of the party indicated. Unless each condition is waived or declared fulfilled by written notice given by the benefiting party to the other party on or before the date specified for each condition, this Contract will be terminated thereupon and the Deposit returnable in accordance with the *Real Estate Services Act*.

4. **COMPLETION:** The sale will be completed on _____, yr. _____ (Completion Date) at the appropriate Land Title Office.

5. **POSSESSION:** The Buyer will have vacant possession of the Property at _____ a.m./p.m. on _____, yr. _____ (Possession Date) OR, subject to the following existing tenancies, if any: _____

6. **ADJUSTMENTS:** The Buyer will assume and pay all taxes, rates, local improvement assessments, fuel, utilities and other charges from, and including, the date set for adjustments, and all adjustments both incoming and outgoing of whatsoever nature will be made as of _____, yr. _____ (Adjustment Date).

7. **INCLUDED ITEMS:** The Purchase Price includes any buildings, improvements, fixtures, appurtenances and attachments thereto, and all blinds, awnings, screen doors and windows, curtain rods, tracks and valances, fixed mirrors, fixed carpeting, electric, plumbing, heating and air conditioning fixtures and all appurtenances and attachments thereto as viewed by the Buyer at the date of inspection, INCLUDING:

BUT EXCLUDING: _____

8. **VIEWED:** The Property and all included items will be in substantially the same condition at the Possession Date as when viewed by the Buyer on _____, yr. _____.

9. **TITLE:** Free and clear of all encumbrances except subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights-of-way in favour of utilities and public authorities, existing tenancies set out in Clause 5, if any, and except as otherwise set out herein.

10. **TENDER:** Tender or payment of monies by the Buyer to the Seller will be by certified cheque, bank draft, cash or Lawyer's/Notary's or real estate brokerage's trust cheque.

11. **DOCUMENTS:** All documents required to give effect to this Contract will be delivered in registrable form where necessary and will be lodged for registration in the appropriate Land Title Office by 4 pm on the Completion Date.

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INITIALS

PROPERTY ADDRESS _____

12. **TIME:** Time will be of the essence hereof, and unless the balance of the cash payment is paid and such formal agreement to pay the balance as may be necessary is entered into on or before the Completion Date, the Seller may, at the Seller's option, terminate this Contract, and, in such event, the amount paid by the Buyer will be absolutely forfeited to the Seller in accordance with the *Real Estate Services Act*, on account of damages, without prejudice to the Seller's other remedies.
13. **BUYER FINANCING:** If the Buyer is relying upon a new mortgage to finance the Purchase Price, the Buyer, while still required to pay the Purchase Price on the Completion Date, may wait to pay the Purchase Price to the Seller until after the transfer and new mortgage documents have been lodged for registration in the appropriate Land Title Office, but only if, before such lodging, the Buyer has: (a) made available for tender to the Seller that portion of the Purchase Price not secured by the new mortgage, and (b) fulfilled all the new mortgagee's conditions for funding except lodging the mortgage for registration, and (c) made available to the Seller, a Lawyer's or Notary's undertaking to pay the Purchase Price upon the lodging of the transfer and new mortgage documents and the advance by the mortgagee of the mortgage proceeds pursuant to the Canadian Bar Association (BC Branch) (Real Property Section) standard undertakings (the "CBA Standard Undertakings").
14. **CLEARING TITLE:** If the Seller has existing financial charges to be cleared from title, the Seller, while still required to clear such charges, may wait to pay and discharge existing financial charges until immediately after receipt of the Purchase Price, but in this event, the Seller agrees that payment of the Purchase Price shall be made by the Buyer's Lawyer or Notary to the Seller's Lawyer or Notary, on the CBA Standard Undertakings to pay out and discharge the financial charges, and remit the balance, if any, to the Seller.
15. **COSTS:** The Buyer will bear all costs of the conveyance and, if applicable, any costs related to arranging a mortgage and the Seller will bear all costs of clearing title.
16. **RISK:** All buildings on the Property and all other items included in the purchase and sale will be, and remain, at the risk of the Seller until 12:01 am on the Completion Date. After that time, the Property and all included items will be at the risk of the Buyer.
17. **PLURAL:** In this Contract, any reference to a party includes that party's heirs, executors, administrators, successors and assigns; singular includes plural and masculine includes feminine.
18. **REPRESENTATIONS AND WARRANTIES:** There are no representations, warranties, guarantees, promises or agreements other than those set out in this Contract and the representations contained in the Property Disclosure Statement if incorporated into and forming part of this Contract, all of which will survive the completion of the sale.
19. **PERSONAL INFORMATION:** The Buyer and the Seller hereby consent to the collection, use and disclosure by the Brokerages and by the managing broker(s), associate broker(s) and representative(s) of those Brokerages (collectively the "Licensee(s)") described in Clause 20, the real estate boards of which those Brokerages and Licensees are members and, if the Property is listed on a Multiple Listing Service®, the real estate board that operates that Multiple Listing Service®, of personal information about the Buyer and the Seller:
- for all purposes consistent with the transaction contemplated herein;
 - if the Property is listed on a Multiple Listing Service®, for the purpose of the compilation, retention and publication by the real estate board that operates the Multiple Listing Service® and other real estate boards of any statistics including historical Multiple Listing Service® data for use by persons authorized to use the Multiple Listing Service® of that real estate board and other real estate boards;
 - for enforcing codes of professional conduct and ethics for members of real estate boards; and
 - for the purposes (and to the recipients) described in the brochure published by the British Columbia Real Estate Association entitled *Working With a REALTOR®*.

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INITIALS

PROPERTY ADDRESS _____

20. **AGENCY DISCLOSURE:** The Seller and the Buyer acknowledge having received, read and understood the brochure published by the British Columbia Real Estate Association entitled *Working With a REALTOR®* and acknowledge and confirm as follows:

A. the Seller has an Agency relationship with

_____ and _____
BROKERAGE LICENSEE

B. the Buyer has an Agency relationship with

_____ and _____
BROKERAGE LICENSEE

C. the Buyer and the Seller have consented to a limited dual agency relationship with

_____ and _____
BROKERAGE LICENSEE
LICENSEE

having signed a Limited Dual Agency Agreement dated _____

If only (A) has been completed, the Buyer is acknowledging no agency relationship. If only (B) has been completed, the Seller is acknowledging no agency relationship.

21. **ACCEPTANCE IRREVOCABLE (Buyer and Seller):** The Seller and the Buyer specifically confirm that this Contract of Purchase and Sale is executed under seal. It is agreed and understood that the Seller's acceptance is irrevocable, including without limitation, during the period prior to the date specified for the Buyer to either:

A. fulfill or waive the terms and conditions herein contained; and/or

B. exercise any option(s) herein contained.

22. **THIS IS A LEGAL DOCUMENT. READ THIS ENTIRE DOCUMENT AND INFORMATION PAGE BEFORE YOU SIGN.**

23. **OFFER:** This offer, or counter-offer, will be open for acceptance until _____ o'clock a.m./p.m. on _____, yr. _____ (unless withdrawn in writing with notification to the other party of such revocation prior to notification of its acceptance), and upon acceptance of the offer, or counter-offer, by accepting in writing and notifying the other party of such acceptance, there will be a binding Contract of Purchase and Sale on the terms and conditions set forth.

X _____
WITNESS BUYER _____ SEAL PRINT NAME

X _____
WITNESS BUYER _____ SEAL PRINT NAME

24. **ACCEPTANCE:** The Seller (a) hereby accepts the above offer and agrees to complete the sale upon the terms and conditions set out above, (b) agrees to pay a commission as per the Listing Contract, and (c) authorizes and instructs the Buyer and anyone acting on behalf of the Buyer or Seller to pay the commission out of the cash proceeds of sale and forward copies of the Seller's Statement of Adjustments to the Cooperating/Listing Brokerage, as requested, forthwith after completion.

Seller's acceptance is dated _____, yr. _____

X _____
WITNESS SELLER _____ SEAL PRINT NAME

X _____
WITNESS SELLER _____ SEAL PRINT NAME



CONTRACT OF PURCHASE AND SALE ADDENDUM

MLS® NO.: _____

DATE: _____

RE: ADDRESS: _____

LEGAL DESCRIPTION: _____

PID: _____

FURTHER TO THE CONTRACT OF PURCHASE AND SALE DATED _____

MADE BETWEEN _____ AS BUYER, AND

_____ AS SELLER AND COVERING

THE ABOVE-MENTIONED PROPERTY, THE UNDERSIGNED HEREBY AGREE AS FOLLOWS:

This purchase shall take place by way of Agreement for Sale, on the terms set out below [or attached].
The Buyer's lawyer, at the Buyer's expense, will prepare an Agreement for Sale document in proper registrable form, which may be registered on Title at the option of the Buyer.

Legal Advice Required

X
WITNESS _____

BUYER _____



PRINT NAME _____

X
WITNESS _____

BUYER _____



PRINT NAME _____

X
WITNESS _____

SELLER _____



PRINT NAME _____

X
WITNESS _____

SELLER _____



PRINT NAME _____

**REAL ESTATE PURCHASE CONTRACT
AGREEMENT FOR SALE FINANCING SCHEDULE (BUYER)**

Schedule To: Real Estate Purchase Contract dated _____, 20____.

Between: _____, as Seller(s),

and: _____, as Buyer(s).

This Schedule forms part of the Real Estate Purchase Contract. The terms of the Unpaid Seller's Equity in the Agreement For Sale are as follows:

1. Principal Amount: \$_____
2. List of financial charges permitted to rank ahead of the Agreement For Sale/Right to Purchase:

3. Rate of Interest: _____% to be calculated semi-annually, not in advance.
4. Amortization Period: _____, to commence _____, 20_____
5. Term: _____, to mature _____, 20_____
6. Payments of \$_____ to be paid:
 Monthly Quarterly Semi-Annually Annually
And are:
 Blended Principal & Interest Interest Only
And are to be made regularly commencing _____, 20_____
7. Interest charges are to be computed from _____, 20_____
8. The Agreement For Sale:
 May be assigned without consent of Seller
 May be assigned only upon receiving written approval from Seller, which approval will not be unreasonably withheld
9. Buyer is to provide and maintain on an annual basis to the Seller a series of post-dated cheques or an executed pre-authorized deposit form at the Buyer's discretion. Buyer may make Seller's payment on existing financing to Seller's bank; Seller will cooperate in setting this up with bank.
10. Prepayment: When not in default, the Agreement For Sale may be prepaid at any time:
 a) without notice, bonus or penalty, either in whole or in part. Partial payments must be at least \$100.00, OR
 b) if Buyer pays Seller's permitted financial charge payout costs.
11. Agreement For Sale Document: Buyer will provide form of Agreement For Sale document.
12. Other Terms (if any): _____

Witness to Buyer's Signature(s)

Buyer

Buyer

Witness to Seller's Signature(s)

Seller

Seller

**REAL ESTATE PURCHASE CONTRACT
AGREEMENT FOR SALE FINANCING SCHEDULE (SELLER)**

Schedule To: Real Estate Purchase Contract dated _____, 20_____.

Between: _____, as Seller(s),

and: _____, as Buyer(s).

This Schedule forms part of the attached Real Estate Purchase Contract. The terms of the Unpaid Seller's Equity in the Agreement For Sale are as follows:

1. Principal Amount: \$_____
2. List of financial charges permitted to rank ahead of the Agreement For Sale/Right to Purchase:

3. Rate of Interest: _____% to be calculated semi-annually, not in advance.
4. Amortization Period: _____, to commence _____, 20_____
5. Term: _____, to mature _____, 20_____
6. Payments of \$_____, to be paid:
 Monthly Quarterly Semi-Annually Annually
And are:
 Blended Principal & Interest Interest Only
And are to be made regularly commencing _____, 20_____
7. Interest charges are to be computed from _____, 20_____
8. The Agreement For Sale:
 May be assigned/assumed without consent of Seller
 May be assigned/assumed only upon receiving written approval from Seller
 Is not assignable or assumable
9. Acceleration: Agreement For Sale is to become due and payable at option of Seller if Buyer sells the property without consent: YES NO
10. Buyer is to provide and maintain on an annual basis to the Seller a series of post-dated cheques or an executed pre-authorized deposit form at the Buyer's discretion.
11. Prepayment: When not in default, the Agreement For Sale may be prepaid at any time:
 (a) if Buyer pays Seller's existing financing payout charges, OR
 (b) if Buyer pays an amount equal to 3 months interest on the current principal balance of Seller's equity.
12. Agreement For Sale Terms: Prepared by Seller's lawyer at Buyer's cost.
13. Other Terms (if any): _____

Witness to Buyer's Signature(s)

Buyer

Buyer

Witness to Seller's Signature(s)

Seller

Seller

PART 2

NOTE: this Agreement for Sale contemplates the Transferee taking possession of the property, for its own use or to lease to someone else. If Transferor stays in possession, Transferor will be a tenant, according to a tenancy agreement.

Transferee = Buyer

Transferor = Seller

WITNESS that the Transferor agrees to sell to the Transferee and the Transferee agrees to purchase from the Transferor the following property located in the City of *****, Province of British Columbia and more particularly known and described as:

PID *****

[insert legal]

(the "Lands")

ON THE FOLLOWING TERMS:

Insert terms according to the Financing Schedule:

- *What is the Purchase Price?*
- *What is the Interest Rate*
- *Is there a down payment? Is it paid to Transferor and/or current lender?*
- *Are there regular payments*
 - *Eg. monthly payments equal to the current mortgage payments?*
 - *Option of Transferee to pay directly to lender*
 - *Start and stop dates of payments*
- *Interest rate (always express as "compounded semi-annually, not in advance")*
- *Option of Transferee to accelerate closing (to allow for sale to new Transferee)*
 - *Is notice to, or consent of, Transferor required?*
- *Option of Transferee to assign contract (to allow for sale to new Transferee)*
 - *Is notice to, or consent of, Transferor required?*
- *Who pays any early payment penalty by lender?*
- *Is there any extension clause to extend the closing at option of Transferor?*

TRANSFEE'S COVENANTS AND AGREEMENTS

The Transferee covenants and agrees with the Transferor that:

1. He will duly pay or cause to be paid to the Transferor the Purchase Price as provided above with interest;
2. He will not commit voluntary or permissive waste on the Lands.
3. If the Transferee defaults in payment of any insurance premiums, amounts due under liens or encumbrances against the said Lands, or any monies required to be paid under this Agreement by the Transferee, then the Transferor may pay any of the same and every such payment shall bear interest at the said rate, shall constitute a charge on the said Lands and be paid to the Transferor on demand with accrued interest.

TRANSFEROR'S COVENANTS AND AGREEMENTS

The Transferor covenants and agrees with the Transferee that:

1. Upon performance by the Transferee of each and every covenant, condition and agreement herein on the part of the Transferee to be observed or performed, the Transferor will convey or cause to be conveyed by good and sufficient transfer of an estate in Fee-Simple (hereinafter called Transfer) the Lands free from charges and encumbrances except for those set out below, local improvement assessments, taxes, sewer and water rates from and after the date hereof, the conditions and reservations in the Crown Grant thereof and the charges, if any, granted or permitted by the Transferee.
2. He will permit the Transferee to occupy and enjoy the said Lands until default, if any, made of any covenant, conditions or agreement herein on the part of the Transferee to be observed or performed or in payment of the Purchase Price or any interest thereon.

MUTUAL COVENANTS AND AGREEMENTS

The parties mutually covenant and agree with each other that:

1. Any and all arrears of interest shall bear interest at the Interest Rate from due date until payment.
2. The cost of preparing the said Transfer and of conveying the said Lands to the Transferee shall be paid by the Transferee; the Transfer shall be in the form prescribed by the *Land Title Act* and amendments thereto. Except as above, each party will pay its own legal expenses.
3. Time shall be of the essence of this Agreement. In the event of default of due payment of the Purchase Price or interest or any other default hereunder, on the part of the Transferee, the Transferor at his option and in addition to his other remedies, may give to the Transferee 30 days' written notice of such default. If the default shall not have been remedied within 30 days

of receipt of such notice by the Transferee, then this Agreement shall thereupon be null and void and of no effect. The Transferor shall thereupon have the right to re-enter and take possession of the said Lands and the monies paid to the Transferor under this Agreement on account of the Purchase Price of the said Lands shall be retained by the Transferor as liquidated and ascertained damages. Further in the event of such default, the Transferor shall have the right to sell and convey the said Lands to any Transferee thereof upon expiration of the said 30 days notice.

4. If default is made in payment of the Purchase Price or interest thereon or performance of any covenant, agreement or condition on the part of the Transferee to be performed and such default shall continue for a period of 30 days after notice thereof by the Transferor to the Transferee, then the whole of the Purchase Price, interest and all other monies unpaid hereunder shall forthwith, at the option of the Transferor, become due and be paid.
5. The Transferee, at its expense, will pay, as they become due, all taxes, rates, levies, assessments and other impositions whatsoever rated, charged, assessed or imposed on the said Lands including all those relating to machinery, equipment or chattels at any time on the said Lands.
6. The Transferee, at its expense, will insure and keep insured against the risk of fire all buildings on, or comprising, the said Lands for their full insurable value with loss payable firstly to *[insert name of existing lender on title]*.
7. This agreement shall not be assigned or transferred by either party, except as specifically set out herein.
8. The Transferee acknowledges and agrees that there shall remain registered against the Lands, until the Transferee has fulfilled all the terms and conditions of this Agreement, including the payment of the Purchase Price and interest, the following charges granted by the Transferor:
 - (a) *[insert existing financial charges to remain in place, defined at the "Mortgage" etc]*.The Transferor will make all payments due under the Mortgage and shall payout and discharge the same as it matures and shall save harmless the Transferee from any liability in connection with the Mortgage.
9. No covenant or agreement herein shall be merged in a judgment taken thereon and notwithstanding any such judgment, interest shall be payable at the Interest Rate.
10. In the event this Agreement is registered and the Transferee is in default hereunder, and such default shall continue for a period of 30 days after notice thereof by the Transferor to the Transferee, then it is expressly agreed that the Transferor shall be at liberty to cancel, remove and determine such registration on producing to the appropriate Registrar appointed under the *Land Title Act* a satisfactory declaration that such default has occurred and is then continuing.

11. Any demand or notice which may be required for the purposes of this Agreement shall be deemed to have been well and sufficiently given and received if delivered to the Transferee or Transferor, or if mailed at any post office under prepaid registered cover addressed as follows:

To the Transferee:
[insert Transferee's address]

To the Transferor:
[insert Transferor's address]

or at such other address as the Transferee or Transferor shall specify in writing to the other.

12. Where a party includes more than one person, the obligations herein of the party shall be construed and deemed to be joint as well as several.

13. All grants, covenants, provisos, agreements, rights, powers, privileges and liabilities contained in this agreement shall be read and held as made by and with, granted to and imposed upon the parties hereto, and their respective heirs, executors, administrators, successors and assigns; wherever the singular or the masculine is used, it shall be construed as meaning the plural or the feminine or the body politic or corporate where the context or the parties hereto so require.

[use the section below only if there is a covenantor or guarantor backing up the financial obligations of the Transferee]

COVENANTOR

In consideration of the Transferor dealing with the Transferee and one dollar and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Covenantor does hereby covenant, promise and agree with the Transferor, its successors and assigns as follows:

1. The Covenantor unconditionally guarantees payment to the Transferor of the purchase monies;
2. The Covenantor hereby adopts and agrees with the Transferor to perform and observe each and every covenant and proviso agreed to be performed and observed by the Transferee;
3. The Covenantor further covenants and agrees with the Transferor that the Covenantor's liability hereunder shall not be affected by the extension of time for payment, or by any indulgence or waiver given by the Transferor with respect to the Agreement or any other security or the taking of any note or other obligation for the payment of the purchase monies or by the Transferor taking or failing to take any security whatsoever for such payment or by any act whatsoever of the Transferor, done with or without notice to the Covenantor;

4. The Transferor shall not be bound to exhaust its recourse against the Transferee or other parties or other security it may hold before being entitled to payment from the Covenantor of the amounts hereby secured; and
5. If this Agreement is executed by two or more persons comprising the Covenantor, all covenants and liabilities entered into or imposed upon the Covenantor shall be deemed to be joint and several obligations of each of such persons.
6. For the purposes of this Agreement, Covenantor shall mean any person who has signed this Agreement as a "Covenantor".

END OF DOCUMENT

Legal advice required