

## INTRODUCTION

**Purpose and currency of checklist.** This checklist deals with a conventional first mortgage of residential property. It is designed for use by counsel for the lender. It should be used with the CLIENT IDENTIFICATION, VERIFICATION, AND SOURCE OF MONEY (A-1), CLIENT FILE OPENING AND CLOSING (A-2), and MORTGAGE DRAFTING (F-3) checklists. The checklist is current to September 4, 2024.

## LEGEND



Checkbox



Important Reminder



Deadline or Limitation Date

## NEW DEVELOPMENTS

- **Reduction of the criminal interest rate.** Effective January 1, 2025, Bill C-47—*Budget Implementation Act, 2023, No. 1* will lower the current criminal interest rate under s. 347 of the *Criminal Code*, R.S.C. 1985, c. C-46 from a 60% effective annual rate to a 35% annual percentage rate (“APR”). The revised criminal interest rate will apply to all lending arrangements in Canada, with exemptions for non-predatory loans including certain payday loans (capped at \$14 per \$100 borrowed), tax rebate advances, pawn loans with an APR below 48%, and commercial loans about \$10,000. Commercial loans ranging from \$10,000 to \$500,000 are exempt from the criminal interest rate if the APR remains below 48%, and commercial loans above \$500,000 will not be subject to any interest rate cap.
- **Remote witnessing of affidavits.** Effective September 30, 2023, the temporary measures authorized by the Registrar in Practice Bulletin 01-20 to permit the remote witnessing of affidavits as a result of the COVID-19 pandemic were rescinded. See <https://ltsa.ca/retirement-of-covid-measures-effective-september-30/>. If the circumstances warrant use of an affidavit of execution in lieu of officer certification, s. 49 of the *Land Title Act*, R.S.B.C. 1996, c. 250 remains available. Any request for remote witnessing of affidavits must be made directly to the LTSA.
- **Prohibition on the Purchase of Residential Property by Non-Canadians Act.** The *Prohibition on the Purchase of Residential Property by Non-Canadians Act*, S.C. 2022, c. 10 came into force January 1, 2023 and prohibits the purchase of residential property by non-Canadians. The prohibition was originally scheduled to expire on January 1, 2025 but has been extended to January 1, 2027. There are limited exceptions for certain non-Canadians and certain residential properties.
- **Prohibition on rental restriction bylaws.** Effective November 24, 2022, strata corporations may no longer pass bylaws restricting rentals and current bylaws restricting rentals are no longer enforceable (*Strata Property Act*, S.B.C. 1998, c. 43).
- **Land Owner Transparency Act.** The *Land Owner Transparency Act*, S.B.C. 2019, c. 23 (the “LOTA”) requires a transparency declaration to be filed in the new Land Owner Transparency Registry (the “LOTR”) any time an application is made to register or transfer an interest in land under the *Land Title Act*. The LOTR is administered by the LTSA. Reporting bodies under the *LOTA*—which includes most corporations, trusts, and partnerships, subject to limited exemptions—will have to file a transparency report any time there is a change in interest holders or beneficial owners, even if legal title is not transferred. As of April 1, 2023, the registry database

is publicly accessible through the myLTSA at a cost of \$10.31 per search. A search may be conducted either by the name of a person or by the parcel identifier of the property in question. For further information, see the <https://landtransparency.ca/> and the course presentation and materials by S. Carter, R. Danakody, and C.R. MacDonald, “Land Title and Survey Authority of British Columbia: Land Owner Transparency Registry” in *Residential Real Estate Conference 2020* (CLEBC, 2020), and by R. Danakody and T. Norman, “Land Owner Transparency Registry (LOTR)” in *Real Estate Development Update 2021* (CLEBC, 2021), available through CLEBC Courses on Demand. See also “[How to Create the Transparency Register](#)” at and “[Filing Requirements and Ongoing Obligations](#)”.

- **LTSA fee increases.** Most LTSA fees increased on April 1, 2024.
- **Standard undertakings.** Standard CBA undertakings have been updated to facilitate electronic transfer of funds; see [www.cbabc.org/Publications-and-Resources/Resources/Standard-Forms/Standard-Undertakings-Real-Property](http://www.cbabc.org/Publications-and-Resources/Resources/Standard-Forms/Standard-Undertakings-Real-Property) (CBA member login required).
- **New mortgage stress test.** As of June 1, 2021, with a down payment of 20% or more, the minimum qualifying rate for insured and uninsured residential mortgages is either the contracted rate plus two percentage points or 5.25%, whichever is higher. The Office of the Superintendent of Financial Institutions (the “OSFI”) said it would review and communicate the qualifying rate at least once a year, every December. In December 2023, OSFI confirmed that the minimum qualifying rate would remain the greater of the mortgage contract rate, plus 2% or 5.25%.

#### OF NOTE

- **Aboriginal law.** Special considerations apply to First Nations lands. If a mortgage or foreclosure involves First Nations lands, consider seeking the advice of a lawyer with experience in Aboriginal law matters. The Framework Agreement on First Nation Land Management (the “Framework Agreement”) was ratified as the central authority by the *Framework Agreement on First Nation Land Management Act*, S.C. 2022, c. 19, s. 121, which came into force on December 15, 2022. The Framework Agreement recognizes First Nations’ inherent right to govern their lands, and signatory First Nations assume the administration and law-making authority over their lands.

Consider the following searches when ascertaining interests and priorities in First Nations lands:

- First Nations Land Management Resource Centre ([www.labrc.com](http://www.labrc.com)) for First Nation signatories operating under a land code and maintaining their own register of interests in their lands;
- Self-Governing First Nations Land Register for First Nations operating under the terms of self-government agreements;
  - the Nisga’a Nation created their own land title system based on the Torrens system;
- Land Title Survey Authority of British Columbia;
  - the Tsawwassen First Nation negotiated to have their lands registered under the provincial land title system as part of their treaty, though special sections of the *Land Title Act* apply to these lands;
- Indian Land Registry System (“ILRS”) for records on interests in reserve and surrendered lands, pursuant to and as defined under the *Indian Act*, R.S.C. 1985, c. I-5;
  - the Crown-Indigenous Relations and Northern Affairs Canada supports some First Nations in British Columbia in managing their lands and through maintaining the ILRS, although the ILRS is an information system only and does not create priority (except in the case of a registered assignment having priority over an unregistered assignment by s. 55(4) of the *Indian Act*).

If a leasehold interest in First Nations lands subject to the *Indian Act* will be mortgaged, note that a lease on First Nations lands to a First Nations person can only be mortgaged and seized if the land is designated (*Indian Act*, s. 89(1.1)). A lease to a First Nations person on lands that are held by a First Nations person under a certificate of possession does not have the same exemption from the protective effect of s. 89(1) of the Act. Further information on Aboriginal law issues is available on the “Aboriginal Law” page in the “Practice Areas” section of the Continuing Legal Education Society of British Columbia website ([www.cle.bc.ca](http://www.cle.bc.ca)) and in other CLEBC publications.

- **Money laundering, fraud, and real estate.** Money laundering and fraud in real estate and mortgage transactions are a concern. Criminals use ordinary legal instruments (such as shell and numbered companies, bare trusts, and nominees) in the attempt to disguise the true owners of real property, the beneficial owners. These efforts can be hard to detect. As such, lawyers must assess the facts and context of the proposed retainer and financial transactions. Lawyers should be aware of red flags, and if a lawyer has doubts or suspicions about whether they could be assisting in any dishonesty, crime, or fraud, they should make enough inquiries to determine whether it is appropriate to act and make a record of the results of their inquiries (*BC Code* rules 3.2-7 and 3.2-8 and Law Society Rules 3-103(4), 3-109, and 3-110).

See the anti-money laundering and fraud resources on the “[Law Society’s Client ID & Verification](#)” resources webpage, including: “[Real Estate Transactions—Know Your Client Primer](#)”; “Source of Money FAQs”; “Fraud 101 for Lawyers”; “Risk Assessment Case Studies for the Legal Profession”; “Red Flags Quick Reference Guide”; “Risk Advisories for the Legal Profession”; “Canadian Sanctions Related to Russia and Belarus: Implications for the Profession”; and free online Law Society and Federation of Law Societies of Canada courses.

See the Lawyers Indemnity Fund (“LIF”) website at [www.lif.ca/](http://www.lif.ca/) regarding real estate fraud and risk management. The transfer of funds instructions should be verified by telephone or meeting with a client in person. See LIF’s Funds Transfer Instructions Verification Checklist

Also see the [Discipline Advisories](#), which include topics such as Client ID & Verification, Country/geographic risk, and Private lending. Lawyers may contact a Law Society practice advisor at [practiceadvice@lsbc.org](mailto:practiceadvice@lsbc.org) for a consultation about the applicable *BC Code* rules and Law Society Rules and obtain guidance.

- **Private mortgage broker fraud.** An individual posed as a private mortgage broker to place fraudulent mortgages on homes without the owner’s knowledge. In addition to verifying your client’s identity, if a mortgage broker is involved, consider checking the BC Financial Service Authority’s [list](#) of mortgage brokers and submortgage brokers registered under the *Mortgage Brokers Act*, R.S.B.C. 1996, c. 313.
- **Law Society of British Columbia.** For changes to the Law Society Rules and other Law Society updates and issues “of note”, see LAW SOCIETY NOTABLE UPDATES LIST (A-3).
- **Additional resources.** See the prescribed standard mortgage terms in the *British Columbia Mortgages Practice Manual* (CLEBC, 1992–).

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<b>1.</b>	<b>INITIAL CONTACT</b>	
1.1	Arrange the initial interview.	<input type="checkbox"/>
1.2	Conduct a conflicts of interest check. Refer to the CLIENT FILE OPENING AND CLOSING (A-2) checklist. If your first contact with the client is by telephone, consider the desirability of an interview, bearing in mind the client’s experience and knowledge.	<input type="checkbox"/>
1.3	Confirm compliance with Law Society Rules 3-98 to 3-110 for client identification and verification and the source of money for financial transactions, and complete the CLIENT IDENTIFICATION, VERIFICATION, AND SOURCE OF MONEY (A-1) checklist. Consider periodic monitoring requirements (Law Society Rule 3-110). If the client is a company or other organization, note the rules about verifying an organization’s identity and the individual(s) instructing you on the organization’s behalf as well as identifying shareholders, directors and owners and obtaining information about the organization’s ownership, control and structure. Criminals use ordinary legal instruments to launder money, including private mortgages, shell and numbered companies, bare trusts, and nominees, attempting to disguise the true owners of real property, the beneficial owners. See “Money laundering, fraud, and real estate” in the “Of note” section at the beginning of this checklist for more information, including the <a href="#">Discipline Advisory of April 2, 2019 (Private lending)</a> . Be alert to red flags.	<input type="checkbox"/>
1.4	If your first contact with the client is by way of written instructions:	<input type="checkbox"/>
	.1 Examine the instructions carefully, considering such matters as:	
	(a) Whether the instructions need clarification.	
	(b) Whether there are any non-standard requirements.	
	(c) Whether the lender has requested a form of opinion that includes opinions you are unable to give. If so, contact the lender immediately to settle the opinion.	
	(d) Whether the lender requires or permits the use of title insurance.	
	(e) Whether the lender has agreed to accept a protocol opinion.	
	.2 Ensure that you have all the necessary information (see items 1.8 and 1.9).	
	.3 Consider whether it is desirable to meet with or telephone the client.	
	.4 Contact the client to acknowledge receipt of instructions and to discuss the transaction.	

1.5	Discuss the terms of your retainer and the calculation of your fee. Refer to the CLIENT FILE OPENING AND CLOSING (A-2) checklist. Consider whether the retainer adequately reflects undertakings required of the purchaser's solicitor (e.g., mortgage funding and clearing title). Also advise that if the transaction becomes more complicated, the fees and disbursements might have to be increased.	<input type="checkbox"/>
1.6	Where desirable, bearing in mind the client's experience and knowledge, discuss the background of the transaction, the purpose of the financing, and the client's objectives and expectations. Be alert to capacity issues, undue influence, and real estate fraud flags (for example, see <i>BC Code</i> rule 3.2-9). See also <a href="http://www.lif.ca/risk-management/areas-of-law-risks-and-tips/real-estate/">www.lif.ca/risk-management/areas-of-law-risks-and-tips/real-estate/</a> for risks, tips, and a review of mortgage instructions that should raise concern. Refer to the Law Society's publications regarding real estate and mortgage fraud found in " <a href="#">Fraud Alerts</a> " and the " <a href="#">Anti-Money Laundering</a> " page at <a href="http://www.lawsociety.bc.ca">www.lawsociety.bc.ca</a> .	<input type="checkbox"/>
1.7	Review the purchase contract/commitment letter and note what it says about financing, such as the terms of the mortgage and the responsibilities of each party.	<input type="checkbox"/>
1.8	Collect additional information including:	<input type="checkbox"/>
	.1 Lender:	
	(a) Full name.	
	(b) Address.	
	(c) Telephone.	
	(d) Name, position, and contact information for individual(s) authorized to give you instructions.	
	(e) Is the lender an institutional, corporate, or individual lender? Is the lender a "foreign bank" ( <i>Bank Act</i> , S.C. 1991, c. 46, s. 2)? If dealing with a foreign lender, consider whether filings need to be made with the mortgage—e.g., a Certificate of Status. If the lender is an individual, be alert to capacity issues, undue influence, and the <a href="#">Discipline Advisory of April 2, 2019 (Private lending)</a> .	
	(f) Is the lender a financial institution eligible to participate in the Western Law Societies Conveyancing Protocol?	
	.2 Borrower:	
	(a) Full name.	
	(b) Address (home, business).	
	(c) Telephone (home, business).	
	(d) Occupation(s).	
	(e) Whether there is a joint tenancy or tenancy in common.	
	(f) Any problems regarding capacity or undue influence (e.g., age, mental competence, trustee, attorney)?	

	(g) Name of lawyer.	
	(h) Is the borrower a company? Is it a British Columbia company, a federal corporation, or a foreign entity (see item 1.8.1(e))?	
	.3 Guarantor or covenantor:	
	(a) Name.	
	(b) Address.	
	(c) Telephone.	
	(d) Occupation.	
	(e) Any problems regarding capacity or undue influence (e.g., age, mental competence, trustee, attorney)?	
	(f) Name of lawyer.	
	(g) If guarantee contains postponement and assignment of loans/claims, conduct personal property registry search(es) in appropriate jurisdictions. Register financing statement.	
	(h) Form of independent legal advice required by lender. See <i>BC Code</i> rule 3.4-32 with respect to providing a certificate of independent legal advice. Also see the Independent Legal Advice Checklist on the Law Society website at <a href="http://www.lawsociety.bc.ca/docs/practice/resources/checklist-ila_annotated.pdf">www.lawsociety.bc.ca/docs/practice/resources/checklist-ila_annotated.pdf</a> .	
	.4 Property:	
	(a) Civic address.	
	(b) Legal description.	
	(c) Age of premises; any construction (substantial renovations).	
	(d) Existing tenancies.	
	(e) Property insurance, including name of agent.	
	(f) Zoning, survey, fire, health, and technical safety, if available and appropriate. Ask vendor/borrower (if applicable) or lender whether a recent survey is available.	
	(g) Environmental searches.	
	(h) Archaeology search.	
	(i) Tax and utility searches (note: for Vancouver properties confirm vacancy tax declaration filed).	
	.5 Find out whether a conveyance is involved and, if so, the basic details, including closing date.	
	.6 Find out whether title insurance is or may be involved and, if so, the details of insurer, policy, retainer, procedures.	

1.9	Discuss in detail the proposed mortgage, referring to the MORTGAGE DRAFTING (F-3) checklist. Include:	<input type="checkbox"/>
	.1 Type of loan (e.g., conventional, with holdback, building loan with progress advances, CMHC-insured, other insured, demand loan, line of credit).	
	.2 Type of property (e.g., principal residence of borrower or revenue property). Consider advising lender to take an assignment of rents from the borrower.	
	.3 Completion date.	
	.4 Payment date (are the funds required at any particular time?) and conditions precedent to advance of funds.	
	.5 Principal (and any amounts to be deducted from principal, such as taxes in arrears, legal fees and disbursements, interest adjustment, arrangement fees), interest, term, amortization, special clauses (e.g., due on sale, prepayment, due on leaving employment with the lender), environmental representations, and warranties or indemnities.	
	.6 The MT number of the filed standard mortgage terms (if any) or the prescribed mortgage terms and any additional terms (i.e., Form E Schedule) for inclusion in the mortgage.	
	.7 Copies of lender's forms: standard mortgage terms, schedules to Form B, if there are additional or modified terms, acknowledgment of receipt of mortgage terms.	
1.10	Discuss other relevant matters, including:	<input type="checkbox"/>
	.1 Desirability of getting an appraisal; desirability of getting title or mortgage insurance (e.g., CMHC or private insurance for title defects).	
	.2 Whether it is necessary to check zoning and bylaw compliance (generally for residential mortgages only if there is reason to believe there may be a problem). Note: this typically takes three to four weeks.	
	.3 Whether a survey is required (does the Western Law Societies Conveyancing Protocol apply?). Determine whether vendor has survey already and whether appropriate statutory declarations will be satisfactory to the lender. Will the lender accept title insurance in lieu of a survey?	
	.4 Property insurance requirements (e.g., lender as loss payee, mortgage endorsement clause) and necessity of ensuring that the borrower has obtained satisfactory insurance before advancing funds.	
	.5 Advise the borrower to arrange for own liability and contents insurance.	
	.6 Any possibility of there being an unregistered interest pursuant to the <i>Family Law Act</i> , S.B.C. 2011, c. 25. If so, consider getting a waiver from the non-owning spouse, or, if that is not prudent or possible, a statutory declaration from the borrower.	

	.7 Any possible builders lien issues (although the lender is not required to hold back funds, advances should not be made without checking for builders liens). Note that holdback requirements under <i>Strata Property Act</i> , S.B.C. 1998, c. 43, s. 88, are mandatory.	
	.8 Tax matters: PST/GST (or HST prior to April 1, 2013, and transitional tax for new homes where construction was commenced before April 1, 2013), income tax, withholding tax, property transfer tax, foreign buyers tax.	
	.9 Environmental concerns or problems that would erode or eliminate the lender’s security.	
	.10 Whether there is any concern that a security interest may exist in any fixtures (including manufactured homes) or crops on the property and whether a personal property registry search should be conducted.	
1.11	Be sensitive to any possibility of a fraudulent conveyance or preference. Note Rule 3-109 and <i>BC Code</i> rule 3.2-7, which states that a lawyer must not engage in any activity that the lawyer knows or ought to know assists in or encourages any dishonesty, crime, or fraud. The lawyer has an obligation to “make inquiries” and record the results rather than to just be “wary”. Also note <i>BC Code</i> rule 3.2-8 if the client is an organization. Consider the indicia of unconscionability under the <i>Business Practices and Consumer Protection Act</i> , S.B.C. 2004, c. 2 (the “ <i>BPCPA</i> ”), ss. 7 to 10, as well as the provisions under <i>Criminal Code</i> , R.S.C. 1985, c. C-46, s. 347 regarding criminal interest rate. Check disclosure statement requirements ( <i>Bank Act</i> ; <i>Mortgage Brokers Act</i> ; and <i>BPCPA</i> , Part 5).	<input type="checkbox"/>
1.12	Clarify who is responsible for each item: the borrower, the lender, or you. Also clarify which party is to pay in each case.	<input type="checkbox"/>
1.13	If the lender is a non-institutional lender, obtain a retainer and instructions defining the extent of your authority. In the case of a new corporate client, consider obtaining a directors’ resolution confirming the conditions of the retainer and setting out who will give instructions and who you will report to. Check that the lender has the power to lend. Consider the jurisdiction of the lender.	<input type="checkbox"/>
1.14	If you are not in a position to act, advise the client. Make a record of the advice given, and file your notes. Send a non-engagement letter (for samples, see the Law Society website at <a href="http://www.lawsociety.bc.ca/Website/media/Shared/docs/practice/resources/Ltrs-NonEngagement.pdf">www.lawsociety.bc.ca/Website/media/Shared/docs/practice/resources/Ltrs-NonEngagement.pdf</a> ).	<input type="checkbox"/>

<b>2.</b>	<b>AFTER THE INITIAL CONTACT</b>	
2.1	Send a letter to the client confirming your instructions, setting out the manner in which you will determine your fee for services, stating the conditions upon which you have agreed to act, and summarizing the points discussed. Consider reporting on the results of searches as set out below. Refer to the CLIENT FILE OPENING AND CLOSING (A-2) checklist.	<input type="checkbox"/>
2.2	Open the file: place relevant checklists in the file and make entries in your diary and “BF” or “Bring-Forward” systems (ensuring that you note the commitment expiry, completion, and payment dates). Note the requirement to deliver a true copy of standard or express (or both) mortgage terms along with any amendments thereto.	<input type="checkbox"/>

2.3	Send a letter or email to counsel for the other parties, if any, advising of your involvement. If that party has not retained counsel, urge the party in writing, to get independent legal representation. Make it clear that you are not protecting their interests and that you are acting exclusively in the interests of your client (see <i>BC Code</i> rule 7.2-9).	<input type="checkbox"/>
2.4	Search title:	<input type="checkbox"/>
	.1 Confirm civic address and legal description. Conduct a BC Assessment search to ensure that the legal description correctly identifies the subject property, and to verify if there is more than one legal parcel.	
	.2 Confirm the name(s) of registered owner(s) and the manner in which they hold title to land—joint tenancy or tenancy in common.	
	.3 Check all numbers on the title and any pending registrations. Match numbers against registered charge numbers and legal notations.	
	.4 Ensure that the subject of the mortgage is a legal lot.	
	.5 Determine whether any land has been transferred from title.	
	.6 Review: plan of property and plans of charges affecting the property; notations, mortgages, charges, and encumbrances on title (e.g., rights of way, building schemes, land use contracts); judgments, certificates of pending litigation, caveats, transfers, miscellaneous notes, and pending documents; notice of a marriage or separation agreement; other endorsements on the title certificate; appurtenant easements, and rights of way.	
	.7 If a prior mortgage has been registered, the subsequent lender’s lawyer should contact the prior lenders to obtain written confirmation relating to the balance and standing of the mortgage.	
	.8 Obtain copies of relevant documents, such as: copy of title search, plan of the property, and charges.	
	.9 Determine whether the duplicate certificate of title is issued by the LTSA and, if so, where it is located.	
2.5	If the mortgage relates to a strata lot, conduct relevant searches and obtain necessary information (e.g., strata plan, charges against common property, bylaws and amendments, Form P—Phased Strata Plan Declaration under the <i>Strata Property Act</i> , disclosure statement under the <i>Real Estate Development Marketing Act</i> , S.B.C. 2004, c. 41, and any amendments to the disclosure statement, Form J—Rental Disclosure Statement under the <i>Strata Property Act</i> , Form B—Information Certificate, and Form F—Certificate of Payment (if conveyance)). Inquire whether there are any current or proposed special levies. Determine whether the strata corporation is relying on a depreciation report to assist in determining the annual contribution to the contingency reserve fund (and confirm the most recent depreciation report is attached to the Form B—Information Certificate). Also, if the purchaser is buying for investment purposes, confirm that the bylaws do not prohibit or limit rentals.	<input type="checkbox"/>

2.6	Report search results to the client and discuss, if desirable. In particular:	<input type="checkbox"/>
	.1 Have the client identify the property on the plan.	
	.2 Discuss the effect of the various charges, etc., including priorities and restrictions on the use of the land, and get instructions (e.g., to pay out certain charges). Confirm instructions and advice in writing.	
	.3 Discuss <i>Land Title Act</i> , R.S.B.C. 1996, c. 250, s. 23, and the possibility of unregistered interests (note: and those possibly derived by fraud).	
2.7A	Conduct company search on corporate parties—borrower, guarantor, and, where necessary, lender—noting the following:	<input type="checkbox"/>
	.1 Registered and records office.	
	.2 Annual report.	
	.3 Directors and officers.	
	.4 Notice of Articles, and amendments. If company was formed before the <i>Business Corporations Act</i> , S.B.C. 2002, c. 57, came into force, ensure that it was transitioned under that Act and has not been struck, or is not in the process of being struck from the register.	
	.5 Good standing, including whether the company has been struck off and subsequently restored. If it has, consider the effect of <i>Business Corporations Act</i> , ss. 354 to 368, and the <i>Escheat Act</i> , R.S.B.C. 1996, c. 120.	
2.7B	Obtain other constating documents (articles, and amendments thereto) from the company’s records office. Review these for general corporate provisions and for powers and the manner in which they are to be exercised:	<input type="checkbox"/>
	.1 Borrower’s power to borrow.	
	.2 Lender’s power to lend: <i>Business Corporations Act</i> ; also consider any limitations such as the loan-to-property-value ratio; prohibitions on lending to directors, shareholders, etc.; and the aggregate value of loans.	
	.3 Manner of execution of documents (signing authority, use of seal).	
	.4 Foreign lenders— <i>Bank Act</i> , Part XII restrictions on carrying on banking business in Canada.	
	.5 Is extra provincial registration required?	
2.8	Consider the <i>Personal Property Security Act</i> , R.S.B.C. 1996, c. 359; if appropriate, conduct a personal property search under the vendor’s or borrower’s names (or both), and if applicable, the guarantor’s or covenantor’s names, and any trade names. If there has been a recent change of name or amalgamation of a party you are searching, consider also searching the prior names or entities.	<input type="checkbox"/>
2.9	If so instructed, prepare or check commitment letter, including matters such as:	<input type="checkbox"/>
	.1 Basic terms and parties.	

	.2 Conditions precedent to advance.	
	.3 “Walk away” clause whereby the lender can walk away from the commitment if there is a change in circumstances.	
	.4 Deposit required on acceptance of commitment letter. Nature of deposit; whether it is earned upon acceptance or refundable upon the loan being advanced; appraisal fees, commitment fees, stand-by fees.	
	.5 Documentation required, and who is responsible for preparing it; documentation to be satisfactory to the lender’s lawyer and not a matter for negotiation.	
	.6 Consider severance clause, particularly regarding illegal interest rates.	
	.7 If it is a building loan with progress advances, consider whether “lien holdbacks” are appropriate or whether the client should ensure that the borrower directly complies with <i>Builders Lien Act</i> , S.B.C. 1997, c. 45. If the client holds back, advise of the risks, i.e., if not a true lien holdback, the lender may not benefit as “owner” under the <i>Builders Lien Act</i> and may risk liability by holding back. See the <i>Builders Lien Act</i> , ss. 4(4) and 4(5) and s. 5(4).	
	.8 Priority requirements.	
	.9 Compliance with zoning and other local bylaws.	
	.10 Insurance requirements.	
	.11 Payment of real property taxes.	
	.12 Provision of financial statements.	
	.13 Costs (legal fees, disbursements, and taxes).	
	.14 Restrictions on assignment.	
	.15 Commitment to survive execution, delivery, and registration of mortgage (provided that it does not conflict with the documents flowing from it).	
	.16 Other important terms and conditions (consider some of the matters mentioned in the MORTGAGE DRAFTING (F-3) checklist).	
	.17 Prepayment privileges (if any).	
	.18 Is the mortgage assumable or due on sale?	
2.10	Search with the municipality for property taxes and any improvement levies (current and past year, any arrears, any appeals), zoning, etc.	<input type="checkbox"/>
2.11	Consider whether to make special inquiries respecting pending local improvement charges and special area debt levies.	<input type="checkbox"/>
2.12	Conduct other searches, request confirmations, etc. as required, on such matters as: builders liens, bankruptcy, Bank of Canada, WCB liability, Employment Standards Branch liability, PST and GST liability, security instruments, outstanding work orders or requirements regarding improvements. Consider the effect of Crown liens and advise the client whether you intend to search.	<input type="checkbox"/>

2.13	Confirm with borrower whether there is a legal/beneficial split on the property. If there is such a split, review trust document and obtain either a mortgage of beneficial interest or an estoppel agreement.	<input type="checkbox"/>
2.14	Obtain, review, or prepare all required documents, such as:	<input type="checkbox"/>
	.1 Any issued duplicate certificate of title (which is needed to register the mortgage: <i>Land Title Act</i> , s. 195(1)).	
	.2 If so instructed, certificate of compliance with restrictive covenants, statutory building schemes, land use contracts, and <i>Land Title Act</i> , s. 219 covenants.	
	.3 For corporate parties:	
	(a) Certificate or opinion letters from the borrower’s and guarantor’s lawyers, on relevant matters: corporate status, good standing, incumbency, authorization, execution, and delivery. Consider settling these early, if possible, so there are no surprises at closing.	
	(b) Directors’ resolution and shareholders’ resolution, if required (certified copies).	
	(c) Certificate of good standing.	
	.4 Consents or priority/subordination agreements regarding any prior charges.	
	Many mortgages are now structured as a “current or running account” and are designated as such in s. 7, Part 1 of the Mortgage—Form B. This designation allows lenders to secure monies re-advanced to the borrower under the mortgage.	
	Upon the application and grant of a subsequent second mortgage, if the secondary lender has not satisfied the conditions under s. 28 of the <i>Property Law Act</i> , R.S.B.C. 1996, c. 377, any monies re-advanced by the first lender under the pre-existing mortgage may maintain their priority position.	
	To ensure a priority position over re-advances under the initial mortgage, the second lender must give the first lender notice in writing of the registration of the second mortgage, pursuant to s. 28 of the <i>Property Law Act</i> . This letter is best addressed to the branch manager or other manager.	
	.5 Property insurance binder/policy that meets requirements, or certificate of insurance stating that coverage meets specified requirements.	
	.6 Title/mortgage insurance.	
	.7 <i>Family Law Act</i> waiver or declaration (see item 1.10.6).	
	.8 Certificate of independent legal advice (e.g., for spouses who are joint tenants where only one is receiving mortgage proceeds).	
	.9 Appraisal.	
	.10 Survey or statutory declaration regarding survey. Does the survey disclose any building location defects? If so, advise the lender and determine whether the lender wishes to accept a protocol opinion.	

	.11 Form B and any other forms required.	
	.12 Trustees' resolutions for any trust borrower or guarantor.	
2.15	Contact other lawyers regarding concurrent registration and exchange of undertakings. Clarify financial details and division of responsibility for clearing title. If the borrower's or vendor's lawyer wishes to clear title, confirm with the client whether this is acceptable	<input type="checkbox"/>
2.16	Clear charges as instructed:	<input type="checkbox"/>
	.1 Obtain payout information (in particular, whether the charge may be prepaid and whether there is a penalty) and confirm by letter. Consider any need to obtain pre-executed, registrable discharges of mortgages from non-institutional lenders. Consider whether last payments have cleared—if not, hold back money as required.	
	.2 Request payout statements.	
	.3 Draw release documents.	
	Note that s. 72(3) of the <i>BPCPA</i> stipulates that a credit grantor/lender must not accept any amount for the provision of a mortgage discharge to a borrower that exceeds the maximum amount prescribed. The current maximum amount is \$75 (Disclosure of the Cost of Consumer Credit Regulation, B.C. Reg. 273/2004, s. 16). The B.C. Financial Institutions Commission's interpretation of s. 72 of the <i>BPCPA</i> is that other costs can be charged over and above the \$75 discharge fee so long as they are itemized ( <a href="#">Information Bulletin MB 07-003</a> (January 31, 2007)). It is common practice for private lenders to add the legal costs they incur for the preparation and execution of the discharge. Separate charges for preparation of the payout statement are unusual because they are usually prepared in-house; arguably, if a lender requires the services of an accountant or other professional to prepare the payout statement, this cost could be added. The lawyer should advise the borrower to review the payout statement to confirm whether the additional costs are legitimate costs incurred by the lender to provide the discharge.	
2.17	Determine whether there are any matters requiring adjustment. Prepare a statement of loan proceeds and send to the client.	
2.18	Prepare an authorization and order to pay mortgage proceeds.	<input type="checkbox"/>
2.19	If applicable, ensure that lender has prepared a disclosure statement. Have the lender execute it.	<input type="checkbox"/>
2.20	If the mortgage relates to a strata lot, request Form B—Information Certificate and Form F—Certificate of Payment from the strata corporation. Also, consider preparing limited appointment of proxy granting the lender powers wider than those under <i>Strata Property Act</i> , s. 54.	<input type="checkbox"/>

<b>3.</b>	<b>PREPARE THE MORTGAGE</b>	
	Note: Most institutional lenders provide their own form. See the electronic land title Form B—Mortgage template, and the issues it addresses, at <a href="http://lsa.ca/practice-information/land-title-forms">lsa.ca/practice-information/land-title-forms</a> .	
3.1	Prepare an outline of the mortgage:	<input type="checkbox"/>
	.1 Note the clauses from your precedent file that will be included (see the MORTGAGE DRAFTING (F-3) checklist.	
	.2 Ensure that valid consideration is being given by the lender for (a) the mortgage, and (b) any covenant/guarantee. Consider execution as a deed under seal if no consideration is being given (see <i>Property Law Act</i> , s. 16(2)).	
	.3 If it is a CMHC mortgage, use the CMHC form (bearing in mind that any deviations will need to be approved by CMHC’s lawyer).	
	.4 If using standard clauses from the <i>Land Transfer Form Act</i> , R.S.B.C. 1996, c. 252 (ss. 9 and 10 and Schedules 5 and 6), ensure that the wording is exact; also consider any need to make express exceptions (e.g., regarding relief from forfeiture).	
	.5 Consider using prescribed standard mortgage terms (see <i>Land Title Act</i> , s. 227).	
	.6 Ensure compliance with the <i>Interest Act</i> , R.S.C. 1985, c. I-15; e.g., blended principal/interest payments have equivalent rate stated as half-yearly interest not in advance (s. 6); no higher rate or penalty on default (s. 8); open mortgage after five years (s. 10).	
	.7 Consider criminal interest rate issues, if applicable.	
	.8 If there is a legal/beneficial split, prepare mortgage of beneficial interest or estoppel agreement.	
3.2	Prepare Part 1 of the mortgage (Form B), following closely the completion instructions in connection with Form B:	<input type="checkbox"/>
	.1 For the purposes of Item 9 of Form B, determine whether the prescribed standard mortgage terms, filed standard mortgage terms, or express mortgage terms will be employed; determine whether any additional or modified terms are required for the purposes of Item 10 of Form B and, if so, whether the same can be included in Item 10 or whether Item 10 should be completed to state “see schedule”.	
	.2 If necessary, annex additional pages as a schedule in Form E.	
	.3 In preparing a paper version of Form B (although for final filing purposes the electronic form must be used), number the pages: insert page ___ of ___ on the first page, and number each subsequent page.	
	.4 The electronic Form B is numbered automatically. “END OF DOCUMENT” is not required. If the electronic form includes additional material, those pages do not have to be numbered.	
3.3	Prepare the first draft.	<input type="checkbox"/>

3.4	Review the first draft, checking each segment to ensure that it achieves the client's objectives, and checking the document as a whole to ensure that it is internally consistent. Ensure that no provisions operate as a clog on the equity of redemption (e.g., option to purchase, right of first refusal or other provision limiting redeemability). Make necessary corrections and prepare a second draft.	<input type="checkbox"/>
3.5	Go over the second draft with the client or send it to the client asking that the client review it and note any changes or questions. Discuss it with the client, and make any changes required.	<input type="checkbox"/>
3.6	Prepare the final Part 1 (Form B) and any additional terms; prepare the receipt to be signed by the borrower (and covenantor or guarantor, if applicable) acknowledging receipt of Part 2 pursuant to <i>Land Title Act</i> , s. 229.	<input type="checkbox"/>
3.7	Confirm the exact sum of proceeds expected from the lender; consider "hidden" and other miscellaneous banking or transfer fees and charges that may lead to a shortfall.	<input type="checkbox"/>
3.8	Prepare written authority to pay, addressed to the lender and the lender's lawyer, identifying the payee of the balance of proceeds and authorizing all disbursements of mortgage proceeds (e.g., any existing mortgage payouts, CMHC or brokerage fees, fees payable to the lender, outstanding property taxes, and legal fees and disbursements).	<input type="checkbox"/>

<b>4.</b>	<b>CONCLUDING THE MORTGAGE</b>	
4.1	Forward the mortgage documents to the borrower's lawyer. Advise the borrower's lawyer of undertakings you will require on closing (e.g., payout of prior charges).	<input type="checkbox"/>
4.2	For electronic filing using the Land Title Electronic Filing System, forward the document to the borrower's lawyer by email, fax, or delivery. Do not electronically sign or file a Form A—Transfer or a Form B—Mortgage without having executed true copies in your possession. Request return of the signed execution copy of the electronic form by email (PDF), fax, or courier. See <a href="https://help.ltsa.ca/myltsa-enterprise/land-title-web-filing-form-practice-guides">https://help.ltsa.ca/myltsa-enterprise/land-title-web-filing-form-practice-guides</a> for guidance on electronic land title forms.	<input type="checkbox"/>
4.3	The borrower's lawyer has their client sign a paper copy of the electronic Form B, and witnesses it in the usual manner. The paper copy is then returned to the lender's lawyer.	<input type="checkbox"/>
4.4	Update searches as required.	<input type="checkbox"/>
4.5	If required by the lender, give the signed disclosure statement to the borrower.	<input type="checkbox"/>
4.6	Ensure that the mortgage and the other documents (including the receipt by the borrower of a set of filed standard mortgage terms referred to in <i>Land Title Act</i> , s. 225(5)(a) or (b)), are properly executed. Include the certifying officer's name, address, title of officer, etc. If electronic Form B is sent by email, ensure that the borrower's and witnesses' particulars are completed on Form B.	<input type="checkbox"/>

4.7	Check that all documents are received from the borrower’s lawyer. Ensure all documents are dated and are in registrable form; that no changes have been made; that certifications include the officer’s full name, address, and professional capacity; and that the full name of the authorized signatory of a corporate borrower is printed below the signature and, if not witnessed, that there is an affidavit of execution. Bear in mind provisions of <i>Land Title Act</i> , ss. 41 to 48. Also note the requirements in <i>Land Title Act</i> , ss. 45 and 46 governing powers of attorney. Review the lender’s instructions regarding proof of the borrower’s identity, and consider if you can comply with those instructions yourself or by requesting information from the borrower’s lawyer. Alert the lender if you are unable to comply with the instructions. Obtain the lender’s approval of any changed instructions and consider whether to advise the lender to be aware of the indicia of fraud and to take appropriate steps to minimize the potential for fraud.	<input type="checkbox"/>
4.8	The lender’s lawyer incorporates their digital signature into the electronic form upon receipt of the executed paper copy of the mortgage or a copy of the executed document (e.g., by fax or PDF).	<input type="checkbox"/>
4.9	If an affidavit of execution is taken before a foreign notary, confirm that the notary has affixed their seal to the affidavit and ensure that the expiry date of the notary’s appointment is included. Note that in some foreign jurisdictions, the mortgage must be executed before the Canadian Consul in order to be registrable.	<input type="checkbox"/>
4.10	Check for any undertakings imposed on you by the borrower’s lawyer. If you are given the mortgage documents on a form of undertaking that limits the client’s discretion to refuse to advance after registration, get the client’s authority to so limit such discretion or obtain a release from the undertaking (most mortgages give the lender this discretion). Note the Law Society’s suggestions to protect you and your lender clients in light of the decision in <i>Lin v. CIBC Mortgages Inc.</i> , 2015 BCCA 518: <a href="http://www.lawsociety.bc.ca/docs/practice/resources/mortgage_Lin-v-CIBC.pdf">www.lawsociety.bc.ca/docs/practice/resources/mortgage_Lin-v-CIBC.pdf</a> .	<input type="checkbox"/>
4.11	Complete requisition of funds, preliminary title opinion (if required), and protocol opinion (if applicable), and forward to the lender. Clarify how funds will be delivered (e.g., bank draft, direct deposit).	<input type="checkbox"/>

<b>5. REGISTRATION AND PAY OUT</b>		
5.1	Affix electronic signature to documents on LTSA Web Filing or in e-filing and download the mortgage to myLTSA on hold or with a specified registration date. Note the obligation to maintain the security of the digital signature. Password entry is required each time a lawyer signs an electronic document. The offence provision under s. 168.7(2)(a) and (b) of the <i>Land Title Act</i> , the Juricert terms and conditions and Law Society Rules 3-64.1(6) and 3-96.1, and <i>BC Code</i> rule 6.1-5 prohibit lawyers from permitting others to use their personalized encrypted electronic access to register documents or from disclosing to others, including support staff, the password, access phrase, or access number. See also the Law Society’s <a href="#">Discipline Advisory of October 2, 2015 (Failure to protect digital signature can have disciplinary consequences)</a> ; note that the relevant Law Society Rules have changed since this Discipline Advisory was issued.	<input type="checkbox"/>
	.1 Conduct a pre-registration title search.	

	.2 File (or release hold if submitted on hold) together with any duplicate certificate of title ( <i>Land Title Act</i> , s. 195(1)), discharges, priority agreements, and any other documents required. Ensure that the documents are filed in proper order.	
	If you receive a refusal notice from the registrar of land titles, s. 308(2) of the <i>Land Title Act</i> provides that, if the defects that led to the rejection of the application are corrected within 21 days (or a longer period if it is extended by the registrar pursuant to s. 308(4)), then the application must be proceeded with. If the rejection notice requirements are not fulfilled within that period, then pursuant to s. 308(3) the refusal becomes final, and the application becomes void and must be cancelled, subject to an appeal by the applicant pursuant to s. 309.	
	.3 Conduct a post-registration title search.	
	.4 Order a state of title certificate (or request a state of title certificate with electronic registration) and diarize for receipt.	
	.5 Register financing statement at the personal property registry with respect to guarantors where there is an assignment and postponement of claim.	
	.6 Conduct a post-registration search in the Personal Property Registry.	
5.2	Pay funds to third parties (prior lenders, brokerage fees, property taxes). Note Law Society Rules 3-95 and 3-96, which require a lawyer to report to the Law Society if a lender fails to deliver a discharge of mortgage within 60 days of payout of the mortgage or a lawyer fails to register a discharge within the 60-day period. <i>BPCPA</i> , s. 72(2) and (3) requires financial institutions to make mortgage discharges within 30 days of repayment of a mortgage loan; the maximum discharge fee prescribed under s. 16 of the Disclosure of the Cost of Consumer Credit Regulation, B.C. Reg. 273/2004, made pursuant to s. 72(3) of the <i>BPCPA</i> , is \$75.	<input type="checkbox"/>
	Under s. 72(3), a credit grantor/lender must not accept any amount for the provision of a mortgage discharge to a borrower that exceeds the maximum amount prescribed. The B.C. Financial Institutions Commission's interpretation of s. 72 of the <i>BPCPA</i> is that other costs can be charged over and above the \$75 discharge fee so long as they are itemized ( <a href="#">Information Bulletin MB 07-003</a> (January 31, 2007)). See further discussion at item 2.16.3.	
5.3	Pay funds to the borrower/borrower's lawyer:	<input type="checkbox"/>
	.1 Conduct a title search just prior to payout.	
	.2 If the agreement was to pay out on a post-application or post-registration title search, ensure that all conditions precedent have been met prior to paying funds to the borrower.	
	.3 Otherwise, send a reporting letter to the client, together with copies of registered documents and any other required material, and obtain instructions to pay funds to the borrower.	
	.4 Inform the lender of the disbursement date.	

6.	CLOSING THE FILE	
6.1	Review the state of title certificate.	<input type="checkbox"/>
6.2	Prepare a reporting letter and account as soon as practicable. Include copies of relevant documents and any information and opinions not included in previous reports. Advise regarding any matters to check before making further advances (e.g., builders liens; see item 1.10.7).	<input type="checkbox"/>
6.3	Consider whether a borrowing party's transparency register needs to be updated. Review whether the loan documents result in the lender having the rights set out in s. 119.11(2)(b) of the <i>Business Corporations Act</i> .	<input type="checkbox"/>
6.4	Close the file. See the (A-2) CLIENT FILE OPENING AND CLOSING checklist.	<input type="checkbox"/>