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PROCEED TO NEXT PAGE...



Seller Property Information Statement

Important Information for Sellers

Form 225

for use in the Province of Ontario

General Purpose: This form is meant to provide information about Form 220, The Seller Property Information Statement "SPIS" for a Seller before a Seller decides to or not to complete Form 220.

The first paragraph states the purpose of Form 220 which generally is to provide important information that a seller would know about the property to a prospective buyer.

TO SELLER(S):

BROKERAGE:

Form 220 - The Seller Property Information Statement "SPIS" is intended to provide information to a prospective buyer, based on the fact that the owner of the property will likely have information that a typical buyer would consider to be important.

The next portion states that the Seller is only providing information and nothing on Form 220 is a warranty regarding the information provided. Further a SPIS should not be attached to the Agreement of Purchase and Sale.

As stated on the form, the seller is providing information as known to the seller but is not warranting the information provided. For this reason, OREA recommends that the SPIS not be attached as a Schedule to the Agreement of Purchase and Sale. There is a clause included in the standard OREA Agreement of Purchase and Sale that states "there is no representation, warranty, collateral agreement or condition which affects this Agreement other than expressed in the Agreement in writing."

By way of explanation, it states that the SPIS when completed properly can be beneficial to both sellers and buyers. The important word here is "properly". It is noted that care must be taken when completing the SPIS. It is imperative that the Sellers should answer the questions accurately and with full explanations. There is a space for "Additional Comments" for this. Here the Seller is cautioned to err on the side of caution and provide information along with an explanation to avoid any misunderstandings. This paragraph clarifies that if the information on the SPIS changes from the time of its completion and the closing date, the updated information is to be given to the Buyer.

The Seller Property Information Statement, when properly completed, can be of benefit to both the sellers and the buyers. However, care must be taken when the form is completed. Sellers should answer the questions on the form as fully and accurately as possible. There is space on the form to add "Additional Comments" and this feature should be used to explain items on the form that could be claimed to be incomplete or misleading by a buyer. If there is some question as to whether a particular item should be mentioned on the form, it is better to err on the side of caution and provide the information along with an explanation, e.g. a defect that has been repaired. Also, if the information on the form becomes outdated or incorrect before the property sells or before a sale is completed, the information should be updated and given to the buyer.

The next paragraph highlights that there will be disputes between sellers and buyers in some transactions whether or not the SPIS has been completed. If the SPIS has been completed, it may become an issue in such disputes. There have been court cases where a court has made a decision in favour of the sellers who completed the SPIS accurately, honestly and to the best of their ability. There have also been court cases that have determined that a Seller has not been forthcoming with important information on the SPIS or has provided misleading information to a buyer.

With the high volume of property transactions that take place, there will inevitably be disputes between seller and buyers, whether or not an SPIS has been completed. The SPIS, when completed, may become an issue in such a dispute. There have been cases where a court has determined the sellers completed the SPIS accurately, honestly and to the best of their ability and the evidence provided by the SPIS is favourable to the sellers. There have been other cases where a court has determined that a seller has not been forthcoming with important information on the SPIS or has provided misleading information to the buyers.

Whether the seller does or does not complete a SPIS the seller must disclose hidden material defects on a property to a buyer. Further the Real Estate and Business Brokers Act, 2002 requires real estate sales persons or brokers to determine and disclose "material facts" when a buyer is purchasing a property. The SPIS can be helpful in fulfilling these obligations. This form is also meant to clarify the purpose and use of the SPIS.

Whether or not the seller completes an SPIS, the law requires a seller to disclose known hidden material defects to a property. In addition, the Real Estate and Business Brokers Act, 2002 requires registrants to determine and disclose "material facts" when a buyer is purchasing a property. The Seller Property Information Statement can be useful in fulfilling these obligations.

This information statement is provided to clarify the purpose and use of the Seller Property Information Statement.

I/We acknowledge receipt of this information:

Property

Seller Date

Seller Date