



When Do I Receive My Sale Proceeds?

An important and oft-asked question when selling property, the simple answer to which is, “it depends...” A better answer comes through communication with and among the professionals assisting you with your sale.

Let us begin with an overview of the payout process. The purchaser’s Notary/Lawyer is obligated to “make available” the sale proceeds on the Completion Date by communicating such to the vendor’s Notary/Lawyer. Since the purchaser has not contractually committed to a particular time and is often relying upon the funding of a mortgage, however, it is hard to say when in the day that contact will be made. Standard practice in the Lower Mainland is for a courier then to be dispatched to collect the trust cheque for deposit to the firm’s trust account before paying out the vendor’s related mortgages/debts. The outstanding balance of such debts must first be re-confirmed at time of payout, which means accommodating lender turnaround and cut-off times. Accordingly, while there can be some exceptions, a trust cheque for net sale proceeds will typically be provided to a vendor by their Notary/Lawyer the next business day, with timing dependant upon a variety of factors including when the initial communication releasing proceeds was received, the distance between law firms, and which lender is being paid out. For this reason, it is best for vendors to avoid same-day closings/financial commitments, and/or a Completion Date late in the week or before a holiday.

The payee on the trust cheque for sale proceeds can also impact on how, and how quickly, the funds can be accessed by a vendor. In the absence of alternate direction with benefit of independent legal advice, the trust cheque is required to match the registered interests on title. Accordingly, joint tenants receive a joint cheque, tenants in common each receive a cheque proportionate to their share in the property, executors receive a cheque payable to the estate, etc.

Beyond receiving their Notary/Lawyer’s trust cheque in accordance with the registered interests, availability of funds will also be a function of a vendor’s own banking profile, since most financial institutions nowadays will automatically place a hold on large deposits for upwards of 5-7 days. We recommend, therefore, that vendors engage in a proactive consultation with their account manager to anticipate/avoid possible delays or complications, as only their banker can reduce or remove such internal compliance requirements.

In summary, communication with your team of professionals is key. When selling property, your Realtor will guide you in negotiating optimal contract dates, your Notary/Lawyer will obtain and release proceeds to you (and to your mortgage lender, if applicable) as promptly as possible, and your banker will advise how best to access your funds in a timely manner.

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