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May 16, 2022

Brookfield Global Relocation Services
Support Administration Centre
4 – 201 Brownlow Avenue
Dartmouth, NS B3B 1W2

Via Post and Fax (902-481-3430)

To Whom It May Concern:

Re: Integrated Relocation Program – Third Party Service Provider Agreement

1. Overview

As representatives of Ontario lawyers in private practice, we are writing to inform you of serious concerns that have arisen regarding your Third-Party Service Provider Agreement [**"Agreement"**].

We have heard from lawyers across Ontario who are greatly concerned with the impact of the Agreement on those seeking legal assistance and the practicing lawyers who will be serving those clients. Many lawyers have advised us that they will no longer consider providing representation to Integrated Relocation Program [**"IRP"**] clients.

With respect, your decision to reduce legal fees fails to adequately consider the practical realities of real estate transactions. Furthermore, these fees grossly undervalue the legal services provided by lawyers to those individuals buying and selling real estate. Brookfield Global Relocation Services [**"Brookfield"**] claims to want to deliver high-quality services to its relocation clients. The inappropriately low fees established by the Agreement do not support that claim.

Frankly, to establish fees which would equate with "typical" legal fees charged in the 1980s reveals an astonishing lack of understanding of the value of the work that goes into ensuring that real estate transactions are completed properly. This decision also fails to recognize the ever-increasing complexity of even "simple" real estate transactions. Any competent lawyer would quickly confirm that the level of detail in today's transactions has increased significantly, particularly in the past 2 to 3 years.



2. Who is FOLA and What is Our Role?

The Federation of Ontario Law Associations [**FOLA**] is an organization that represents the associations and members of the 46 county and district law associations across Ontario. We represent approximately 12,000 lawyers, most of whom are in private practice in firms across the province. These lawyers are on the front lines of the justice system, and a significant proportion are full-time or part-time solicitors in communities across Ontario.

As FOLA's current Real Estate Co-Chairs, we have been dedicating countless hours to attempting to assist solicitors in the province with carrying out their critical mandate of assisting the public in these uncertain times. We strongly believe that Ontario has one of the best – if not the best – systems of land registry worldwide. That system is supported by an independent bar who inform, advise, and protect the public and businesses when dealing with what may be their largest lifetime investment.

3. Our Concerns

A. Your Fee Schedule

Despite the extraordinary increase in real estate prices (which incidentally have increased real estate commissions at a similar rate), the legal fees outlined in the Fee Schedule to the Agreement are now lowered and fixed at \$650.00 for a purchase and \$400.00 for a sale, down from already very low fees of \$700.00 and \$475.00, respectively.

The legal fees Brookfield imposes demonstrate a disregard for the value lawyers bring in quarterbacking real estate transactions. Brookfield's legal rates are far too low, being below prevailing rates charged by most law firms considering (a) the time and costs for transactions of average complexity, (b) the fact that IRP transfer files are seldom of "average complexity", (c) the added overhead costs inherent in meeting Brookfield's onerous and self-serving reporting requirements, and (d) the impact of inflation.

With the value of a solicitor's services on IRP files so seriously undervalued, there is a high risk that much of the work on such files will be shifted to staff, lowering the quality of the services provided to clients on the files. This simply reflects the economic realities in running real estate law firms which are simply independent small businesses.

Brookfield's legal fee structure simply does not adequately reflect the breadth of legal services required in even relatively straight-forward transactions, and certainly not for transactions that are not straight-forward. For example:

1. The fee for a purchase is limited to one registered mortgage, and similarly, for a sale, one mortgage discharge. Given the products offered by lenders, it is not uncommon for a client to have more than one mortgage to register or discharge. Typically, one will be a conventional mortgage and the other a secured line of credit.
2. Often a client is relocating prior to the completion of the sale or purchase transaction and a Power of Attorney is required to ensure the appropriate documentation is executed to complete the closing.
3. If a purchase closes before a sale, the client will likely need a bridge loan, often involving (especially for out-of-province transfers) a third-party lawyer.



4. There is often more work in a new home or condominium purchase than in a freehold purchase. New home purchases require extra time to review the Agreement of Purchase and Sale with the buyers. Condominium purchases require extra time to review the Disclosure Statements for new condominiums, Status Certificates and supporting documents.
5. Lawyers are now subject to significant obligations with respect to client identification and verification requirements which add time requirements on every file.

Brookfield's mandated new legal fees schedule fails to consider any of the extra work in such files, and fails to address the practical realities faced by IRP clients or the differing levels of complexity of IRP transactions.

Brookfield's legal fees also restrict the number of lawyers able to provide quality legal services to IRP clients. Law firms that are equipped and staffed to give proper levels of service to clients simply cannot afford to provide the services required on IRP files for such minimal rates. This results in many negatives for all involved including unhappy clients, poor service, the termination of long-standing lawyer/client relationships, and headaches for everyone, including Brookfield.

B. IRP Added Administrative Costs

Your process for reporting and invoicing is onerous and unnecessarily time-consuming; yet, lawyers are not compensated for this. The process requires added time for obligations and costs not associated with other real estate purchases and sales.

For example, you require lawyers to submit online a Statement of Account at least ten (10) business days prior to closing, with the invoices for disbursements uploaded to the account. In addition, your Certification of Service Received must be executed by clients, uploaded and submitted to you ten (10) business days before closing.

In practice, final figures for a transaction are often not available that far in advance and the clients often cannot attend the lawyer's office until a day or two prior to the closing date. These examples illustrate how your procedures ignore the practical aspects of the transactions. They also illustrate some of the extra work on an IRP file that is to be provided despite the sub-market fee being paid.

4. Conclusion

Lawyers want to provide quality legal services to re-locating government employees. Clients should have as large a selection of quality law firms to choose from as possible. Your approach on fees decreases that choice and leads to a lowering of standards on IRP files, something that is certain to have negative consequences for those you serve. It also hurts other clients who are buying from or selling to IRP clients. It is in everyone's interest to ensure that all clients receive the high-quality legal services that you claim to want your clients to have.

Our hope is that there would be a willingness to review the fees and to seek input from those providing these services before fixing fees at such extraordinarily low levels.



While a written reply to our letter would be appreciated, we would also be happy to have representatives of Brookfield meet with our real estate committee.

We look forward to hearing from you.

Yours truly,

Eldon Horner
FOLA Real Estate Co-Chair

Mark Giavedoni
FOLA Real Estate Co-Chair

Cc: Douglas Judson, Chair, FOLA
FOLA Real Estate Committee
Ontario Law Association Presidents