

LAND TITLES eREGISTRATION & ELECTRONIC FUNDS TRANSFER

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eRegistration Overview: Law Society Rules and Requirements

Version 2

April, 2019

Introduction

Effective April 3, 2018, Teranet Manitoba LP ("Teranet") made use of the eRegistration system mandatory for lawyers in Manitoba. The eRegistration of land titles documents, coupled with the electronic transfer of funds, enables lawyers to complete land titles transactions without leaving the comfort of their offices. The Law Society, as the regulator of the profession and with the mandate to protect the public, is concerned that client trust funds be protected to the fullest possible extent, through robust compliance measures. The purpose of this document is to provide an overview of the relationship of Teranet eRegistration payment options to Law Society requirements.

Electronic Funds Transfer - What it is, and What it isn't

There are different methods of transferring funds electronically. The method being used in eRegistration is pre-authorized debit, not unlike paying your personal monthly phone bill by means of your service provider drawing funds from your bank account based on your prior instructions. Under the current model, Teranet electronically withdraws eRegistration fees and land transfer taxes from a bank account.

Just as important as understanding what electronic funds transfer is, law firms must understand what it isn't. The pooled trust account - required to be 'read-only' access if a firm has online banking - is unchanged. A restricted trust account, explained in more detail below, is also 'read-only' for online banking purposes. As such, firms are not permitted to initiate transactions using online banking services for either the pooled or restricted trust account. Teranet is the only entity which may be authorized by a firm to withdraw from a restricted trust account, provided the requirements outlined below are met.

The Manitoba Landscape

To better understand the rationale for Law Society requirements, consider that at any given moment, Manitoba lawyers hold millions of dollars of client funds in their trust accounts. Key components of the trust accounting rules that protect those funds are the requirements that:

- (i) with limited exceptions, all withdrawals from a pooled trust account must be **made by cheque** [Rule 5-44(1)(b)]; and
- (ii) each withdrawal must be **authorized by a lawyer** [Rule 5-44(1)(d)].

With eRegistration, Teranet permits non-lawyers to initiate the eRegistration process. Our challenge was to develop a method of transferring funds electronically that coordinates with the eRegistration process but continues to protect client funds through lawyers' control.

The Restricted Trust Account¹

As noted above, firms using eRegistration and selecting electronic funds transfer as their method of payment provide Teranet with the ability to transact directly on a firm bank account via a pre-authorized debit. However, the Society cannot allow any third party to transact on the main trust account; that risk is simply unacceptable. Further, while we support the delegation of eRegistration to non-lawyer staff, the authority to direct the transfer of funds out of the main trust account must be reserved to lawyers.

Accordingly, lawyers wanting to use electronic transfer of trust money to complete eRegistration must, under the supervision of their trust account supervisor, establish a new, special-purpose trust account, to serve as a clearing account. We have called this a "restricted trust account" and it has the following requirements:

- In all cases, it must be a new trust account, opened and used for this restricted purpose only. Consistent with all new trust accounts, the account must be interest bearing, a Letter of Direction must be provided to the savings institution to direct interest earned on the account be paid to the Manitoba Law Foundation, and the new account must be reported to the Law Society within 30 days of being opened;
- It can hold trust money deposited in specified circumstances only, functioning as a clearing account;

¹ These are only highlights of restricted trust account requirements. Please refer to "eRegistration In Depth: Law Society Rules and Requirements" for further details.

- The accounting requirements for records and reconciliations would be the same as those for pooled trust accounts;
- All money destined for the restricted trust account must first be deposited to the pooled trust account; and
- Funds must be moved to the restricted trust account before the eRegistration process is initiated, since that submission constitutes authorization for the immediate electronic funds transfer withdrawal by Teranet.

The above method protects the public, in that:

- funds not involved in eRegistration are safely segregated in the pooled trust account where third party withdrawals of any kind are not permitted;
- a lawyer's authorization for the eRegistration, and the related disbursement of trust funds, is implicit in the signing of the trust cheque to move funds from the pooled to the restricted trust account; and
- functioning as a clearing account, funds are only held in the restricted trust account for a relatively brief time, which minimizes risk.

Other Payment Methods²

The Society does not require that firms transfer funds electronically to Teranet. Payment can be made by any one of the following additional methods:

- delivery of a pooled trust account cheque to Teranet after closing and prior to registration;
- delivery of a general account cheque to Teranet at any time prior to registration;
- charge to general account money on deposit at Teranet (where the law firm maintains a 'float' of funds in its deposit account, the balance of which is drawn down by registrations submitted); or
- electronic funds transfer of general account funds.

² The payment methods are discussed in more detail in "eRegistration In Depth: Law Society Rules and Requirements".

eRegistration In Depth

The Law Society's Financial Accountability Rules were amended in 2017 to allow for the establishment of a restricted trust account and other changes necessary to allow firms to transfer funds to Teranet electronically as part of eRegistration. To help firms understand the Law Society Rules related to eRegistration, as well as Society's policy requirements for various facets of eRegistration, a number of additional resources have been developed, collected under the umbrella of a separate document entitled "eRegistration In Depth: Law Society Rules and Requirements".



eRegistration In Depth: Law Society Rules and Requirements

Version 2

April, 2019

Report samples courtesy of:
Teranet Manitoba LP

Introduction

This document and the related appendices have been assembled to help firms understand the Law Society Rules related to eRegistration, as well as the Society's policy requirements for various facets of eRegistration.

Rules

The Law Society's Financial Accountability Rules were amended in 2017 to allow for the establishment of a restricted trust account and other changes necessary to allow firms to transfer funds to Teranet Manitoba LP ("Teranet") electronically as part of eRegistration. Full text of the Financial Accountability Rules can be found on the Society website [here](#).

Restricted Trust Account

For eRegistration, firms wanting to select electronic funds transfer as a method of payment and use trust money to complete the registration process need to establish a restricted trust account. Please refer to page 16 for the full list of restricted trust account requirements.

Payment Methods

Payments to Teranet for eRegistration can be made by any one of the following methods, as demonstrated in the diagrams starting at page 19:

- A. electronic funds transfer of trust money from the restricted trust account;
- B. delivery of a pooled trust account cheque to Teranet after closing and prior to registration;

- C. delivery of a general account cheque to Teranet at any time prior to registration;
- D. charge to general account money on deposit at Teranet (where the law firm maintains a 'float' of funds in its Deposit Account, the balance of which is drawn down by registrations submitted); or
- E. electronic funds transfer of general account funds.

Each of the above methods has advantages and disadvantages, and will need to be evaluated by each firm. In analyzing the payment method options, firms should be aware that with option B, payment cannot be sent until after the deal closes, and then eRegistration cannot be completed until after an eReceipt has been received from Teranet. These time delays may adversely impact your ability to comply with eRegistration deadlines imposed either by trust condition or under your client's title insurance policy. There is also an impact on the reconciliation process for the Client File Report, as explained further below.

Accounting Processes and Reports

Each of the above payment method options has a related accounting process, as demonstrated in the diagrams starting at page 24.

The law firm will receive a number of reports from Teranet as part of the eRegistration process. Pages 29-30 outline the various reports and the Society's requirements for how the reports are used.

Reconciliation to the Client File Report

Firms opting to use payment option B (pooled trust cheque delivered to Teranet after closing but before registration) should know that the client file number, even if provided with the pooled trust cheque to Teranet, may not appear on the statement of deposit account activity from Teranet. Thus a variance will always be shown in the summary of transactions on the Client File Report. This variance will need to match the dollar amount of the pooled trust cheque(s) provided for the matter, with any differences identified and addressed in accordance with the requirements outlined below.

Land Titles Office Deposit Account ("Deposit Account")

This is an account that a law firm would apply for at Teranet.

a) How does a deposit account fit with Law Society Rules for handling trust money?

Whether a firm is paying for land transfer tax and registration fees with a firm trust cheque, a firm general cheque or whether the funds are withdrawn electronically by Teranet from the firm's restricted trust account or the firm's general account, those monies are deposited into the Property Registry's Deposit Account that is established for the firm.

Some law firms are hesitant to use the deposit account with funds originating from the firm trust account out of concern that the trust funds would be comingled at Teranet with other clients' money or with funds that originated from the firm's general account in violation of Law Society Rules. This is not the case. The deposit account is the bank account of the Property Registry and the deposit of funds to that account should be viewed as any other disbursement to a third party service provider.

What differentiates the deposit account from another third party's bank account is the electronic transfer of funds and the generation of client file reports by the Property Registry regarding the use made of those funds. Due to the fact that different lawyers within one firm may be acting simultaneously on multiple real property transactions, the law firm will have to reconcile the Teranet 'activity' in the deposit account on any given file back to the firm accounting records, keeping the original identity of the funds provided (trust v. general) in focus.

b) Law Society requirements for use of the account

For all law firms submitting documents to Teranet, the Law Society has the following requirements:

- **File number:** You must provide a unique client file number for the matter. The numbering system must be reflected in your accounting records and on the file folders themselves;
- **Client File Report:** The Client File Report is to be used by firms to ensure all client trust money used in transactions and all payments from the general account which are to be billed to the client are accounted for accurately;
- **Reconciliation of Client File Report to Firm Accounting Records:** When the Land Titles transaction is complete – Accepted, Rejected or Discharged – the law firm must compare its accounting records for the matter with the Client File Report. Variances must be identified and resolved expeditiously. Refer to the below section "Process at Law Firms" for further details on how this requirement is to be met;
- **Filing of Client File Report:** When review of the Client File Report is concluded and all necessary action items are identified and executed, a copy of it is to be placed in the law firm's client file for the matter.

Law firm staff enter the file number to the Teranet system directly as part of eRegistration. Any error made in entering the file number is to be handled with a handwritten (or electronic, in the case of paperless offices) adjustment noted on the affected reports. As it is not Teranet's error, no request should be made for Teranet to amend the record.

Confirmed Available Funds

Have you ever made a deposit to a bank account and, at some later point, had it returned by your savings institution for insufficient funds? If this happens with a client retainer cheque you deposited to the trust account but have not disbursed, it is an inconvenience, requiring you to update your accounting records to reflect the new information and to contact your client to obtain replacement funds. But if you have disbursed any of the funds in the intervening period, it becomes an overdraft, an urgent matter that needs to be remedied immediately.

Firms who practice in the area of real estate often have a clear policy of only accepting bank drafts or certified cheques from clients to reduce the possibility of similar incidents of insufficient funds. Establishing and adhering to a policy of this nature, together with investigating circumstances that alert you to the possibility of a problem (i.e. being sensitive to 'red flags' when they occur), can greatly reduce the risk of funds deposited to the trust account ultimately proving to be "unavailable."

Prior to disbursing funds from trust, lawyers are required to **confirm the available funds**. This process entails not only verification of the amount of funds shown on deposit in the client trust ledger but also confirmation of their availability. The availability of funds is confirmed, first, by ensuring the receipt has been deposited to the pooled trust account and, secondly, that it has cleared through the banking system. Only then can the firm be assured that the cheque will not be returned for insufficient funds. Only then are the funds available to be disbursed. This is achieved by, at minimum, establishing and adhering to firm policies regarding:

- a) acceptable methods of receipts from clients;
- b) confirmation of electronic deposits into the trust account prior to disbursement; and
- c) an appropriate hold policy on the various methods of payments, in consultation with your savings institution.

Fraud attempts on lawyers' trust accounts are becoming more common. You need to be alert to the possibility of problems (by being sensitive to 'red flags', as discussed above), and vigilant in investigating and resolving them prior to disbursing funds.

The requirement to have confirmed available funds before disbursing trust money applies to any disbursement from the pooled trust account, and is not new with eRegistration.

In the context of eRegistration and the use of pooled and restricted trust accounts, the need to confirm available funds happens at the stage of moving money between the pooled trust account and the restricted trust account. Funds should not be moved out of the pooled trust account until their availability has been confirmed.

You will want to discuss with your savings institution whether it will place any further hold on the funds once deposited into your restricted trust account; such a hold may impede Teranet's pre-authorized debit when you initiate the eRegistration process.

Remote Deposit Capture

Remote deposit capture is a technology used by some firms to deposit money to a trust or general bank account without leaving their office. Some firms also use this system to facilitate movement of money between the pooled and restricted trust accounts. The Society does not require any firm to adopt this technology, but those wishing to do so should be aware of Law Society requirements:

1. The system must use specialized scanner approved or available through your savings institution. Scanning or taking a photo with portable device such as a tablet or cell phone not allowed;
2. The system must use a secure platform for connecting between the law firm and the savings institution;
3. For the pooled or restricted trust account, any fees must be charged directly to the general account and not deducted from the deposit;
4. All supporting documentation must be printed and maintained in hard copy format; and
5. Ensure that remote deposits are directed to the appropriate account – pooled, restricted, or general account.

Process at Law Firms

For the purposes of this document, the scenarios below use a restricted trust account, or payment method A. However, as outlined in the diagrams starting at page 24 for the accounting processes as well as the chart on pages 29 and 30, the practices and requirements can apply to other payment methods as well.

A) Example Scenario 1 (Pages 31-32): Electronic Funds Transfer Using Restricted Trust Account

Scenario 1: The example Confirmation and Client File Report (Pages 31 & 32¹) reflect the following scenario:

- Your law firm is representing the purchaser in a real estate transaction;
- Your client file number for the matter is LS-Test#1EFTSale;
- You have determined that \$1,181.00 will be required to complete the eRegistration;
- You have confirmed available funds (see separate section above) are held in the pooled trust account for the matter;
- A trust cheque for \$1,181.00 has been written on the pooled trust account and deposited to the restricted trust account;
- When you use eRegistration, you select electronic funds transfer from the restricted trust account as your method of payment.

¹ Note that the Confirmation and the Client File Report used in these materials is from the test environment and do not look exactly the same as those received by law firms today. Also note that the client file number and dates are not the same on the Confirmation and the Client File Report in this example, but they would be the same on reports the firm receives.

Accounting Process Steps after eRegistration Submitted:

Confirmation: When the law firm receives the confirmation from Teranet, it triggers the following processes in the law firm:

- *Print or Electronically Store the Confirmation:* The Confirmation takes the place of a cheque from the restricted trust account as a source document for the transaction and must be printed or saved in a universally readable format.²
- *Daily Accounting Records Updated:* The Confirmation is the source document for updating the following restricted trust account accounting records:
 - *Book of original entry;* and
 - *Client trust ledger for the matter.*

Each confirmation number is a unique number, and is to be used as if it were a cheque number when recording the electronic funds transfer transactions authorized in the eRegistration.³ Additional requirements:

- Land transfer tax, if any, is to be recorded separately. In this scenario, the \$825 land transfer tax is to be recorded separately from the other fees, as it will be withdrawn from the restricted trust account by Teranet using a separate transaction. To differentiate between the land transfer tax and any other fees in the eRegistration transaction, the confirmation number used to record the transaction should have a "T" added to the end. For example, if the confirmation number for this scenario was #4536, the land transfer tax would be recorded using #4536T in place of a cheque number in the accounting records;
- Fees other than land transfer tax may be grouped as one transaction and an "F" appended to the confirmation number in firm accounting records. In this scenario, \$356 would be recorded separately for fees, using #4536F in place of a cheque number in the accounting records.

As accounting records are to be maintained on a current basis, the above should occur forthwith after authorization of the electronic funds transfer.

eReceipt: When the eReceipt related to the Confirmation is received, it must be saved in a universally readable format or printed, matched with the Confirmation saved or printed earlier, and kept together. This is because the eReceipt contains the receipt number, which you need in order to reconcile the restricted trust account. In particular, the eReceipt number is the description for transactions in your monthly restricted trust account statement (like cheque number is for cheques written on the pooled trust account). As the eReceipt number is not in the accounting records for the firm, but the Confirmation number is, you need the eReceipt as the bridge or connection between the accounting records for the

² This requirement is consistent with Law Society requirements for cheque images for the trust account, which are to be maintained in paper form or saved in a universally readable format.

³ Unlike cheque stock that is pre-printed with unique sequential cheque numbers, the Confirmation number will not be sequential to individual law firms. However, as each confirmation number is unique, it is to be used to record eRegistration transactions in firm accounting records.

restricted trust account, the Confirmation and the restricted trust account bank statement for the Teranet withdrawals.

Client File Report Review Steps: When the law firm receives the above Client File Report for matter LS-Test#1EFTSale, it triggers the following processes in the law firm:

- Check the status shown on the Client File Report: Accepted, Rejected, or Discharged?
- As the status is accepted:
 - Have the client trust ledger for matter LS-Test#1EFTSale handy:
 - On the Client File Report, review the payment information in both the “Summary of Transactions” box and the first section below the box;
 - Compare the ledger and the Client File Report to see if they both reflect the same payment information;
 - Check the Client File Report summary box for any variance;
 - In this scenario, as there is no variance, no further steps are necessary.
- When review of the Client File Report is concluded and all necessary action items are identified and executed, the Law Society requires a copy of it to be placed in the law firm’s client file for matter LS-Test#1EFTSale.

Reconciliation of Restricted Trust Account: As required for the pooled trust account, the restricted trust account must be reconciled at least monthly, by no later than the last day of the subsequent month. As matter LS-Test#1EFTSale occurred on August 30, 2017, the two electronic funds transfer transactions (\$825 for land transfer tax and \$356 for fees) will be recorded in the accounting records for August 30, 2017. The August, 2017 restricted trust account reconciliation would need to be completed by no later than September 30, 2017.

You should know that all other requirements regarding the reconciliation of the pooled trust account also apply to the restricted trust account (it must be a 3-way comparison between the reconciled bank balance, the book of original entry and the client trust ledger listing, all reconciling items must be specifically identified, etc.). Due to some of the unique features of a restricted trust account, the Law Society has developed a reconciliation review checklist ([here](#)) to assist with monthly restricted trust account management.

B) Example Client File Report: Scenario 2 (Pages 33-37⁴)

Scenario 2 has two parts. Since the initial mortgage registration is rejected, the first Client File Report is provided to the law firm on or around September 1 (“Time 1”). After the necessary corrections are made and the document is re-filed, the mortgage gets accepted, with the second Client File Report provided at page 36 (“Time 2”).

⁴ Note that the Confirmation and the Client File Report used in these materials is from the test environment and do not look exactly the same as those received by law firms today. Also note that the client file number and dates are not the same on the Confirmation and the Client File Report in this example, but they would be the same on reports the firm receives.

Scenario 2 Part A - Rejection: The example Confirmation and first Client File Report in pages 33-35 reflects the following scenario:

- Your law firm is representing the purchaser in a real estate transaction;
- Your client file number for the matter is LS-Test#2EFTSale;
- You have determined that \$1,181.00 will be required to complete the eRegistration;
- You have confirmed available funds (see separate section above) are held in the pooled trust account for the matter;
- A trust cheque for \$1,181.00 has been written on the pooled trust account and deposited to the restricted trust account;
- When you use eRegistration, you select electronic funds transfer from the restricted trust account as your method of payment.
- Your firm is maintaining a balance in the Land Titles deposit account;
- Your request is rejected, and a rejection fee of \$23 is charged.

Accounting Process Steps after eRegistration Submitted: When the law firm receives the confirmation from Teranet, it triggers the same processes as described above for Scenario 1.

Client File Review Steps: When the law firm receives the first Client File Report at Time 1 for matter LS-Test#2EFTSale, it triggers the following processes in the law firm:

- Check the status shown on the Report: Accepted, Rejected, or Discharged?
- As the status is rejected, you will need to identify whatever reason the document was rejected and determine whether and how quickly the document will be re-submitted to Teranet.
- Have the client trust ledger for matter LS-Test#2EFTSale handy:
 - On the Client File Report, review the payment information in both the "Summary of Transactions" box and the first section below the box;
 - Compare the ledger and the Client File Report to see if they both reflect the same payment information;
 - Check the summary box for any variance;
 - In this scenario, there are additional transactions reflected in the calculation of the variance than there are in Scenario 1, as there is a rejection. Specifically, starting with the deposits, you provided \$1,181 to Teranet for this eRegistration, which was deposited to this account. When it was rejected, Teranet returned the \$1,181 to your deposit account (these two deposits total \$2,362). For the charges, Teranet reviewed the documents, charging \$1,181 for the services and land transfer tax. Upon rejection of the documents, a rejection fee of \$23 was charged (these two charges total \$1,204). As a result, you see a \$1,158 variance in the box, made up of the net difference between \$1,181 Teranet returned to your deposit account and the \$23 rejection fee (for a net variance of $\$1,181 - \$23 = \$1,158$);
 - If the rejection was the result of the lawyer's error, this fee is *not* to be passed on to the client.
- When review of the Time 1 Client File Report is concluded and all necessary action items are identified and executed, the Law Society requires a copy of the report to be placed in the law firm's file for matter LS-Test#2EFTSale.

Scenario 2 Part B - Accepted: The second example Client File Report at pages 36-37 – at Time 2 - reflects the following continuation of scenario 2:

- You make the necessary corrections and re-submit the documents; and
- On September 1, your registration is accepted.

A *key difference* between scenarios 1 and 2 is that the documents are initially rejected in scenario 2. This difference will impact the Client File Report. You will now be receiving more than one Client File Report – one at the time of rejection (Time 1), and after a correction has been made and the documents accepted (Time 2). Comparing the reports at the two different times, note the report at Time 1 will include information up to and including the rejection, and then at Time 2 the report will include additional information showing what happened after the rejection. You should also note the difference in the summary box at the top – although this box is included on both reports, the *variance information* in the Summary of Transactions changed.

Client File Report Review Steps at Time 2: When the law firm receives the Client File Report for matter LS-Test#2EFTSale on or about September 1, it triggers the following processes in the firm:

- Check the status shown on the Client File Report: Accepted, Rejected, or Discharged?
- As the status is now accepted:
 - Have the client trust ledger for matter LS-Test#2EFTSale and the Client File Report from Time 1 handy:
 - Compare the Client File Report from Time 1 to Time 2. While this step may seem unnecessary, should there be any keying or posting errors, these two reports may not be the same for the top three boxes of information. Further, as explained above, the “Summary of Transactions” will be changed to reflect additional information. Any inconsistencies at this stage need to be investigated and resolved;
 - Review the payment information in both the “Summary of Transactions” box and the lower boxes;
 - Compare the ledger and the report to see if they both reflect the same payment information. Any inconsistencies at this stage need to be investigated and resolved;
 - Check the summary box for any variance;
 - At Time 2 in this scenario, you see a \$23 variance in the box, and see later in the report that your deposit account has been charged a \$23 rejection fee and \$1,181 for the accepted services on September 1 (in the last section);
 - Again, if the rejection was the result of the lawyer’s error, this fee is *not* to be passed on to the client.

At the end of the process, you will now have two copies of the client file report – one each for Time 1 and Time 2. Do you need to keep both copies in the client file now? Yes. Like any time sensitive source document, they reflect information at different points in time and should both be on the client file.

C) What About Refunds?

If the Money Originated from the Trust Account....

If a document submitted is rejected, any refund of trust money must be returned to the trust account expeditiously.

This requirement may be met by applying the following processes:

(i) Rejection: Re-filing Immediately Imminent

When the lawyer becomes aware of rejection, the reasons for the rejection must be addressed immediately. The lawyer must make an assessment of whether the steps required to correct the documents are within the lawyer's control and will be accomplished within 10 business days. If so, it is permissible to leave the refunded payment (less the rejection fee) in the deposit account pending re-submission of the documents. If not, the money will need to be replaced into the pooled trust account using one of the methods noted in this paper.

In Scenario 2 described above, as the correction was resolved immediately, the refunded payment (less the rejection fee) was left in the deposit account.

However, keep in mind that if at any later point in time it becomes apparent that the documents will not be re-submitted for registration within the 10 day period, you will need to immediately replace the money to the pooled trust account using one of the methods noted in this paper.

(ii) Rejection: Re-filing NOT Immediately Imminent

If the corrections needed in order to re-file documents are not going to be completed within the timeline discussed above, any money which originated from the trust account must be re-deposited to the trust account. This can be accomplished in one of two ways:

- (a) A cheque can be written from the firm general account and deposited to the trust account for the amount of money to be returned to trust.

Remember that if the rejection was the result of the lawyer's error, the rejection fee charged is *not* to be passed on to the client. Therefore, the amount of the cheque from the general account to be deposited to trust in most cases will be the full amount of the original trust cheque written when the documents were initially filed.

- (b) If Teranet's dollar amount threshold of \$100 or more is met, a refund may be requested. The request must be filed within the same or next day of receipt of the Client File Report. The refund cheque later received would be deposited directly to the trust account.

HOWEVER, if a refund request is planned but the firm cannot send in the request to Teranet by no later than the day after the Client File Report is received by the firm, then method (a) above must be followed. If a refund is later requested and the money has already been returned to the trust account, the refund can be deposited directly to the general account.

If the Money Originated from the General Account....

If a document submitted is rejected, any refund of general account money must be updated in the firm's accounting records.



Law Society of Manitoba Requirements for Electronic Funds Transfer for eRegistration

Version 2

April, 2019

In order to transfer trust funds electronically to Teranet Manitoba LP ("Teranet") as part of eRegistration, a law firm, under the supervision of a trust account supervisor, will be required to open and maintain a restricted trust account from which Teranet is authorized to withdraw registration fees and land transfer tax which are incurred when documents are submitted for registration.

The restricted trust account will act as a clearing account, subject to the following requirements:

- 1) Only monies received in trust from a client for the purpose of paying document registration fees and land transfer tax may be deposited into the restricted trust account.
- 2) Money destined for the restricted trust account must first be deposited to a pooled trust account and then transferred to the restricted trust account by way of a trust cheque.
- 3) If more money than is required to pay document registration fees and land transfer tax is deposited to the restricted trust account, the excess must be transferred forthwith from the restricted trust account back into the pooled trust account from where the funds originated.
- 4) Prior to eRegistration submission, the amount of money needed to complete the registration will be determined. Firms may calculate this amount, or a printable preliminary submission report may be obtained from Teranet's eRegistration portal, which will contain the following minimum details:
 - a. Date, time and user;
 - b. Deposit account number;
 - c. Firm number;
 - d. Client File number;
 - e. Registration Details (list of all instruments to be submitted for registration and related individual dollar amounts); and
 - f. Total amount to be withdrawn.

- 5) The amount calculated by the firm or set out in the preliminary submission report will be used as the basis for the issuing of a trust cheque from the pooled trust account. The cheque must be for the exact amount calculated or indicated on the report and must be deposited to the restricted trust account prior to submission of the registration. A copy of the calculation or preliminary submission report will be kept on the client's file for the matter.
- 6) A lawyer (or a designate who may be a non-lawyer) will submit instructions for registration to Teranet, which simultaneously authorizes Teranet to electronically withdraw the specific amount of funds from the restricted trust account.
- 7) At the time of submission and authorization (see 6) above), Teranet will provide a Confirmation containing the following minimum details:
 - a. Date, time, and user submitting instructions;
 - b. Confirmation number;
 - c. Deposit account number;
 - d. Firm number;
 - e. Client File number;
 - f. Registration Details (list of all instruments submitted for registration and related individual dollar amounts);
 - g. Total amount to be withdrawn; and
 - h. Two subtotals – one for land transfer tax and the other for all remaining fees.
- 8) The Confirmation will be saved in a universally readable format or printed and used as a source document to record transactions in the firm's accounting records.
- 9) No funds shall be withdrawn by Teranet prior to submission of the registration in the eRegistration portal.
- 10) Teranet will provide an eReceipt when the registration number has been assigned after the eRegistration is submitted.
- 11) The eReceipt will be saved in a universally readable format or printed, matched with the related Confirmation, and both documents will be kept as part of the lawyer's accounting records. These matched documents will be used as a basis to reconcile the restricted trust account subsequent to Teranet withdrawal of funds.
- 12) On receipt of the Client File Report from Teranet, the lawyer will reconcile it to the lawyer's accounting records and correct any discrepancies.
- 13) A report is to be made to the client with a full explanation of the transfer of trust funds.
- 14) All Law Society Rules and requirements regarding the underlying accounting records and monthly reconciliation for the pooled trust account apply to the restricted trust account.
- 15) As funds belonging to more than one client will be held in the restricted trust account, a trust account supervisor shall ensure that a Letter of Direction is issued to its savings institution, directing payment of any

interest earned on the restricted trust account to the Manitoba Law Foundation.

- 16) Like the pooled trust account, any online access for the restricted trust account must be limited to a 'read only' basis.

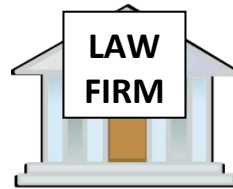
As an alternative, registration fees and land transfer tax may be electronically withdrawn from a general account. Firms opting to transfer general account funds electronically to Teranet as part of eRegistration are subject to the following requirements:

- 1) A lawyer (or a designate who may be a non-lawyer) will submit instructions for registration to Teranet, which simultaneously authorizes Teranet to electronically withdraw the specified amount of funds from the general account.
- 2) At the time of submission and authorization [see 1) above], Teranet will provide a Confirmation containing the following minimum details:
 - a. Date, time, and user submitting instructions;
 - b. Confirmation number;
 - c. Deposit account number;
 - d. Firm number;
 - e. Client File number;
 - f. Registration Details (list of all instruments submitted for registration) and related individual dollar amounts;
 - g. Total amount to be withdrawn; and
 - h. Two subtotals – one for land transfer tax and the other for all remaining fees.
- 3) The Confirmation will be stored in a universally readable format or printed and used as a source document to record the disbursement from the general account.
- 4) Teranet will provide an eReceipt when the registration number has been assigned after the eRegistration is submitted.
- 5) The eReceipt will be stored in a universally readable format or printed, matched with the related Confirmation, and will be kept as part of the lawyer's accounting records.
- 6) On receipt of the Client File Report from Teranet, the lawyer will reconcile it to the lawyer's accounting records and correct any discrepancies.
- 7) Like any other disbursement, firm funds are being advanced on the client's behalf, and are later recoverable from the client after a statement of account is prepared and sent or delivered to the client. Statements of account are not to be rendered for recovery of the eRegistration cost, nor can funds be transferred from the funds held in the pooled trust account on behalf of the client, until the Confirmation has been printed by the firm and the accounting records updated to reflect the general account disbursement.



Payment Option A – Electronic Funds Transfer of Trust Money from Restricted Trust Account

Law Firm



Determine:

- 1) How much \$ needed for eReg;
- 2) If confirmed available funds, as required by the Law Society, are in the pooled trust account for the matter



Prepare pooled trust account cheque, updating pooled trust account records



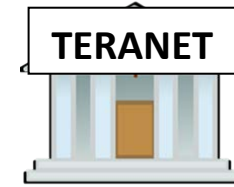
Deposit to restricted trust account



eReg Portal:

- 1) Confirm amount needed to conclude eReg and ensure sufficient funds for matter in restricted trust account
- 2) Complete eReg submission and authorize electronic funds transfer from restricted trust account

Teranet



- 1) Registration number assigned
- 2) Withdraw \$ from deposit account
- 3) eReceipt to law firm

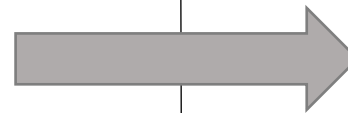


Deposit to Land Titles deposit account



- 1) Receive eReg
- 2) Submission Confirmation to law firm

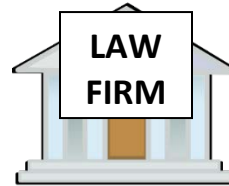
Pre-authorized debit initiated by Teranet after eReg received



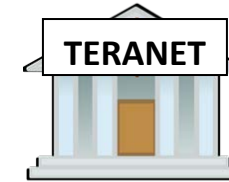


Payment Option B – Pooled Trust Account Cheque to Teranet Deposit Account

Law Firm

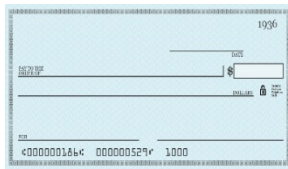


Teranet



Determine:

- 1) How much \$ needed for eReg
- 2) If confirmed available funds, as required by the Law Society, are in the pooled trust account for the matter



Prepare pooled trust account cheque, updating pooled trust account records

[Company Name]				
Sales Receipt				
Cash	Charge	COD	ONACCT	Estimate
Received By:				
(Please Print Name)				

Receive eReceipt #1 confirming deposit



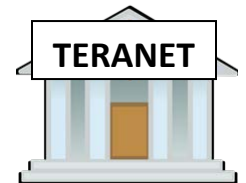
eReg Portal:

- 1) Confirm amount needed to conclude eReg is same as amount of trust money provided earlier for deposit account for matter
- 2) Complete eReg submission and authorize payment from deposit account

Receive deposit for Land Titles deposit account



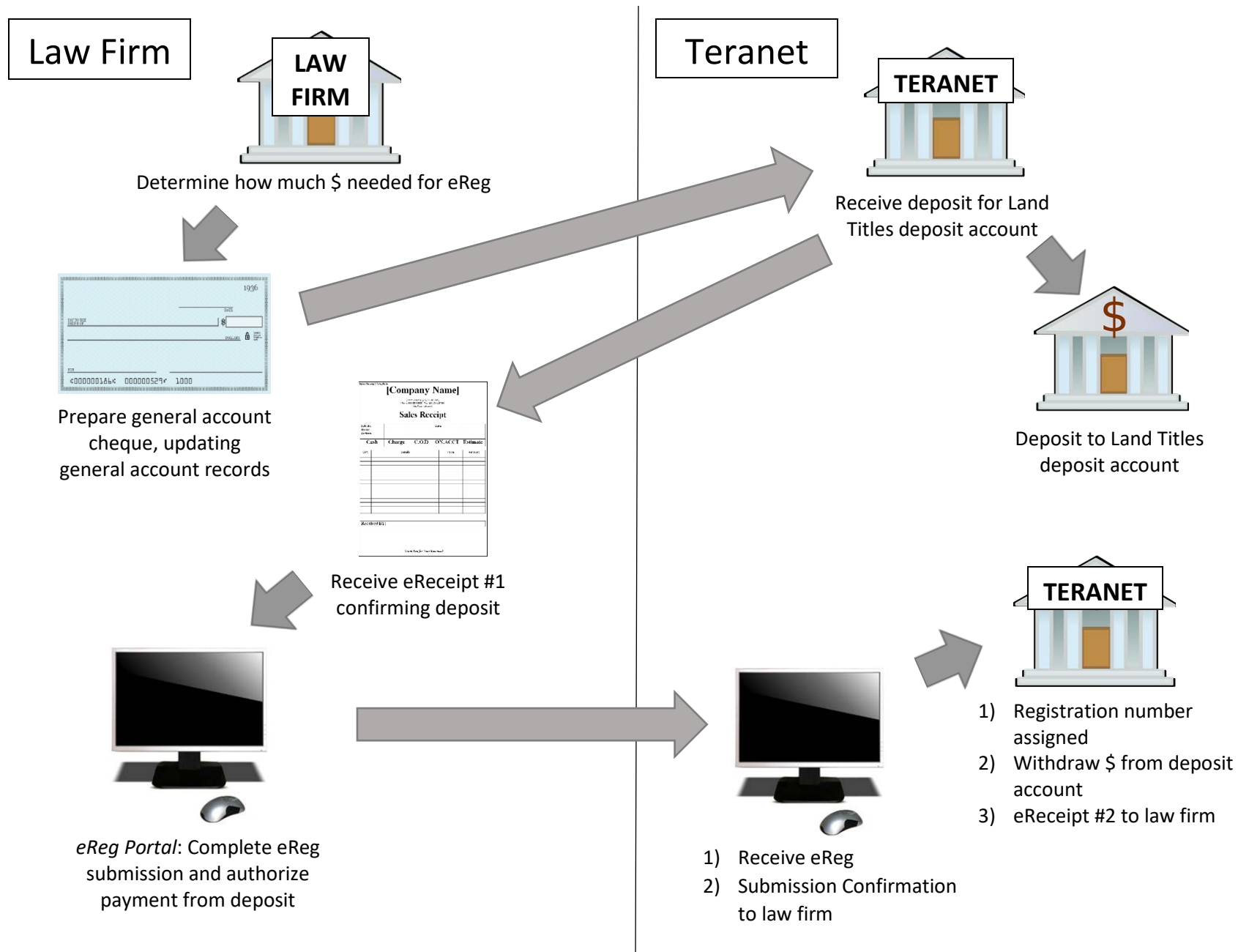
Deposit to Land Titles deposit account



- 1) Registration number assigned
- 2) Withdraw \$ from deposit account
- 3) eReceipt #2 to law firm



- 1) Receive eReg
- 2) Submission Confirmation to law firm

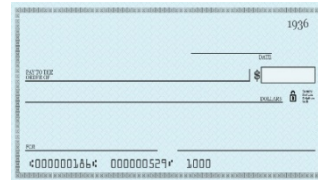




Payment Option D – General Account Float in Land Titles Deposit Account

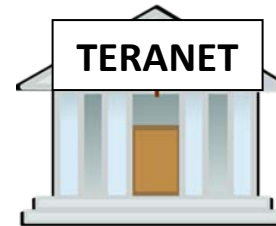
Law Firm

Time 1
Fund Land Titles
Deposit Account



Prepare general cheque for
desired float balance, or use
Top-Up (updating general
account records in either case)

Teranet



eReceipt #1 for law firm



Deposit to Land Titles
deposit account

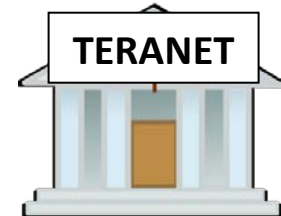
Time 2
eReg



eReg Portal: Complete eReg
submission and authorize
payment from deposit account



- 1) Receive eReg
- 2) Submission Confirmation
to law firm



- 1) Registration number assigned
- 2) Withdraw \$ from deposit
account
- 3) eReceipt #2 to law firm



Payment Option E – Electronic Funds Transfer from General Account

Law Firm



eReg Portal: Complete eReg submission and authorize electronic withdrawal of funds



General Account

Teranet



- 1) Receive eReg
- 2) Submission Confirmation to law firm



Deposit to Land Titles deposit account



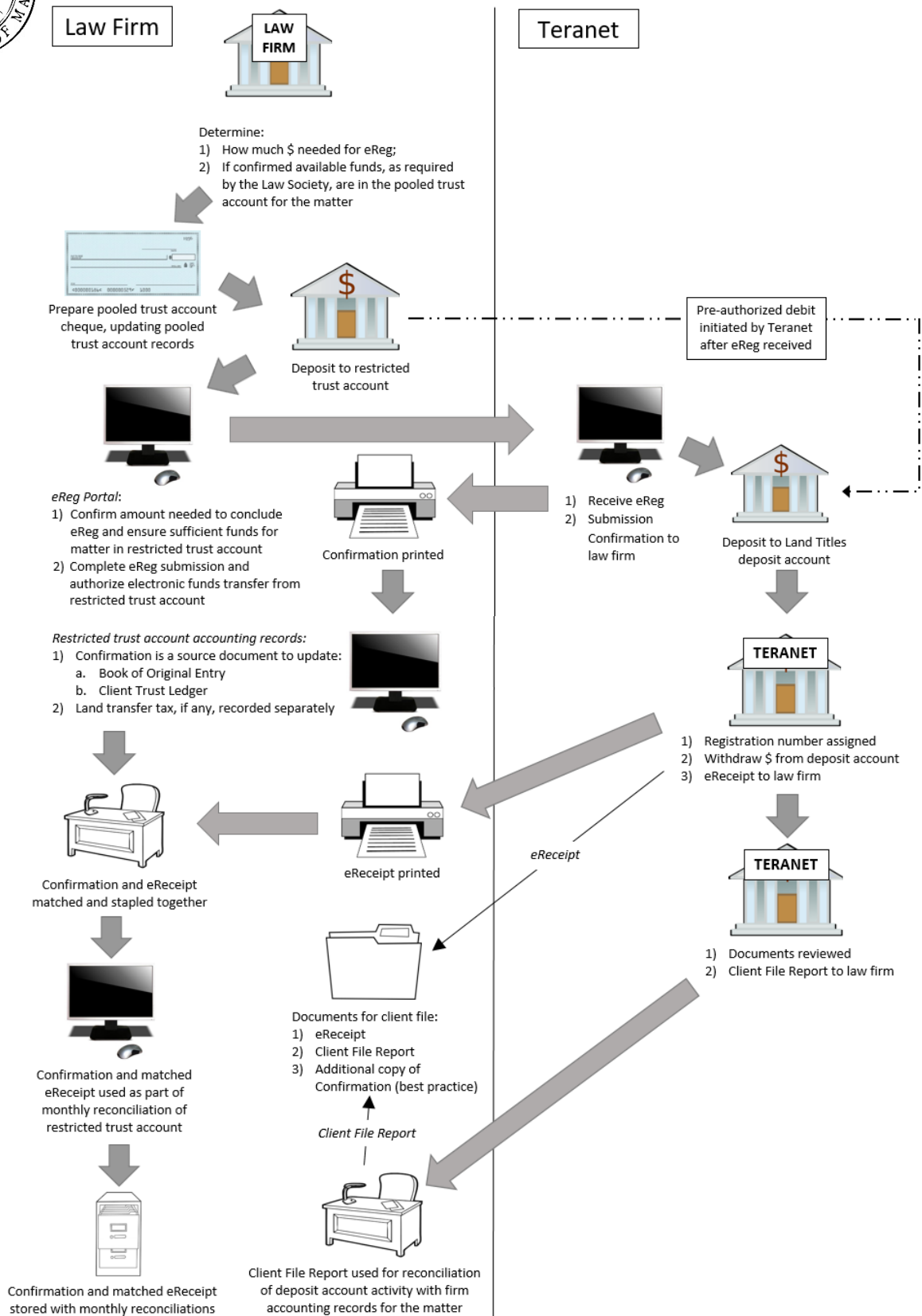
- 1) Registration number assigned
- 2) Withdraw \$ from deposit account
- 3) eReceipt to law firm

Pre-authorized debit initiated by Teranet after eReg received



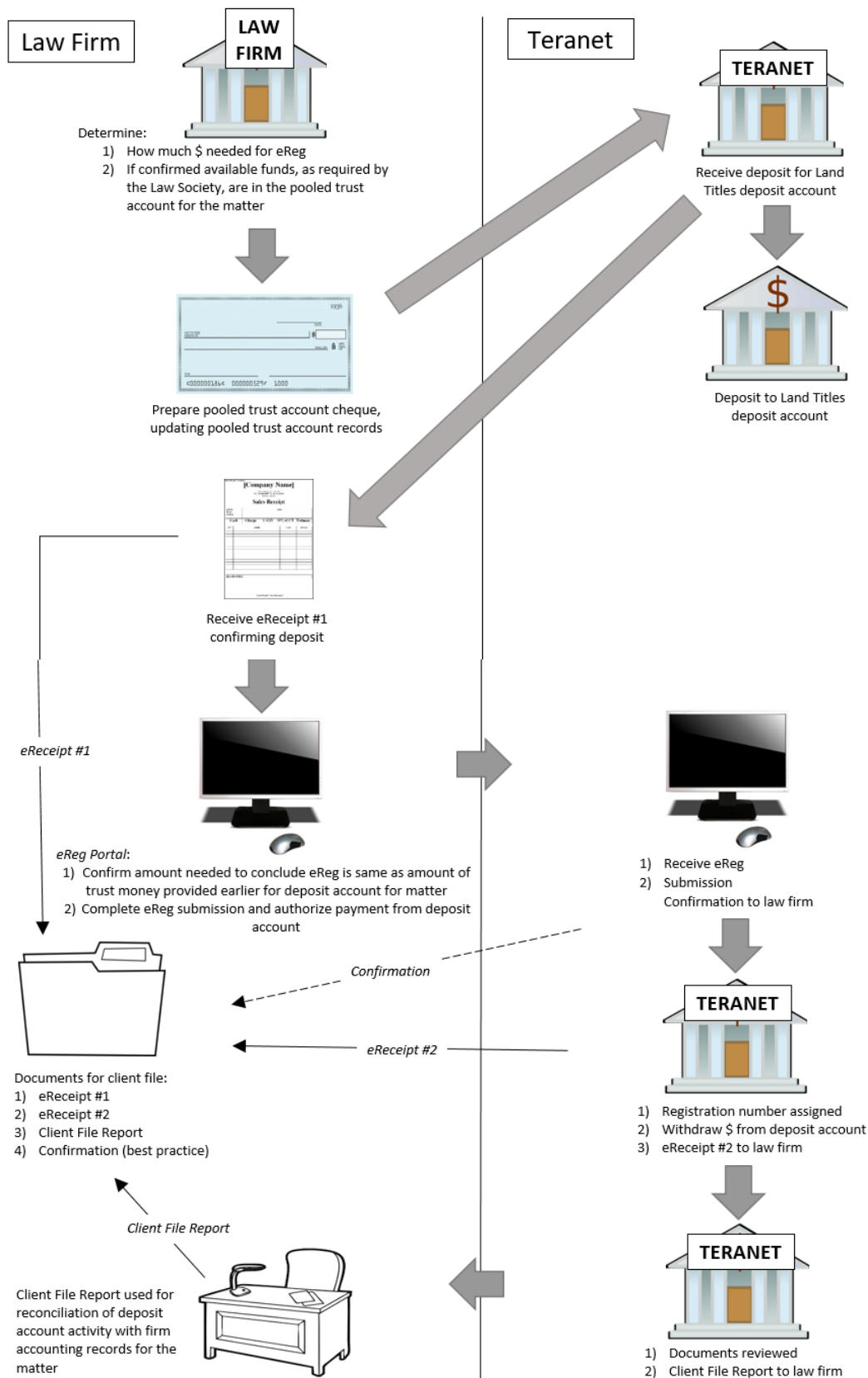


Accounting Process: Payment Option A – Electronic Funds Transfer of Trust Money from Restricted Trust Account



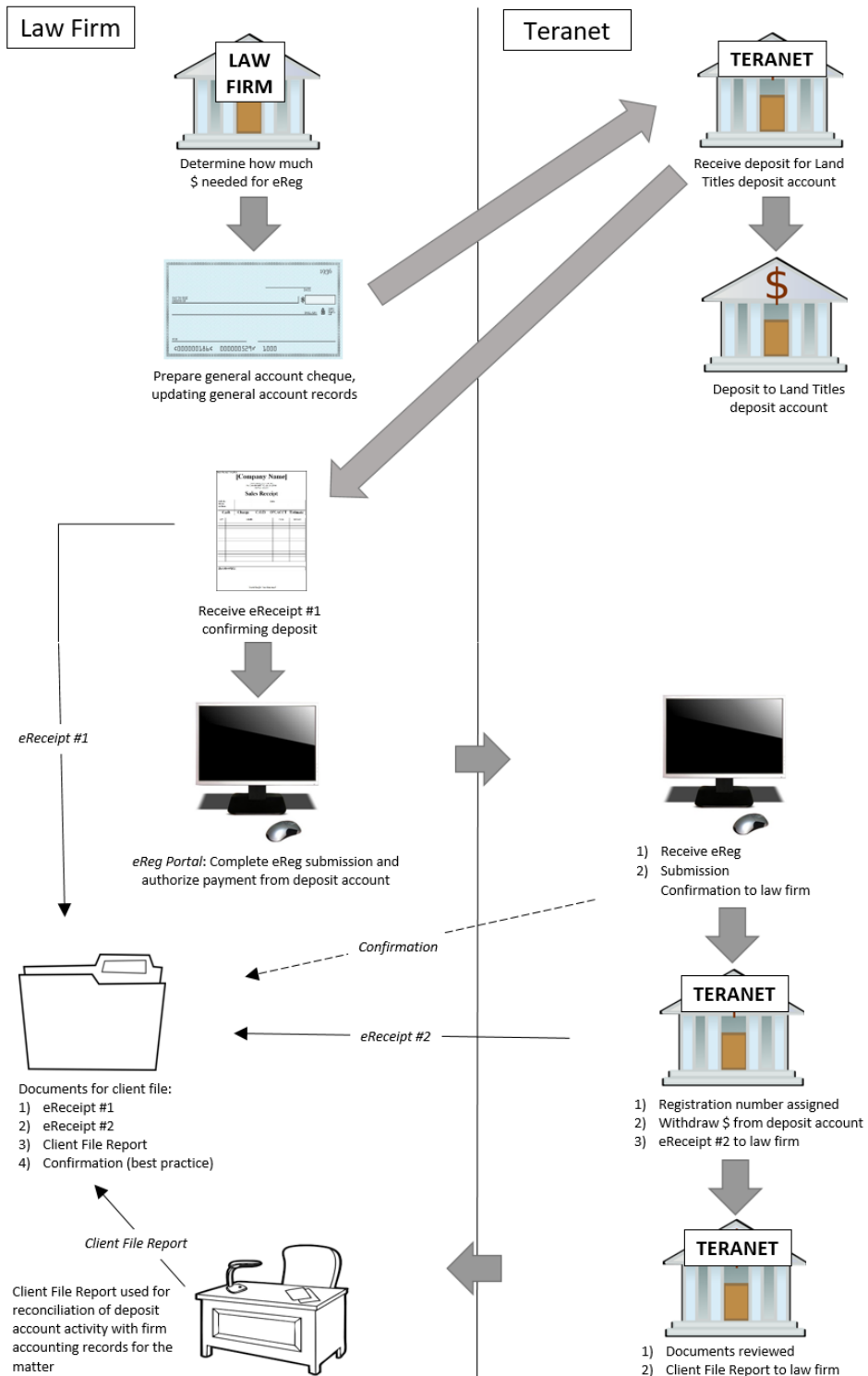


Accounting Process: Payment Option B – Pooled Trust Account Cheque to Teranet Deposit Account



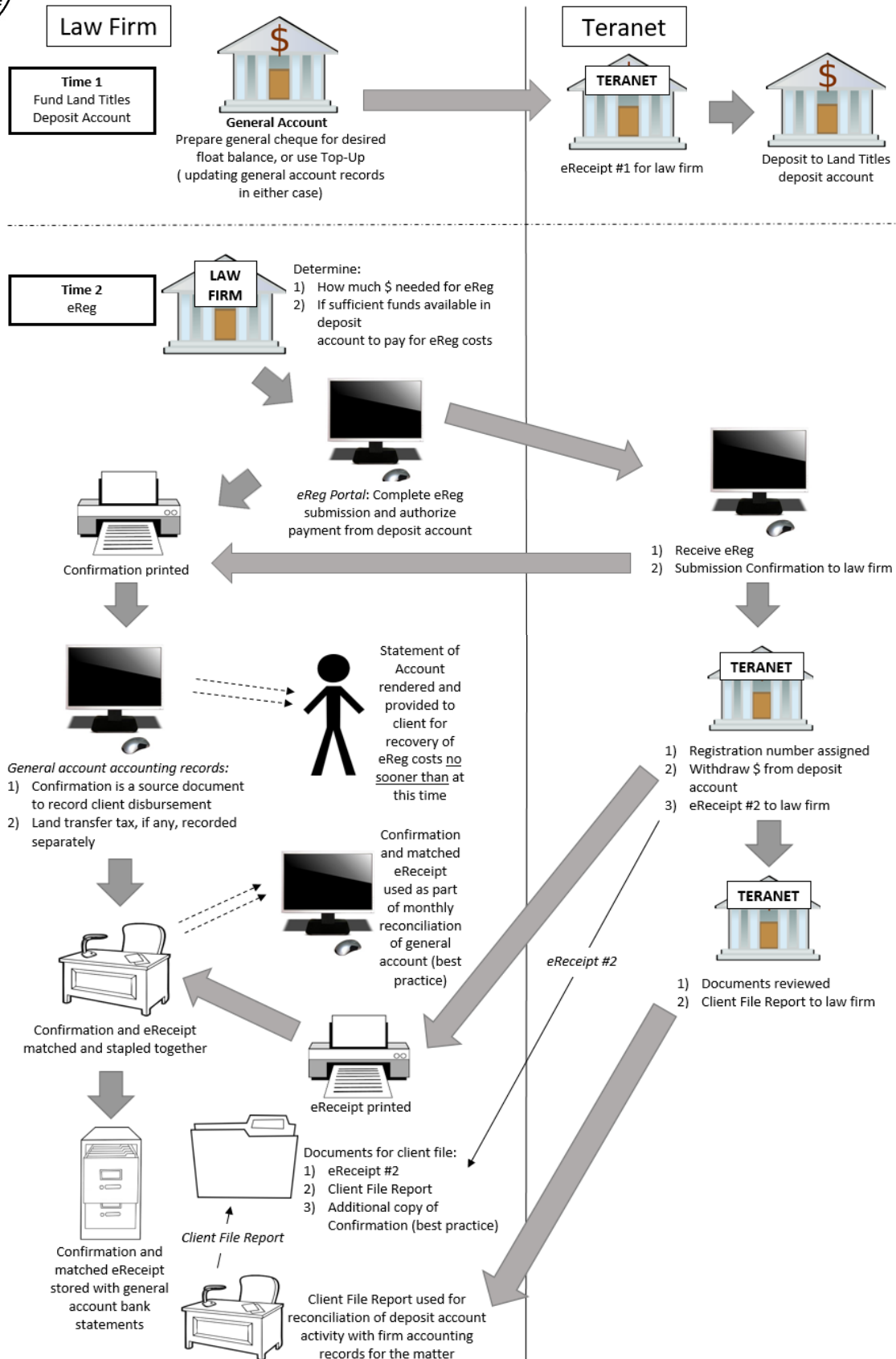


Accounting Process: Payment Option C – General Account Cheque to Teranet Deposit Account



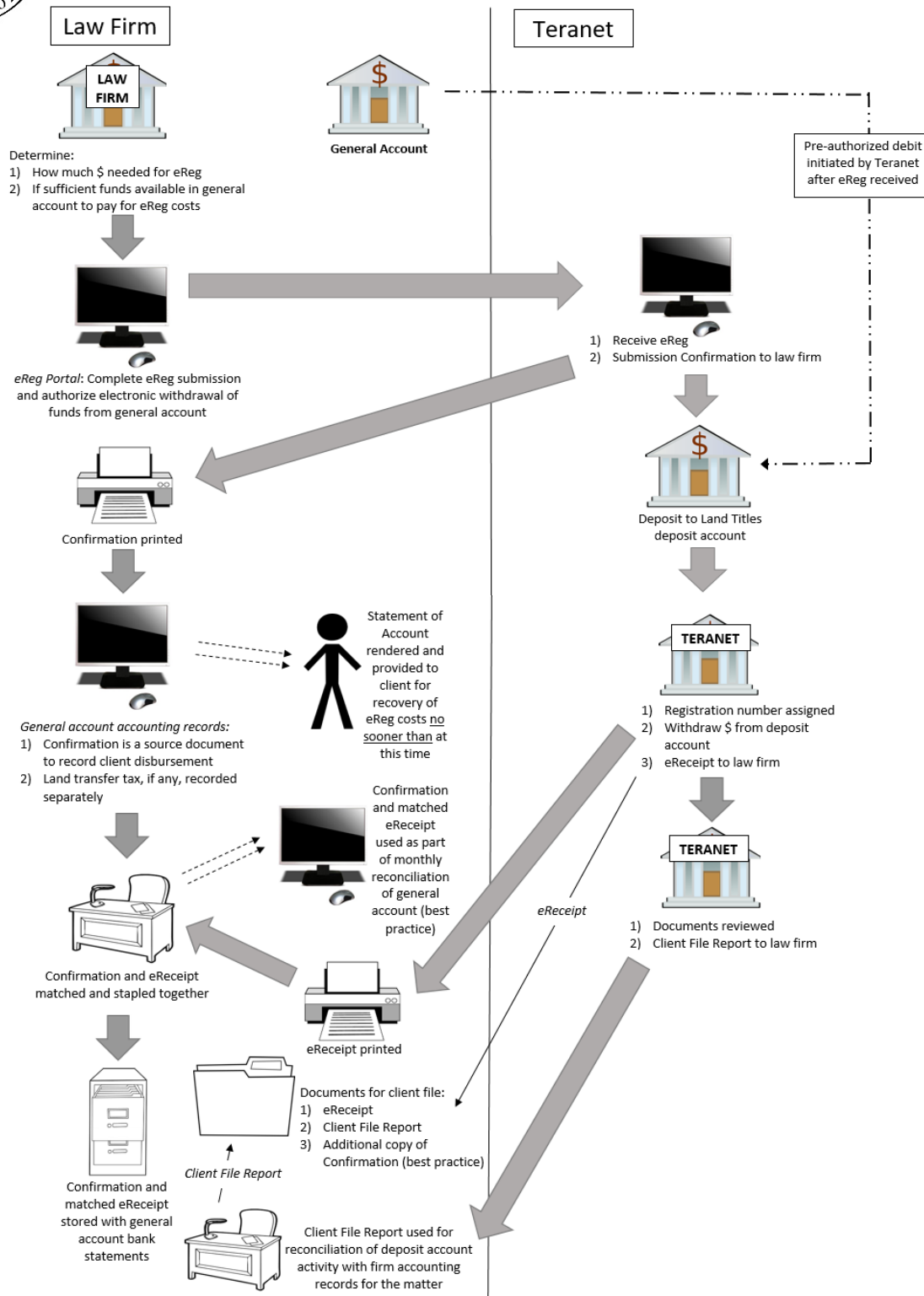


Accounting Process: Payment Option D – General Account Float in Land Titles Deposit Account





Accounting Process: Payment Option E – Electronic Funds Transfer from General Account





Law Society of Manitoba: Reports for eRegistration

Version 2
April, 2019

	Authorization / Confirmation ¹	Receipt / eReceipt	Client File Report
Timing of document for law firm	Provided by Teranet Manitoba LP ("Teranet"), a confirmation will be received immediately after authorization is provided by clicking 'submit' on eRegistration portal.	Triggered when registration no. has been assigned and electronic funds transfer withdrawal authorized.	Issued by Teranet after documents: 1) accepted 2) rejected 3) discharged
Purpose	The confirmation will advise firms they have successfully used the portal to submit documents and will define the method of payment. If electronic funds transfer was used, it is a source document to record transactions in the client ledger as well as the book of original entry for either the restricted trust account or general account, using the confirmation number in place of a cheque number and recording the land transfer tax as a separate transaction.	Advises firms: <ul style="list-style-type: none"> the registration no. has been assigned; electronic funds transfer recorded in the deposit account; Withdrawal to be made from the deposit account for the services listed. It is <u>NOT</u> notice that the electronic funds transfer withdrawal from the bank account has happened yet.	Provides firms with the information necessary to reconcile deposit account activity with firm accounting records for the matter.
Law Firm Process	If electronic funds transfer was used: a) if restricted trust account: to be used to reconcile restricted trust account OR b) if general account: to be used to support the disbursement to be recovered when a statement of account is rendered.	If electronic funds transfer was used, the eReceipt needs to be matched with the related confirmation and used together to: a) if restricted trust account: reconcile the restricted trust account OR b) if general	To be used to reconcile deposit account activity with firm accounting records for the matter.

¹ While the "authorization" (i.e. the act of submitting the registration) and the "confirmation" happen almost at the same moment, they are distinct actions taken by the two separate parties. The authorization is granted by the lawyer or a designate, and the confirmation is provided by Teranet through the eRegistration system.



Law Society of Manitoba: Reports for eRegistration

Version 2
April, 2019

	Authorization / Confirmation ¹	Receipt / eReceipt	Client File Report
		account: support the disbursement. The eReceipt is also to be used to document submission for matter and advise firms of the above information.	
Store where when completed?	If electronic funds transfer was used: a) restricted trust account: to be stored with the monthly restricted trust account reconciliation OR b) if general account: to be kept with the general account bank records. Best practice: an additional copy to be placed on the client file.	1) If electronic funds transfer was used, same requirement as for the confirmation; and 2) Client file	Client file
Form of stored document	May be stored in a universally readable format or printed	May be stored in a universally readable format or printed	If you maintain electronic files, you may maintain an electronic copy. Otherwise, a paper copy must be printed if your files are paper based

April 2019
30

The Law Society of Manitoba
Audit Department

Submission: Confirmation

eRegistration File Details

Workspace

Closing Date: 2017-12-17

Registration Office: Winnipeg

123456/mt

123 4th Street S, Winnipeg



Submission Details

Print

Supervising Lawyer for this Submission

You may specify a practising lawyer who is supervising this submission. This person together with the submitter will be the primary contacts for corrections or supplementary evidence.

- ☒ There is no supervising lawyer for this submission
☐ There is a supervising lawyer for this submission

Fees and Land Transfer Tax

You are required to specify a payment method for registration fees and applicable land transfer tax. Payment can be made from a deposit account or by electronic funds transfer.

The Fee Exempt box is not to be used for claiming land transfer tax exemptions. Land transfer tax exemptions are to be claimed in the form itself.

All fees, taxes and exemptions are subject to review by the District Registrar.

eForm	Type	Amount to be Charged	Fee Exempt
1. Transfer of Land	Registration Fee	\$89.00	<input type="checkbox"/>
	Land Transfer Tax	\$825.00	
2. Mortgage	Registration Fee	\$89.00	<input type="checkbox"/>
3. Discharge	Registration Fee	\$89.00	<input type="checkbox"/>
4. Caveat	Registration Fee	\$89.00	<input type="checkbox"/>

Registration Fees: \$356.00
Land Transfer Tax: \$825.00
Total: \$1,181.00

Payment Method

- ☐ Deposit Account 4227 (\$50,000.00) ▼
☒ Electronic Funds Transfer Account
☐ I have read and agreed to the [Terms and Conditions](#) of eRegistration

Do Not Submit

Submit for Registration

April 2019
31

The Law Society of Manitoba
Audit Department



The Property Registry

A Service Provider for the Province of Manitoba

Client File Report

Firm 29651

Derrick's Test Firm

Report Generated: 2017/08/30 04:09:11 PM

Client File # ~~LS Test#2EFTSale~~ #LS Test#1EFTSale

Summary of Transactions

Variances

Charged to Account: 1,181.00

Deposited to Account: 1,181.00

NSF Debit:

NSF Credit:

File Variance: 0.00

Payments received

EFT Fees 356.00

EFT Transfer Tax 825.00

2017/08/30

Status: Accepted

Receipt # 5010

Description

Registration/Service

Transfer > 30,000 8889990 89.00

Land Transfer Tax 0.5000000@200000.00 8889990 825.00

Mortgage 8889991 89.00

Full Discharge 8889992 89.00

Caveat 8889993 89.00

1,181.00

Deposit to Account # 2363 1181.00

Paid by EFT Fees 356.00

Paid by EFT Transfer Tax 825.00

Charge to Account # 2363 1181.00

Submission: Confirmation

eRegistration File Details

Workspace

Closing Date: 2017-12-17

Registration Office: Winnipeg

123456/mt

123 4th Street S, Winnipeg



Submission Details

Print

Supervising Lawyer for this Submission

You may specify a practising lawyer who is supervising this submission. This person together with the submitter will be the primary contacts for corrections or supplementary evidence.

- ☒ There is no supervising lawyer for this submission
☐ There is a supervising lawyer for this submission

Fees and Land Transfer Tax

You are required to specify a payment method for registration fees and applicable land transfer tax. Payment can be made from a deposit account or by electronic funds transfer.

The Fee Exempt box is not to be used for claiming land transfer tax exemptions. Land transfer tax exemptions are to be claimed in the form itself.

All fees, taxes and exemptions are subject to review by the District Registrar.

eForm	Type	Amount to be Charged	Fee Exempt
1. Transfer of Land	Registration Fee	\$89.00	<input type="checkbox"/>
	Land Transfer Tax	\$825.00	
2. Mortgage	Registration Fee	\$89.00	<input type="checkbox"/>
3. Discharge	Registration Fee	\$89.00	<input type="checkbox"/>
4. Caveat	Registration Fee	\$89.00	<input type="checkbox"/>

Registration Fees: \$356.00

Land Transfer Tax: \$825.00

Total: \$1,181.00

Payment Method

- ☐ Deposit Account 4227 (\$50,000.00) ▼
☒ Electronic Funds Transfer Account

☐ I have read and agreed to the [Terms and Conditions](#) of eRegistration

Do Not Submit

Submit for Registration

April 2019
33

The Law Society of Manitoba
Audit Department



The Property Registry

A Service Provider for the Province of Manitoba

"Time 1"

Client File Report

Firm 29651

Derrick's Test Firm

Report Generated: 2017/09/01 02:42:52 PM

Client File # LS-Test#2EFTSale

Summary of Transactions

Variances

Charged to Account:	1,204.00
Deposited to Account:	2,362.00
NSF Debit:	
NSF Credit:	

Payments received

EFT Fees	356.00
EFT Transfer Tax	825.00

File Variance: 1,158.00

2017/08/30

Status: Rejected

Receipt # 5010

Description

Registration/Service

Transfer > 30,000	8889990	89.00
Land Transfer Tax 0.5000000@200000.00	8889990	825.00
Mortgage	8889991	89.00
Full Discharge	8889992	89.00
Caveat	8889993	89.00

1,181.00

Deposit to Account # 2363	1181.00
Paid by EFT Fees	356.00
Paid by EFT Transfer Tax	825.00
Charge to Account # 2363	1181.00

2017/09/01	Adjustment to Receipt # 5010	Receipt # 5011
Description	Rejection Fee Charged Registration/Service #	
Transfer > 30,000	8889990	-89.00
Land Transfer Tax	0.5000000@200000.00 8889990	-825.00
Mortgage	8889991	-89.00
Full Discharge	8889992	-89.00
Caveat	8889993	-89.00
Rejection Fee	1077	23.00
		<hr/>
		1,158.00
		<hr/>
Charge to Account # 2363		23.00
Deposit to Account # 2363		1181.00



The Property Registry

A Service Provider for the Province of Manitoba

"Time 2"

Client File Report

Firm 29651

Derrick's Test Firm

Report Generated: 2017/09/01 02:53:08 PM

Client File # LS-Test#2EFTSale

Summary of Transactions

Variances

Charged to Account:	2,385.00
Deposited to Account:	2,362.00
NSF Debit:	
NSF Credit:	

Payments received

EFT Fees	356.00
EFT Transfer Tax	825.00

File Variance: -23.00

2017/08/30

Status: Rejected

Receipt # 5010

Description

Registration/Service

Transfer > 30,000		8889990	89.00
Land Transfer Tax	0.5000000@200000.00	8889990	825.00
Mortgage		8889991	89.00
Full Discharge		8889992	89.00
Caveat		8889993	89.00

1,181.00

Deposit to Account # 2363	1181.00
Paid by EFT Fees	356.00
Paid by EFT Transfer Tax	825.00
Charge to Account # 2363	1181.00

2017/09/01	Adjustment to Receipt # 5010	Receipt # 5011
Description	Rejection Fee Charged Registration/Service #	
Transfer > 30,000	8889990	-89.00
Land Transfer Tax	0.5000000@200000.00 8889990	-825.00
Mortgage	8889991	-89.00
Full Discharge	8889992	-89.00
Caveat	8889993	-89.00
Rejection Fee	1077	23.00
		<hr/>
		1,158.00
		<hr/>
Charge to Account # 2363		23.00
Deposit to Account # 2363		1181.00

2017/09/01	Status: Accepted	Receipt # 5013
Description	Registration/Service #	
Transfer > 30,000	8889999	89.00
Land Transfer Tax	0.5000000@200000.00 8889999	825.00
Mortgage	8890000	89.00
Full Discharge	8890001	89.00
Caveat	8890002	89.00
		<hr/>
		1,181.00
		<hr/>
Charge to Account # 2363		1181.00