

Date: \_\_\_\_\_

Client Name: \_\_\_\_\_

We are writing to set out the terms and conditions of the tax advisory services we are providing to you regarding the Underused Housing Tax ("UHT").

Please carefully read the contents of this letter, which sets out our respective obligations, the limitations upon our liability, and other terms pursuant to which we are pleased to accept this engagement. If the terms and conditions proposed for this engagement meet with your approval, please execute the last page of this letter and return the signed copy to us including appendix A, listing all applicable properties.

This engagement letter defines the scope of the tax services we will be providing and confirms this understanding with you. We require a separate engagement letter for any tax services that are not described in this letter.

#### **The Purpose, Objective, Scope and Limitations of this Engagement**

Our services ("Services") will include the following:

1. Completion of Underused Housing Tax Return and Election Form (UHT-2900 E) (the "Deliverable");
2. Assessment of federal tax payable, where any; and
3. Filing of UHT-2900 Return with the Canada Revenue Agency.

We will complete the agreed upon Services based solely on information provided by the Company's management. Management will provide all requested information necessary to complete the Services in acceptable format and in a timely manner. The correctness and completeness of the information provided by management will be of critical importance to the Services. We will review all material assumptions made with management so that management can confirm that these assumptions are valid.

Our tax advisory services, both written and oral, will be based on the facts and assumptions submitted to us. We will not independently verify this information. Inaccuracy or incompleteness of the information could have a material effect in relation to compliance and may result in interest and or penalties.

Upon completion and your approval of the Deliverable, management will be required to sign any necessary pages required to file the Deliverable with the taxation authority on your behalf.

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The Deliverable will be based on the applicable statutes, regulations and Canadian judicial and administrative interpretation in effect as of the date of the Deliverable, and will take into account any proposal to amend applicable statutes, or regulations prior to the date of the Deliverable (the "Tax Rules"). Subsequent changes in the Tax Rules may render our advice invalid. We have no obligation to advise you of any such change in the Tax Rules or the impact on the Deliverable. Any advice contained in the Deliverable will reflect our professional judgment. Our judgment, however, is not binding on any taxation authority or court. Consequently, we cannot guarantee that our advice will not be successfully challenged by taxation authorities.

### **Electronic Communications**

You recognize and accept the risks associated with communicating by e-mail, including, but without limitation, the lack of security, unreliability of delivery and possible loss of confidentiality. Unless you request in writing that the Firm does not communicate with you by e-mail, we accept no responsibility or liability in respect of risk associated with its use.

### **Confidentiality**

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Accordingly, except for information that is in or enters the public domain, we will not provide any third party with confidential information concerning your affairs without your prior consent, unless required to do so by legal authority, or the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

We will maintain the strictest confidence with respect to any client's or former client's information. Accordingly, your confidential information will not, without your consent, be disclosed to any individuals in our firm beyond those who are engaged on your services. This policy applies to anyone outside the firm, except as required by law or under the profession's Code of Professional Conduct.

In accordance with professional regulations and by firm policy, our client files must periodically be reviewed by practice inspectors from our professional body and other file reviewers to ensure that we are adhering to professional and firm standards. File reviewers are required to maintain confidentiality of client information.

During the course of our engagement, we may also have access to personal information of your employees or third persons within your custody. You confirm that in maintaining this personal information you have complied with all applicable statutory and other legal obligations of privacy. We will hold any such personal information in complete confidence in accordance with our professional obligations and our own firm privacy policies.

### **Third Parties and Internal Use**

Except as otherwise agreed in writing, all services in connection with this engagement shall be solely for your internal purposes and use. This engagement is not intended for the express or implied

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benefit of any third party. No third party is entitled to rely, in any manner or for any purpose, on the advice, opinions, reports, or other services of the Firm.

### **Limitation of Liability**

This section contains the limitations upon any liability that may be imposed in law upon us arising from any and all professional services we may provide to you, including any professional services in addition to those services specifically identified in this engagement letter.

You agree that any and all claims you may have against our firm or its professional staff arising out of all services provided to you by us, whether in contract, negligence, or otherwise known to law, shall be regarded as one claim and any liability to you shall be limited to \$10,000. If this limit of liability is insufficient for your purposes, we would be pleased to discuss with you a different limit that may result in our charging a higher fee.

You expressly agree that you will not bring any proceedings in any court of any jurisdiction advancing any claim against our professional staff and employees.

You expressly agree that any liability our firm may have to you shall not be joint and several with any other party, but shall be several and limited to the percentage or degree of our fault in proportion to the fault or wrongdoing of all persons who contributed to the loss.

You expressly agree that any and all claims, whether in contract, negligence, or otherwise known to law arising out of our professional services under this engagement vest exclusively in you, and you agree to wholly indemnify and hold harmless our firm and its professional staff from any and all claims that may be brought against our firm or its professionals in any way arising out of or connected to our services provided to you.

You agree that our liability for all claims you may have or bring in connection with the professional services rendered arising out of or ancillary to this agreement shall absolutely cease to exist after a period of two years from the date of:

1. performance of this engagement;
2. delivery to you of our tax advice, or the completion of the preparation of any tax filing with any government authority;
3. suspension or abandonment of this engagement; or
4. termination of our services pursuant to this agreement,

whichever shall occur first, regardless of whether you were aware of the potential for making a claim against us within that period. Following the expiration of the aforesaid period, you agree that neither you, your agents or assigns shall make any claim or bring any proceeding against us.

### **Fees for Our Services**

Hourly rates are a benchmark, but are not the sole determinant of the value of our services. Fees are also valued in light of the complexity of the matter and difficulty of the assurance issues

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involved, the size and scope of the work, the type and level of skill, experience, knowledge, and responsibility required to provide the services, the results achieved, and the circumstances under which we render our services.

Our professional fees will be as noted above, plus an administration filing fee, direct out-of-pocket expenses, and applicable HST, and are due when rendered. Fees for additional services will be established separately.

### **Billing**

Our fees and costs will be billed from time to time, often semi-monthly, and are payable upon receipt. Invoices unpaid 30 days past the billing date may be deemed delinquent and are subject to an interest charge of 1.50% per month or 18.0% (APR) per annum. We reserve the right to suspend our services or to withdraw from this Engagement in the event that any of our invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for our costs of collection, including lawyers' fees.

### **Governing Legislation**

This engagement letter is subject to, and governed by, the laws of the Province of Ontario. The Province of Ontario will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts to claim that the action has been brought in an inappropriate forum or to claim that those courts do not have jurisdiction.

### **Not Liable For Any Failures or Delays Beyond Our Control**

We will use all reasonable efforts to complete the engagement as described in this letter within the agreed upon time frames. However, we shall not be liable for failures or delays in performance that arise from causes beyond our control, including the untimely performance by you or your Company of its obligations.

### **Other Matters**

We would be pleased, at your request, to undertake any other work to assist you that is not inconsistent with our role in undertaking this engagement. The limitations of our liability as set out above under the heading Limitation of Liability shall apply equally to all additional work undertaken by us.

All working papers and materials created by us in the course of this engagement shall at all times remain our exclusive property.

In the event that you are a party to any legal proceedings and we are required, whether by your consent or under compulsion of law, to provide documentation and evidence in respect of such proceedings, you agree that in addition to paying us for our professional time expended at our

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normal hourly rates that you will wholly indemnify and hold us harmless for any legal fees and disbursements we may reasonably incur in order to respond to such requests and provide such evidence.

We ask that our name be used only with our consent and that any information to which we have attached a communication be issued with that communication unless otherwise agreed to by us.

If you have any questions about the contents of this letter or terms of our engagement, please raise them with us. If the services outlined are in accordance with your requirements and if the above terms are acceptable to you, please sign this letter in the space provided and return it to us. We appreciate the opportunity of being of service to you.

If you any questions, please contact our office.

Regards,



Michael Falcone, CPA, CGA, LPA

KOROLL & COMPANY, CHARTERED PROFESSIONAL ACCOUNTANTS, PROFESSIONAL CORPORATION

I have read this letter and the services and terms as set out above are as agreed. As well, I acknowledge and accept my responsibilities as the taxpayer as outlined above.

Per: \_\_\_\_\_

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_