



JIM BROADLEY'S

Real Estate Newsletter - January 2018



Reno Stuff

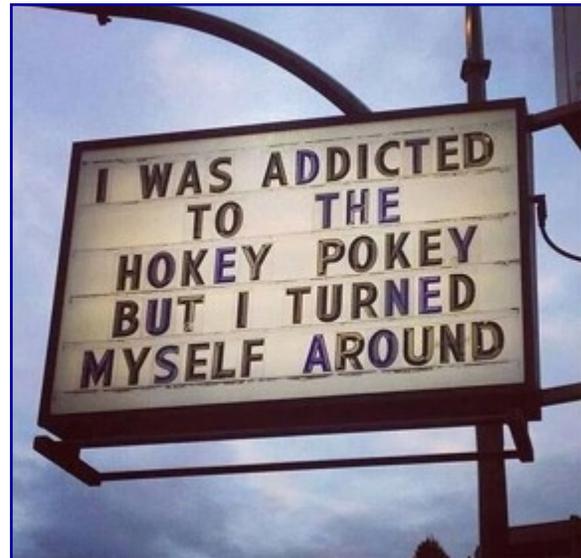
Homeowners and investors get their properties renovated for many different reasons. It can be because a home is getting a bit tired and the owner want to modernize it for their own enjoyment. Perhaps an owner who is planning a move thinks that he/she will sell at a much higher price if some upgrading is done. A Landlord might want to renovate after a Tenant leaves and before he/she put it on the rental market asking a higher rent. Whatever the reason for renovating, this work can be extensive, requiring significant expenditure. So, how do most homeowners find the people to do the work? The yellow pages maybe or perhaps kijiji or even by checking out the business cards at the door of the local store. It could even be that the homeowner has heard through the grapevine that one of the little boys on Jonny's soccer team has an uncle who is good at 'that sort of thing'. The financial risks associated with these strategies are huge. Also, there are serious safety risks associated with getting an unqualified worker or complete amateur to undertake the renovations. Many home projects require a building permit and some even require an inspection to be carried out by the Electrical Safety Authority or even the local Fire Department. Basically, independent experts inspect the plans and if approved, ultimately inspect the work done. You can be confident that an amateur worker will try to discourage you from requiring a Building Permit or having professional inspections carried out. Typically, you will be told that this will slow the work down a lot and make the project much more expensive. What they won't tell you is that if you don't get the necessary permits and associated inspections carried out, your home insurance could be nullified in the event of an accident in your home.

The correct approach is not complicated. First of all write down what you want done and the get the contact information of three licensed tradesmen from the municipal offices. Interview them and give them your written requirements. Check the status of their licenses, insurance etc., ask them for the contact information of at least three local people whose homes they have worked on recently and of course ask them to provide you with a written quotation and work schedule.

Of course this approach doesn't guarantee that you will have no problems but at least you will have taken the steps necessary to minimize the risks.

Quotes

- I buy expensive suits. They just look cheap on me. Warren Buffett
- Prediction is very difficult, especially if it's about the future. Niels Bohr
- Don't worry about the world coming to an end today. It is already tomorrow in Australia. Charles Schulz
- I come from a family where gravy is considered a beverage. Erma Bombeck
- I am extraordinarily patient, provided I get my own way in the end. Margaret Thatcher
- A diplomat is a man who always remembers a woman's birthday but never remembers her age. Robert Frost
- Cheers to a new year and another chance for us to get it right. Oprah Winfrey



Nothing to do with real estate but it caught my eye.
That's what it's all about.

*Thinking about a move?
Give me a call*

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New Condo Purchase

Let's say you have bought a brand new apartment from a Builder. In fact the builder hasn't 'broken ground' yet so you can only be shown the plans and given the approximate build schedule and move-in date which can be 2, 3 years or even longer. You only have to pay the graduated deposit to the builder. Time moves on and your circumstances change because a lot can happen while you wait for the builder to complete the work. You no longer want to buy the apartment, however you have signed the agreement to purchase and the builder has much, if not all of your deposit. You are committed, so your options are;

- You can go through with the purchase and then sell the apartment as soon as you become the owner.
- You can sell the apartment Purchase Agreement (the paperwork) to a relative or friend (ie. assign it).
- You can put the apartment Purchase Agreement on the market For Sale and sell it when you get an acceptable offer. (ie. assign it)

Seems fairly easy. However, as you might expect, there are some issues to be considered such as;

- In your original Purchase Agreement it states that you need to get the Builder's consent to assign the deal.
- Normally the Builder will only give you permission to assign the deal if you agree not to advertise the assignment. This means that you can't put the proposed sale on the Multiple Listing System (MLS) or even advertise it yourself in the local newspaper or on internet. The reason for this condition is that the Builder, who is probably still trying to sell off some of the remaining apartments, doesn't want to compete with your assignment. If you advertise it anyway, hoping that the Builder doesn't find out and you get caught, you could forfeit your deposit being held by the Builder.

Snippets

- If your property is listed For Sale, **NEVER** follow an agent around when he/she is showing it to clients. Also, **NEVER** 'hang around' during an Open House. Prospective buyers stay longer and ask the agent more questions if you are not there.
- Should I follow my gut when selecting a tenant for my investment property? **NO, NEVER EVER.** That is like selecting a brain surgeon because he/she has a nice smile. Make a logical decision after reviewing the Tenant's credit history, employment letter and confirm each reference you were given. Also, if possible go and see the condition that the prospective Tenant keeps their current accommodation.

Funnies

- Never mess with a person whose aim is better than their temper.
- He said 'I'm going to chop off the bottom of one of your trouser legs and put it in a library.' I thought 'That's a turn-up for the books.'
- I was watching the London Marathon and saw one runner dressed as a chicken and another runner dressed as an egg. I thought: 'This could be interesting'
- I went to buy some camouflage trousers the other day but I couldn't find any.
- The first time I met my wife, I knew she was a keeper. She was wearing massive gloves.
- What's the difference between ignorance and apathy? I don't know and I don't care.
- A lot of people cry when they cut onions. The trick is not to form an emotional bond.
- Why do dogs always race to the door when the doorbell rings? It's hardly ever for them.

- If you assign the deal, you will have to pay a fee to the Builder to cover the Builder's costs.

If you can't complete the purchase yourself, the easiest option is to sell it to a friend or relative without putting it on the market. Not many of us are fortunate enough to have friends or relatives willing and able to 'take over' our purchase. FYI if you do manage to assign the agreement, and then the person that you assign the deal to backs out, the Builder will still hold you responsible for completing the apartment purchase because you signed the original commitment.

If you are in this situation and need advice, contact me. I will send you a set of guidelines which details these issues and then some. Then get a Lawyer.

I have sold many brand new, pre-construction apartments to owner occupiers and investors and I have never encountered a problem. I recommend that before firming up on your purchase, you develop an understanding of the process and all of the terms and conditions in the Builder's offer form including how to deal with assignments.

Check out my web site at;

www.jimbroadley.com