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Real Estate Review

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Fabulous Estate



Situated on professionally landscaped grounds with an inground pool and surrounded by million dollar homes 30 minutes from Toronto, this home offers spacious rooms, a Main floor Family room with built-in bookcases and a fireplace. The Master bedroom features a 5 piece ensuite bath and walk-in closet. \$899,000.00

Mississauga Oasis!



An elegant 5 bedroom home close to all of Mississauga's many amenities. Relax in the breathtaking backyard with its mature trees & gardens, a 2-tiered cedar deck and a hot tub! Separate Living & Dining room ~ perfect for entertaining. Kitchen includes built-in appliances and breakfast area. Master bedroom has a ensuite bath and walk-in closet. \$649,000.00

Toronto



A spacious 3 bedroom bungalow located in a prime Toronto neighbourhood. Hardwood flooring, separate entrance to finished basement, cold storage, workshop/laundry room, bedroom and Recreation area. \$469,000.00

If you're considering a move, it would be my pleasure to provide you with a complimentary Market Evaluation of your home.

Prestigious Neighbourhood



Lovely open concept bungalow on a wide lot with sprinkler system in front and back yards. 9 ft. ceilings and 3.5 inch hardwood floors throughout. French doors to Living room. Serving counter between Kitchen and Dining area. Large bedroom/office & 3 piece bath on lower level. \$409,900.00

Caledon Circa 1885



Located in the charming Village of Inglewood. Enjoy the craftsmanship of years past with the original wood, high baseboards and crown moulding. This home offers 3 bedrooms, 2 baths and a separate Garage/Workshop with room for two cars and an overhead loft for storage. \$349,000.00

Luxurious Building



Prime Mississauga location near all amenities and with easy access to major highways—perfect for commuters! Combination Living/Dining room, modern Kitchen with breakfast area, 2 bedrooms plus solarium. Superior upgrades shows true pride of ownership. \$239,000.00



INNOVATORS REALTY

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Construction Liens

By Brian Madigan

If you are planning on any renovations or you are building a new home, then you need to know about the *Construction Lien Act*.

First, there is a lien which can be registered by anyone who provides work or services or supplies materials which are used for your property. The lien has to be registered within 45 days of the last work being performed or the last supply of goods. Then, the lien has to be "perfected" within 90 days of that same date by instituting an action and registering that on title as well. Many liens are registered but never perfected.

Second, there is a statutory holdback under the Act. Every person responsible for payment is required to holdback 10% of the amount for 45 days to ensure that there are no liens. If you pay this amount, and a lien is registered, then you may have to pay this again. So, be careful!

Third, there are other provisions for liens under the Act, in excess of the 10%. If a sub-contractor gives written notice of a claim for a lien, then that full amount (not just 10%) must be held back. This is the most risky situation for homeowners.

Many contractors will tell you that you have no right to hold back any money because it's not in the contract. But, don't worry, the Act has you covered. Every contract is deemed to be amended so as to be in conformity with the *Construction Lien Act*. So, even if it's not in there, it's still part of the contract, and not only do you have the right, but you also have the obligation to holdback sufficient funds.

Let's assume that you are having a hot tub installed. Your price was \$10,000.00, so you are obligated to holdback \$ 1,000.00 for 45 days, but you receive written notice of a lien from the manufacturer for \$6,000.00 and one from the installer for \$ 1,500.00. So, how much do you holdback? The answer is \$ 8,500.00. The full amount of the written notices together with the statutory holdback. But, if you're actually in this situation: don't pay anything! You may still hear from the electrician and the gas installer, both of whom may still have claims. Better safe than sorry, make sure everyone has been paid and get proper releases and authorizations signed. This is a good time to involve your lawyer.

The purpose of the *Construction Lien Act* is to protect all the suppliers and workmen down the line, so that they all will be paid. It is an Act intended to benefit sub-contractors from the general contractor. It is also designed to protect the general contractor from you if you don't pay. As a lien, it has priority over both unregistered and unsecured interests and it follows mortgages (provided the funds have been advanced) and taxes which have a higher priority.

So, where does title insurance fit in? If you have a valid title insurance policy, then you will be covered for any claims of the manufacturer or installers. You did not have a direct contract with them. However, you may not be covered for the general contractor's claim. You have a contract here, and you may not have lived up to your side of the bargain. If you were supposed to pay in installments, and you failed to do so, then this whole lien mess, may be your fault. If you're in breach of your obligations under the contract with the supplier, then title insurance won't save you. However, maybe they brought the wrong unit and you were quite within your rights to refuse payment. Here, title insurance will be helpful.

There are a couple of matters that are important considerations under the Act. What is the last day work was performed and material was supplied to the property? Who certified completion? What wage rates are paid to the workmen? Have all payments been paid to date? What about WCB payments? Is there a performance bond? If these issues arise, then you will have to see a lawyer. The Act can be tricky and somewhat complicated in parts.

It is also important to note that you can't use any of the holdback moneys for defects or repairs. Those funds are constituted as "trust funds" and may only be used for the purposes of the trust. If you borrowed money from a bank to finance the hot tub, then those funds may be subject to the trust provisions under the Act. It would be better just to arrange a general loan from the bank. It's far less risky! It's bad enough not to get what you paid for, but it's even worse to have to pay twice.

Ultimately, if a homeowner refuses to pay for proper work, services or materials supplied, the Court has authority to order the sale of the property. Before this occurs, the mortgagee will likely have intervened. And, there's an interesting provision contained in the mortgage, they have the right to pay the claim and add it to your mortgage with interest.

For over 60 articles on real estate, finance and advice for the homeowner visit:
www.OntarioRealEstateSource.com

Summer Market ~ 2006

By Brian Madigan

So, what's happening in the market? That's the most common question I hear these days.

When I read the paper and watch TV, I have the impression that things are going crazy. But, is that reality?



Here are some recent headlines:

Red Hot Real Estate Market Sizzling

Condo Prices Going Over the Top

Calgary Properties Up 47%

Bidding Wars are the Norm

Buy While You Can Still Afford It!

Now, that's pretty powerful stuff! You would think that you should buy something, just about anything, before the end of the week.

Well, that's really not what the statistics say. The average sale price in the GTA for a single family home is declining. The highest price was April at \$ 366,683, then it dropped in May to \$ 365,537 and in June it had dropped a total of 2.4 % to \$ 358,035. So, what does that mean? It certainly is not an indication of rapidly rising prices. The reasonable conclusions are:

- the market is going sideways
- the market is declining
- the market is cooling off
- the market is pausing before another rise
- the market is holding its own

Now, depending on the time frame, actually each of the above statements are true, and we'll just have to see over time which one appears to be the more accurate.

In the meantime, don't be concerned about the "hype". Ignore short term forecasts. Real estate is a long term investment. It should be measured over 5 to 7 years minimum, not month over month.

If you are considering entering the market, do your homework. Research prices, trends, interest rates, rates of return and other relevant issues before making your decision. And, remember, headlines sell newspapers, they are not to be taken as investment advice.

You have to be aware that there is a slight aberration in the manner in which real estate statistics and prices are reported. Generally, they are offered in a subjective favourable context. Rather than simply say the June price has declined over the last two months, the June 2006 price is compared to the June 2005 price of \$345,065, so that the increase of 3.8 % (year over year) can be reported. But, would the public tolerate that same information about the stock market? Investors want to know whether the price is up or down compared to yesterday, not last year.

So, you'll have to look at the facts and forget all the "spin".

Sorry, No Recipes!

Some Well-aged Wisdom

Frustration is trying to find your glasses without your glasses.

The irony of life is that, by the time you're old enough to know your way around, you're not going anywhere.

I was always taught to respect my elders, but it keeps getting harder for me to find one.



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If you are interested in receiving new listings by email for an area of interest to you, please contact me.