LANDPOWER REAL ESTATE LTD. BROKERAGE

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Landpower Newsletter

July 2015

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INSIDE THIS ISSUE:

VIP

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HOT

Assignments!
Affordable 10% deposit
$5000 in **FREE** Upgrades!
1 Parking space included!
Air Conditioning
Stainless steel kitchen appliances
Kitchen islands with breakfast bar (as per plan)
Designer backsplash
Gorgeous stone countertops
Unique & innovative stone/stucco Elevations
Expansive rooftop terraces
9' ceiling on main living level
Frameless glass shower in master ensuite
Mirrored sliding closets in bedroom
Open concept layouts
Concrete block party wall with acoustical installation
3 interior color packages to choose from

Starting From $400,000

BUILDING FEATURES:

- Set on a 2.8-acre infill parcel, Jefferson Court will be surrounded by quiet tree-lined streets, pedestrian- friendly pathways, acres of dedicated parkland and a winding creek in their own backyard.
- The clean and attractive facades exude contemporary elegance while the interiors will offer luxurious and sophisticated finishes with rooftop terraces.

Live life in style at MODERN MANORS TOWN HOUSE . Nestled in one of the most tranquil locations in all of Richmond Hill, this inspired array of Urban Towns, Back-to-Back Towns, and Stacked Homes will range from 1,100 sq. ft. to over 2,500 sq. ft. The clean and attractive facades exude contemporary elegance while the interiors will offer luxurious and sophisticated finishes with spacious rooftop terraces.

SQ2 SPADINA ▾ QUEEN

TRIDEL BUILT FOR LIFE

OPENING SPECIAL:

- **$3,000 Discount for 1 bedroom plus Den Suites**
- **$5,000 Discount for 2 Bedroom, 2 Bedroom plus Den & 3 Bedroom Suites**

FEATURES:

- SQ 2 Condos will have many unique features like a his and hers steam room, a whirlpool, and a rooftop terrace equipped with a hot tub
- SQ2 promises to offer plenty of greenspace for its residences. Enjoy a stroll along Alexandra Park or enjoy the facilities at Andrew's playground.
- Live in one of the coolest neighbourhoods in the world according to Vogue Magazine. Vogue called this West Queen West Neighbourhood: trendsetting. SQ2 located at Queen and Spadina is in the midst of this booming, trendy neighbourhood that is getting global recognition for its contribution to art, culture and green space.

SQ2 CONDOS, the second stage in a grand production that's revitalizing one of Toronto's most iconic cultural landscapes. Ideally located at Spadina and Queen, SQ2 is master planned living, reimagined. With spacious suites overlooking the cityscape, discover a fresh take on life in the city.

TD BANK MORTGAGE RATES[1] - *provided by Yvonne Tong* -

FIXED RATE MORTGAGES	RATES[2]	SPECIAL OFFERS[3]
1 year	2.890%	
2 year	2.840%	2.24%
3 year	3.390%	
4 year	3.890%	
5 year	4.640%	2.74%
6 year	5.140%	

HIDDEN PURCHASE FEES CAN COST YOU THOUSANDS

Two areas involving builder agreements of purchase and sale that cry out for action by the new homes provincial watchdog are disclosure of additional costs and unit size.

Last week Stella came into my office to review a builder purchase agreement for a unit in a flashy new Toronto condo project. During the negotiation of the deal, both the buyer and the builder were represented by separate real estate agents.

Initially, Stella was enthusiastic about buying her own place — even if it wasn't going to be ready for as long as six years. By the time she left my office 90 minutes later, after we went through the offer together in detail, she had changed her mind and decided that she was going to exercise her right to back out of the transaction.

Stella's unhappy experience reveals a huge gap in consumer protection that needs to be remedied by Ontario's Tarion Warranty Corporation. (Full disclosure: I am a past member of its board and Consumer Advisory Council.)

As I walked Stella through a schedule to the builder agreement, which lists the extra charges she would have to pay in addition to the $392,990 purchase price, her enthusiasm for the purchase dropped away. Although the extras are detailed in the agreement, they were never mentioned in the sales office and are effectively buried in the 41-page document.

Despite their obligations as registered real estate agents, neither the builder's agent nor her own agent ever mentioned the charges to her.

In total, the extras came to about $12,000 which cannot be mortgaged and would have to be paid on closing.

But that's not all. Buried in a thick volume of disclosure materials, there is an obligation for each purchaser to contribute proportionately to the purchase of a $744,000 superintendent unit and a $265,000 guest suite. Stella's share would be $1,952, plus interest, at the Bank of Canada 10-year bond rate plus four per cent, repayable over the next 15 years.

The overall total of undisclosed extras at closing and afterward would be about $16,000.

Although all these charges are by law required to be set out in the purchase agreements or the disclosure materials, there is no obligation to mention them in any meaningful way in the sales office or disclose them prominently on the first page of the offer form.

As a result, buyers who do not have their offers reviewed by their lawyers in the first 10 days after an agreement is signed, often experience huge sticker shock on closing.

This needs to be remedied both by Tarion and by the Real Estate Council of Ontario. Builders and their sales agents should be required to speak up and be transparent about extra charges.

The other area which cries out for Tarion regulation is the failure of most — but not all — condominium builders to include in their purchase agreements floor plans that show linear measurements and the total unit area. Size is, perhaps, the most important factor in buying a condo and measured floor plans are crucial to buyers.

Some of these charges typical in builder agreements — that came to about $12,000 — cannot be mortgaged and must be paid upon closing:

- $7,797 (all figures include HST) for charges and levies imposed by government authorities or school boards;
- $1,695 “administration fees” for connecting and energizing hydro and water meters to each unit;
- $282.50 to keep track of the buyer’s deposits;
- $904 to amend the agreement to add or remove a purchaser’s name;
- $339 to subsidize the builder’s lawyer’s legal fees for registering discharges of the construction financing on the property title;
- two months’ extra common expenses for the reserve fund; and
- the Tarion enrolment fee of $1,050.

Sources: Toronto Star, 12th June, 2015

ROGERS SHUTS DOWN DISCOUNT BROKERAGE ZOOCASA

Rogers Communications is getting out of the real estate business and has announced that it’s shutting down its discount brokerage, Zoocasa, as of June 22.

Customers who bought or sold homes through Zoocasa — in essence a discount match-making service between homeowners looking to buy or to cut selling costs, and experienced realtors vetted by the company — have been promised that 15 per cent rebates will be honoured for any deals that firm up no later than that date.

“After June 22, 2015, the brokerage will cease to be registered and will be prohibited from trading in real estate as a brokerage,” Zoocasa announced in a letter to customers this week.

Its partner realtors, most of whom also work for major brokerages like ReMax and Royal LePage, were alerted last Friday that the company would shut down the Zoocasa website and company. On Tuesday, letters were sent out to customers.

“For the past two years we have had the pleasure of matching thousands of customers like you with great realtors throughout the country,” says the letter. “As a result of your support, Zoocasa has grown into a unique business in a traditional space. Although we have had great success, we have made the decision to close down our business.

One person close to Zoocasa estimates it’s been losing about $1 million a month for much of the last two years, carrying high administrative and technology platform costs that far outstripped the number of real estate deals.

Rogers spokesperson Allison Fitton said the decision "was made so we can focus the additional resources (of running Zoocasa) on core area of Rogers' business — consumer, enterprise, cable and wireless."

Rogers had just undertaken a substantive advertising campaign for Zoocasa, which it has reportedly had up for sale for some time.

Rogers sent shock waves through the real estate industry back in 2008 when it launched the online listing service, although it wasn't until 2013 — after a major relaunch — that the service really stepped into conventional real estate space by becoming a brokerage and giving buyers and sellers wider access to a host of real estate listings on their home computers.

In the end, it became most popular for one key feature — online listings of "daily solds" properties, a service that shut down recently after the Toronto Real Estate Board announced a crackdown on realtors listing solds.

TREB argued that posting sold prices via publicly accessible websites violated the privacy of sellers, although conventional realtors give them to clients via phone, email and fax on a daily basis.

While the end of Zoocasa isn't expected to have much of an impact in the industry, "it really highlights the fact that it's difficult to make money off of real estate search platforms" in a country as small as Canada, said John Pasalis of Leslieville-based discount brokerage Realosophy.

Modeled after major real estate listings and advertising sites like Trulia.com and Zillow.com in the United States, Zoocasa faced an impossible time gaining the critical mass needed, said Pasalis.

"It's not like people just flock to a site because of lower fees," he added. "Sellers, in particular, are very hard to connect with online. They are more likely to look for a realtor in their neighbourhood, or one recommended by family or friends."

Sources: Toronto Star, 9th June, 2015

Sarah Fehr at her Winnipeg home, which previously contained a drug grow-op. Fehr and her husband bought the home knowing its history, but some people face financial difficulties when they buy or sell a house that was formerly a grow-op.

FORMER GROW-OPS A HARD SELL IN REAL ESTATE MARKET

The prices may be reasonable, but for reasons: banks don't like to finance them, and insurance is hard to get. Plus, the question of habitability, the matter of disclosure, and the house's police record.

At first glance, the mid-century, three-level Winnipeg home was everything that Sarah Fehr and her fiancée had been looking for.

It was located in the right neighbourhood, had a double garage and the backyard was spacious enough for the couple's two pugs to frolic in.

Perhaps most importantly, it was reasonably priced.

However, a quick Google search revealed the home's shadowy past: it had been busted several years earlier for housing a marijuana grow operation.

While former grow ops may seem like a good deal to some buyers, experts caution that banks and insurers are increasingly shying away from these properties — even after all of the necessary remediation has been done.

"It's always been strict, but it was a lot looser four or five years ago," says Jeff Mark, co-founder of broker Spin Mortgage, adding that only credit unions and subprime lenders are willing to finance these homes, often at higher rates than those offered by the banks.

Running a grow-op in a residential home can cause extensive damage that may be pricey to remedy.

High levels of moisture can cause mould to grow in the walls. Pesticides and other chemicals can seep into carpets and walls and contaminate the air. Even the home's structural integrity and electrical wiring may be compromised.

Before a lender will agree to mortgage a former grow op, a battery of costly tests must be performed to ensure it is inhabitable.

Fortunately in Fehr's case, the seller had already performed most of those tests, and the local credit union was willing to provide a mortgage. But finding insurance proved to be a headache, says Fehr.

"There were insurers who flat out said, 'No, we will not touch a grow-op,'" says Fehr.

Eventually, after jumping through all of the regulatory hoops, the couple managed to close the deal and take possession of the home late last year.

But brokers say the process can be so arduous that many buyers throw in the towel, adding that in an increasing number of cases, even a single marijuana plant is enough to stigmatize a home.

"The problem is that everything gets painted with the same brush," says Scott Dawson, a British Columbia-based mortgage broker with Verico Paragon Elite Lending. "Whether there's one plant or a number of plants, it's all kind of lumped in together as a grow-op."

Mark of Spin Mortgage recalls one loan application that went up in smoke because the disclosure statement said a single marijuana plant had been found in the closet. The house had not undergone any grow-op related modifications, he says.

"At the end of the day it comes down to the bank's discretion," says Mark. "It can be unfair in certain circumstances."

Brokers say the banks are concerned that stigma surrounding the home's criminal past will reduce its resale value, making it difficult for the bank to recoup its investment if the borrower defaults on the loan.

"If it's more difficult for them to liquidate, they just don't want that on their books," says Dawson.

Such strict policies can have some inadvertent side effects, says Mark. For example, even though most provinces require sellers to disclose if a property was formerly a grow-op, some may not disclose that, he says.

"I'm sure there are many deals that go undetected because of people withholding that information," says Mark. "There are probably people out there living in a former grow-op that don't even know it."

Sources: Toronto Star, 30th June, 2015