



# Buyers beware in real estate purchases, too

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TREB PRESIDENT'S COLUMN AS IT APPEARS IN THE TORONTO STAR

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I recently read an article, in a Toronto news paper, that got me thinking about the experiences of home buyers purchasing newly built condominiums. The article detailed home buyers who had bought a newly constructed condominium, from floor plans, but, unfortunately, once the unit was built, they were disappointed when they realized that one window looked at a brick wall, the floor was laminate and the balcony was "more of a ledge." This article is a good reminder that there is a lot to consider when deciding to buy a newly built condominium.

Condominiums are regulated by the provincial Condominium Act. In recent months, there has been some talk about the need to reform this law, in part to provide better consumer protection. There is no doubt that the Condominium Act does need reworking but "caveat emptor" or buyer beware can go a long way to help home buyers considering any property, including newly built condominiums.

When buying newly built housing, there are many things to consider. Firstly, when you walk into a new housing sales office, please realize that, often, everyone working there is working on behalf of the seller/builder. If that is the case, you may have discussions with them, but their fiduciary duty is to the builder, not you as the Buyer. With this in mind, you do have the option of working with a REALTOR® and entering into a Buyer Representation Agreement, to authorize them to work on your behalf in any Purchase.

At any time that you work with a licensed REALTOR® they must disclose, to all parties, on whose behalf they are working, in writing. For years, I have been hoping that the Government of Ontario would make disclosure part of all sales that happen in the Province. Currently only REALTORS®, who are licensed under the Real Estate and Business Brokers Act 2002, must do so. Consumers would be better protected if other parties that are involved in real estate transactions, including lawyers, private sellers and new construction on-site salespeople, were also required to do so. It's only fair: anyone acting on behalf of someone else should have to disclose their relationship with the Buyer or Seller.

Secondly, a very important thing to know is that all Buyers of newly built condominiums are entitled by law to a 10 day cooling-off period, during which time they can cancel their agreement. This is a good time to peruse all documentation and take it to a lawyer for review. When dealing with condominiums, it could help to use a lawyer who specializes in Condominium Law. The lawyer may have good advice on stipulations that you can add into the contract to better protect yourself.

Thirdly, understand what you are buying:

- Make sure that a condominium suits your lifestyle. Do you have a good sense of the reality of a 665 square foot property with two bedrooms and two bathrooms? If you have house-sized furniture are you ready to sell it all to make this type of new space liveable.
- Be diligent in getting the details. If the plans show nine foot ceilings, is that in all of the rooms? Where will the heating, cooling, and water be located for the apartment below and above? Ask for the full building plans so you can see where the bulkheads are planned.
- Understand the status of the neighbourhood. Is it a stable neighbourhood with little re-development or is their significant development on-going, or coming, that could change the nature of the area, and affect things like the view from your unit. The municipality's Official Plan and Planning Department staff can help you look into the future to get an idea of what may be coming.
- Be realistic in your expectations for the property's value; use common sense. Getting caught up in hype and speculating that your unit will increase dramatically in value from the time you purchase until construction is complete could leave you disappointed.

Finally, be sure to consider all of your options. For many home buyers, newly built housing is the right choice; however, if you are the type of person who likes to "kick the tires" before buying, purchasing a re-sale property might be a better option for you.

Newly constructed housing is an important part of the real estate market. It fills an important niche and is the right choice for many people. However, as with any major purchase, it is important that you take steps to look out for your best interests. Go the extra step to make sure that you understand what you are buying, and consider working with a REALTOR® who can provide assistance and advice during the purchase of your new home.

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