

Sent to membership
on Thu, Jun 17, 2021 at 12:23 AM <info@csvsw.ca> wrote:

CSVSWRA Special Neighbourhood Alert - Homeowners Beware

This special alert has been prepared in response to a number of our members expressing concern about receiving unsolicited requests to purchase their homes either through a leaflet or cold call door canvassing.

Some of these solicitations include the following:

- Represent an unnamed buyer for a private cash offer.
- Will buy your house as-is.
- They are compensated by their buyer so you don't have to pay a real estate fee.

Many of you will recognize the inherent dangers of such solicitation, but some home speculators hope to prey on the uninformed, the trusting, and seniors who may be considering a move to different accommodations.

- Some types of solicitations don't want you to have your own agent who will advise you of the true value of your home. Your own agent will watch out for your interests, including getting competitive bids that can add tens of thousands to your sale price.
- Some may want to buy your home as is because they only want to tear it down and they will convince you that your home is only worth tearing down.
- Your own real estate agent will advise you on small inexpensive fix-ups that will greatly improve the value of your home.
- Unsolicited buyers may want to meet with you to convince you not to seek competitive bids that get you the best value.
- Be wary of any offers that do not use a pre-approved Agreement of Purchase and Sale from the Ontario Real Estate Association or other similar accredited bodies.
- A good "licensed" agent will almost always increase the value of your sale by more than the cost of their commission and they have a duty to act in your best interests, not the buyer's.

The most dangerous aspect of unsolicited offers using a buyer's agent is you are left unprotected if the deal falls through. There is a risk that you may never receive compensation for breach of contract and never receive the deposit held in trust, particularly if held by the buyer's own agent, which is not industry standard practice. Cash buyers know this and use it to their advantage.

Members have shared multiple stories of developer/real estate agents where the cash private sale buyer has used unscrupulous business practices to the detriment of the seller. One is

currently being sued for breach of contract to recoup a non-refundable deposit that is being withheld.

Members have shared experiences where, on the date of closing, the unsolicited buyer advised they could not close because their financing fell through and then tried to negotiate a lower closing price. In some cases, the original offer seemed extremely generous and convinced someone who had not considered selling to take advantage of a "great opportunity" only to find it was "bait and switch." For sellers who have already moved to a new home with financial commitments of their new purchase, this is a horrendous experience. Cash buyers know that many sellers, especially seniors, don't have the experience or desire to recoup their losses through legal action so they just accept a lower offer. This is not only morally wrong but subject to sanctioning by the Toronto Real Estate Board.

We have been told of experiences where a developer gives cash bonuses to taxi drivers who identify senior homeowners for him to approach. As a community, we have to raise alarm bells and awareness to protect our neighbours.

Another practice to be aware of and to avoid is accepting any offer that does not come with a certified cheque with at least a 10% deposit. In another story, the buyer's representative of the most favourable offer promised a cheque the next day and the seller signed the offer... but the cheque never came. The deal later fell through and the seller lost valuable time and missed out on legitimate offers. An offer without a non-refundable deposit is worth less than the paper it is written on.

A related and emerging concern in our communities is that Investment Fund managers have identified this area as ripe for profit generation. Representatives of these funds are aggressively buying up every property they can to build oversized homes while cutting down the tree canopy.

Investment Funds don't care about trees, neighbours, communities, or the character of neighbourhoods. They care about profits, not the concerns of your friends and neighbours on your street wishing to preserve the current characteristics. Some want to buy your home as cheap as possible, put the biggest home possible on it, and rent it out to get others to pay it off.

There are numerous articles confirming this trend.

Condo developer plans to buy \$1-billion worth of single-family houses in Canada for rentals

<https://www.theglobeandmail.com/business/article-condo-developer-to-buy-1-billion-worth-of-single-family-houses-in/>

https://www.thestar.com/business/real_estate/2021/06/14/its-wrong-on-all-possible-levels-critics-slam-development-group-buying-1-billion-in-single-family-houses-for-rentals.html?li_source=LI&li_medium=star_web_ymbii

This satirical but on-the-nose article from The Onion brings to light what we are up against.
<https://www.theonion.com/thrilled-blackrock-announces-purchase-of-800-000th-drea-1847080553>

My favourite line is: "Research shows that owning a home and renting it out is one of the top ways a company can accumulate other people's wealth."

Bottom Line:

- **Avoid the pressure tactics of development speculators and unsolicited offers.**
- **Ask your friends and family to recommend a reputable Real Estate agent and/or lawyer to represent your interests and ensure protections in your favour are put in place.**
- **Require a substantial non-refundable deposit, so your losses are covered if the buyer does not close or tries to renegotiate.**

Please feel free to email or print this out and share it with your neighbours, especially any seniors or vulnerable neighbours on your street. We need to get the word out. If you have heard similar stories, let us know.

Take Care,

CSVSWRA Team

Bcc to Membership

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