

TALES FROM THE TRENCHES™

BY BARRY C. MCGUIRE

April, 2013

Nailing It Down.

An investor found an interesting property. Nice house in a nice area with suites up and down. The top suite was rented to a decent tenant at decent rent. The downstairs suite needed work. The seller was the estate of a recently deceased person, which always makes negotiations a little problematic.

Estates are run by executors who are responsible for ensuring there are no wrong decisions. Executors are not adventurous or quick. Plain-vanilla, straightforward, and no time-pressure is how executors like their deals to be written.

Nevertheless, an offer was written subject to financing and inspection. One inspection item that came up was that when the kitchen and bathroom sinks were filled with water, they drained very slowly.

This matter was brought to the seller's attention and they said they would get their plumber to look at it. By and by, the plumber came back and said that everything was fine. However, on re-testing the sinks, our cautious member thought they still seemed to drain very slowly. Our member got his plumber to come in for a further inspection. This plumber could not find anything wrong, which made our investor a little more nervous because all his other sinks in all his other properties—including his personal residence—all drained much faster than this new, prospective property.

Closing went ahead without the problem being resolved and renovation commenced on the basement suite. Everyone's busy and, with the basement renovation, it took six months before a new tenant moved in. As soon as there were two tenants in the house both using washers, showers, and sinks at the same time, the complaints about drainage came in. Not only was drainage now very slow, in some cases facilities backed up.

Someone suggested that perhaps the drainage/sewer pipes were plugged. Our member called the City of Edmonton, who came out and put a camera in the drainage lines. Guess what? Those lines were almost completely blocked with tree roots.

Now, you have to remember that the City only takes responsibility to clean out the lines from the property line out to the mainline in the street. The property owner is responsible from the property line into the house. Our member's further investigation revealed a collapsed sewer line, replacement cost of \$6,000.

Our member called me to ask whether or not he had any remedy against the seller. Why? Because our investor believed that the seller must have known about the problem even if there was only one tenant and certainly if there were two tenants. Roots plugging pipes do not develop instantly. It takes a while, but when they are plugged, they don't get any better. Therefore, the seller must have known.

My advice to our member was that it would be very difficult to pursue the seller for this matter. He said to me, "I know, I know, just hoping. Before we took off conditions, I knew drainage was still an issue, an unanswered question. What I should've done was follow through and not remove conditions until I knew the answer."

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Lessons Learned:

- Mature neighborhoods with lots of trees may have blocked sewer and drainage pipes. Add it to your checklist; it's very expensive to fix.
- In Edmonton, the City will camera check pipes for free. Watch for 1952 – 1957 installations. Pipes may be made of tarpaper! Ask the City.
- In general, nail down inspection issues. No loose ends!

HAVE QUESTIONS? WE HAVE ANSWERS!
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