

TALES FROM THE TRENCHES™

BY BARRY C. MCGUIRE

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ESTATES ARE TRICKY!

Real estate can cause all kinds of problems when a family member passes away. First, it can take a long time before the will is executed and the inheritor is actually in control of the property. Second, the person who inherits the property also inherits the financial responsibility (mortgage, taxes, etc.), which they end up responsible for even before they own the real estate! This Tale is about what happened when someone inherited a piece of property and almost went into foreclosure with it.

Here's a great story from Mike Parker (known simply as 'Parker') of Edmonton's [Mogul Realty Group](#) about inheriting a piece of real estate. In his own words:

Hey Barry,

Parker here...

So a little background for my sister's situation. We have the same dad but different mom—so my half-sister.

So her mom passed away and my sister inherited the property. 3 bed, 1½ bath condo townhouse right by West Edmonton Mall. It sat vacant for almost a year waiting for probate to go through, all the while her trying to keep up with the payments.

She fell behind and there was 126k owing on the mortgage, she owed about \$1,200 in property taxes and \$3,000 in condo fee arrears and \$2,500 for the condo lawyer's caveat. Plus the place was in terrible shape. Needed 30-40k just to bring it up to shape. The bank started knocking on the door and served her in January and said she had 21 days until she'd be foreclosed upon.

This was before I was officially licensed as an agent and I figured I could flip it. So I called Calvert Home Mortgage and I was gonna flip it. I was all lined up to flip it with a JV contractor but... he backed out last minute. 2 weeks until the bank forecloses on her. Clock is ticking.

I figured next step was to assign the contract. So I blasted it out to my list and, wouldn't ya know, a REIN member calls me up and meets me at the property the next day. I was advertising it at 144k with me taking a \$5,000 assignment fee, my sister gets 139k and gets out with a clean slate. He and his JV partner talk about it and are pretty happy.

However a little more digging and they can't take it at 144k...the numbers just didn't quite work. We figured out their bottom line was 138k.

Wouldn't ya know it with all the bank's lawyer fees (that my sister had to pay for), the mortgage, plus all the arrears, were about \$138,400.

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So I wanted to help my sister obviously and I wanted this REIN member to get the property. So I let go of the assignment fee and we got the property sold with 3 days to spare at \$138,000. My sister was relieved to get out basically scot-free (and not get foreclosed upon!). And the REIN member should have a conservative after-repair value (ARV) of about \$225,000 and be able to be in and out in 3–4 months!

And they now know I'm a licensed agent too, so it may be beneficial down the road in that way too!

So Barry... overall it was truly a win-win-win. It was pretty cool how it all came together. I hope this makes a great Tales from the Trenches story!

LESSONS LEARNED:

1. There are lots of folks (opportunities) like Parker's sister.
2. Probate is time consuming → short-term rental can help cover costs.
3. Pay those condo fees—or pay big legal bills.
4. It all comes down to the numbers, so you need a Plan B and an exit strategy.
5. Play for win-win.

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