

TALES FROM THE TRENCHES™

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FAILURE TO CLOSE? MORE THAN YOUR DEPOSIT IS AT RISK!

A real estate purchase contract is a legally binding agreement. If the buyer doesn't meet their obligations by closing the purchase, there can be financial repercussions. At a minimum, the buyer will lose their deposit. But it can be far, far worse. In this Tale, a BC real estate buyer didn't close and ended up paying for it after the courts ruled in favour of the seller.

Here's the story in a nutshell. In August 2017, a buyer walked away from a real estate deal in BC and was sued by the seller when the house later sold for 28% less. Not only did the buyer lose his deposit, he was also on the hook for the difference in the sale price! Furthermore, the buyer was responsible for associated costs to the seller, adding to his loss.

Read the full story, as reported by the CBC: <http://www.cbc.ca/news/canada/british-columbia/buyer-who-walked-away-from-real-estate-deal-ordered-to-pay-360k-1.4232844>

LESSONS LEARNED:

- 1. Buyers can lose their deposits if they don't close.**
As a buyer, if you don't close your purchase, more than your deposit is at risk. Yes, sellers almost always just take the deposit and move on, but in a down market, maybe not.
- 2. Buyers can be held responsible for the price difference when the seller resells.**
Sellers must mitigate their damages by trying to resell the property, but the buyer is responsible for the difference between the original sale price and the resale price.
- 3. Buyers can be sued for the seller's expenses.**
The buyer is also responsible for associated costs such as mortgages on two properties, utilities, other holding costs, legal fees, and any other costs reasonably associated with the buyer failing to close.

**BUYING OR SELLING REAL ESTATE IN ALBERTA?
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