

LEGAL ASPECTS **OF REAL ESTATE INVESTING**

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HOMEBUYER.CA

PRO-ACTIVE LEGAL RISK MANAGEMENT

- **Every Decision Involves a Legal Implication**
- **Selecting the Right Real Estate Lawyer**
- **Selecting the Right Tax Accountant**
- **Developing a Risk Assessment and Avoidance Strategy**

PROPERTY OWNERSHIP AND LEGAL STRUCTURE OPTIONS

- **Joint Tenancy**
- **Tenancy in Common**
- **Proprietorship**
- **Partnership**
- **Limited Liability Company**
- **Joint Venture**

PRO-ACTIVE LEGAL RISK MANAGEMENT

- **Following Your Strategic Plan Protocols**
- **Monitor and Update Your Strategic Plan**
- **Ongoing Education (homebuyer.ca)**
- **B.C. Apartment Owners and Managers Association (bcaoma.com)**
- **Condominium Homeowners Association of B.C. (choa.bc.ca)**

DEALING WITH TENANT SELECTION

- **Know the Residential Tenancy Legislation**
- **Determine Tenant Criterion**
- **Develop Ad Copy for Print or Online**
- **Communicating and/or Meeting with Prospect**

DEALING WITH TENANT SELECTION

- **Tenancy Application Form**
- **Tenancy Agreement**
- **Property Condition Inventory Checklist**

INSURANCE PROTECTION

- **Title Insurance**
- **Tenant Insurance**
- **General Property Insurance**
- **Home Office Insurance**
- **Lost Rental Revenue Insurance**

INSURANCE PROTECTION

- **Liability Insurance**
- **Personal Liability Insurance**
- **Term Life Insurance**
- **Out-of-Country Emergency Medical Insurance**
- **Auto Insurance**

LIMITING YOUR BUSINESS LIABILITY EXPOSURE

- **Separate Personal and Business Assets and Liabilities**
- **Incorporate Your Business at Outset**
- **Never Have Oral Agreements**
- **Be Cautious About Pledging Corporate Security**

LIMITING YOUR BUSINESS LIABILITY EXPOSURE

- If Partnership, have a Shareholder's Agreement with Buy-Sell Clause
- Utilize Holding Company to Protect Business Profit and Creditor-Proofing
- Utilize a Personal Management Company for Your Services
- Make Sure you Have a Will

LIMITING YOUR PERSONAL LIABILITY EXPOSURE

- **Don't Sign or Limit Personal Guarantees**
- **Don't Pledge Personal Security**
- **Transfer Property and Other Assets to Your Spouse**
- **Don't have Spouse as Guarantor or Director**
- **Don't have Joint Accounts**

LIMITING YOUR PERSONAL LIABILITY EXPOSURE

- **Consider Spousal RRSP's**
- **Consider RRSP's with Insurance Companies**
- **Sign Business Documents as Authorized Signatory of Corporation**
- **Lend Money to your Corporate and Become a Secured Creditor**
- **Utilize a Personal Management Company for your Services**
- **Make Sure you Have a Will**

LIMITING YOUR WILL AND ESTATE LIABILITY EXPOSURE

- **Make sure you have a Will**
- **Designate Beneficiaries of your Insurance Policies**
- **Designate Beneficiaries for your RRSP's**
- **Consider the Use of Trusts**

AVOIDING THE PITFALLS OF LITIGATION

- **ADR – Alternate Dispute Resolution**
- **Communication**
- **Negotiation**
- **Mediation**
- **Arbitration**
- **Litigation**

CAUTIONS WHEN DEALING WITH FRIENDS OR FAMILY FOR LOANS OR INVESTMENT

- **Put the arrangement in Writing**
- **Secure Loans from Family and Friends**
- **Don't ask Family or Friends to Sign Personal Guarantees or Co-Sign**
- **Don't Ask Family and Friends to Become a Director**
- **Don't ask Spouse to Consent to a Collateral Mortgage on your Personal Home**

TAX SAVING STRATEGIES AND RISK MANAGEMENT

- **Selecting the Right Professional Accountant**
- **Review Compensation Mix**
- **Pay Salaries to Family Members**
- **Withdraw Funds from Company Tax Efficiently**

TAX SAVING STRATEGIES AND RISK MANAGEMENT

- **Renting a Home Office**
- **Manage Shareholder Loans Prudently**
- **Time the Purchase and Sale of Capital Assets**