

No money down home makes '80s comeback



Your Business

By
DIANNE MALEY
Business Analyst
Thomson News Service

A friend from Thunder Bay called the other day in a quandary. A real estate agent had told him about a house for sale cheap. When he replied that he had no money, the agent said he might be able to "find some money" if my friend was interested.

He was. He and his wife have been living in a small apartment with two children, so they sorely wanted a house. But my friend couldn't help but be suspicious. Why was this agent being so kind? And even if the agent's motives were honorable, was it wise to buy a house with nothing down?

"You're darn right it is," I replied. Here in the city, people pay hundreds of dollars to those who profess to know how to do just that. The "nothing down" movement reached a fever pitch in the late 1970s and early 1980s.

It made a comeback in Toronto last year in the most frantic real estate market in memory. The only people who made money were the ones who were selling the advice. It's impossible to buy in a busy market with nothing down.

So I told my friend to rush right out and take a look at the house. "It would sell for less than \$50,000," he said.

"If it stands when you lean on it, and if you don't fall through the floor when you jump, buy it," I said.

HIDDEN FEES

"But why is this guy doing me a favor?" he asked.

"He isn't," I replied. "He plans to charge you a fee for finding the money."

"Then he's rippin' me off," he complained.

"Hardly," I said. "People don't find money for nothing, at least they don't in Toronto."

"How much interest should I agree to pay?" he asked.

"A little more than you would pay at a bank or trust company, perhaps half a point more," I said.

"Why should I pay more?"

"Because you can't get the loan from a bank or trust company when you have no down payment," I replied.

Let me qualify my recommendation a bit. I haven't seen the house. But if it stands straight and has a basement and a decent roof, it's probably a good deal.

As to how much this man should pay in fees for the privilege of making the biggest purchase of his life with nothing down, I would say no more than \$500, assuming a purchase price of less than \$50,000. He should ask for an open mortgage, if he's lucky enough to get private financing, so he can replace it with a bank mortgage when the time is right.

But he should also ask for a longer term loan, say three to five years. That would give him plenty of time to arrange permanent financing at more favorable terms.

As to price, the price the agent mentioned seemed to be low relative to the market. When you're faced with a deal and you don't have any money, don't chisel away at the asking price. Offer them close to what they want. If I really wanted the house, and I knew it was a bargain, I'd offer whatever the agent suggested.

INSTANT MONEY

A deal like that makes you instant money. If you pay \$50,000 for a house that's worth \$60,000, and you do it with nothing down, you're on your way to a successful career in real estate investment.

All across the country, shrewd speculators go around looking for estate sales, or "problem" buildings, properties that are so run down no reasonable person would touch them with a 10 foot pole. Clean them up, paint them white inside, and watch the money roll in.

It's much more difficult to make money in real estate these days. But my friend in Thunder Bay wasn't looking to make money; he was only looking for a decent place for his family to live. If he can find it by paying a few hundred dollars more in fees, then he should.

Of course, the whole deal hinged on whether my friend could afford to make the payments. Since the house in question was so modestly priced, he could do so easily. But if he had to stretch to meet the monthly carrying charges, what looked like the deal of a lifetime would have turned into a real gamble.



BEATRICE KECK
Res. 853-0100



328 GUELPH ST., GEORGETOWN

877-5296



MARVYN MORGAN
Res. 877-8866

SCHOOLS IN THE 1850s (Cont'd)

The Canadian Collegiate was a private Baptist school started in the 1850's by Rev. McVicar and Thomas Connell. This school was located in a large 3 storey building near the G.T.R. Station (on Academy Rd). This structure was suitable for boarders and many students came from Oakville and Toronto.

Mr. Kelley was hired to teach English and Mr. Mackey taught classics. It was open to students who could afford the fee.

The school went bankrupt but was reopened twice, once in the 1870's and once in the 1880's. Joseph Barber owned the property eventually and it became apartments. The building was torn down in 1911 and the bricks were reused in the area homes. One house still has the date stone 1911.

Thanks to "A Peek Into Georgetown's Past" written by students of Centennial School, Elaine Bertrand and Walter Lewis. Thanks to Mark Rowe for his invaluable help.



FIRST CLASS ALL THE WAY

For only \$129,900. With this 3 bedroom home you have all the comfort everybody loves. Family room with cozy fireplace, master has a luxurious 4 pc. ensuite and huge walk-in closet, main floor laundry room, etc. The many features in minutes. For more information call Beatrice Keck, Sales Rep. 877-5296. 8003



CAN YOU IMAGINE

Living in this beautiful semi-detached home? Tastefully decorated, family room off the large eat-in kitchen. Garden has beautiful brick patio and wood deck. \$119,900. Call now - Marvyn Morgan 877-8296. 8028

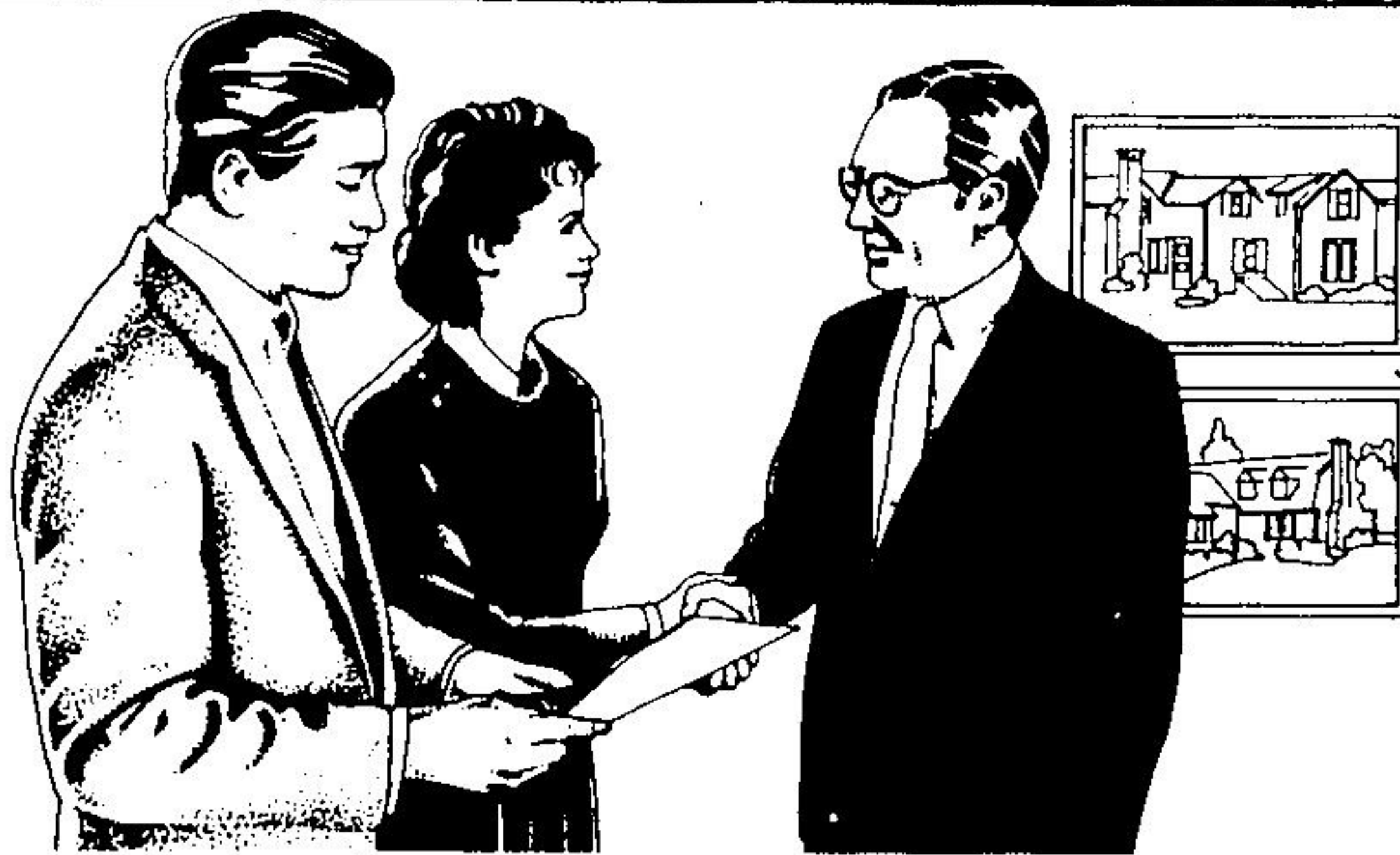


COME BUY ME

I'm cute and cozy and offer you 3 bedrooms, finished sun room, central floor, enclosed entry to keep the wind away. A delight for the first time buyer. Asking only \$137,900. Call Beatrice Keck, Sales Rep. 877-8296. 7217

DEMAND THE BEST

Call us now if you plan to buy or sell this year. Property evaluations given without cost or obligation.



The current selection of homes is practically unlimited!

We can't remember a time when the selection of new and existing homes has been better! There's a wide range from which to choose in every category. If you're in the market for a home, you're in luck! The choosing will be easy!

If any Real Estate Company or Agent is interested in participating in this weekly feature, call Carl Sinke, Advertising Manager at 877-2201.

the HERALD
Home Newspaper of Halton Hills • Established 1866