

Offer to purchase is binding legal contract

by John Switzer, CA

When you get to the stage of putting in an offer on a house, you're but a step away from home ownership.

How short -- or how long -- that step is will depend largely on how your offer is worded. And this is where it pays to be ultra careful, whether you're a brand new or recycled buyer.

Once you sign the offer (more formerly known as a Agreement of Purchase and Sale) and once the vendor signs his acceptance of it, then you both have a firm and legally binding contract. There's no "cooling off" period, and neither side can walk away from it without just cause -- even by forfeiting the deposit.

From time to time people try, but they generally wind up in court.

So before signing a firm offer to

purchase, take some time and consider whether you should be making a conditional offer instead.

Within reason, you may insert any condition you like. But the three that crop up most often have to do with: Financing (getting a mortgage); Satisfactory inspection of the property (by a building inspector); and Sale of the buyer's present house (if this applies).

The condition on financing can be particularly important, especially for a first-time purchaser who's never applied for a mortgage before. In this case you generally give yourself (or your agent) a reasonable time (say five or 10 banking days) to get a mortgage in place. Most vendors will go along with this.

The condition on a satisfactory inspection report is important in the case of older properties. Again,

you might make it for, say five days. This gives you time if there are any potential problems, such as any structural defects, faulty wiring or plumbing, or a decrepit furnace. All these can mean a lot of expense.

Naturally, if the inspection should reveal any serious or dangerous defects, this will have an effect on the price you want to pay -- or even if you want to buy the house at all. The nominal cost of such an inspection could pay for itself if it helps you avoid making an expensive mistake.

The conditions on the sale of your present property can also be critical for one very good reason. If you're not careful you could find yourself in the situation of owning two properties -- with two mortgages to pay. Even if you were in this situation for only a couple of

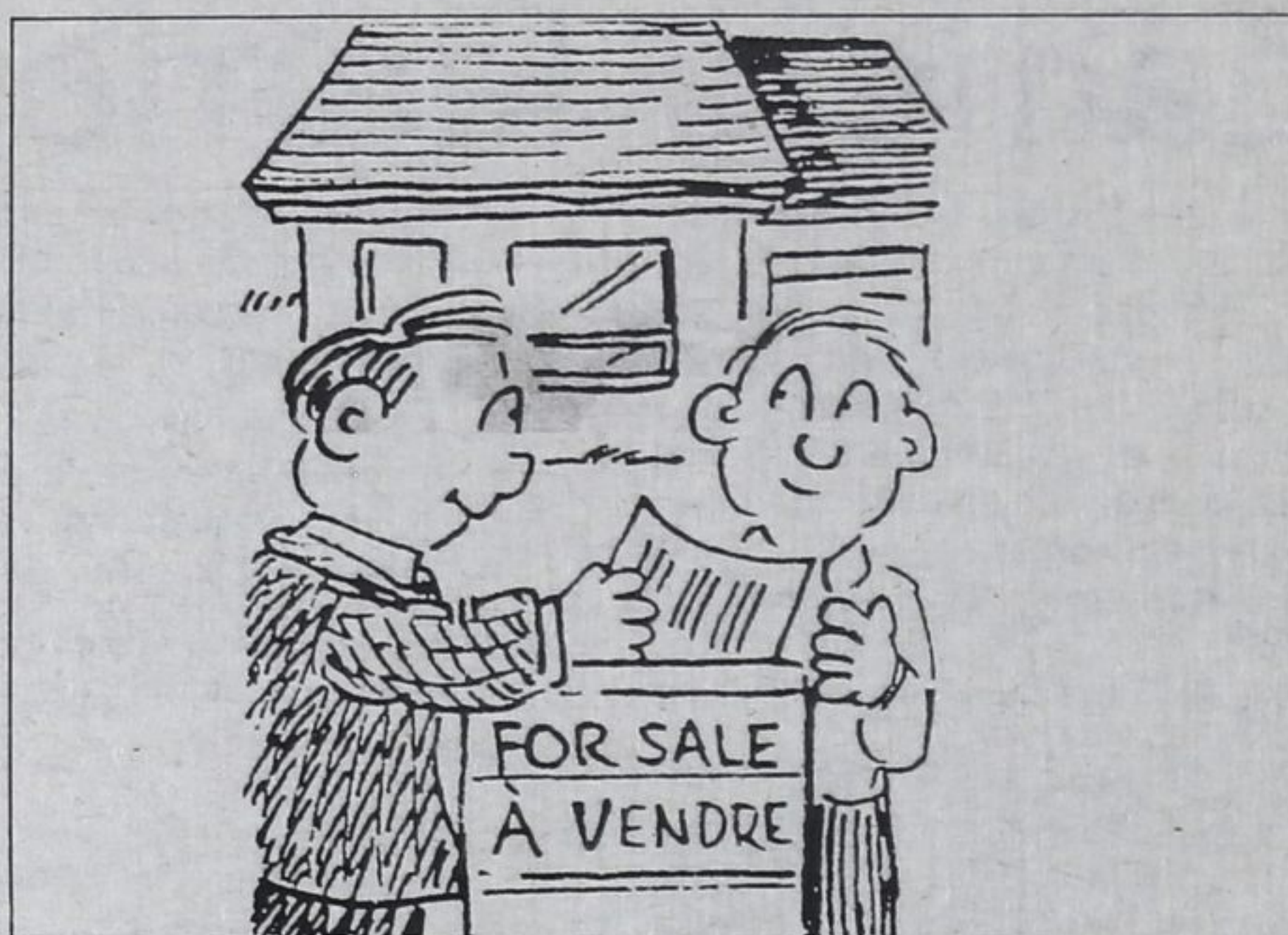
months, it could be very uncomfortable -- for you. And it has happened. Make sure you have a firm offer on

it before signing a firm offer on

another property. Otherwise insert the condition.

Conditions will protect you. And of course you can always waive them.

But the option is yours.



Five keys help at starting business

by Sheldon Buchalter, CA

You are about to go into business, are you? Here are five key questions to consider:

What are the forms a business can take?

A proprietorship, a partnership or a corporation. With a proprietorship, the owner is liable for the company's obligations and debts. With this or any form of business organization, however, you can choose a year end that results in a tax deferral of up to 12 months.

Another advantage of proprietorships is that losses are deductible against other sources of income, not just against income from the business as with corporations.

A partnership has about the same advantages and drawbacks as a proprietorship, with the added advantage that you can split in-

come with the other partnerships.

It is a corporation that offers the most advantages, including limited liability.

There are substantial tax savings, including a three-year tax holiday in Ontario for most active companies (as opposed to investment or management firms) earning up to \$200,000 a year and tax deferrals when money is retained in the company.

How should the business owner be paid?

A proprietorship or partnership offers no advantages, but incorporation provides flexibility in remunerating owners. Money can be drawn out as a combination of insurance (to replace key people who die) and disability insurance, salary, dividends and bonuses, each with its benefits.

What insurance do you need?

You will need replacement-cost fire insurance on both buildings and contents. You also should consider floating inventory coverage, product liability insurance, business interruption insurance, key-person

What common mistakes contribute to business failures?

The most serious is being undercapitalized. Guard against this problem by arranging adequate bank financing, preparing a cash-flow projection, minimizing inventory, keeping a tight rein on accounts receivable and reinvesting profit in the company.

How should you pick a professional adviser?

Ask associates for a chartered accountant and a lawyer they recommend. Find out their hourly rates and be sure they are people who return phone calls and provide timely service.

Yard sale sellers often make costly mistakes

You wouldn't think of selling a house or car without first finding out its exact value, says Tony Hyman, author of *Cash for Your Undiscovered Treasures*, yet, he claims, people often get rid of other more valuable items without a second thought.

As an example, he tells of a Philadelphia home seller who recently insisted on the full \$38,000 for his house. But, when he moved out, he threw away a set of seven photographs which the lucky new owners sold for \$93,000.

Not all mistakes are that dramatic, Hyman points out, but nearly every home contains at least one "undiscovered treasure," an item the owner thinks is valueless,

but that is worth \$100 or more.

Serious yard sale "pickers" make \$25,000 a year and more by grabbing up those treasures when you part with them, Hyman asserts.

Before you consider a yard sale, warns Hyman, its particularly important to get advice about cameras, watches, Xmas ornaments, furniture, paintings, medals, war souvenirs, pens, dolls, doll dishes and furniture, advertising signs, phonograph records, carnival glass, pottery, porcelain, cookie jars, Indian relics, wood carvings, decoys, tin cans and plastic radios. One good find could be worth more than your entire yard sale and be a lot less effort.

Park supports hospital

Cont'd from pg. 1

50 students are hired each summer to perform a variety of tasks to keep Waterworld both operational and safe.

Among the new ideas being tried for the '88 summer season is a weekend disk jockey broadcasting popular music and raffling off prizes donated by local businesses. This will be part of a massive fund raising campaign, with all proceeds being forwarded to the Collingwood

General Marine Hospital.

"We are having a benefit day for the Marine General Hospital. A lot of the businesses are kicking in a percentage of the paid admission into the park. If you come through the gate, that person could be worth up to \$25 in combined donations. If we have 1000 people come in that day, then you are making anywhere between \$5000 to \$20000 for the hospital," said Smith.

MIDLAND/PENETANGUISHENE
CKMP 1230

THE HEART OF HURONIA
presents

Market In Review

with Patrick Kearns
from
Dominion Securities

Daily at 6:10 p.m.

ALL CASH — HIGH PROFITS Coke/Pepsi/Libby's/Heinz World Famous Drinks

You will refill in your new unique cold pop/juice vendors with separate price settings. Minimum investment of \$11,980 secured as we supply freight, equipment installed in location, product fills, supplies etc.

Call/write (24 hours)
for brochure:
Solar Business Centres
100 East Drive
Suite 200
Bramalea, Ont. L6T 1B3
Mr. Halbot
(416) 761-5705

OWN YOUR CASH BUSINESS YOUR CHOICE PART OR FULL TIME

WHO ARE YOU GOING TO CALL?



DOUG JACKSON
534-3938

*BARRIE
726-7836

TAX BUSTERS*

FOR COMPLETE FINANCIAL PLANNING



201-85 BAYFIELD STREET, BARRIE

CALL FOR A FREE NO-OBLIGATION FINANCIAL REVIEW
* WITH A PROFESSIONAL

ASK FOR A TAX BUSTER



JIM HUGHES
526-9190

OUT OF TOWN
1-800-461-1717