

Real Estate Monthly

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Does Title Insurance Eliminate the Need for a Survey?

Since title insurance was introduced in Canada in the early 1990s, it has been marketed as an inexpensive replacement for a property survey. But land surveyors and some lawyers say that consumers in a real estate transaction are putting themselves at risk by not getting an up-to-date survey, even if they have title insurance.

Surveyors say that title insurance does not provide any information about a property to an owner or lender: any problems that may have been disclosed by a survey are passed on to the **u n i f o r m e d**

purchaser or lender to be resolved by them at some later date.

Critics also say that, although title insurance may cover problems that arise in ownership, straightening out the mess may take a long time if the insurance company has a problem with the claim or if it goes to court. Without a survey, if a purchaser uncovers title problems before closing, the purchaser may back out of the deal or not close on time. When a survey is performed, any potential issues are known up-front and can be dealt with.



In Canada, title insurance generally costs only a couple of hundred dollars. Surveys are usually much more than that and can cost in the thousands of dollars depending on the property.

While title mistakes are not common, recently some major property issues have been reported. Toronto real estate lawyer and writer Bob Aaron wrote about a case where one owner originally owned houses on both sides of a street. When he sold one of them, the house on the other side was mistakenly deeded to the new owners. "Had there been a proper survey, the problem might never have arisen, or at least it could have been detected and corrected much earlier," says Aaron.

A Surveyors Real Property Report will show if there are any easements for utilities or rights-of-way on the property, and whether fences, trees, buildings, gardens, embankments, driveways, walkways, swimming pools, house additions and other property improvements are actually on your property -- or if anything encroaches from your neighbour's property. It also tells you whether your deed describes your property accurately.

The association says that title insurance does have a place in real estate transactions, "especially those involving complicated land assemblies and financing. It should be viewed as complementary to the traditional process of investigation of quality and extent of title rather than as an alternative."

Eye on Ottawa Real Estate

According to statistics just released by the Ottawa Real Estate Board (OREB), 1,241 homes were sold in July 2006 compared with 1,195 in July 2005, an increase of almost 4 percent. There were 1,609 sales in June 2006.

"With over \$2 billion in residential real estate sales in the first seven months of 2006 alone, it is clear that consumer confidence remains strong," said OREB's President. "Mortgage rates continue to be affordable and buyers responded strongly in July, generating the second-highest number of sales ever for that month, surpassed only by July 2003."

The average price of the homes sold in June in the Ottawa area was \$253,722, an increase of almost 4 percent over July 2005.

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High Humidity Can Make Your House Sick, Too

A common summer complaint is: It's not the heat, it's the humidity. Too much moisture in the hot summer air can turn your home into a steam bath. Beyond leaving you feeling hot, sticky and generally uncomfortable, high humidity can be bad for your home's health as well.

It can cause warped wood floors, furniture and trim; chipped and peeling paint and wallpaper; wet stains on walls and ceilings; and musty, foul-smelling odours. It also can encourage the growth of dust mites, fungi, bacteria, mould and mildew.

According to the U.S. Environmental Protection Agency, the ideal relative humidity range for the home is between 35 and 50 percent. At this range, you are comfortable, healthy and your home is protected.

The big question is how to effectively and efficiently accomplish this. Most people try to use their air conditioner to remove humidity. But according to air quality experts, homeowners should never lower the thermostat temperature in an attempt to control humidity.

Setting the thermostat lower does two things that are counter to your goal of reducing the moisture content in your home. It increases the indoor relative humidity and it decreases the temperature of the materials in the walls, floors and ceilings, thereby significantly increasing the potential for condensation on these elements.

Secondly, with today's super energy-efficient homes, a typical air-conditioning unit will cycle on and off too quickly to eliminate excess moisture in the air.

As a result, homeowners resort to overcooling the living space while attempting to remove moisture, which leads to uncomfortable air temperatures, high energy bills and excess wear on the cooling system.

An alternative is a portable dehumidifier, which by definition will only address a small area of the home. It is designed to run at a temperature of about 25 degrees, while basements have an average temperature of between 14 and 18 degrees.

Below 18, frost can form on the condensing coils, which negatively affects performance by causing the compressor to cycle on and off repeatedly without removing moisture from the air. While a portable dehumidifier can be valuable for a small, isolated space, common complaints are that they are

noisy and require regular maintenance.

Another option to consider is a whole-home dehumidifier. Better systems work in conjunction with the cooling system and can remove up to about 40 litres of moisture from the home's environment each day.

Whole-home dehumidifiers are designed to remove moisture while the thermostat is designed to maintain temperature. A whole-house dehumidifier automatically senses moisture levels and maintains the optimum humidity level in the home. In addition, these systems can switch between the whole home and localized areas,

such as a basement, offering the best of both worlds.

One of the most appealing aspects of having dehumidified air is that it actually feels cooler to the skin, thus allowing homeowners to raise the thermostat. This can result in significant energy savings (and a lower utility bill) and less wear and tear on the cooling system without sacrificing comfort.

And when it comes to maintenance, a whole-house dehumidifier contains a pump and drain line that will discharge collected water into a sump or drainage system, in contrast to a portable system with a collection system that must be regularly emptied. Better whole-house systems have a high-efficiency filter that will usually need to be cleaned once annually.

Though a whole-house dehumidifier is essential to managing excess humidity, there are preventive steps that you can take that will further reduce the problem:

- Clean and repair roof gutters regularly; use covers to keep out leaves and sticks.
- Vent appliances such as clothes dryers and stoves to the outside where possible.
- Make sure the ground slopes away from the building foundation, so that water does not enter or collect around the foundation.
- Use down-spout extenders that carry water at least six feet away from the foundation.
- Seal unwanted air leaks, such as around holes for plumbing and wiring, where humid outside air sneaks into the home.

