

Five common threats that homeowners encounter



When you consider how much money and time you've invested in your home, it makes sense to protect your investment. It is important homeowners are aware of potential threats that can jeopardize the financial security of their greatest asset. Here are some of the most common risks homeowners will face, and ways to reduce the risks:

1. The most important threat to your house is debt. If you're like many Canadians, the bank has a greater financial stake in your property than you do (in the form of a mortgage), and lenders are effective at protecting their investment if you don't make your payments. Notify your lender early of any problems and try to work out a co-operative approach. Consult a lawyer for your best chance to avoid foreclosure.
2. Other money problems such as excessive consumer debt or a legal judgment against you can also put your house at risk. In these cases lenders and creditors must follow a more complicated process, but they may still be able to establish a legitimate claim against the equity in your house.
3. Fraudsters come up with illegitimate ways to make money using other people's property. A common scenario involves impersonating a homeowner to obtain money from a mortgage the fraudster has taken out in your name. Having title insurance and taking steps to protect your personal information can help you avoid mortgage fraud.
4. Building Code compliance problems can also threaten your house. Title insurance is helpful in minimizing risks related to undisclosed work orders, or renovations completed without appropriate permits. It's important to investigate these problems before buying a property, but title insurance can provide coverage for some issues that emerge later.
5. Separation presents another threat to one's rights in a home. A spouse who is not on title may have a right to live in the house, and/or to share in the proceeds of a sale. Working with a family lawyer can help ensure a matrimonial home is dealt with fairly when a couple separates. Legal advice is also important when making a will, because the way in which title is held can dictate how best to deal with it in an estate plan.

Take steps to ensure that your house stays in your control. Ask your lawyer about title insurance and consult legal advice when buying a home, separating from a spouse, making a will, or when you find yourself in serious debt.

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