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CHANGE IS GOOD

Though not often easy, change is not only needed from time to time, but very beneficial. That is not say there aren't any bumps along the way as that change is being executed. Nevertheless, one must keep their eyes firmly on the road to stay on track

Effective, January 3rd, 2007 my (Frank Fascia) role within Business Affairs will change. Internally, I will spend more of my time towards long term business development and service quality. Our business continues to grow, thanks to you, and we need to improve upon our control systems and production efficiencies.

Externally, in terms of client services, more time will be spent on personal financial planning, retirement planning and estate planning.

This means the day to day business management duties I was performing for clients will now be handled by Doug Gray. Doug's accounting background, business experience and MBA training makes him the ideal candidate as a business manager.

As a business manager, I was intricately involved in writing monthly memos for clients, overseeing the budgeting process, aiding in tax planning, and provided support and direction for business strategy. With Doug he will be able to provide all of the same services with the added benefit of preparing personal and corporate tax returns as well as the preparation of year end financial statements.

Doug's accounting background and business experience will enable him to answer your inquiries quickly and maximize his ability to



spot opportunities and threats on your behalf.

As is the case with all of our staff, no one works alone. Doug will be working with the whole team to ensure your expectations are met. That includes working with Carolina, Norma Jean and me.

Speaking of me, just because I am stepping away from the role of business manager does not mean you can not contact me to discuss business issues. My e-mail address (frank@businessaffairs.ca) and phone number (866-322-7022) have not changed. We have an "open door" policy at Business Affairs and my role change does not affect that.

If you have any comments, questions or concerns about my role change, please contact me as I will be happy to address is with you.

REAL ESTATE FRAUD...THINGS YOU SHOULD KNOW

You may have noticed over the last year there has been increased media coverage of real estate fraud. In many of these cases, victims either have their homes sold without their knowledge or someone has secured a mortgage against their home taking off with the mortgage proceeds and leaving the victim to pay for the mortgage.

The unsuspecting victims find out they've been defrauded in one of two ways. They either receive a call or notice from a bank demanding payment on a mortgage of which the victim had no knowledge. Or victims learn of their plight when they go to pay for their property taxes or utility

bills and the person taking the payment informs them they don't need to pay the bill because they are no longer the owner of the property.

The Canadian Banker's Association website contains information regarding the more popular types of real estate fraud . Some of the information appears below:

*There are many different types of real estate fraud, but the two that consumers should be aware of are **mortgage fraud and title fraud.***

Mortgage fraud occurs when an individual intentionally provides inaccurate, fraudulent or incomplete information to a lender in order to secure a mortgage that they might not otherwise be granted. This could include anything from an individual claiming to have a higher income than they actually have to providing falsified proof of identification or a falsified appraisal of the property.



Title fraud occurs when a fraudster assumes the identity of an individual homeowner and then uses that false identity to pose as the homeowner. They could then assume the title on the home, sell the property or obtain a mortgage on that property or other properties in the homeowner's name.

How do I protect myself from becoming a victim of mortgage fraud?

- ✓ *Protect your personal information from identity thieves:*
- ✓ *Do not give out personal information on the phone, through mail or over the*

Internet unless you have initiated the contact or know with whom you're dealing.

✓ *If it sounds too good to be true, it probably is - before you reveal any personal information, find out how it will be used and if it will be shared.*

✓ *Pay attention to your billing cycles. Follow up with creditors if your bills don't arrive on time.*

✓ *Guard your mail. Deposit outgoing mail in post office collection boxes or at your local post office. Promptly remove mail from your mailbox after delivery. Ensure mail is forwarded or re-routed if you move or change your mailing address.*

✓ *Minimize the identification information and number of cards you carry.*

✓ *Keep items with personal information in a safe place. An identity thief will pick through your garbage or recycling bins. Be sure to tear or shred receipts, copies of credit applications, insurance forms, physician statements and credit offers you get in the mail.*

✓ *Give your Social Insurance Number (SIN) only when absolutely necessary. Ask to use other types of identification when possible (Editorial note from Business Affairs...only an employer and the government should have access to one's SIN...no one else...not even the bank).*

✓ *Don't carry your SIN card; leave it in a secure place.*

✓ *Check your credit report regularly to ensure there are no discrepancies. Reviewing your credit report can help you find out if someone has opened unauthorized financial accounts in your name. There are three credit reporting agencies in Canada: Equifax Canada, Northern Credit Bureaus Inc. and TransUnion Canada. You can request free copies of your credit report from credit reporting agencies by mail. Online versions of reports are also available for a small fee.*

✓ *You can also conduct a property search at your province land registry office to ensure that the title to your home is in your name.*

When the banks become victims of mortgage fraud, where do they turn to recover the funds?

✓ *In the event of a mortgage default, the property pledged as security would be sold by the lender, and this alone can sometimes cover any money lost through mortgage fraud (Editorial Note from Business Affairs...did you understand this?...the bank will force you to sell your home to pay for the mortgage even if you are a fraud victim) .*

✓ *If there is a shortfall after the property is sold, then a lender may turn to mortgage or title insurers to recoup losses. There are also a variety of professional errors and omissions funds set up by groups such as law societies and real estate associations to reimburse victims for losses if their members are involved in the crime. The bank may also sue the criminals themselves to recoup some or all of the losses.*

Due to the increase in real estate fraud occurrence, we have noticed an increase in Title Insurance advertising. Title Insurance covers the cost of legal expenses (which can run into the tens of thousands of dollars) incurred while defending one's title.



Title insurance is paid through a one time premium.

For more information on Title insurance, please contact your local real estate lawyer or research the topic through www.google.ca.

There is a remedy in place for recouping other costs through the Land Titles Assurance Fund (Provincial government initiative). However, the process of recouping said costs is at best lengthy and cumbersome.

On a positive note, the provincial government is introducing legislation this Fall that would not allow home owners to lose title of their homes through fraudulent events.

Nevertheless, we must be diligent in protecting ourselves from real estate fraud. It is true the chances of you becoming a victim of real estate fraud is remote, but if you do become a victim, the costs are substantial.

TAX TIPS AND TRAPS

We have included a Tax, Tips and Traps newsletter for your reading enjoyment.