



-Dedicated to Apartment Building Sales-

How Will Legal Cannabis Impact Ontario Landlords?

The legalization of Cannabis has been a long-discussed topic within our country. Back in June of this year, the Government of Canada passed Bill C-45, otherwise known as "The Cannabis Act". This past October, Canada became the second country in the world to legalize the recreational use of Cannabis. October 17th, 2018 was a highly anticipated date for us all.

As the anticipation builds, so do the questions. In Ontario, answers to basic questions were available; the legal age to buy, use, possess and grow cannabis is 19. Citizens can grow a limit of 4 plants per household, and smoking is permitted

in private properties, which is subject to landlord restrictions. But how do Ontario Landlord's feel about the legalization of Cannabis? The Ontario Landlords Association spoke with CTV News to voice their concerns.

"Legalized recreational marijuana is likely to create a host of problems, predicting conflict between cannabis consumers and tenants exposed to second-hand marijuana smoke, safety issues for those who grow cannabis in their units and significant clean-up costs for landlords after a cannabis user vacates a unit."

These are all valid concerns for the OLA to have. Currently, the only protection that Ontario Landlord's have is in their Lease Agreements.

Further confirmation was given by an Ottawa Lawyer from QTMG LLP on their website. They state that "Legalization does not override properly crafted no-smoking rules and contractual clauses (in leases) that prohibit smoking in residential units and the common areas of a building." The new Standard Lease Agreement that was introduced in April has a section for "Additional Terms" that can cover the growth of Cannabis in a residential unit, as long as it complies with the Residential Tenancies Act, 2006.

We are only a few months in to the legalisation of recreational Cannabis and there are still many kinks to be smoothed out. Hopefully in due time these issues will be addressed.

Written by Kelly Harvey-Mykula

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OUR MISSION STATEMENT

We are a powerful united team dedicated to apartment building sales and passionately committed to helping our clients achieve their real estate goals, by telling them the truth and using our proven non-traditional selling methods.

Some Recent Changes to CMHC Approval Policy.

Since CMHC mortgage insurance plays a prominent role in apartment financing, it is always useful for apartment owners to remain current with changes to CMHC policies or programs that can have an impact on apartment financing.

Two recent changes were announced that apartment borrowers should be aware of. Both appear to be a result of strong volumes that put pressure on CMHC personnel to transact business efficiently and, therefore, these efforts appear to be introduced to justify the time and expense incurred.

The first relates to post-approval requests. After CMHC has approved a loan and issued the relevant approval documents (there are two: the Certificate and the Special Conditions) it isn't unusual to go back to CMHC and have the documents amended if, for example, the borrower elects to change the name of the company borrowing the money (i.e. in a purchase transaction) or changes the amount of money being borrowed. These requests were typically accommodated in a routine manner. Now, such changes must be made in writing and be accompanied by

the applicable fee payable to CMHC. The change requests will be charged a fee of \$25 per unit for the first 100 units; \$15 per unit thereafter to a maximum of \$7,750. CMHC might exercise some discretion and waive a fee for the first request for a post approval change. These new costs should compel borrowers to be more focused on the transaction particulars throughout the approval process in order to avoid additional expenses down the road.

The second change relates to the quality of the application being submitted by lenders on behalf of borrowers who wish to obtain CMHC mortgage insurance. Often, an application is submitted without containing certain information requested by the lender. A common example would be confirmation of liquid assets that are declared by the borrower in a net worth statement. If a borrower indicates that a certain amount of cash or RRSPs comprise the net worth, then bank/brokerage/deposit statements are required to confirm the balances. Borrowers often fail to provide this information when the application is submitted. It eventually holds up the process and delays occur. Effective January 1, 2019 CMHC will hold an incomplete application for no more than ten business days, after which the file is closed

and the application fee is returned less 10% being retained by CMHC. This underscores the importance of providing complete information at the time of application. Remember, deals have momentum and a well documented submission will get processed more quickly than one that features missing documents or information.

Both of these changes that have been introduced serve to reinforce the notion that a complete file is the expectation and should be embraced as an operating principle by borrowers. The costs of a poorly organized application can be onerous and time-consuming.

Dru McAuley is Assistant Vice President, Commercial Financing at First National Financial LP, a leading lender of CMHC insured mortgages on multi-unit properties. First National also provides short term or conventional financing in virtually all segments of the real estate market. He would be pleased to answer any questions or discuss this article. He can be reached at 416-593-2918 (toll free 1-800-465-0039) or dru.mcauley@firstnational.ca. Contact Dru if you would like to receive, at no cost, a daily interest rate summary and weekly market commentary in your inbox. (Copyright 2018 Dru McAuley).

FOR SALE - OSHAWA



Oshawa, 15 Units
 Asking \$2,350,000
4.4 % Cap Rate

Excellent maintained 15 unit building in an easy to rent area. Units are separately hydro metered. All electric heating. On site laundry facilities and parking. Some units are below market rents. Great location in Central Oshawa, close to amenities and public transit.

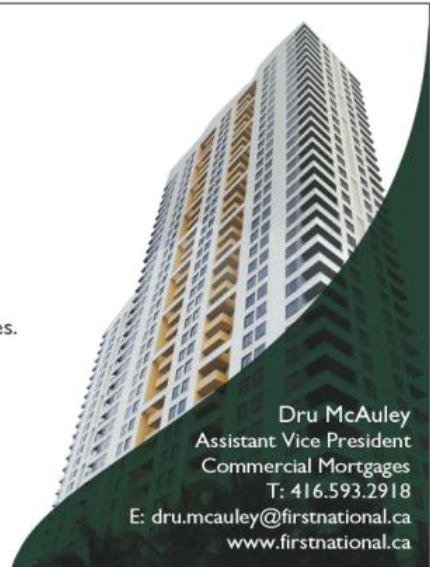


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The Mysak Realty Report

SISTERING

WHO? The Mysak Realty Team.

WHAT? Donating clothing to various charities around the city.

WHEN? November 2018.

WHERE? Toronto.

WHY? We at Mysak Realty are big believers that everyone has a moral responsibility to try and help others that cannot help themselves. We have decided to donate our used clothing to a variety of charities around the city like Sistering Women's Shelter.

FOR SALE - WHITBY



Whitby, 6 Units
Asking \$1,075,000
4.0% Cap Rate

Excellent Maintained Six-Plex. Over \$80,000 spent on upgrades & renovations since 2013.

Located close to amenities & Public Transit. Onsite Laundry, Covered Parking for each unit. Tenants pay Hydro. Newer Roof (Approx. 3 Years). Significant upside on all Rents. Perfect building for investor looking for upside. No major Capital Expenditures needed in near future.

FOR SALE - CHATHAM



Chatham, 11 Units
Asking \$1,225,000
7.9% Cap Rate

Stunning eleven unit investment opportunity located in the heart of downtown Chatham.

Steps away from Chatham Via Rail Station. Close to All Amenities. Great curbside appeal. On Site parking. Ensuite laundry. Communal patio area available. Tenants pay their own hydro. All units are spacious with 11ft high ceilings.

FOR SALE - WEST TORONTO



West Toronto, 15 Units
Asking \$3,300,000
3.5% Cap Rate

Beautiful 15 Unit low rise in the trendy area of Parkdale.

Just a short walk from the scenic waterfront and the shops, restaurants and entertainment of Queen Street. Laundry facilities on site. Rents below market. Security Cameras installed. Many recent upgrades. Close to public transit and amenities.

FOR SALE - CAMBRIDGE



Cambridge, 9 Units
Asking \$999,000
6.1% Cap Rate

9 Units in Cambridge. Do not miss this day one cash flow

positive building. Upside on rents. Close to all amenities. On site Laundry facilities and ample parking available. Tenants pay own hydro. New peak roof 2018. 1 x Bachelor Unit, 2 x 1 Bedroom Units and 6 x 2 Bedroom Units. Large apartments.

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SOLD - CAMBRIDGE



Cambridge, 14 Units

Asking \$2,750,000

4.9% Cap Rate

Located only a two minute drive from the beautiful Grand River Conservation Authority. This 14 Unit townhouse complex will be a perfect asset to your portfolio. Close to downtown core of Cambridge. Close to public transit and all amenities. Central Air in all units. Tenants pay own heat & hydro. On Site Parking. Roof replaced in 2016.

SOLD - WEST TORONTO



West Toronto, 7 Units

Asking \$2,600,000

3.7% Cap Rate

Three storeys, Seven Units, a solid concrete foundation. 1 great investment opportunity. 4 Units are Owner occupied and can be vacated. Steps away from scenic attractions like the Humber River. Close to All Amenities. Onsite laundry provided. 6 Units have spacious balconies. 7 onsite surface parking spaces available.

SOLD - HAMILTON



Hamilton, 36 Units

Asking \$4,100,000

4.7% Cap Rate

Excellent 3 Storey investment opportunity with 36 Units. Steps to Public Transit, NoFrills, Pharmacy and only a short walk to schools, parks, shopping and all other amenities. Easy access to Downtown. Majority of Tenants pay own hydro. Laundry facilities on site. Solid Concrete Building.

SOLD - WEST TORONTO



West Toronto, 16+2 Units

Asking \$4,750,000

Beautiful, Victorian Era walk-up near St. Clair Ave West and Christie Street. Just steps away from all amenities, with numerous cafes, restaurants, shopping, public transit and so much more right outside the door. Onsite Laundry facilities available. Intercom system. Tenants pay own hydro.

NOTICE

If you did not see these properties for SALE when they were available, please contact our office to update your buying criteria and contact information. Please email us at Info@MysakRealty.com or call 416-767-5500

SOLD in Summer 2018

11 Churchill Ave., Toronto	15	15 Units @ \$600,000/Unit	\$9,000,000
69 Grand Ave., London	27	27 Units @ \$111,111/Unit	\$3,000,000
151 Greenbank Rd., Ottawa	60	60 Units @ \$345,000/Unit	\$20,700,000
1577 Lawrence Ave., North York	350	350 Units @ \$253,409/Unit	\$88,693,000
5743 Main St., Niagara Falls	22	22 Units @ \$113,636/Unit	\$2,500,000
163 MacLaren St., Ottawa	64	64 Units @ \$171,875/Unit	\$11,000,000
14 Broadway Ave., Brockville	22	22 Units @ \$74,091/Unit	\$1,630,000
100 Walter St., Kitchener	38	38 Units @ \$304,605/Unit	\$11,575,000
517 & 529 Elm St., Port Colborne	32	32 Units @ \$78,750/Unit	\$2,250,000
351 Murray St., St. Clair	31	31 Units @ \$66,129/Unit	\$2,050,000

If we can be of any assistance for your multi-residential needs please do not hesitate to call us at 416-767-5500

The 2019 Residential Rent Increase Guideline is 1.8%