



# WHO IS LISTENING?

BY LORRAINE PETZOLD

THE ONE question that is always asked when a public education campaign is undertaken is "Is anyone listening?" The answer is a resounding "Yes".

A headline in the Toronto Sun, Friday July 18, 1986 read "If there's no survey, don't buy the property."

Richard Steacy in his real estate column clearly outlined the lessons to be learned from the recent case in Manitoba (we reported this in the last quarterly). His closing statement in his column was:

*"So listen carefully. Before you hand your money over to a lawyer, or anyone else for a mortgage investment, demand a survey of the property. Don't take no for an answer."*

Two recent articles by a Vancouver writer, Timothy Perrin, who specializes in personal finance, law and science, were about the importance of surveys. They appeared in "Select Homes" magazine and "Money Matters".

Mr. Perrin in his "Select Homes" article told of a couple in Vancouver who decided to save a few dollars by not ordering a survey when they bought their property. When they were ready to sell, the purchasers insisted on a survey and then their problems began. Encroachments and by-law violations were discovered.

*"The Parkers' mistake was ignoring the first rule of investment: know what you are buying. Whether you are buying securities, pork belly futures or real estate, the key to success as an investor is to make sure you are getting exactly what you're paying for. Since for most of us, our homes are our largest investment, it makes a lot of sense to take extra care . . . A survey, even one costing \$800.00 represents less than one percent of the price of a \$100,000 home. It ensures you get what you are paying for, and it can save you thousands."*

(Copies of these articles are available at the AOLS offices.)

A 1984 case, recently upheld on appeal, which dealt with the re-establishment of certain boundaries, quoted from the paper "The Survey and the Real Estate Transaction" prepared by the writer for the Law Society. Quoting from the paper, Justice Cusson states:

*"In her article, Surveyor Petzold comments on some basic elements of survey work. She states that the major portion of a surveyor's work is re-establishing boundaries and that in re-establishing lot lines 'A surveyor must consider the best evidence available and re-establish the boundary on the ground in the location where it was first established and not where it was necessarily described, either in a deed or on a plan.' Her words point out the basic misconception people have of the purpose and value of surveys. There is no doubt that where no boundaries have previously existed, a surveyor's work is to fix new boundaries, but where he is to provide a survey or existing properties, his TRUE WORK IS TO DISCOVER AND INDICATE WHERE THESE BOUNDARIES WERE. Her comments appear to me to be in line with the case law and have much application in our case."*

Justice Cusson then quoted the priority of evidence as stated in the paper and said "In my view the order of priority and importance she attributes to these four types of evidence is not only in line with existing case law but as well is logical and in line with common sense."

The public and the legal profession are being educated and are listening. What we must ensure now is that every member of our Association who deals with the public takes part in our public relations campaign.

We have recently developed the materials for a two-hour workshop for lawyers and law clerks on "How to Read the Plan". If you wish to present this workshop in your community, we would suggest that you contact the Association offices and we will supply the hand-outs, overhead transparencies and the lecture text.

## BOOK REVIEW

Valuing Small Businesses and Professional Practices, by Shannon Pratt. Published by Dow Jones-Irwin, 1986, 483 pages.

Land surveying, in Ontario at least, appears to provide grist for the small professional business practice mill. While Dr. Pratt's well-written and easily-understood book is based on his American experience, it would appear that the book offers many useful ways to look at a small business whether you may be buying or selling.

This book is divided into six parts, plus three appendices and an index. Appendix A is a set of "Present Value" tables for calculating purposes. Appendix B is a U.S. Federal tax ruling and is not applicable to Canadians. Appendix C is an extremely complete bibliography of Pratt's sources, which once again, is American in origin.

Notwithstanding its American slant, this book guides the reader successively through:

- understanding the valuation problem
- analyzing the company
- valuing professional practices
- valuations for specific purposes
- topics related to valuation.

These will certainly enable the reader to understand the various components that make up the valuation process. In addition, the reader will be in a better position to seek professional advice for specific Canadian applications.

Topics of interest include:

- Professional and practical goodwill
- Competition
- Client Base
- Location
- Work habits and staff characteristics
- Rules of thumb for valuation
- Real estate values
- Assets and liabilities.

Shannon Pratt is President of Willamette Management Associates Inc., of Portland, Oregon. They have valued over 1500 businesses in the past 10 years.

Dr. Pratt is a well-known lecturer to bar associations, industry and professional associations. His common-sense approach to small business and professional practice evaluation could be of great help to an Ontario Land Surveyor contemplating the sale or purchase of a business.