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Renovation project calls for a written deal

The Ontario Court of Appeal has written the final chapter in what could easily be called the case of the "renovation from hell."

It all began in early 2004 when Arik and Olga Idan hired Maureen Chung and Geoffrey Jackson to renovate the kitchen in their Thornhill home.

Detailed discussions took place outlining the work the Idans wanted done.

Ultimately a short contract was signed that outlined only the bare essentials of the work and the price of \$28,000.

What was intended to be a renovation of "about eight weeks" dragged on through the summer of 2004 until the Idans ultimately called a halt to the job.

By this time they had paid more than \$32,000 for the renovations, but Chung and Jackson wanted another \$19,200 for 35 extras they claimed were not included in the contract price.

Unfortunately, it seems that the brief renovation contract omitted more details than it included, and it wasn't long before both parties were suing each other. The renovators sued the Idans for the \$19,200 in extras, and the Idans counterclaimed for \$50,000 in damages to repair what they claimed was faulty work.

An eight-day trial of the action was held before Justice Paul Perell in 2006.

In his ruling, the judge wrote: "In my opinion, the events that took place between January and August 2004 at the Idans' home provide an illustration of many, if not all, of the major mistakes and misadventures that can occur during a home renovation and also they are an illustration of the causes of those mistakes and misadventures."

Much of the evidence at trial consisted of claims by both sides on what verbal agreements were, or were not, intended to be included in the contract price.

All the conflicting testimony prompted Justice Perell in his decision to quote film producer Samuel Goldwyn's famous quip, "An oral contract isn't worth the paper it's written on."

In the end, the judge ruled that, "the money the Idans spent on this renovation project was wasted ... I conclude that the goods and services provided by Ms. Chung and Mr. Jackson are worthless."

He denied their demand for \$19,200 and awarded the Idans the full \$50,000 they requested in damages to remove the work already done and "secure the structural integrity of the house."

In a subsequent ruling, the judge awarded the Idans an additional \$1,650 in interest and \$41,731 in legal costs. The renovators' appeal came before a three-judge panel of the Ontario Court of Appeal in July of this year.

They framed their case on the question of whether the homeowner or the contractor should bear the burden of not getting the appropriate building permits and licences.

In a short, six-paragraph decision the court ruled that the findings of fact made by the trial judge were binding, and that the homeowners were incorrectly told by the renovators that a permit was not necessary. The appeal by the renovators was dismissed and \$19,000 in costs was awarded against them.

In the end, the renovators not only lost their court case and the appeal, but wound up having to pay the Idans more than \$112,000 in damages, interest, and costs of the trial and appeal in addition to the fees of their own lawyers.

All of this related to an original contract that was for only \$28,000.

The lesson of the case is that a renovation contract must clearly set out the names of the parties, the full details of the job to be done, the time lines, cost, payment schedule, lien holdbacks, warranty, insurance, dispute resolution, and responsibility for obtaining permits and drawings.

For the trial decision, see <http://www.aaron.ca/columns/2006-07-15.htm>

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