

# Selling your home? Do it right. Use a REALTOR®.

Selling a home isn't something to leave up to chance. Without a REALTOR®, one of the largest transactions of your life could quickly become one of your largest regrets. There are several things to consider: Is now a good time to sell? What's the best way to get the word out? How do you get top dollar for your property? These are just some of the questions a REALTOR® can help answer to ensure you're 100% happy throughout the entire process.

## **DECIDE WHEN TO SELL:**

In real estate, timing influences your home's selling price. Working with a REALTOR® can help make timing work for you.

### **A buyer's versus a seller's market?**

When lots of people are looking for homes but not many are for sale, it's a 'seller's market', because the seller has something everybody wants. When there are lots of homes for sale and not many people buying them, it's called a 'buyer's market' because buyers have more power of choice.

### **How quickly do you need to sell your home?**

In a seller's market, top price and a fast sale can go hand-in-hand. In a buyer's market, more sellers are competing for your potential buyer. If you have to sell right now, consider lowering your asking price a bit to speed up the sale. A REALTOR® can help you figure out the right price-to-speed ratio.

### **Seasonality. Do home sales get frostbite?**

It's true. Winter sales tend to be slower, and spring sales are more brisk. Regardless, there are always people looking to buy, and seasonality is only one of many factors to consider.

### **What if you're also buying a home?**

If you sell your existing home for a 'low' price, you're probably also buying at a low price. If you are upgrading to a larger home, this actually works to your advantage. If you're downsizing from a bigger home to a smaller home or a condo, you need to pay a bit more attention to the market.

### **To buy first or sell first? The eternal question**

Many people are able to time their sale and purchase so they happen on the same "closing date". As a buyer, you can make your offer "conditional" on the sale of your existing home to make sure you're not left paying for two homes. As a seller, you can try to extend the "closing period" to give yourself more time to find your next home. A REALTOR® can provide advice and counsel during these kind of negotiations.

### **What if you find your new dream home before you've started to sell your old one?**

Talk to your existing mortgage lender about "Bridge Financing". This is when your lender (the bank) agrees to lend you the down payment for your new dream home, while you still cover the mortgage on your existing property.

## **PREPARE YOUR FINANCES**

Before the offers start rolling in, you should prepare for the massive amounts of money that will pass through your hands.

Still have a way to go paying off your mortgage? Here are some things to consider.

### **"Discharging" your mortgage**

Many people use the proceeds from the sale of their home to "discharge" or pay off their mortgage. If you have what is known as an "open" mortgage, you can pay it all off without any penalties. If you have a "closed" mortgage, be prepared to pay a penalty. The penalty amount will depend on a number of factors, including how much time is left on the term of the mortgage.

### **If you're buying a new home, is your mortgage "portable"?**

A "portable" mortgage means you can take your mortgage money with you and buy a new home, without penalty. This can be a real bonus if the interest rate on your mortgage is lower than existing rates! If your new home is more expensive, and requires more mortgage, you'll have to borrow the extra money at the current market rate.

### **Maybe the buyer is "assuming" your mortgage**

Your mortgage may have a feature that allows the new buyer to take over your mortgage. If the interest rate is lower than existing rates, this can be a very enticing selling feature for your home.

### **Become a mortgage lender yourself?**

If your buyer is having trouble arranging all the money to buy your property, you may consider lending directly to them. This is called a "Vendor Take Back" mortgage, and it's often used by sellers to help move a property in a slower market. This is an incredibly complicated financial dealing, and you must talk with your REALTOR®, financial advisor, and lawyer before choosing this route.

If you find your new dream home before you've started to sell your old one, talk to your existing mortgage lender. You may be able to arrange "Bridge Financing". This is when your lender (the bank) is confident your existing home will sell quickly, and they agree to lend you the down payment for your new dream home.

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### **Capital gains tax**

If the home was your primary residence, you will not have to pay taxes on any capital gain (the

increase in the value of your home). If you had tenants living in part of your home, such as the basement, you will pay capital gains tax on a portion of your profits. You may also owe capital gains tax if you're selling a vacation or investment property. Talk with an accountant to find out what you'll have to pay.

### **GST for professional services**

Your lawyer and REALTOR® are providing services that are subject to GST/HST.

## **Listing your home.**

Chances are, if you've lived in your home for more than a few years, you can likely turn a tidy profit. That's great news. But sealing the deal requires more than just a handshake. You'll have to consider if now's a good time to sell? What's the best way to get the word out? How do you get top dollar for your property? These are just some of the questions that a REALTOR® can help answer.

## **DETERMINE YOUR HOME'S ASKING PRICE**

Lots of people out there want to buy your home. The right asking price will attract attention and get you maximum return. With the help of a REALTOR® you can set a fair market value on your home to get the most out of interested buyers.

### **You don't want to set your price too low or too high**

Setting too low a price means you could miss out on thousands of dollars that some buyer would have paid. Setting too high a price can scare away willing buyers and leave your home on the market for too long. When you lower the price, people may assume you are under pressure to sell, and lower their offers even further. REALTORS® know the general factors affecting your market, so work with them to get a price that's right for you.

### **REALTORS® know the general factors affecting your market**

Maybe larger families are moving into your neighbourhood. That makes homes with three plus bedrooms and large yards more appealing. Perhaps a large employer is opening a plant nearby, which will increase demand for housing in general. How are interest rates affecting people's willingness to take out big mortgages? You can ask your REALTOR® these questions and, more importantly, how he or she can affect the price of your home.

### **REALTORS® can calculate your home's value within your market**

Using the extensive background information available to REALTORS® through a real estate Board's MLS® System, they can compare your home to a collection of similar homes that have recently been sold in your area. No two homes are the same, but REALTORS® are very good at adjusting their calculations according to the differences.

### **Yes, first impressions matter**

It's nearly impossible to replace the initial flurry of interest and activity a new listing will generate. REALTORS® in your area will want to see your home right away and tell their buyers all about it. Be sure you're priced and poised to capitalize on this first wave of excitement.

## **SIGN A LISTING AGREEMENT**

Signing the listing agreement officially gives your REALTOR® the green light to start selling your home. See what's involved.

The "Listing Agreement" authorizes your REALTOR® brokerage to market and sell your home. This agreement serves three purposes.

- ✓ It defines your relationship, including the limits of your REALTOR®'s authority.
- ✓ It provides detailed information about your home which can be placed on a real estate Board's MLS® System to help potential buyers find you.
- ✓ It forms the basis for drafting offers on your home.

## **Highlights of the Listing Agreement**

### **Authority**

This describes the legal relationship between you and the real estate brokerage, and sets a time limit for the REALTOR® to sell your home.

Exclusive or Multiple Listing Service®?

"Exclusive Listing" means that only your brokerage can find a buyer for your home. REALTORS® generally recommend a "Multiple Listing", which allows them to put your home on a real estate Board's MLS® System - a great tool to market your home and help find a buyer.

### **Price**

You have the final say over this magic number, but your REALTOR® will have very useful advice on what price will attract buyers.

### **Real estate commission**

This may be a flat fee or a percentage of the final sale price. The compensation is agreed upon between you and the individual brokerage.

### **A physical description of your property**

Your REALTOR® will itemize the lot size, your home's age, the style of construction, number and size of the rooms, and any outstanding selling features such as "backs onto ravine" or "fabulous kitchen renovation".

### **Legal information**

This includes the lot number, land surveys and the zoning code.

## **Financial information**

Let people know the numbers like the minimum deposit you require or if you have a low-interest rate mortgage that can be assumed.

## **Completion date**

This lets everybody know how long you need to move out once your home is sold. 60 or 90 days is typical, but if you can be flexible this may help sell your home faster.

## **How the home will be shown**

Your REALTOR® can make the arrangements for viewing appointments. Any specific instructions, such as "make sure the cat stays in" can also be noted.

## **What exactly is included in the price? Chattels and fixtures**

Chattels are moveable items like washers and dryers, microwaves and window blinds. They're not automatically included in the sale, but sellers will often include them to sweeten the deal.

Fixtures are permanent improvements to a property like central air conditioning, installed lighting and wall-to-wall carpeting. Fixtures are assumed to be included in the sale of the home unless you note otherwise. Maybe the dining room chandelier is family heirloom that you wish to take with you. The line between chattel and fixture can get blurry, so go over every item with your REALTOR® to make sure you have no regrets when it comes time to sell your home and everything that comes with it.

# **Marketing your home.**

Break out the mop and the paintbrush. It's time to give your home a mini-makeover. Here are all the little things you can do to attract the big offers.

## **You've lived in your home for a while now; use your REALTOR®'s fresh set of eyes to your advantage**

Now's the time to address your home's little imperfections: the hole in the screen door, the chipped paint on the baseboards, and the mess in the basement. Print out a copy of the Home Sellers Checklist and take a thorough tour of your home.

## **Get rid of clutter**

Your house will feel a lot bigger and more inviting when you clear out those closets, remove bulky, unused furniture and rearrange the remaining pieces to make the best use of space. If you haven't used something in the past year, toss it, donate it to charity or sell it.

## **Clean everything**

Cleaning is the single most cost effective way to make your home more attractive to buyers. Floors, windows, walls, doors, baseboards - everything! Give extra care and attention to the bathrooms and kitchen. And once it's all clean, keep it clean! You never know when your ideal buyer will visit.

### **Repair as much as you can, within reason**

Some repairs are absolutely vital, like a leaky roof or basement and unsafe electrical problems. Otherwise, fix all the little things like leaky faucets, doors that squeak, and small cracks in the ceiling.

### **Depersonalize your home**

You want buyers to walk through your house and feel like it's their home, not yours! Things like a cluttered wall of family portraits or your trophy collection are guaranteed to prevent buyers from emotionally placing themselves in your home. Remove everything that's too much about you.

### **Never underestimate the power of paint**

Strong colours on the walls or wild wallpaper make it hard for buyers to imagine their furniture in your house. Consider repainting your home in bright, neutral colours that will enhance a room's size and look more inviting. Next to cleaning your home, paint is the most cost-effective way to increase your home's appeal.

### **Add some beautifying touches**

You don't need to spend a fortune to make a big difference. Replace tattered old curtains with some fresh draperies. Mirrors on the wall help rooms feel more spacious. New houseplants add undeniable appeal. And on the outside of your home trim the trees, weed the garden and consider planting a few new flowers to make a great first impression.

Don't get so carried away with prepping your home that you forget why you're doing this - to get more money! You need to consider two things before making any improvements.

- Will this make my home more desirable to buyers?
- Will this increase the value of my home more than it costs me to do it?

Your REALTOR® may also be able to offer useful tips and advice when it comes to prepping homes so you can get the most out yours when it comes time to sell.

## **Let your REALTOR® market your home**

It's time for your REALTOR® to do their thing with a few old-fashioned, and some new-fashioned, marketing tools.

### **The "For Sale" Sign**

Despite our leaps in technology, the "For Sale" sign continues to be an extremely effective way to advertise. Anybody responding to your sign is a solid lead because they've seen your home with their own eyes.

## **Traditional media**

Your REALTOR® may choose any or all of the following: classified ads in the newspaper (often with a photo), ads in real estate publications, property listings on cable television and good old-fashioned mail. Neighbourhood mailers can be incredibly effective.

## **The power of the Internet**

If you decide to have your home listed on a real estate Board's MLS® System, you can also have your home advertised on www.REALTOR.ca, Canada's most popular Internet research tool for residential real estate, and a big reason why over 85% of Canadians who search for a home start their search on the Internet.

## **REALTORS® really know how to network**

Your REALTOR® is part of an extensive community of REALTORS® who collectively represent hundreds of eager buyers. REALTORS® can call other REALTORS®, who can call other REALTORS®, who can call other REALTORS®.

# **Ultimately, your home itself becomes a selling tool**

## **Start with an open house for REALTORS®**

A REALTOR® Open House is an efficient way to attract REALTORS® to see your home with their own eyes. If your home is perfect for one of their buyers, you can be sure they'll rush right out and tell them! Your REALTOR® can organize everything and get the buzz started.

## **Next, an "Open House" for everybody**

Many buyers want to get a feel for your neighbourhood before they start working with a REALTOR®. That's why Open Houses to the public are so important. They usually last a few hours on a Saturday or Sunday, and there are a few simple but important rules to follow.

## **Make sure your home looks its finest**

Your best buyer may just walk in off the street!

## **Lock away valuables**

Most folks are decent, courteous and honest, but it's wise to stash away jewelry, cameras and other small valuables. You can ask your REALTOR® to request a name and phone number from every visitor for added security.

## **Attend to any hazards**

Is there an electrical cord somebody could trip on? Is there a chair that will collapse if somebody actually sits in it? Fix it, or lose it.

## **Avoid cooking foods with strong aroma**

Almost nobody's dream home smells like smoked herring!

### **The best way you can help: Don't be there**

You want people to feel relaxed and daydream that your home is their home. This just isn't possible with you there. Go see a movie, or take your pets on a field trip.

### **A "lock box" makes it easier to show your home**

A "lock box" is a small, secure box that's affixed to your front doorknob. It's a mini safe with a key to your house inside. REALTORS® are given a combination to the lock box, so they can show your home to interested buyers.

Be patient with visits. Hopefully they will lead to a great offer, soon.

# **Closing the sale.**

## **ADD A LAWYER TO YOUR TEAM**

When selling, it's essential to have a lawyer handle all the various legal documents that change hands. Before you agree to a lawyer, make sure he or she is experienced in real estate, ask how they structure their fees, and get an estimate of all the legal costs you can expect.

### **You've probably already worked with a real estate lawyer**

The most logical candidate is the lawyer you hired when you bought your home. He or she is already familiar with the property and may have even prepared the purchase documents. If you were satisfied with their work and fees, look no further.

### **Other ways to find a lawyer**

Ask the people you trust, like friends, family, or business associates if they know a lawyer with substantial real estate experience. REALTORS® can give you the names of several lawyers so you know your home will be in the right hands.

### **How your lawyer will help with the sale**

Your lawyer will review important documents that require your signature. The most critical of these is the "offer" submitted by the buyer. You will be legally committed to anything you sign, so know exactly what you are agreeing to.

## **RECEIVE AN OFFER**

All of your hard work has paid off, but you won't know exactly how much it's paid off until you see the offer. This is an exciting, often emotional time, so be prepared.

## **Your REALTOR® can walk you through the process**

Your REALTOR® can walk you through the process and will present you every offer that's submitted. The buyer's REALTOR® may be there too. He or she represents the buyer's best interest in the negotiation. The buyer will likely not be there, so you can review and respond to their offer without any awkward pressure. Your eyes will be immediately drawn to the price! Here's where emotions can really kick in. This isn't a poker match, but remain calm. Your REALTOR® can provide advice before any judgments are made.

### **Discuss the offer**

You may want to ask your REALTOR® for advice on the merits of the offer. Maybe it's time for a high-five, or maybe it's time to plan your counter offer. You may also wish some private time to discuss things with your partner.

## **Three options when responding to an offer**

- ✓ **You can accept the offer.** You got the price you were hoping for, maybe even more! The closing date looks good and there are no fussy conditions. Sold!
- ✓ **You can reject the offer.** This offer isn't even close.
- ✓ **You can "sign back" the offer.** This offer is close, but something's not quite right. Now the delicate art of negotiation begins, by "signing back".

## **Reasons why you may want to "sign back"**

### **You want more money**

This is by far the most common reason people "sign back". Everybody wants to get the most for their home, and as the saying goes "if you don't ask, you don't get". Go for it, but don't get too greedy and insult someone who has made a fair offer.

### **You want to change the closing date**

Maybe your buyer wants to move in sooner than you'd like. Maybe you haven't even started looking for a new home! You can "sign back" a compromise closing date. Perhaps the buyer will compensate you for the inconvenience of living in a motel for a few weeks.

### **There may be some undesirable conditions on the offer**

Conditions are points of contention that must be fulfilled in order for the sale to go through. Here are some common ones.

### **Buyer to obtain financing**

If the buyer doesn't have a mortgage lined up, he or she will often put in this condition. The sale will only go through if the buyer can get the mortgage he or she wants.

### **Approval to assume mortgage**

You have a great mortgage rate on the property and the buyer only wants your home if he or she can also take over your easy payments.

### **Sale of purchaser's home**

The buyer hasn't sold their existing home yet and he or she wants to be protected from the expense of owning two properties. You might want to ask their REALTOR® about the other home and its odds of selling soon.

### **Property Inspection**

This condition is becoming standard practice. Refusing a home inspection before sale is highly suspicious to a buyer, and may spoil the deal.

### **The art of counter-offers and negotiation**

Successful negotiation is one that leaves both you and the buyer feeling satisfied with the outcome. This is a highly emotional time, so be sure to regularly "check your head," and ask yourself "How important is this particular detail to me? Am I willing to jeopardize a sale over this?" Remember once you "sign back" an offer, you are releasing the buyer from their offer and he or she is free to walk away. Your REALTOR® can help you every step of the way so you don't end up doing something you may regret later.

## **CLOSE THE SALE**

Your negotiations were a success. But before your house is truly sold, it's time for the vital final steps known as "closing". Your REALTOR® and lawyer will take care of the many complicated and time-consuming legal maneuvers. That's why you hired pros.

### **Canada's money laundering reporting requirements**

By the time you accept an offer, your REALTOR® will also advise you of reporting requirements by FINTRAC, the federal agency responsible for administering Canada's Money Laundering and Terrorist Financing legislation and regulations.

Your REALTOR® is required by federal law to complete a client identification form, and must ask you as the vendor or seller for verified ID such as a driver's license or passport. You can find out more on the FINTRAC web site at <http://www.fintrac-canafe.gc.ca>.

### **You still have plenty to do. Your closing checklist should include:**

- ✓ Advise your lawyer that an Agreement has been signed. Make sure your lawyer is ready to close the transaction.
- ✓ Immediately begin satisfying any conditions of the agreement that require action on your part before the set date of completion creeps up on you.
- ✓ Notify your lawyer and lending institution if the buyer is assuming your mortgage.
- ✓ Contact the utilities, telephone and cable companies about transferring or removing service. Your lawyer will often handle the transfer of utilities.
- ✓ Call your insurance agent and arrange cancellation or transfer of your homeowner's insurance.

- ✓ Contact a moving company to arrange your move on or prior to closing date.
- ✓ Send out your change of address notices and advise the post office. Notify the Ministry of Transportation about your new address for driver's license and registration.
- ✓ Notify your REALTOR® immediately if anything changes about your property or your situation.

### **Contact with your lawyer**

If you plan to "discharge" or pay off your mortgage with proceeds of the sale, your lawyer will obtain a statement from your lender showing your outstanding balance on the mortgage, and any penalties you'll have to pay to discharge the mortgage.

A few days before closing, your lawyer will ask you to sign the paperwork that enables the title to be transferred to the buyer.

On closing day, your lawyer will receive and distribute the proceeds from the sale, pay off your mortgage and other costs, and give you a cheque for the net proceeds.

**More questions? Contact me anytime to discuss selling your home.**



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