

**RE/MAX**<sup>®</sup>

Professionals Saint John Inc.



# Guide to selling your home

## Page of Contents

### Determining Your Needs **3**

- Thinking of Selling
- How to Sell Your Home
- Cost Involved

### Getting Ready **6**

- Getting Ready
- Taking Control
- Determining Asking Price

### Marketing Your Home **9**

- Marketing Your Home
- Making Your Home Sellable
- Steps to Market Your Home

### Negotiating Offers **13**

- Negotiating offers
- Negotiate Best Terms

### The Closing **15**

- How to Close





# Thinking of Selling

Thinking of selling your home, get the answers to the most commonly asked questions. How do I determine the best price? When is the best time? What are the costs? Before you begin the selling process, really evaluate why you're moving, follow these guidelines and talk to your RE/MAX agent.

## Selling Your Home

There are a million different reasons why people sell their homes, but every seller has one thing in common: the desire to get as much money as possible from their existing residence as quickly and as hassle-free as possible. (If your home is your principal residence, you won't have to pay capital gains tax on any profits from the sale. If, on the other hand, it is an investment property, prepare for the tax man!)

Before you begin the selling process, really evaluate why you're moving. Do

you have too few rooms, or too many? Has your job moved to another city and you're relocating? Are the neighbors driving you away? Or are you simply looking for a change? A complete analysis of your current position will set a good foundation for your next home hunt.

### **When is the Best Time to Sell Your Home?**

Everyone seems to have specific ideas on when the right time is to sell. Some base their theories on the overall economy, while others will tell you that there are key buying months that you'll want to capitalize on.

If you're not buying and selling strategically or for investment, the best time to sell is really when you feel your existing home will not meet your future needs. The best reason to purchase a new home is to take advantage of your family and lifestyle changes. Do you wish to be closer to a school? Are you switching jobs? Do you have an aging parent to care for?

In Canada, weather and holidays do play a factor. Almost no one goes house hunting around Christmas, and few give up their summer vacations. Of course, those with school-aged children are less likely to move during the school year and summer is an ideal time. In some areas, there is a definite "spring cycle" -- perhaps it's a bit of spring fever and a wish to break out of the bonds of winter.

Some gamblers look for winter bargains and then try to sell their homes during the spring cycle. But overall, that could be more tension and aggravation than you wish. And the monetary results may be disappointing.

Another key factor to consider is the economy. Are interest rates higher or lower in comparison to your current mortgage? If they are higher, you may want to stick with your current home, as your new mortgage payments could be uncomfortable. If rates are lower, you might be able to trade up to a more expensive home without a significant increase in your monthly mortgage obligation.

What's more, if it's a buyers' market, you may be in a strong position to purchase a new home, especially if you have accumulated some equity in your current property.

## What are There Costs Involved in Selling?

Unfortunately, the answer is yes. Even if you think your home is perfect, you may have to do some minor repairs or upgrades to make your home more attractive to potential purchasers.

- A professional home inspection may be a condition of the offer. If the inspection points to problems, your purchaser may ask that you make the necessary repairs or choose not to close the deal.
  - Closing costs, such as lawyers' fees or unpaid taxes, will also have to be paid.
  - Mortgage discharge fees may be levied by your lending institution.
  - Sales commissions must be paid as defined by your listing agreement.
- Buy or sell first?

That's tricky. After all, if you find a purchaser for your existing home, before you've found a new one, you may find yourself living out of a suitcase if convenient closing dates can not be negotiated. On the other hand, if you find your dream home before you've unloaded your old one, you may be faced with carrying two mortgages for a time.

So how do you manage? Easy. Do your homework and have a good idea about the neighbourhood and type of home you're looking for. Do an honest evaluation of your family's needs and budget.

Speak to your RE/MAX agent and start your new home search as soon as your existing home hits the market.

If you've found a home, before you've sold your existing one, use "sale of your existing home" as a condition on your offer. If you don't sell your house within a fixed period of time, you can choose not to go through with the offer. This, however, is a difficult condition for many vendors to agree upon and you may find that you have to forgo your price negotiating power.

Purchasing a home before you sell could be a risky strategy if you're



counting on the proceeds from the sale.

If you've found a purchaser before you've found your next home, use "purchase of a new home" as a condition when you sign back the agreement. Again, it will only be for a fixed time. Even if you have not found the ideal next house by the time the deal closes, you may still wish to proceed with the offer. As a buyer with a "sold house" you will be in a better position to negotiate price.

## The Selling Checklist

Before you head to your agent to inform them of your decision to sell, work through The Selling Checklist. It will provide you with a list of points and costs to consider before selling.

### Why are you ready to sell?

- Job
- Outgrown old space
- Needs renovating
- Other

**What month is it?** \_\_\_\_\_

**What is the current interest rate?** \_\_\_\_\_%

**What are the market conditions?**

\_\_\_\_\_

**Are there many homes for sale in your immediate area?**

- Yes
- No

**What are homes in your neighbourhood selling for?**

\$ \_\_\_\_\_ to \$ \_\_\_\_\_

**Are there many homes for sale in the area(s) you would like to move into?**

- Yes
- No

**What are homes in your future neighbourhood selling for?**

\$ \_\_\_\_\_ to \$ \_\_\_\_\_

**Closing costs?** \$ \_\_\_\_\_

**Lawyers' fees** \$ \_\_\_\_\_

**Unpaid taxes** \$ \_\_\_\_\_

**Mortgage discharge fees** \$ \_\_\_\_\_

**Sales commissions (6%)** \$ \_\_\_\_\_

**Moving costs** \$ \_\_\_\_\_

**Total closing costs** \$ \_\_\_\_\_

# Getting Ready

Take control of the selling process - choosing the right RE/MAX agent, the listing, understanding the market conditions and determining the correct selling price. It's all easy when you're informed.

## Choosing the Right RE/MAX Agent

Your RE/MAX agent is a trained professional who knows all aspects of the real estate market. A RE/MAX agent will save you time, money and aggravation.

As with purchasing a home, you want to list with the RE/MAX agent who is the expert in your location. After all, potential purchasers will be calling this "area expert" to inquire about houses for sale. There will be a few of them who are knowledgeable about your neighbourhood. Call them up and interview your potential agent. You need to feel comfortable with him or her, after all, they will be working for you.

## Should You Go With a Non-Exclusive or Exclusive Listing Arrangement?

If you enter into this type of arrangement with your RE/MAX agent, you are giving him or her the exclusive right to find a purchaser for your home. With this type of agreement, no other agent will bring potential buyers to your home, because only the listing agent is entitled to the commission.

You may consider this type of arrangement in a Sellers' Market during which time there are more people interested in purchasing a home than there are homes available.

## Understand Market Conditions

The real estate market is in constant flux, not only as a whole but in particular areas as well. Knowing what is going on in the overall and local real estate markets will help you understand how these conditions can



affect the sale of your home. We've designed the following chart to help give you an overview of the three significant market positions. When you meet with your agent, ask about the current state of the market.

**1. Buyers' Market:** The supply of homes on the market exceeds demand.

*Characteristics:* High inventory of homes. Few buyers compared to availability. Homes usually stay on the market longer. Prices are stable or perhaps dropping.

*Implications:* Buyers spend more time looking for a home, and when they negotiate, they usually have more leverage.

**2. Sellers' Market:** The number of potential buyers exceeds the supply of homes on the market.

*Characteristics:* There is a smaller inventory of homes with many buyers. Homes sell quickly. Prices usually increase.

*Implications:* Prices may be higher or perhaps climbing. Buying decisions must be made quickly. Conditional offers may be rejected.

**3. Balanced Market:** The number of homes on the market is roughly equal to the demand.

*Characteristics:* Demand equals supply. Sellers accept reasonable offers. Homes sell within a reasonable time period. Prices generally remain stable.

*Implications:* There is less tension among buyers and sellers. There is a reasonable number of homes to choose from.

**I. Do You Have All of the Necessary Documents Handy?**

Gather the documents you'll need to sell your home.

- Mortgage documents: you may wish to meet with your loans officer to discuss transferring, discharging or paying out your mortgage. This is a good time to begin negotiations on the terms of your next mortgage.
- Property survey: be sure to inform your RE/MAX agent if there have been any changes to your property that could affect the accuracy of the survey.
- Your deed or transfer of title document.
- Tax assessment documents.
- Utility bills.
- Other claims relating to your home:
  - separation agreement or court order
  - will or probate documents
  - liens
  - unpaid judgments against you
  - unpaid taxes
  - unpaid utilities
  - pending litigation
- Pertinent condominium documents (if you live in this type of home).
- Maintenance history (include repair receipts).
- Items and information that will make your home more marketable:
  - photographs or videos of your home with the garden in bloom or your pool open and beautiful
  - conceptual ideas for upgrades or renovations that you have considered

## Determine Your Asking Price

Before you put your home up for sale, you must set the price. And before you can do that, you must know what the house is worth. That doesn't mean what you paid for it, or how you upgraded it. Determining worth is simply finding out what someone would pay for it.

The steps in determining worth are:

1. Understanding market conditions
2. Getting the details about recent sales in your neighbourhood

RE/MAX agents have access to all of this information. Plus, they can objectively see the big picture and tell you what makes your home unique.

Once you've determined your home's worth, you and your agent will determine the asking price. Most often, the price of a home is set slightly higher than its worth, to give a little "bargaining space." Of course, if it is set too high, it may deter prospective buyers.

If you're in a rush to sell your home, setting the asking price a little lower than what your home is worth will attract a lot of attention. But beware, if the price sounds too good to be true, buyers may be skeptical. They may even offer less than the asking price anticipating problems with the home down the road.

You will have a legal relationship with your agent. When you complete the listing agreement, you are giving your RE/MAX agent the authority to put your house on the market for a specified period. If your house is sold during that time, you will pay the agreed to commission. What's more, if

the house sells shortly after the specified period because of your agent's efforts, you are still obligated to pay the commission.

### Should You Offer Any Additional Items?

You may choose to include your appliances in the sale, or you may offer a redecorating allowance. You may also be able to offer creative financing. You may also consider purchasing a home warranty (covering major appliances and systems) to make the home more attractive.

### Document Checklist

- Mortgage documents
- Property survey
- Your deed or transfer of title document
- Tax assessment documents
- Utility bills
- Other claims relating to your home
- Pertinent condominium documents (if you live in this type of home)
- Maintenance history (include repair receipts)
- Additional sale enhancing items and information



# Marketing Your Home

Learn how to objectively evaluate your home. Work with your RE/MAX agent to position your home on the market to sell quickly and hassle-free.

## Make Your House More “Sellable”

While we all believe that our home is our castle, our personal tastes may not appeal to everyone. Your RE/MAX agent will work with you to give you an impartial analysis of your home - how it relates to other “competing” homes on the market and how your home reflects current design and style trends. Your agent will also take a good look at the general condition and upkeep of your dwelling.

Overall, your RE/MAX agent will work with you to position your home on the market so that your sales experience will take place as expeditiously as possible.

## Provide a Professional Marketing Program

- The Multiple Listing Service (MLS) is the primary tool for most real estate agents, but not the only one. Your RE/MAX agent has a number of options depending on the location of your home and market conditions.
- Newspaper advertising is a very popular way of getting in front of those thinking of buying a new home. Another is the Real Estate Channel, carried by many cable companies.
- The FOR SALE sign! Home purchasers who are doing their homework often cruise through neighbourhoods they are interested in. With your agent's phone number on the sign, passersby can easily get information about your home and set up a viewing time.

- Your RE/MAX agent and the brokerage will also have a number of potential buyers as clients and they may be looking for a home just like yours. There is also the RE/MAX national relocation service which directs purchasers from across the country directly to homes for sale.

## What Your RE/MAX Agent Will Do for You

Complete a market analysis to determine a realistic asking price. Make recommendations on making your home more “sellable.” Provide a professional marketing program. Advertise your home on the Multiple Listings Service (MLS). Arrange showings. Negotiate the best terms possible.

### When You’re Ready to List

One of the first things you and your RE/MAX agent will do is draft a listing agreement. It provides prospective purchasers with:

- A comprehensive, legal overview of your property:
  - zoning
  - lot size
  - home size
  - type of construction
  - age of the home
- The agreed-upon asking price.
- Details about the rooms (number and size).
- Chattels included in the sale, as well as anything not included.
- Mortgage details.

### Advertise Your Home on the Multiple Listings Service (MLS)

This service is only available to real estate agents. It is a database of all the homes for sale through agents. Details about your home will be available to other agents searching for homes in your area, in the range of your asking price.

### Arrange Showings

In addition to giving your home the once over with a mop and dust cloth, have your agent prepare a home feature sheet. This is a one page synopsis of your home that highlights lot size, room dimensions, features and upgrades as well as utility costs and taxes. Prospective buyers will take a sheet and refer to it while viewing your home. Plus, it makes for a great reference sheet when the buyers are comparing properties.

**The Open House:** This is usually not a pleasant experience. The upside is that you usually won’t have to be there to act as a guide. The downside is that you might have a series of open houses over a few weeks, with people poking through all areas of your home. And you’ll have the constant pressure of keeping your home looking its best.

**The Viewing:** When an agent has a client who is interested in your home, they will first call to make an appointment with your RE/MAX agent. If you’re lucky, you’ll have time for the last-minute tidying. Of course, you can say no if the prospective purchaser wishes to come at an inconvenient time.

During the viewing, make sure you give the viewer and the agent a feature sheet and get the agent’s business card. Give viewers the freedom to



wander around your home by themselves. Following may make them uncomfortable. The agent will stay with the prospects to offer some protection against theft or property damage.

### **Is Your House in Any Condition to Be Put Under a Microscope?**

That's what they say about first impressions. Now, take a look at your house as if you were a buyer. With a critical eye, examine your home from outside and inside. Bring along a pad of paper and take notes! Determine what can be solved by a simple cleaning and what needs professional attention and repair. Your list should also include problems that are immediately evident and underlying problems you know of, like a leaky basement.

Let's start with the exterior of your home. Think of what you would like to see when you're viewing a home, or better still what you wouldn't like to see -- cluttered yard, weeds crowding the garden, loose or dangling exterior features (like a broken door), paint peeling, broken fence, or an oil-stained, damaged driveway.

Get out your ladder and inspect the roof. Are the shingles in good shape, are the gutters in good condition and free of debris? You may wish to trim back any trees or shrubs that are leaning on your roof or drainage system.

Take a good, objective look at the outside. Would what you're facing invite you to explore further or make you ready to leave?

Simply having the lawn mowed or the driveway shoveled in the winter will make a better impression. Also, remove any "cutesy" lawn decorations that may have home viewers rolling their eyes. And trim any overgrown

shrubs or hedges. If you have a sizable property, you may also wish to hire a professional to weed and feed your lawn.

Flowers are a very effective way of adding colour and warmth to your home. If you're selling during the spring, plant flowers to make the property colourful and inviting. A bouquet or two in your house also adds a nice touch.

### **The Next Step**

You're in the home. Your five senses are alert. Is what you see clean and organized? Is there an odour? Old shoes? Stale cooking? Garbage? Pets? If there is, it could be a deterrent to potential purchases. Bake cookies or simmer potpourri before your home is shown to give your place a comforting smell. Also, clean your carpets and air out your home.

And speaking of carpets, cleaning them is fairly inexpensive. Without the grit, and with the carpet pile looking fresh, your home takes on a new appearance. While you're at it, take a broom around and brush your walls and light fixtures to remove any cobwebs.

Work your way from the ground up. Wash the walls or repaint soiled areas. Touch up chips or plaster nicks. If you've used severe designs or dark colours on your walls, you may wish to repaint your home so that has a more neutral move-in appearance. Also check the ceiling and plaster and repaint it white if necessary.

### **Clean and Shine**

Put extra emphasis on your kitchen and bathroom. Replace moldy shower curtains and clean mold and mildew off of bathroom tiles. Caulk

if necessary. Repair leaky faucets and replace cracked toilet seats. Ensure that the toilet flushes properly. Make certain that the drains are unclogged. Everything should sparkle -- faucets, floors, counters, mirrors. What can be cleaned, should be!

In the kitchen, clean the stove and refrigerator; organize the cupboards and wash the floor. Make certain your appliances work. Wipe the walls, touch-up paint or re-stick wall paper if necessary. Clean the sink and ensure that it drains properly and the faucet doesn't leak. (When your home is shown, make sure there are no dirty dishes in the sink and don't forget to take out garbage out!)

### **Check All Floors and Stairs**

Replace missing or damaged tiles. Is there any wood rot? Do the floors look clean? Does the wood need a good sanding and varnishing? Does the floor squeak? (There's a new device on the market that enables you to invisibly fix your squeaky floor right through the carpet. Ask your hardware retailer for details.)

Are your stairs creaky? Are the handrails loose? Are there any missing pieces?

### **Examine All Doors and Windows**

That means all interior and exterior doors. Look for structural or surface damage. Do the doors need repainting? Do the hinges squeak? Are the door knobs worn - and do they work?

Are the windows drafty or are they properly caulked? Are they easy to open? Are they clean? It goes without saying that all window panes should be crystal clear and unbroken.

### **Take a Good Look At the Basement**

If it is finished, make sure that it is as spotless as the rest of your home. If it is used as a storage area, eliminate the clutter and organize all boxes. (This will also help you with the move!) Check for any signs of dampness.

### **Have the Plumbing and Electricity Checked**

Are there leaky pipes or electrical outlets that don't work? Have them repaired before you put your home on the market. Also, it's a good idea to replace any broken switch or outlet covers and match switches and covers to the room decor.

### **Make Sure the Furnace and Air Conditioner Work**

Replace the furnace filter and have the furnace and air conditioner professionally serviced.

### **Don't Just Hide Clutter**

Buyers will look everywhere -- into cabinets, under carpets, inside closets. (You think you had it bad with nosy relatives poking around!) Plus, a clean house gives the impression of being larger.

### **Home Inspection Checklist**

Make notes on what needs minor clean up and what needs a major repair. Evaluate your home as if you were a potential buyer, so the key is to be honest with yourself!



# Negotiating Offers

Know what to expect and take stress out of the transaction by getting some insight here. When it comes to bargaining and persuasion your RE/MAX agent is one of the top in this field.

## Negotiate the Best Terms Possible

After many discussions, your RE/MAX agent will know the minimum conditions, acceptable closing dates, and lowest price you'll accept from a potential purchaser. Make certain that your agent also has some leveraging power with chattel you're willing to agree to in the offer.

By knowing your parameters, your agent can work with the potential purchaser's agent to create an offer that will be acceptable to you. After all, it comes down to bargaining and persuasion, and your RE/MAX agent is one of the top in this field.

## The Offer from the Seller's Viewpoint

Interested buyers will submit an offer to your real estate agent through their agent. Your agent will take you through the offer to ensure that you understand all aspects of it. Before you accept or sign back the offer, you may wish to take the offer to a lawyer and make certain that every detail is legally accurate and in your best interest.

### Your offer will contain:

- The names of the potential purchaser.
- Your name.
- A description of the property.
- The conditions they wish to attach to the purchase:
  - price
  - closing date
  - chattels
  - survey
  - home inspection

- An irrevocable date (you have until this date to accept, or sign back a counter offer).
- It may also contain mortgage details (for instance, the purchaser may wish to assume your mortgage or may wish you to discharge it).

Very often, the first thing vendors look at is the offer's purchase price. Remember that it is not all yours. You'll have to pay your:

- lawyer
- real estate agent
- bank (for the balance of your mortgage and for any prepayment or discharge penalties)
- taxes (if there are any outstanding)

On the bright side, you'll probably have pre-paid a number of things like utilities, and taxes, so you'll be getting additional funds as well.

## Your Lawyer

Here's what your lawyer will do to assist you in making the sale of your home hassle-free:

- Do a complete review of the purchase agreement.
- Provide answers to the purchaser's lawyer regarding title.
- Prepare transfer of title documents.
- Review any mortgage transactions.
- Close the transaction.
- Pay the appropriate commissions.
- Pay any outstanding claims against your property.

- Pay off your mortgage (if necessary).
- Forward the balance of the money from the sale to you.
- Provide a complete statement reporting all transactions

## Evaluating the Offer

Before the first offer even comes in, you should have in mind, how low you'll go on price, what conditions you'll accept and what terms would be agreeable. Then, when an offer comes in, you have a set of criteria by which to evaluate it.

Scrutinize all of the details, chattels, closing date, conditions, address and description of your property, provisions and deposit.

You and your agent will thoroughly go over every detail. If there's anything you don't understand, ask!

## Accepting the Offer

Once you're satisfied that offer has met your criteria, you'll want to accept it. To ensure that your purchaser won't get cold feet, you'll want a deposit. The deposit will be held by your RE/MAX agent and when the deal is closed it will be applied to the commission owed.



# The Closing

You've accepted the offer but just because your house has sold, that isn't the end. Learn what's left to do before you move:

## The Lull from Sale to Closing

OK, chances are it's not a quiet period. It will be a time of frenzied packing and reorganization. Just remember not to pack anything that you agreed to sell! And unless you specifically mentioned certain fixtures, everything must remain in place. You are responsible for handing over the home in the same condition it was at the time of closing. This applies to everything that was agreed to in the agreement. If the home suffers a major calamity, you are responsible for telling the purchaser, at which point the purchaser may walk away from the deal and have the deposit returned. The purchaser may also choose to close and receive any insurance proceeds. In this unfortunate event, remember not to make any repairs until you find out what the purchaser wants to do.

## It's Sold

**The Closing** - Once signing the agreement, both the vendor and purchaser are under a legal obligation to close. If you decide not to for whatever reason, the purchaser has the right to sue.

If the purchaser decides to walk away from the deal, you can claim the purchaser's deposit or sue for damages.

Just Because Your House Has Sold, That Isn't the End. Chances are you've bought a new home, or are in the process of looking for one. While you already have experience with the home-buying process, our comprehensive first-time buyers' guide has all the information, calculators, worksheets, checklists, calendars and tips you need.

Also, our office locator will help you find the right RE/MAX agent for your needs.