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**For Sale by Owner**  
**Planning and Preparing Your Home for Sale**  
**– Without a Realtor!**

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## Should You Sell Your Home Yourself?

Are you thinking about selling your home? Would you like to sell it by yourself instead of hiring a real estate agent? If so it would be beneficial to review the pros and cons of selling your home by yourself before hanging out the sign.

## **PROS**

Selling your home without an agent means **More Money**. If that's not an incentive, what is? By selling it yourself you save the fees or commissions (thousands of dollars) that you would have to pay an agent.

You are able to decide the times for open houses and showings as well as where you want to advertise. Because you are only selling one home - unlike an agent who is working with many buyers and sellers – you will always be focused on the selling of *your* home. You will have more interest in the sale than a real estate agent who may be looking for bigger commissions elsewhere.

## **CONS**

Real estate agents are paid good money for a reason. Selling a home takes a lot of time and energy. Open houses, dealing with potential buyers, closing sales and dealing with the legal issues are familiar turf for these people and their experience can impact the sale.

Be realistic about what you are willing to do. Will you drop everything to make a showing? Are you able to 'close the deal' and ask for an offer? It is not everyone who can take on such a big project or can handle the tension of dealing with buyers.

However, if the challenge excites you and if you are ready for hard work and willing to learn then it is not impossible for you to manage alone. With a little know-how and a lot of energy, you can sell your home without the help of a real estate agent and reap the rewards!

Where do you begin?

Start with evaluating your home – how much can you ask? What work needs to be done? How do you decide how much your house is worth without asking too much and scaring

buyers off or too little and not making what you should?

## **How Do You Evaluate Your Home?**

Choosing the right price for your home is crucial to making a sale. You risk everything if your price is too far off the current market. You don't want to discourage buyers because you are pricing too high and you don't want to throw away equity because of a low asking price.

Although this part will take a little work you will be better prepared and have an easier time finding a buyer if you do your homework. Real estate agents are familiar with the current market – what houses are selling for as well as how your home compares to others on the market. You will need a few weekends to get a solid feel for the market in your area.

Where do you begin?

### **Stay Local**

You need to see what similar homes are selling for in your area. Your area is crucial – a similar home in another area of town is not consequential to your pricing. Look in the paper and for sale signs on the streets in your immediate area.

Do not ask for a free estimate from a real estate agent. Not only is it unfair to ask them for that information when you don't plan to work with them, but you will not know if they are new and their pricing unrealistic or if they're giving you an inflated price to get your business. Not that all agents would do that, but it is safer to work this out yourself if you are not planning on working with an agent.

## **Be Honest**

Your home is valuable to you for many reasons. Children may have grown up in the home, marriages and anniversaries have been celebrated. Your dog may be buried in the backyard. This is, unfortunately, not a selling point for buyers.

Attend open houses in your area. Visit the homes on the market that are similar in age, size and style to yours. Only take the information that is available when you are planning to sell since markets can change drastically from season to season. Honestly take note of how yours compares.

Things to take note of are yard size, fencing, updated kitchen, bedroom sizes, type and monthly cost of heating (especially in climates with cold weather), if it needs a paint job (inside or out), distance to schools or shopping and if the financing is being assisted.

If you are selling a condominium you can also consider how the view, amenities, strata fees and regulations compare to yours.

Ask how long the home has been on the market. A home that is not moving in a strong market may be asking too much. Do not use this home for your comparison.

Compare several homes to your own. Start with their pricing and add or subtract depending on if you are missing a feature or have a feature they don't. By working with several examples you should get a feel for right price.

You can also hire an independent appraiser to validate the pricing you've decided on. Whatever you do, do not aim too high or your home might sit too long on the market – buyers will know this and stay away.

## **Pick the Best Price**

You are probably aware of how stores price items with a .99 ending to entice buyers. Even though you know this (as does most everyone else) it works.

Keep that in mind when deciding on a price. If you are thinking of selling for \$180,000 you will find more buyers if you price it at \$179,900. Simple but effective.

Buyers will have a price range in mind when shopping. It's better to be just below the \$180,000 mark so you can take advantage of those looking in the \$175,000 to \$180,000 range rather than limiting it to those looking in the \$180,000 to \$190,000 range. You will still get the interest of buyers looking in the higher price range as people are always looking for a deal.

Now that you have decided on a price, you need to prepare your home for the market – that is, your prospective buyers. This area also requires some time and attention, but is well worth the effort of preparation.

## **Preparing Your Home for the Market**

Now it's time to look as objectively at your own home as you did to other peoples' homes.

Your prospective buyers will be scrutinizing your home; has it been taken care of or neglected? Will there be expensive repairs or are they hiding something? Taking the time to clean up and make repairs will repay you with confident buyers anxious to make an offer on a home that has been properly taken care of.

Look around for loose doors (buyers will open them), squeaky hinges and leaky taps. Clean out closets and garages and wash walls. You might decide that a fresh coat of paint would do well in improving the appearance – it often does. If you have dark or brightly

colored walls, paint them a neutral tone. It will lighten the look and have a broader appeal to prospective buyers.

This is also not the time to start a large renovation. Many times buyers are looking to put their own stamp on a home. A quick reno may actually devalue your home in your prospects eyes. Freshening up your home does not require expensive materials either, but shoddy workmanship will cost you so keep the jobs simple.

You might also consider removing items that might be offensive or inappropriate (check the posters in your teenager's room). Try to put away excessive amounts of books and knickknacks for a cleaner look.

Removing family photos is a good idea. Remember, this is only temporary, but you want as many prospects as possible to envision themselves living in the home. That means they need to SEE the home and not become too distracted by unusual or cluttered décor.

Unless you are very knowledgeable on the subject hire a home inspector to check out your home for any defects. Not only will this alert you to potential problems, but will be good to show prospects who are concerned about structural defects. They will still have their own inspector check the home, but at least you will be prepared for what they will find.

If there are problems such as roofing, electrical, foundation or other expensive projects, determine the cost of the repair compared to the value of your home without it being done. Will the problem put buyers off? Or can you adjust your asking price to reflect the work that needs to be done?

Have some estimates made for the cost of repair. Even if you decide not to do the repairs you will be able to offer these as proof for the purchasers. If the purchaser tries to bargain by claiming the job is an expensive and troublesome one you can show the quotes you've already obtained.

## **Cleaning Up**

If you are selling and showing your home yourself you may receive a call (or knock on the door) at any time from interested buyers requesting to take a look.

You do not need to create a show home – your buyers know it is being lived in – but they do not need to see the laundry in a pile or wade through cluttered rooms. Try to maintain the home by keeping dishes washed and beds made as well as a clean bathroom and tidy living area.

If they show up at a really bad time suggest they make an appointment. You can state this on the sign if necessary.

You may realize that when you move you will need to get rid of a lot of accumulated stuff. Now is the time. Old clothing, broken items you will not likely repair, excess furniture – have a garage sale or take them to secondhand shop. Not only will this improve the look of your home but it will make moving easier.

Consider lightening the load of your closets so they will look more spacious. Store excess or out of season clothing in boxes in another area of the home. Add a few empty hangers for the visual effect of having lots of room and try to add a light (even a battery operated one) to the inside of the closet.

If you have a yard you will have to clear it of debris, keep it mowed and do upkeep to the garden. Check the outside of your house for needed repairs such as missing shingles and loose boards or stones in traffic areas such as the patio, balcony or stairs. Consider some minor additions of shrubs or plants to improve the ‘curb appeal’.

Replace or repair torn screens and dim or burnt out bulbs. Make sure that your house number is visible even on a dark evening or buyers won’t be able to take note of the address or find your house for an appointment in the evening.

Do all you can to keep your home and yard looking well cared for. You and your family are no doubt very busy, but the extra attention is very important. First impressions count.

### **Getting the Details in Order**

Before your house goes on the market there are some preliminary steps to take so your information is available and ready when you are preparing your advertising, answering questions from buyers and filling out the details for the sale.

### **Measure**

Even if you have the measurements that were provided when you bought the home you should take them again. Mistakes happen and you don't want to be caught passing on false information.

Don't include non-living space: patios, garages, basements etc. These will be listed separately on your features list.

Measure from the outside surface of your walls. If you share a common wall (townhomes, rowhousing) measure from the center point of the shared wall. Measure the size of each room as well.

### **Materials**

Is your home wood or concrete construction? Are the water pipes made of copper, iron or plastic? What is the exterior material used; stucco, brick, wood, plastic siding? What kind of insulation do you have? Is your home set up with a sewage system or septic tank? What kind of heating do you use; forced air, hot water, baseboards? Gas, electric or oil? What is the roof material; shingle, tile, tar and gravel?

If you can't answer these questions, your inspector should be able to.

## **Describe the Style**

Do you know what style of house you have?

**Bungalow/Ranch:** Single level home (possibly with a basement).

Bungalows have the narrow end facing the street whereas Ranches face the street with the wide side of the home.

**Split Level:** This means you enter the main door and have a staircase to go up to a level or down to a level. Depending on if there are two, three or four levels, the description should reflect the plan (ie: Three Level Split).

**Duplex/Semi-attached:** Two homes that share a common wall either side-by-side or one over the other.

Three-plex and Four-plex can also be used depending on the number of suites in the home.

**Townhouse/Rowhouse:** These homes (more than two) share common walls with neighbors. Usually side-by-side. End units with only one common wall can also be called semi-attached.

**Condominium:** Apartment-style homes. Multiple homes in a multi-level building. Sharing several common walls and public areas.

## **Get the paperwork:**

Collect the utility bills for heat and water costs for the past year. Buyers will want to see proof of these costs.

You or your lawyer will want to will need to do a title search. The title search or your ownership document will have the legal description of the home as well as any restrictions (such as how high your fence can be, if recreational vehicles are not allowed in driveways etc.) If these restrictions aren't disclosed to the buyer and written into the sales contract you will be creating a loophole for them to back out of the contract when they find out.

You will need some feature sheets which list the size and features of your home to give out to prospects. You also need the offer forms. You can view these forms online, but you will be having your lawyer walk you through them and he or she can provide the forms or tell you where to obtain them.

If you own a condo or townhouse you will also have to provide information on the strata that manages the buildings. The strata takes care of all the common property (pools, gardens) and services (garbage pick up, maintenance) and collects the fees which go into a contingency fund for future needs (new roofing etc.)

You will need to provide paperwork that shows the monthly maintenance payments, the bylaws, rules and regulations, annual budget information, contingency reserve funds, limited common property and a certified statement that all fees are up-to-date.

You may, depending on local regulations, have to provide buyers with this information 24 hours before an offer can be accepted. This is to ensure that buyers have ample time to review the information before placing their offer.

Now that you know what kind of home you're selling and you've made it ready for the

market, you must now work on the marketing plan.

## **How to Advertise Your Home**

Don't worry. You've already done the hard work. Your research has been conducted, your home has been cleaned and prepared and you have all the vital information necessary to offer prospective buyers. Now you need to get the word out!

### **Get a Sign**

You are going to need a professional looking sign to post in front of your home. Although you will be finding prospective buyers from other avenues, you can't forget the valuable 'drive-by'. This also allows you to benefit from the buyers visiting other homes for sale in your area.

This is not the time to post a handmade sign (unless of course you are very talented in the field). Home buyers are not yard-sale shopping. Put some money into it and have a clean, professional sign to represent your offer. Find a sign shop in the phone book or by recommendation and order or rent a 'For Sale by Owner' sign.

You will need to post your phone number on the sign and it would be a good idea to have a contact name as well to make callers more comfortable. Details about the house are not a necessity as prospects have seen the home and can ask you about any other details on the phone, but do include a key feature if it doesn't clutter up the sign.

Some realtors leave printed information that can be taken home by passers-by including the price and a list of features. This is not required, but a nice touch if you wish to provide it.

## **Make an Ad**

You will need to place an ad in the newspaper or a magazine for home buyers. However, some of the magazines are ‘trade-only’ and will only accept listings by realtors.

You don’t need to create or pay for a full page ad in the local paper to get results. Small ads can be equally effective since home buyers will read all the relevant listings in order to find the ‘perfect’ home. On the other hand, a badly worded ad can be a waste of space and a waste of time no matter how big it is or how much it costs. Where do you start?

Collect several local papers and read the ads placed there. Try to determine which ones catch your attention and which ones lose your interest. You will likely find that rambling, lengthy and detailed ads not only bore you but offer so much information you no longer need to see the home or talk to the owners. This is a critical mistake. You want to give the buyer some reason to see your home.

If a certain feature is being promoted by a large amount of advertisers, don’t use it as the focal point of your ad or it will get lost.

Professional marketer’s use a concept called USP – Unique Sales Proposition. Determine what you have that can be featured that is not being commonly addressed in other ads. This will make you stand out from the crowd.

If you see several ads that state in the headline ‘GREAT LOCATION’ you might want to stay away from basing your ad on that particular feature. Choose something else like ‘NEWLY RENOVATED’ or ‘SAVE MONEY – PRIVATE SALE’ to stand out from the crowd.

Start by writing down two or three features of your home. Select one to highlight and list the others for increased interest. Do not list every possible feature or buyers will not be inclined to call. Give them something to contact you about.

Some ideas for features you might advertise are:

Large Yard, Renovated Kitchen, Grade Entry Basement, Bright Rooms, Quiet Street, Close to Schools (shopping, transit etc.), Heritage style, New home, Starter home, Landscaped, Pool, and so on.

If you are selling a condo or other home with common property, include features such as: low fees (meaning the strata fees), pool, exercise room, landscaped grounds, pet-friendly etc.

For example, imagine you are selling a three bedroom home with an unfinished basement, large yard that is close to schools.

Your finished ad might look like this:

**SAVE MONEY!** – Motivated private seller, no commissions!

Three bedroom bungalow w/ large yard and basement – great for family.  
\$250,000. Call Brad for viewing xxx-xxxx.

The same ad could also say:

**FAMILY HOME** – 10 minutes from town, near schools. 3 bedrooms w/ basement (could be family room). Only \$250,000. Sale by Owner. Call Brad xxx-xxxx.

As you can see, the main feature may attract either a younger couple looking to save money on a starter home or a family looking for room for their growing family with attention to schools and expandable space. You may choose a different feature. Try several ads in different papers. Ask callers where they saw your ad to determine which one is working harder for you.

On the other hand, don't be TOO vague. If you don't give an idea of the cost, location or

size of the home you may be fielding calls from individuals that would not really be in your market. This will only disappoint you as your home is turned down again and again by buyers not looking for your home.

### **Place the Ad**

Place the ad on the day of the week with the most listings in your paper. This will attract the most viewers. Some papers may have large sections on real estate on Saturdays, others might be Sundays. Place your ad in both papers on their respective good ad days for the most attention.

Also consider placing your ad online in a For Sale by Owner website listing. This will be especially helpful for individuals who do not live in your town or city but are looking to move into the area. Look up 'sale by owner homes' or 'FSBO' for websites that provide this service for a fee.

### **Don't Forget...**

Whatever you do, don't forget to TELL people you are selling your home. You never know who's looking – or who knows someone who's looking – for a home like yours.

Bring it up. When the clerk or dentist asks how you are tell them you are actually looking for a new place and have your own home on the market. Do they know anyone looking for a home in your area? Networking is a key element for many sales people, and right now YOU are your sales team, so use it!

You will also be attracting the attention of realtors. Be prepared for their calls and visits attempting to persuade you that you cannot do this without them. They are wrong.

## **How to Show (and SELL) Your Home**

You've done your research. You've priced your home, cleaned and freshened it up. Your sign is hung out and you've worked hard on creating an intriguing ad. You told everyone you know that you're selling your home. Now you wait for the phone to ring.

***RRRRRINNNGGGG!***

How do you handle calls from buyers? What do you ask? How do you get them to come visit?

First of all, make sure you *get* the call. If you only have one line then sign up for the call waiting feature from your telephone company. Instruct everyone in the household to take calls that come through and pass on to you any calls for inquiries on the house.

Second, try to take the call in a quiet (or quieter) area with all your information in front of you. Have your feature list handy to answer any of their questions and have a list of your own. Have a calendar to book appointments.

Ask them for their name and phone number, in case you need to contact them. Set up a time for them to come over, and try to motivate them to come as soon as possible. If your home has been viewed before, mention to them that there is interest so they should try to come as soon as convenient. Also mention if you are having an open house since the added traffic will make your home more desirable.

### **Tips on Booking Appointments**

Try to book appointments on the same day and in 15 to 20 minute intervals. One potential buyer will be walking in the door just as another is leaving. The increased activity will

create a feeling of urgency in your prospects. Do they really want to lose the home to the nice couple that came out ahead of them? Or to the family that is heading in while they're still looking around? You have to work the angles if you want to compete with the realtor selling down the street.

You don't want to waste your time or your caller's. You might be able to push for some extra information if the caller permits. Keep your voice friendly (smiling while talking on the phone will help – just consider it mind over matter). And try not to be too put off by the caller's phone manner, they may be nervous or hate talking on the phone.

Ask them questions about what kind of home they are looking for and try to get a feel for the price range. If you know they wouldn't be interested or can't afford it (perhaps they are downsizing and you're selling a three bedroom home) you shouldn't bother booking an appointment.

You might ask if they are currently selling a home or renting. When do they need to move in and have they already been approved for a mortgage? If they haven't been pre-qualified you might ask questions about where they work, how long they've been looking for a place, etc. Be very tactful and conversational. You don't want to interrogate them.

If you get this information you will have an idea if they are really ready to buy your property if they're interested. It will also tell you how much help they may still need if they like the place but are unsure how to proceed.

In some cases you will find that these few comments may weed out some who are not reasonably able to work with you. This will avoid the exasperation and disappointment of showing your home too many times to unlikely buyers. However, in most cases you will want to encourage a viewing so keep their answers for referral later.

## **Having an Open House**

It's time to open your home to the masses.

The most common day to choose for an open house is Sunday. Sunday is relaxed, the errands are done and people can see the home during the day. It is an excellent time to find people in a buying mood.

Put an announcement in the paper earlier in the week, as well as Saturday and Sunday. Your ad might read as follows:

### **OPEN HOUSE SUNDAY 2-4**

13 - 1233 Roberts Lane, Anytown

2 Bedroom, 2 bath Condo – Great Views! \$133,000

Visit or call Dean xxx-xxxx

Be sure to give an indication of what size or type of home they are viewing as well as price and area. These are typically the criteria that most prospects make their judgments by. Leave out any other details since you'd rather they just come and see for themselves.

You should list a phone number in case an interested prospect can't make it to the open house.

If you miss the deadline, put out an open house sign in your yard anyway. You should be able to find one at your home and garden center or a sign shop. You may be able to pick up traffic from browsers as they drive around the areas they're looking for a home.

Now that your advertising is done, get everything ready for scrutiny. Most of the tasks of repair and maintenance have already been done in preparation for putting your home on the market. Some people, however, forget the last minute upkeep that will strongly influence a buyer's perspective.

## **Final Preparation**

Put away the dishes, make the beds, vacuum the rugs, clean the bathrooms and maybe even add some flowers and put on the coffee. Your house is now the statement of perfection.

Will this help? Well, little touches and flourishes are nice, but a clean home is a necessity. You might consider when prospects come through they are not necessarily coming to admire your décor (although we'll come to that later), but they will certainly notice if your home looks as though they interrupted the family in the middle of supper.

People will be looking for lights in each room, especially if it's in the evening. Improve the look of the room and avoid having your prospects fumble for switches by using table lamps or track lighting. This will portray your rooms better than a bright, overhead light will.

You might also try adding some mirrors to increase the brightness of a room (always a sought after feature). Also clear the fridge of excessive magnets, pictures and notes.

Consider having children and pets staying away with family or friends while prospects are viewing your home. The extra chaos and excitement might be too much for visitors, and if they don't like pets it's just best not to throw it in their faces that yours is a pet household.

## **Financial Assistance**

If you know someone who works in finance or mortgages, you might want to ask them to come by for the open house. This way, if you do have an interested prospect you can have them talk to your financial wizard to determine if they might be qualified for a mortgage or even to start the process right there.

Some buyers are not already pre-qualified. Having someone to work out the figures for them can be a big bonus, not only in establishing the possibility of working with them, but keeping a qualified prospect in the running. They may not know what they can afford and consider this just a preliminary viewing before taking steps to get pre-qualified for a mortgage.

If you don't have a financial friend, try to ask hesitant prospects questions about their income, debt and down payment. If both are working full time, have low debts and a good down payment, encourage them to get pre-qualified or make an offer subject to financing before your home is off the market.

Have your forms ready and filled out (this will be explained in the legal issues chapter). Also have receipts for down payments on hand.

### **What Not To Do...**

Before you get too excited about the parade of enthusiastic buyers, be prepared for professional browsers. These people might be very complimentary, but are not likely buyers. Perhaps they are not really ready to commit or are just curious. Never mind. They will still give you traffic and traffic will encourage the real prospects to make an offer.

If you feel there are less-than-desirable features in your home, do not take extreme measures of hiding them. Small yard? Unfinished basement? Older wallpaper? You don't know what your prospects see as bonuses.

Perhaps they don't like yard work. Or maybe they only want the basement for storage, or have their own plans to build a workshop or suite. Older décor may appeal to buyers who are anxious to put their own stamp on the place and would feel guilty paying for new paint and paper when the existing décor is brand new.

Don't feel you must escort your prospects out the door. Many people prefer some privacy

while viewing the home they are considering buying. They may wish to go back and look more closely at certain areas. If they come as a couple or a group, there may be some discussion needed without your presence.

Invite them to continue to look around at their own pace. Be certain that you've given them a feature sheet with your phone number and the details of the property and home. If they are leaving without making a deposit, invite them to return if they'd like another look.

### **Dealing with Negative Comments**

Some people may rile you up with their negative comments. Accept this as their means of bargaining. They may feel that it is important to portray to you that they are not really that satisfied or interested in the property and hope that you will drop the price.

If you believe the prospects are really hiding a sincere interest, try to turn the tables. If they complain about the size of the bedrooms, remark how large the living room and kitchen are. If they suggest the home is too close to a busy area, remind them of the easy access to shopping and transit.

If someone really pushes your buttons, just keep smiling. If they are interested they will accept your blasé-faire attitude as confidence that the home is a good one. If you get defensive, it will be difficult to turn the situation around.

When a young couple arrives and shows interest in the home, they may suggest that they'd be happy to make an offer but require the input of their parents. Do not waste your time sitting down with them to draw up the papers just yet. Tell them that you would love to talk with them and their parents after everyone has had an opportunity to view the home. Often times the parents input will alter the decision and so it is not valuable to make arrangements (or get your hopes up) before the parents have come.

## **How to Talk to Prospects**

Being friendly and likeable is crucial in creating a good relationship with prospective buyers. Try to find points of interest that would appeal to the buyer by asking questions.

Ask where they work, how many children they have, do they currently live in the area? These causal comments can give you an idea of what to feature. Will they be close to work, schools, parks or transit? Is there plenty of room for the size of the family? Can you tell them something about the wonderful neighbors?

You know your home better than any realtor ever could. Try to find the most positive aspects that each prospect may find appealing. If they don't agree, at least the sale won't be lost for lack of trying.

If you find a prospect who seems ready to make an offer, or shows sincere interest, don't be shy.

Ask for an offer. You may feel that an offer will be made when the buyer is ready, but making a large purchase, such as a home, requires a certain amount of courage. Your buyers may be very tempted but need you to ask the question outright to move them to a decision.

You don't want a nervous buyer who may have never bought a home before to walk out the door and buy the home down the block just because an experienced realtor asked the question. They will.

Don't be nervous. If they want to make the offer they will likely feel relieved that you asked.

Approach them after they've had time to roam the home and discuss it among themselves. Ask them in a friendly tone "Would you like to make an offer? Perhaps we

could sit down and discuss it right now”.

## **Negotiating**

Don't be surprised to be given very low offers to start. The buyers want a deal just as much as you want a profit.

Take every offer into consideration. Drop your price in increments depending on how low the original offer was. If the original price was \$150,000 and the offer is \$135,000 you might want to offer \$149,000. If the offer is getting close, try to split the difference. If you get an offer at \$146,000 why not suggest a split at \$148,000?

When you've met your threshold or you are firm on the original price you should still have some bargaining chips on your side. Perhaps they would like to have the fridge and stove or the lawn mower included. If you are moving into a condo with appliances, you might find this a better deal than selling them privately.

The trick is to NOT list these items on your feature sheet or mention them as part of the package. You may have several items you'd be happy to leave behind including drapes, a freezer or other items. You might also be surprised what the buyer suggests. If you can part with it and it seals the deal than go for it!

## **Getting the Offer on Paper**

There's no such thing as a handshake deal in real estate. Make sure you have something in writing before they leave the house.

You have all the necessary documents ready thanks to your preparation with the lawyer. You've discussed the price and negotiated what stays. Now you can ask what down payment they have ready or when they think it will be ready.

Walk them through the contract, explaining to them as your lawyer did for you. Fill in any subjects (you will review this information under the chapter on legal information) and discuss the deposit.

Never take cash for a deposit. Have the buyer make the check out to your lawyer which will be deposited into an escrow account. This will assure them that you will not have access to their money until the contract is settled. If the contract falls through, the lawyer will refund the money or give back the original check.

The deposit is to ensure the purchaser's intention to go through with the contract. Taking a deposit is not required legally, but if it's in the contract the buyer must provide it. You will have a lawyer to assist you if anyone backs out, but obviously that is not your first choice.

### **How Much Should the Deposit Be?**

By asking for a substantial deposit – anywhere from 3-5% – you will not be running the risk of the buyer giving into 'cold feet' or opting to forgo the deposit and start proceedings on another home. Unfortunately some people don't find a problem with staking claims on more than one property while searching for the best one. The deposit isn't a legal requirement so any amount will do.

If the purchaser cannot give you the full deposit at the time of signing, you can agree to accept several hundred dollars and include a clause which states that the deposit will be increased to a specified amount within 24 hours (or whatever you have decided). This will allow for the purchaser to make financing arrangements before placing the full deposit. If you feel the reason is sound, take the offer. You may not get a better one.

Obviously the buyer does not want their money tied up in case the financing doesn't come through. If it doesn't work out they will need the money to place an offer on another property but you shouldn't give them too much time or they may back out for any

reason.

## **Legal Issues**

Selling and buying homes requires legal paperwork. Writing contracts to sell your home is tricky business and you do need a lawyer to help you. Find one by asking for recommendations from family or friends or by looking for one in the phone book. Ask for a consultation before deciding.

### **What to Know About Your Lawyer**

Ask questions. Often you can have a free consultation before deciding on a lawyer. Be sure that they can accept evening and weekend calls. Find out the costs. Ask if you'll be charged hourly or a flat fee, if you must pay for phone calls, have a limit of visits and if you will be charged if the deal does not go through. Although using a lawyer costs some money, it is well worth the peace of mind.

You would be well advised to use a real estate specialist rather than a general lawyer. Not only are they more familiar with current real estate law, but they are accustomed to the demands of closing deals. They will understand that real estate contracts need to be handled quickly – often within 24 hours, and will be more likely to accept weekend or evening calls. This is important as you don't know when an offer will be made.

### **How Your Lawyer Can Help**

Your lawyer can also help you fill out the contracts and understand the language used. Having certain areas pre-filled means you won't make mistakes in the anxious moments that a prospect is willing to make their offer. It will also prevent you from creating loopholes for the prospect if they get buyers remorse (unfortunately, not all that uncommon).

Proper names and addresses are crucial. If these are filled out beforehand you won't have to deal with complications because you misspelled something or put down incorrect information.

Your lawyer will require you to make four copies of each document, one for you, one for them, one for the buyer and one for their lawyer. Counter-offers and addendums will also need to be dated, signed and copies made for each party.

Your lawyer can advise you of other paperwork – surveys, insurance papers, etc. – that need to be included.

Lawyers can also provide escrow accounts. This means that the buyer will not be handing their \$3000 deposit check to you, they will be placing it in trust of your lawyer. Their money will be returned if the offer doesn't work out, or else applied to the purchase of the home.

Your lawyer will also work with the buyer's lawyer in exchanging the relevant documents. The title transfers and new mortgages will be handled by the lawyers. They will check with the Land Titles Office to make sure everything is correct. A new title will be drawn up and the mortgage information changed.

The lawyers will collect the money from the buyers and pass them the keys on possession day.

A note of caution: if the buyers do not have their own lawyer, do not recommend yours. It is in everyone's best interest to retain their own legal counsel

Having a lawyer to discuss the details of selling and the legal requirements will help ensure the least hassle when selling your own home. This is an area where an ounce of prevention is certainly better than a pound of cure.

## **About the Contract**

One of the first things you must do before signing an offer is add the following:

“This offer is accepted subject to lawyer’s approval as to form and content by (state date and time).”

Usually give no more than 24 hours unless it’s a weekend and you anticipate a delay. If you don’t put this in the offer you could be in for a messy situation.

## **Subjects**

Here’s where you need to pay attention.

Often times a buyer will want to add a subject to the offer. Assuming that you’ve already remembered to add the subject about having the offer approved by your lawyer (and they can state the same) here are some other types of subjects you may be requested to add.

‘Subject to Financing’

Clearly, if the owner isn’t coming with cash, they will need to have their financing approved. This is for everyone’s benefit. You do not want to have signed a deal to sell your home to someone with no money, and they should not be legally responsible for buying a home with no financing.

You cannot know for certain if the information your buyers have given you is correct. They may say their credit is good but until a bank agrees, you have no basis.

‘Subject to Inspector’s Report’

Your buyers may wish to have a third party investigate the house for structural problems

or other unknown flaws. Some banks will also require a termite inspection before approving a mortgage.

‘Subject to Sale of Purchaser’s Home’ and ‘Subject to Parent’s Approval’

We will discuss the steps you should take to protect yourself from this one, but having these subjects are very risky.

Often (as stated before) parent’s will have a much different viewpoint than their children and you should probably hold off on writing the contract until all decision makers have viewed the property.

Subject to the sale of the buyer’s home is also a problem since you have no control on how long that will take.

### **The Escape Clause**

There are plenty of other subjects that could be included, with these ones being the most common. However, you are not tied to that offer if you remember to add an escape clause.

The escape clause should go something like this: ‘The vendor holds the right to continue showing the property at (address here). If another offer is received, the purchaser will be notified and given 24 hours to waive the condition or the original agreement may be considered null and void’.

This is a very important detail. You are now free to continue showing your home to prospects and accept new offers. If an offer is made that does not have other subjects attached to it, you may accept the offer with your own ‘subject to original purchasers canceling contract’. You can then notify the first buyers and give them the required 24 hours to remove or satisfy their subjects before canceling the original contract and issuing

the refund of the deposit.

### **How Long Should the Subjects Stand?**

Your original subject should state the minimum 24 or 48 hours for both lawyers to be contacted and approve the contract. However, if you are subjecting the sale to financing, or an anticipated promotion, or another temporary setback, make sure to give as little time as necessary. Seven to ten days would be acceptable in most cases if the bank needs to make a property appraisal, only two or three if the subject is an inspection report.

If you give too much time there is the chance that the buyers will find another home or give in to buyer's remorse and not complete the deal. Not only will this have wasted your time but is sure to break your spirit in your next attempt to sell. Keep things moving as quickly as possible.

Obviously other subjects (such as the sale of the buyer's home) will not have a time frame, but you've protected yourself with the escape clause so you will not have to pass on a better offer if it comes through the door.

If you are waiting on a sale with subjects, do not take on new offers that have extensive subjects themselves. Perhaps it would be better to take the name and number of the prospects and tell them that you will alert them to any developments.

### **Finishing up**

So, you've found a buyer, you've got your deposit – here's a few thoughts to keep in mind:

If the possession date is close to the end of your mortgage term, try to coincide it to avoid paying penalties on an early payout.

Make certain that the buyer is clear on what stays with the house and what goes with you. Anything fixed (including light fixtures, drapery rods and doorknobs) is part of the home. If you don't want to sell them then you should consider changing the fixtures BEFORE showing your home. Otherwise you will have legal problems in making the switch.

If you are including blinds, appliances or other unfixed items, list them individually on the contract. These are called chattels. Put everything in writing.

Be aware that there are some laws about writing contracts that you may inadvertently break. Some places don't allow contracts to be signed on Sundays. You should also avoid celebrating with any alcohol before the papers are signed.

Minor as these may seem, making these mistakes can provide a loophole for your buyers. If they suddenly get cold feet they may use this as a way out. The law will not support contracts signed because of undue pressure or while intoxicated. Find out from your lawyer if there is anything else you should be aware of.

That's it. You've done your homework and sold a home. Not too difficult was it? Now start looking for a new place if you haven't already got one - there's no going back!

## Cheat Sheet

For a quick review or to use as a check list, here's the plan from start to finish on how to sell your own home:

### RESEARCH

Start visiting local open houses, read the real estate ads, compare your home to similar homes and work out your price.

### CLEAN

Do minor repairs, determine if any major work needs to be done. Clean and remove clutter. Make your home appeal to as many as possible with a fresh coat of neutral paint, remove distracting décor or artwork and put family pictures away.

### LAWYER

Find a lawyer. Ask them about costs and availability for short notice appointments. Have them assist you in filling out the contracts ahead of time. Familiarize yourself with legal clauses that might be added and how to protect yourself.

### ADVERTISE

Know your home – design, materials and relevant details such as condo fees. Get a For Sale sign. Create a compelling ad. List your ad in newspapers and online at 'For Sale by Owner' websites.

OPEN HOUSE

Prepare your home by tidying up and lighting the rooms. Advertise the open house in your newspaper. Have your papers ready and a receipt book to take deposits.

SELL

Negotiate with prospects. Don't take offense to negative comments and be prepared for unqualified or non-serious browsers. Try to work with every offer.

CONTRACT

Cover your basis with subjects and escape clauses. Take a deposit and contact your lawyer right away.