Sell Smart

In this chapter we focus on selling a home—a complex activity, with many aspects to be considered.

Since the specific activities required and the actual order varies widely from one situation to another, we have organized this chapter around the following several key topics:

Minimizing Penalties — We address the critical issue of mortgages — closing them out, "porting" them, and negotiating better terms.

Finding Good Help— We give you important pointers on how to find a qualified appraiser, Realtor®, and lawyer or notary.

Getting the Best Price and a Quick Sale— We cover how to price and market your home for best results, and briefly look at the option of selling your home privately.

Minimizing Penalties

If you have a mortgage on your home, there are many things to keep in mind so you can minimize your costs or penalties. Before you make any decisions about your mortgage, it's important that you understand the cost of discharging your mortgage early and the potential savings of other options.

Identifying potential mortgage penalties

Your lender might advise that a three-month interest penalty would apply if your mortgage were discharged before the end of the term specified in the mortgage contract. However, the penalty could change to an **interest rate differential (IRD)**by closing day, depending on the prevailing interest rates. This change could mean a much higher cost to you, possibly reducing the funds available to use as a down payment on your new home. In most cases, the early prepayment penalty charged by a lender will be the greater of either a three-month interest penalty or the IRD.

For example: $100K @ 6 % = $6,000 ÷ 12 months = $500 x 3 months = $1,500 penalty **three-month interest penalty**is the amount of interest you would pay in the three-month period directly following the date of discharge. The actual formula varies slightly from lender to lender but is typically calculated as follows: Principal amount x interest rate ÷ by 12 months x 3 months.

The IRDpenalty would apply if the interest rate on your mortgage were higher than the current posted rate at time of discharge. The difference between the two rates represents a "loss of revenue" to the lender. The IRD would be calculated on the amount of principal remaining, multiplied by the remaining term of your mortgage. This can be a substantial amount.

An IRD example:

$100K @ 6% (with two years remaining, a two year rate for example at 4.5%), the early discharge penalty would be based on the 1.5% difference x two years x $100K = $3,000 penalty

Early Pre-Payment Options. It is important to apply any "early" pre-payment options to the outstanding mortgage balance before calculating the discharge penalty.

Your mortgage contract may indicate that your lender will allow an annual prepayment of up to 15% of your original mortgage amount, without a penalty or administration fee. The application of such an option first, using the sale proceeds on closing, would save you the cost to "discharge" that portion.

Porting your mortgage

Most mortgages through major lending institutions are “portable”. This means that you can transfer the existing mortgage, together with all its terms and conditions, to a new home. Porting a mortgage will usually eliminate any mortgage discharge penalty. However, even if you are porting, the lender may charge you administration fees. Also, look closely at your mortgage contract, since portability clauses vary significantly from institution to institution. Some lenders allow mortgages to be ported with a gap of several weeks between the home sale and the home purchase closing dates. Others allow a gap of only a few days.

It is recommended that the option of porting your existing mortgage and blending the interest rates be fully investigated with your financial institution to avoid unnecessary mortgage discharge penalties and fees.

We strongly recommend that you ask your lender for written confirmation that any prepayment penalty initially charged will be refunded when the new mortgage contract is finalized, even if the closing date is delayed beyond the usual time limits of the lender’s internal policy. This is especially important if you are building a new house at destination. With new constructions, there are often unanticipated delays in the possession date. Such delays can increase the gap between the closing dates on your home sale at origin and your home purchase at destination.

Arranging beneficial renewal terms

If your existing mortgage comes up for renewal from six months to a year before an anticipated move date; carefully consider your options when renewing the mortgage to reduce potential costs of mortgage penalties.

> If originally you had a $100K mortgage and you could prepay up to $15K each year for the term of the mortgage. Applying the prepayment first, would result in a penalty based only on the remaining balance ($85K, or less) rather than the entire $100K.

Matching mortgage at origin with requirements at destination

If you port your mortgage but need a lower mortgage on your new home, the prepayment penalty charged by the lender would be charged only on the amount not ported. It is highly likely that you will be able to negotiate with your lender to get the penalty waived entirely. If you need a higher mortgage on your new home, we recommend that you port the existing mortgage and blend its interest rate with the current rate available for the additional funds you need.

Lenders have the option to insure any mortgage however, the usual practise is to ensure a mortgage when the mortgage has a loan-to-value ratio of more than 80% (less than 20% down payment), mortgage default insurance (MDI), available through Canada Mortgage and Housing Corporation (CMHC) or Genworth, would apply only on the new portion. The insurance premium varies approximately from 0.65% to 5.65% based on the amount of additional funds required, up to a maximum of 95% of the value of the new property. We discuss MDI in greater detail in the Buy Smart chapter in the Mortgage Primer section.

Letting the buyer assume the mortgage

This option lets the purchaser “take over” your mortgage. Most first mortgages are assumable, subject to the lending institution’s approval of the credit worthiness of the buyer. Ensure you are protected against any potential breaches of contract claims from the lender. Ask for confirmation in writing that you have been removed from the covenant of the mortgage.

Minimizing bridge financing costs

Bridge financing is a temporary financing arrangement that lets you close your new home purchase before you’ve received the money from the sale of your former residence. This interim financing “bridges” the gap between closing dates when your purchase closes before your sale. You can usually arrange bridge financing when you have a “firm” offer on your current home. If you need bridge financing, you should try to negotiate the set-up fees.

Finding Good Help

There are several kinds of professionals you may need in selling your home—an appraiser, a Realtor® or broker, and a lawyer or notary. In this section, we look at how to choose each of these professionals, and how to work effectively with them. As a condition of their participation in BGRS' Canadian Government Third Party Service Provider (TPSP) Directory, each of these professionals signs a form committing to service standards and fee schedules. Copies of these TPSP Service Level Agreements (TPSP Agreements) are available on your secure website.

Property Appraisers

Why property appraisal is important?

A professional appraisal establishes the current market value of a property.

Choosing an appraiser

There are two key points you should know about choosing an appraiser:

1. Fees for appraisals are limited to pre-negotiated rates. All appraisers listed in the BGRSTPSP Directory have agreed to these rates. If you choose an appraiser not included in the Directory, you will be responsible for any charges above the approved rates.
2. Your appraiser must be at "arm's length" from you and your family, whether you choose them from the Directory or from another source. The definition of an arm's length transaction can be found in the Glossary.

How appraisals are done

Once BGRS orders the appraisal, the appraiser will contact you to make an appointment to inspect your property inside and out, including the garage and the grounds surrounding your home. They may measure the exterior of your home to determine the "livable space", excluding rooms below grade level.

How you can help the appraiser

There are several things you can do to get a faster and more accurate appraisal:

- **Show your home as it will be when you list it**

  An appraiser tries to see your property and its environment through the eyes of a potential buyer and will appraise it in "as is" condition. Therefore, if there is work in progress, make every effort to complete the project before the appraiser's inspection.

- **Make sure your home "shows well"**

  Whatever the basic features of your home, show it to the appraiser in the same condition that you will show it to buyers (e.g. countertops cleared, beds made, laundry and dishes put away).

- **Present your home in its best light**

  During winter months, show the appraiser summer pictures of your home and landscaping. Make a list of any aspects of your property that aren't readily visible but that might add value.

- **Have financial information available**

  The appraiser will need details of current property taxes, the full legal description of the property, and copies of the deed and survey (if available).

Remember that an appraisal is a professional estimate of probable sale price; it is not the final, absolute selling price or the actual cost to replace a house.

- **Have a list of chattels to be included**

  Prepare a list of “extras” that you intend to include with the property. This could include such items as appliances, gas BBQ or draperies. Built-in appliances, electric door openers, remotes and lighting apparatus are considered “fixtures” and must be included in the sale of the property unless specifically excluded in the listing agreement and the final agreement of purchase and sale.

- **Remove any items you want to exclude from the sale, if possible**

  If any fixtures are to be replaced, do so before the appraisal. Advise the appraiser and your Realtor® if there are other items that you specifically want to exclude from the sale.

- **Identify leased-to-own or rented fixtures**

  Tell the appraiser about any items included in the sale that are on a rental or lease-to-own plan (e.g. hot water heater, water softener, furnace, heat pump, pool and accessories).

- **Have a list of improvements**

  Give the appraiser a detailed list of improvements you have made to the property. Provide a copy of any applicable warranties that will transfer to the buyer (e.g. new roof, furnace, central vacuum system, heat pump).

- **Comparable sales**

  Tell the appraiser about any recent sales of similar homes in your neighbourhood. They will be investigated as potential “comparable properties” for the appraisal.

Realtors®

Why the choice of a Realtor® is important?

Selling your home as quickly as possible for the best price possible will help you buy a replacement home at your new location within the set time frame. Unless you plan to sell your home privately, the services of a qualified real estate professional will be a key element in a quick sale. With a home sale being such a big part of a move—both logistically and financially—it’s important that you have confidence in the Realtor® you choose. As a minimum, your Realtor® should understand the level of service required, have a good working knowledge of the local real estate market and have the support and resources of their real estate company. The following list shows the role that your Realtor® will play in the various stages of selling your home—and shows why it’s so important to choose one wisely.

Analyzing the market

Real estate markets are variable. Your Realtor® will explain the current market conditions in your area and how they could affect the sale of your home. A buyer’s market means that the supply of homes exceeds demand. In this scenario, homes will generally take longer to sell and prices tend to drop. Conversely, in a seller’s market, the number of buyers exceeds the supply of homes. As there are fewer homes available, homes typically sell more quickly and prices generally increase. A balanced market results when the number of homes available equals the demand. In this balanced market, sellers tend to accept reasonable offers, homes sell within an acceptable time frame and prices are stable.

NOTE: Be sure your Realtor® is fully aware of any situation in which home equity loss is anticipated.

Equity loss results when your sale price is less than your original purchase price. Another potential scenario could be that costs incurred for capital improvements to your home are not recouped in the sale price. Potential home equity / capital improvements loss will not change the facts of the current market value but it is still important for your Realtor® and BGRS Advisor to be informed. It is critical that you make every effort to minimize, or preferably eliminate altogether, any such loss.

Doing a comparative market analysis

Within the context of the market (buyer's, seller's or balanced), your Realtor® will do a comparative market analysis of your home based on the following points: the location, size, style and the condition of your home, nearby amenities and buyer supply for your particular type of home. This analysis will compare the market activity of similar homes in your area:

- Recently sold homes indicate what buyers are currently willing to pay.
- Currently listed homes indicate what sellers hope to get.
- Expired listings may indicate overpricing, poorly marketed homes or homes in poor condition.

The single most important decision you make will be the listing price. The information in the comparative market analysis will help you establish the most competitive listing price for your home. If you price your home "right", it will sell closer to the established market value - faster.

Making a marketing plan

Pricing right is necessary, but not sufficient in itself to sell a home. Your Realtor® will also develop a marketing strategy and discuss it with you. The marketing plan will focus on several target groups aside from the general public—Realtors® in their own office, Realtors® in the entire MLS group, and referral networks. You can ask for a written action plan from your Realtor®.

Monitoring action and reaction

Your Realtor® should report back to you once a week on market trends, reaction to their promotional efforts and prospective buyers' comments after each showing. Realtors® should also provide you with written monthly activity reports detailing current market conditions to ensure your property remains competitively priced.

Presenting and analyzing offers

Normally, your listing Realtor® will present the offer to purchase to you; in some areas it is the local practice for the buyer's Realtor® to be present as well. Your Realtor® will explain all details of the offer. We will examine the purchase offer process in detail further on in this chapter.

Following-up to closing

Once you have an accepted offer, your Realtor® will follow-up to ensure all conditions of the offer are satisfied within the specified time frames and will provide necessary details of the agreement to your selected lawyer/notary.

Sources of candidates

We encourage you to choose a Realtor® carefully and early in the process. There are several ways for you to find good candidates:

Experience

You may have developed a rapport with the Realtor® you worked with when you purchased your home. If so, you'll probably want that person to list your home.

Recommendations

You could ask friends, relatives, neighbours or coworkers for recommendations. A Realtor® with many sold signs in the neighbourhood may be a great candidate to consider listing with.

BGRS' Canadian Government Third Party Service Providers Directory

In the event that you do not have a Realtor®, BGRS maintains an electronic directory of Realtors®participating in your employer's relocation program that you may review.

We recommend that you first identify two or three candidates, using these sources. Then, interview each candidate to understand their marketing strategies and opinion of market conditions and values, so you can choose someone who will best serve your needs. If it seems like a lot of work, remember that your home is probably your single biggest investment. It's worth some effort to get the most out of that investment.

Interview preparation

Before you interview any Realtors®, we recommend some preparation work:

Do your homework

- Refer to the pre-negotiated fee schedules for MLS listings (reference the TPSP Agreement) to understand what fees to expect. Realtor® fees are established at pre-negotiated rates and vary provincially.
- You will be personally responsible for any fees in excess of the pre-negotiated rates. However, under some circumstances, when filing your personal income tax return you may be able to claim these additional costs against income earned in your new location. We recommend that you get professional tax advice about your eligibility for this tax deduction.

Prepare your home

- So that it shows well, using the tips further on in this chapter regarding preparing your home for viewings. Treat your Realtor® like a buyer, giving them the best possible view of your home.

Have documentation ready

- It will speed things up if you have all pertinent documents available that contain information that may be used to market your property or that must be legally disclosed (e.g. survey/certificate of location, property tax receipts, deed/title search, list of home improvements).

Take enough time

- Don't rush — schedule enough time between Realtor® interviews. Each Realtor® should come prepared with a listing presentation, which includes current and past market information, and a marketing strategy for your property. Take the time to hear what they have to say, and wait until you've completed all the interviews before you make your final decision.

The right questions

- You are employing a professional to handle a business transaction on your biggest investment. It's not only acceptable to ask questions about their experience and background and their plans for selling your home, it's essential. We have provided the following questions as a starting point for developing an interview guide.

Ready to choose

With the answers to the below questions, you should be ready to choose your Realtor®:

- Questions about the Realtor's® experience:
  - How many years of experience do they have? What level of success have they achieved?
  - Do they work in your area? How familiar are they with your neighbourhood and type of housing (e.g. condominiums vs. single-family homes)?

- Questions about their plans for your home:
  - Have they prepared a written advertising/action plan?
  - In what form and how often will they advertise? Will they use "target marketing"?
  - Will they hold an MLS open house? When?
  - Will they hold public open houses? How often?
  - Will they provide any innovative services or marketing strategies not offered by competitors?

- Questions about whether they will commit to the level of service and communication you expect:
  - Will they provide a Marketing Strategy Reportwhen listing your property?
  - Will they provide a Monthly Activity Report for the entire length of the listing agreement or until the house has a firm sale in place?
  - How often will they call to discuss marketing progress?

- Questions about the business arrangements:
  - What listing term do they expect?
  - Who looks after their listings when they are sick or on vacation?
  - Will they cooperate with other Realtors® in areas where a Multiple Listing Service is not available?

- Questions about how to prepare your home for sale:
  - Does your home show well?
  - How can you make your home more attractive to prospective buyers?

Lawyers and Notaries

The role of the lawyer or notary

If you are selling your home, you will need the services of a lawyer or, in Québec a notary. In British Columbia you have a choice of lawyer or notary. Given the complexities of legal transactions, their role is very important to you. Your lawyer/notary will arrange for the necessary legal work associated with your home sale and ensure it is done under the established terms and conditions. Your legal representative should be well versed in all aspects of real estate law.

Choosing a lawyer or notary

Just as with choosing an appraiser, we recommend that you find candidates from any of the following sources:

Experience

You may have a lawyer or notary who provided you good service on the purchase of your home.

Recommendations

Friends, family or coworkers may be able to recommend a lawyer or notary based on their experience.

BGRSTPSP Directory

BGRS maintains a Third Party Service Provider Directory of lawyers and notaries who abide by the service levels required, the timelines involved, and who have agreed to meet the established fee schedules and conditions identified in the TPSP Agreement (located on your secure website).

It's best to choose your lawyer/notary early in the process so they are familiar with your situation and your needs, and are ready to provide services as your home sale proceeds. Having to find a lawyer/notary at the last minute adds unnecessary stress to the process.

Making a Quick Sale & Getting the Best Price

Selling "smart" means getting the best price and making a quick sale. While you have control over some of the factors that affect the sale of your home, you don't have control over all of them. This section takes you through the various decisions you have to make, and gives you useful tips on the factors that are under your control. The first thing to do is to get your home ready for viewings, first by the appraiser (if your timeline makes this possible), then by Realtor® candidates, and finally by prospective buyers.

Preparing for Viewings

Depending on the condition of your home, getting it ready for viewings might be a weekend's work of final cleaning, tidying and minor repair (e.g. replacing tub caulking); or it might involve some cosmetic improvements. The Sell Smart Checklist on the next page will give you lots of ideas on how to present your home to potential buyers.

"Home Inspection" Condition

It is very likely that the person who buys your home will ask for a home inspection to ensure your house is sound, with no major structural defects or major repairs required. The purchaser would pay the home inspector. There are several things you can do early to prepare your home.

- Firstly, if you know of any serious problems, be proactive and deal with them. Make sure that past renovations have not done any structural damage. Look for damage caused by insects (termites) or thesettling of your home. Be on the lookout for loose wires or incorrect installation of receptacles, switches or electrical box. Is there evidence of water damage? Try to locate the source and make any necessary repairs.
- Secondly, tidy things up both indoors and out. Trim foliage, ensure windows and doors slide smoothly, fix leaky taps, be sure grouting and caulking around fixtures is proper, insert clean filters in the furnace, and be current on any servicing of your furnace and cooling system. Put yourself in the shoes of a building inspector and purchaser and walk through your home with a critical eye. Address any outstanding issues.

Legal Obligations

If the situation seems serious or complex, investigate the possibility of a professional building inspection to determine the extent of the problem and to provide a cost estimate for necessary repairs. It might be financially better for you to complete the repairs before listing and offer proof of such repairs to a prospective buyer. Speak with your Realtor® about disclosing repaired deficiencies. Being proactive will eliminate any concerns for a potential buyer and could prevent a sale from falling through due to the buyer receiving an unfavourable home inspection report.

NOTE: Be sure your Realtor® is fully aware of any situation in which home equity loss is anticipated. Equity loss results when your sale price is less than your original purchase price. Another potential scenario could be that costs incurred for capital improvements to your home are not recouped in the sale price. Potential home equity / capital improvements loss will not change the facts of the current market value but it is still important for your Realtor® and BGRS Advisor to be informed. It is critical that you make every effort to minimize, or preferably eliminate altogether, any such loss.

In most provinces, you can't complete a property sale without completing a Property Condition Disclosure Statement. You are required to disclose deficiencies in your property or potential hindrances to a sale (e.g. a malfunctioning septic system or any type of water infiltration).

Pricing Smart

Whether you sell privately or through a Realtor®, you have to choose a "listing" price. There are four main factors that draw initial buyer interest:

- Affordability – the price
- The location of your home
- Style of home
- The number of bedrooms

You have no control over the location, style and the number of bedrooms; however, you have complete control over the price. Statistics confirm that most activity occurs within the first month of listing a home for sale. A new listing creates immediate interest for both Realtors® and potential buyers. Take advantage of this attention by pricing competitively and having your home in its most marketable condition.

"Sell Smart" Things You Can Do...

Use the checklist below to see your home through the eyes of a prospective buyer. These guidelines will help sell your home for the best price within the least amount of time. Some items may seem trivial but they all contribute to creating a great first impression. This usually translates into a higher sale price.

Getting your home ready

- Hold a garage sale to reduce clutter in your home.
- Get rid of firewood, flammable materials, lumber and any items movers cannot transport.

Is your home in good basic repair?

- All light switches have covers?
- All light bulbs working?
- Doorknobs firmly attached to the doors?
- Doors and cupboards close properly?
- Drains fast acting?
- Taps and toilets drip-less?
- Ensure doors and windows don't stick.
- Floors are free from major squeaks.
- Interior wall paint and wallpaper are in good shape — no chips or peeling.
- Basement is presentable. If the basement area is particularly dark, a coat of white paint may improve the appearance.
- Exterior paint is in good condition, including fences and decks.

Is your home neat, tidy & clean?

- Keep your lawn mowed and your walk and driveway clear of ice and snow.
- Dispose of any debris on grounds.
- Trim hedges and weed gardens.
- Make sure there's room for the car(s) in the garage.
- Make sure the doorbell works.
- Closets and other storage areas, especially the basement, should not be overfilled. Store extra clothes or other items off site, if necessary, to create an impression of ample storage.
- Carpets should be clean (deodorized for pet odour if necessary).
- Appliances should shine, inside and out.

Is your home putting on its best face possible?

- Open the curtains and let the sunshine in!
- The windows should be clean, inside and out.
- Bathrooms should be sparkling clean. Check the tub caulking.
- The house should smell pleasant. A bowl of oven-warmed vanilla and water smells nice.
- Leave the house during viewing — prospective buyers will be more comfortable.
- Keep pets out of the way.
- Display photos of your yard and gardens.
- Clean your front door. If you have screen doors, ensure they are in good repair. Remember that your front door is the first (and last) thing viewers will see!
- Although no one knows your home's features as well as you do, DO NOT join a conversation with a potential buyer. You should never conduct a showing of your own property. The Realtor® for either or both sides should be present at all showings.

A word of caution ...

- Lock jewelry and valuables safely away.
- Valuable property (such as art, vases, figurines, and mementoes) should be out of reach or stored away.
- Answering machines should be turned down to prevent buyers and Realtors® from over hearing messages while showing your home.
- Do not discuss price, terms, possession or other factors with a potential buyer. Refer them to the Realtor® .
- Do not try and sell furniture and other items to the prospect before an offer has been accepted. It is confusing and proper timing is important.

How to Determine the Best Price

You could have several sources of information to help you choose the right price—the appraiser's report if one was done, the opinions and information provided by the Realtors® you interviewed, and your own knowledge of recent comparable sales in your area. Together, these will give you current, reliable market information for your location. When reviewing this information pay particular attention to the following points:

Comparable properties currently for sale

- These represent current competition. Take note of the length of time they have been on the market, initial list prices versus current prices, incentives being offered or inclusions. How does your home compare?

Properties recently sold

- This shows what buyers are willing to pay in your neighbourhood. How long did they take to sell? Were they previously listed with another company? What was the initial list price? What was the list price at the time of the sale? What incentives or inclusions were offered? How does your home compare?

Expired listings

- These are properties that did not sell for a variety of reasons, the most common being overpricing for the market. How does your home compare?

With the above information, you can make an informed decision regarding list price.

There are four key benefits of pricing competitively:

1. Realtors® will promote your home more enthusiastically if they are confident it is well priced, because they will anticipate it being easier to sell.
2. You will get a faster sale, often due to greater exposure. If you overprice, buyers looking in a lower price range will move on to more appropriately priced properties.
3. You will have less disruption due to a reduced time on the market. It can be difficult keeping your home constantly clean for potential buyers.
4. You should get higher offers, closer to market value.

Remember: *Except in very strong markets, houses sell for less than the asking or list price. Your Realtor® can advise you on the typical "spread" between listing and selling prices. Consider this when choosing your list price.*

Selling Privately

Most transferees use the services of a Realtor® to sell their home. Some people, however, prefer to sell privately. Carefully consider the current market trends and the feasibility of success. Be aware that the risks of selling privately may far outweigh the benefits:

Advantage of Selling Privately

There is one potential advantage to selling your home privately— the savings of the Realtor's® commission, less your costs for advertising, flyers and signage.

Disadvantages of a Private Sale

There are several potential and actual disadvantages to selling your own home:

Financial

- Higher legal costs for reviewing the contract and attending to closing details
- Inability to be unbiased in analyzing offers
- Requirement to negotiate directly with the buyer
- Unable to confirm financial ability of purchaser; whereas most Realtors® pre-qualify prospective purchasers
- Purchaser's expectation that buying a private sale will cost less than purchasing through aRealtor®

Schedule

- No MLS exposure, resulting in longer time on the market
- No access to Realtor® referral network
- Possible unqualified buyer defaulting on the contract at the last moment

Extra work

- Need to be available at all times to show home
- Have to arrange advertising and host open houses
- Added stress and inconvenience to family
- Will not necessarily have access to industry knowledge of prospective buyers

Safety issues

- You may put yourself at risk when allowing unknown people into your home

Listing Smart

If you do decide to list your home with a Realtor®, there are several things you need to know about the listing.

Use the Multiple Listing Service (MLS)

This allows any Realtor® to show and sell your property.

Listing your home on the MLS ensures maximum exposure and usually results in a faster sale. The Realtor® you contract to list your property remains the contact for appointments and negotiations. Direct all inquiries about the sale of your property to your Realtor®.

Limit the term of the listing agreement

BGRS recommends that you not exceed the minimum time required for an MLS listing; this varies from area to area but is usually for 60 days. In any case, we recommend that the listing term not exceed 90 days. If your home is still not sold at that time, you can renew the agreement if you are satisfied with your Realtor's® efforts or you can choose another Realtor®.

Have the relevant information ready

Your Realtor® will need pertinent information and documents from you. Assembling them in advance will save time and last minute frustration. Much of the information will be the same as what you might have already given to the appraiser. For instance, you'll need the title/deed on your property, a copy of your tax bill or notice of assessment, survey or location certificate and copies of recent utility bills (water, electricity, heat).

Check the commission

Read your listing contract carefully to be sure that the quoted rate does not exceed the established rates for your employer's relocation program.

Understand Agency Disclosure

Your Realtor® works for you. However, they and their colleagues also show your home to prospective buyers. It can be confusing, trying to understand who your Realtor® is "really" working for—you or the buyer. In 1994, the Canadian Real Estate Association adopted "article 3" in their Code of Ethics and Standards of Business Practice as follows:

Real estate law is provincially legislated. Customs and practices differ from province to province. Your best approach is to understand the duties, obligations and role of your Realtor® in the transaction.Make sure your Realtor® fully explains and provides written information on Agency Disclosure as it applies to you. If you have any concerns about Agency Disclosure and how it affects you, contact the local Real Estate Board. The following gives a brief summary of the three types of agency relationship.

The Agency Relationship

There are three different forms of "agency relationship". It is key that you understand who your Realtor® is **working** for as an agent is legally obligated to look after the best interests of the person for whom they are working. Your Realtor® will provide a brochure to explain each type.

Seller's Agent

In this case, the listing agreement contract establishes the relationship between the seller of a property and the real estate company. The Realtor® must take appropriate action to do what is in the best interest of the seller. This includes sharing all known information about a buyer, such as a buyer's willingness to offer more. Confidential information is not shared with buyers or others. A buyer however, can be confident that they will receive fair and honest service and disclosure of pertinent details about the property.

Buyer's Agent

A "Buyer's Agency Agreement" is between a prospective buyer for your home and their Realtor®.It results in that Realtor® doing what would be best for the buyer.Confidences shared between the buyer and their Realtor® would remain confidential.Any information given to the buyer's Realtor would be shared with the buyer, so be careful not to provide information you do not want passed on, such as the bottom-line price you are prepared to accept.

Dual Agent

It is possible for the real estate Realtor® to represent both the buyer and the seller, with the written consent of both parties. The Realtor® must do what is best for both the buyer and the seller, who have conflicting interests. The agreement clearly states the rights and duties, and any limitations to them, of everyone involved.

> *"A "REALTOR®" shall fully disclose in writing to, and is advised to seek written acknowledgement of disclosure from all parties to a transaction regarding the role and the nature of service the REALTOR® will be providing to the client versus the customer or other party to the transaction. The REALTOR® shall also disclose his or her role to other REALTORS® involved in the transaction".*

Working With Your REALTOR®

After you sign the listing agreement, your Realtor® will prepare a detailed description of your home and send it to the local real estate board's Multiple Listing Service. They will hold a "Realtors'® open house", showing your home to other Realtors® in the area to give them first-hand knowledge of the features and condition of your home. Then you can expect showings to prospective buyers. As you go through the selling process, you and your Realtor® both have contributions to make:

Your responsibilities — Keep your home ready and available for showings at all times. If you are going to be away, make sure that your Realtor® knows how to contact you. If an offer is received, negotiations can be completed by phone or fax. If you will be leaving your home vacant, you may choose to arrange for a property management company to oversee your property. Make provisions for home surveillance, vacant insurance, utility payment and exterior maintenance.

Your Realtor's responsibilities — Your Realtor® should keep you updated on changing market conditions, allowing you to be in control of the home sale process. If your home doesn't sell quickly, the listing price may require an adjustment, depending on your current competition. Continuous competitive pricing is essential.

Marketing Incentives

When market conditions warrant, or if your home remains unsold after an extensive period, an incentive could make your home more appealing than the competition to facilitate the sale.

A marketing incentive is a monetary benefit or bonus offered to a prospective buyer that is payable on the successful closing of the sale. It is intended to help you attract more buyers and realize a quicker sale. A marketing incentive must be clearly written, with a specific amount, in the listing agreement or an amendment to the listing agreement. It would subsequently be requested by the buyer in the Agreement of Purchase and Sale and then itemized in the lawyer's/notary's statement of account as a cost payable on closing.

A marketing incentive must be initiated before you start negotiating an offer and is not utilized as a negotiating tool during the offer process to fix an item of deferred maintenance.

CRA guidelines include as eligible moving expenses selling costs for the sale of the old residence, but do not include expenses for work done to make the property more saleable. For example, the following items would generally not qualify as deductible expenses:

- Items already in the home
- Items normally considered maintenance
- Bonus or incentive to the Realtor

Offering a prepayment of property taxes or condo fees for a set period of time or offering a mortgage interest rate buy-down may serve to attract potential buyers to your home as opposed to the competition, and this type of incentive would likely qualify as a selling cost of the home which would be deductible as an eligible moving expense. Possible marketing incentives should be reviewed on a case-by-case basis with your taxation professional to determine their deductibility status.

Handling Offers

We now take a closer look at the elements included in an "offer to purchase" from an interested buyer. All terms of the offer must be in writing; there can be no verbal understandings not set forth in the offer. The specified price and terms must be legible. Every offer should be taken seriously and every effort should be made to negotiate the offer to the satisfaction of all parties.

Price

The price offered by a prospective buyer depends on local market conditions, but generally will be different from the asking price. You must then decide whether to accept the offered price, reject it or counter-offer with a higher price.

Deposit

A deposit should accompany the offer, payable to the listing broker "in trust". The amount will vary depending upon local practices. Your Realtor® will advise you on the appropriateness of the deposit. This deposit being offered up-front would be applied against the purchase price when the sale closes. It shows a buyer's good faith.

Terms

Specific terms in the offer will include financing details; the buyer may be arranging his or her own mortgage or may ask to assume yours if you have an attractive rate. If the buyer wants to assume your existing mortgage, ensure the offer is conditional upon the buyer being approved by your lender, under an assumption agreement.For your protection, ensure you are removed from the covenant of the mortgage.

Conditions

The offer may be conditional upon, or subject to, any of the following items: the buyer obtaining financing, a successful home inspection or specialized test (water/septic system/pyrite) or the sale of the purchaser's property. If conditions are included, find out how long does the buyer have to remove the conditions? For example, if an offer is conditional to financing; normally 5 business days would be acceptable. You can ask your Realtor® to get a written financial pre-approval from the buyer. This will ensure that the buyer personally qualifies for a mortgage and only the house remains to be approved. In general, the following conditional offers will not be to your benefit:offers conditional upon the sale of the buyer's property,offers subject to the buyer obtaining financing from other than a recognized lender, or subject to you "taking back" a mortgage.

Inclusions and Exclusions

The buyer may ask that items such as appliances, certain fixtures including window coverings, central vacuum or an above-ground pool be included in the sale price. Will the buyer assume the payments for rented or leased components or are you expected to pay the outstanding balance?

Closing or possession date

This will be the day the property's title transfers from the seller to the buyer and typically the day the seller receives the funds. Although in some provinces such as Alberta, Manitoba and Québec, funds take up to several weeks to be processed. Ensure the requested closing date corresponds with your planned moving date.

Carefully review all details of the entire offer. Note what is acceptable to you and what is not. You must then decide whether to accept the offer, reject it entirely, or counter-offer with terms that are more acceptable to you.

Keep in mind that when you "counter", you are, in effect, rejecting the buyer's original offer. They then have the right to accept your counter-offer, to make their own counter-offer, or to walk away.

Following the Offer

Once you have an accepted offer, most of your work is done, but there are still important things to do:

Your lawyer/notary will need a copy of the Agreement of Purchase and Sale as soon as possible. Ensure that your BGRS Advisor has the name and telephone number of your lawyer/notary and that you have provided a final copy of the contract to ensure that BGRS is able to pay Real Estate commission, legal fees and disbursements in a timely manner.

Once you or your Realtor® forwards a copy of the final unconditional offer, your lawyer/notary will need the following items from you:

- Transfer/deed of your property
- Mortgage documents including loan number
- Survey/Location Certificate, if in your possession
- Most recent realty tax assessment/bill
- Recent hydro, gas and water bills
- Details of your tenant's rental agreement, if applicable
- Keys to your house

If you have a tenant, give the required written "notice to vacate" (if applicable) as soon as possible after the offer is firm.

Make your house presentable for the home inspection, if your offer includes this condition from the buyer. As discussed under the “Preparing for Viewings” section in this chapter, you will already have dealt with any defects you know about. All that remains now is for you to do a final clean-up before the inspector arrives.

There could be other considerations, depending on your particular circumstances:

Timing of money

In some provinces, the seller does not receive the proceeds of the sale on the date of closing. This must be taken into consideration when determining your closing date at destination. Check with your lawyer to find out when you will get the sale proceeds. You need either your sale proceeds in hand or bridge financing in place before the closing date of your new home.

Damage after the offer

The buyer is entitled to take possession of the property in the same condition it was in on the day the Agreement of Purchase of Sale was signed. If damage occurs, especially during the moving process, you will need to arrange for repairs or proper compensation.

Insurance

Your fire/home insurance policy may provide for a refund of prepaid premiums once your property has sold. NEVER cancel your homeowner’s policy until you have received confirmation that the property has legally changed title. If your departure date is before the property changes hands, inform your insurance company of this. Your insurance may become void if the house is vacant. Be prepared for an increase in rates for a vacant property.

Utilities

As the seller, it is your responsibility to contact the utility companies directly to have the various services terminated upon completion of the transfer of title. Keep a record of the day you call and the person you speak with at each company for future reference. Be alert to your cut-off dates. In case of a closing delay, promptly notify your utility companies. It could be quite costly to contend with frozen pipes due to power disconnection.

Access before transfer of title

We recommend that you DO NOT allow the buyer access to any part of your property until the title has changed hands. Storing goods on the premises, planting flower beds for the spring, even having the carpets cleaned before their moving truck arrives can all lead to problems. Buyers do not own the house until the lawyer/notary has officially completed the transaction and the land titles have been transferred to the new owner. As an example, carpet cleaners who accidentally flood the house have just damaged your house, not the buyer’s house. You will be responsible for cleaning up.

Attending closing

If unforeseen circumstances require you to leave for your new location before your home has closed, a power of attorney can facilitate closings in your absence. Legally this person has the same power as you do to sign all papers and documents on your behalf. This can save time and can become very useful when a signature is needed in a hurry. This document can be drafted in two different ways: either a limited or a broad delegation of authority.We recommend that you be specific in explaining what powers you grant as opposed to a broad delegation of your authority. In either case, the document of the delegation of powers should be stored with your lawyer to avoid misuse.