

How to Sell a HOME

1. FIND AN EXPERIENCED AGENT

While there is some truth behind the idea that well-priced homes sell themselves, who you hire to sell your home matters more than most people think. Your agent can actually make or break your sale. The majority of people hire the first agent they meet—whether that is at an open house, via a street sign, or through a family member or neighbour. Recommendations are helpful, but for a financial transaction this large, they should still be vetted through your own research.

At the very least, you should read their reviews and know the answers to these questions before you agree to work with them:

- What level of service do they provide and how much do their services cost?
- Does this person have the training, energy and TIME! to sell my home or is real estate their side hustle?
- Does this person seem capable of giving me hard advice that I need to hear even if I do not want to hear it?

Having an experienced professional on your side will be your greatest asset in the home-selling process. Look for an agent that has sold many homes, across a wide range of price points – and specifically, in your particular real estate market. An agent who has built a reputation and developed expertise selling condos in the city will not necessarily be the right person to handle your suburban home. Here are some things that you should consider.

Avoid Selling Your Home with Someone Out of Obligation

Almost everyone knows someone who is a real estate agent. This can be really beneficial if that person is extremely qualified. It can also be extremely messy and put a strain on relationships if the person does not have much experience or if things go sour on the deal. It is worth asking yourself not only if the person is qualified to do the best job, but also if your relationship could be impacted. Would your relationship be okay if they made a mistake that cost you financially or if they did not handle something the right way?

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1. FIND AN EXPERIENCED AGENT

Find a Realtor Who is Highly Trained and Has Recent Experience

An experienced agent with the right tools and training will be able to help you sell your home for the most money while simplifying the process and protecting you throughout in order to get the best results. No matter who you hire to sell your home, make sure they have a track record that proves they are equipped to do the job.

"Can I Sell My Own House?" : The FSBO Trap

It is a common question. Most homeowners could do a For Sale By Owner, but ultimately opt not to because of three important considerations: time, effort, and getting a fair price. A good real estate agent can set an appropriate timeline and strategy for your home's sale and has experience getting fair offers. Here are some useful details to know in this regard:

- Do you have the time, energy and marketing exposure to ensure the right buyers see your home?
- Do you know how to read a contract and negotiate a fair price and terms with another realtor?
- Are you ok to pay the buying realtor their fair market share for bringing you a willing and able buyer for your home?

Look for a Full Service Agency

Once you have found the right real estate agent for you, you will sign a listing agreement with them. This is a contract that gives the agent the right to sell your home and establishes the agent fee or commission percentage. It also specifies that they have the right to advertise your home on the Multiple Listing Service (MLS) and potentially elsewhere. This is also a contract but is not binding. If you wish to terminate know that you have every right to do so!

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2. RUN THE NUMBERS: THE COST OF SELLING A HOUSE

Closing Costs

Closing costs encompass property transfer taxes, the agent's commission, seller conveyancing, and other miscellaneous fees.

Agent/Brokerage Commissions

Full-service brokerages typically charge the home seller 6% of the first \$100,000 and 3% on the balance of the negotiated accepted price. This is split between the listing/seller's agent and the buyer's agent. This means that for a home that sells for \$600,000, you will pay \$10,500 per agent, for a total of \$21,000.

Taxes:

- Transfer tax varies but in BC on Vancouver Island it is 1% on the first \$200,000, 2% on \$200,000 - \$2M and 3% on \$2M-\$3M and 5% on \$3M+
- There are exemptions so ensure to speak to your agent, but this tax only applies to the buyer in the transaction.
- If you are selling a second home, a flipped home, or rental property, you may need to set aside additional money to cover capital gains taxes that you will owe at tax time. This is a tax that applies to non-inventory assets, including real estate.
- Property taxes should be paid up to the closing date; you should pay your share of the property taxes in advance, by placing the money in an escrow account.
- Spec tax or Vacancy Tax should also be considered, depending on your situation and what part of BC you are living in.

Other(Optional):

- Painting. Not required, but a simple fresh coat can change the look of the home.
- Deep Clean. If you decide to pay for someone to deep clean your home - expect to pay between \$200 and \$400 for this service, size dependent.
- Hire an appraiser: Having a professional appraisal done on your home can cost between \$300 and \$700, but is not always the best most accurate source of market price as realtors are the ones in the active market daily.

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3. FIND OUT WHAT YOUR HOME IS WORTH

The next step of the home-buying process is to find out how much your home is worth. There are a few ways to answer this.

Have a listing consultation with your agent

During the listing consultation, the agent will take a tour of your home. They will point out potential problems, and suggest improvements. Their extensive experience will help you get the most realistic sense of what your home is worth.

Scenarios that could raise or lower the value of your home:

Lower

- electrical wiring or any upgrades not up to the current building code
- roof needs repairs
- cracks in the drywall – this can indicate more serious foundational damage
- older appliances, hot water tank, windows

Raise

- double-pane soundproof windows
- hardwood flooring
- walk-in closet(s)
- finished basement
- income suite
- new roof
- landscaped yard
- newer appliances, hot water tank, windows

This is not intended to be an extensive list; just examples of the types of specific features agents are taking into consideration.

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3. FIND OUT WHAT YOUR HOME IS WORTH

Update and Improve

If you do want to make improvements to your home before selling it in order to net a higher asking price, prioritize improvements that appeal to millennials as they are the largest group of homebuyers, representing around 37% of the market. This generation values updated kitchens and baths, and rarely sees the appeal of wall-to-wall carpeting. These are three of the top updates millennials are looking for in for-sale homes:

- Home office space
- Smart tech/energy-efficient appliances
- clean and crisp look and feel

Figure Out Real Estate Comps: Relative Value

An important part of determining your home's value is a comparative market analysis (CMA), which is a review of what similar properties in your neighbourhood have sold over the past few months and maybe what active properties are selling for in the area as well. Your agent can help produce a CMA for you so that you have access to more information than what the general public can view.

Here is what some listing agents are looking at for determining comparable properties (comps):

- Rooms: bed, baths, finished square footage
- Location specifics: if it is a "hot" neighbourhood, walkable, amenities
- Condition: regardless of age, has the home been well maintained?
- Acreage: large, level lots on private streets sell well
- Renovations: updates to the kitchen, bath, and basement carry the highest return
- Unique features: built-in pool, fireplaces, new deck
- Age and maintenance of major components: roof, windows, heater, AC, plumbing, etc.
- Days on Market: Taking into account how long similar properties spent on the market (DOM), at what price, and if they were listed multiple times or required price reductions

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3. FIND OUT WHAT YOUR HOME IS WORTH

Real estate transactions are different from everyday transactions. If you go to the store to buy a box of cereal, the price generally stays the same regardless of how many people want to buy it. The price of your home, however, fluctuates constantly due to local supply and demand as well as seasonal changes affecting the market. Understanding this will help you let go of expecting a price you think your home “should be.” What dictates your home’s price, ultimately, is the amount a buyer is willing to pay – and this number can go up or down within the space of a year, or even a season.

Fill Out the Property Disclosure: Required by law

The property disclosure, or seller’s disclosure, is an important document for the home selling process. This document outlines any potential issues that could impact a home’s safety or value. Common issues noted in the disclosure may include, and are not limited to:

- The presence of asbestos
- Renovations made without a permit
- The presence of mold
- Leaking issues
- Foundation problems
- Septic & well information
- Presence of pests

A property disclosure statement requires the seller to disclose this information but they have no obligation to hire a professional investigator and cannot be held liable for any problems discovered after closing. This is the tell tail sign of “Buyers beware” stating buyers must do their own due diligence before purchasing any property and not just rely on what the seller(s) are disclosing.

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List at the True Market Value

Your listing/seller's agent will recommend a listing price, but it is **ultimately your choice**. It is highly recommended that you list your home at its market value. Many homeowners are tempted to list it higher – just in case someone will pay, to give room to negotiate, etc. But this approach can backfire. Thanks to the internet, it is extremely easy for buyers to know more or less how much a home is worth and buyers will be hesitant to make an offer on an overpriced home. If you want to sell your home fast, sell it at a fair price and you could end up entertaining multiple bids. During or shortly after the listing consultation, you and the agent will finalize an agreed-upon price and listing dates and then you are ready to sign the listing agreement.

4. LISTING YOUR HOME

Once you are ready to list your home, it is important to move quickly. The average home takes about 65 days to sell, but this number depends on the local market and how the home is priced.

The Listing Description

Creating a listing description is important – this is where you summarize your home and why people should want to live in it. Sometimes less is more, and it is best to let an experienced agent lead on this and decide on what is worth highlighting and adding to this description.

Professional Photography

Professional photography is an important part of the listing process. About 90% of people now start their home search process online – often before approaching an agent. Well-lit photographs and detailed 360° virtual tours that highlight a home's best features can help get more potential buyers to see your home. Your listing agent is likely aware of how to get high-quality images of your property so work with them to do so.

Updated Strata Docs: (if necessary)

Ensure your agent is collecting all the Strata Docs for your complex, up to and including 24 months of history. This expense should be part of the listing expense and really should be paid by your agent.

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The MLS

Once your home is ready to go, it will be added by your listing agent to the Multiple Listing Service (MLS). By uploading it to the MLS, your home will appear on sites like:

- Realtor.com
- IDX
- Kijiji
- Point 2 Homes
- Zillow

This helps to ensure maximum exposure. Once people are interested in actually seeing your home, showings can be requested and open houses advertised.

Tackle Easy Home Fixes

Costly renovations may not be recommended, but small, inexpensive fixes definitely are. It all depends on your budget, your time and the energy willing to put into these fixes. Homeowners might be surprised to discover that bright-coloured accent walls rarely help sell a home: instead, neutral-toned walls work best. Now is also the time to fix the broken shower head or door handle so that a small repair for you does not turn off would-be buyers.

Showing Your Home

A sign can/will be installed in front of your home to let people know it is for sale, as well as a lock box for easy entry for home showings. Keep your home relatively clean and de-personalized so that it can be shown whenever buyers are interested. If someone is interested in purchasing your home, their buyer's agent will contact your listing agent, who will contact you. Once again, it is a good idea to have a listing agent who is all in and not working multiple side jobs at the same time so that they can be available when necessary as you are the main priority!

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Open House

Open houses help to generate hype for your property, and they can be a good way to separate potential buyers that are truly interested. An open house allows for people with low purchase intent to see your home without taking up a lot of anyone's time, leaving individual showings for the truly interested buyers. And if serious buyers are in attendance, witnessing a well-attended open house can encourage them to come in with a high bid. Here is what you should do to prepare for your open house, which will typically happen on Saturday or Sunday:

- Declutter the house
- Do a full-house clean
- Get rid of excess furniture to better showcase room size
- Beautify outdoor spaces (pruning, grass cutting, etc)
- Do not use synthetic smells (like plug-ins): some people are allergic
- Secure your valuables, just in case
- Curb appeal: flowers are great, and pressure-washing can make a world of difference

5. EVALUATING AN OFFER

An offer on your home allows you to potentially move forward with the process of selling your home. There is a lot that goes into evaluating and accepting an offer, though. Here is what you need to know.

Should I accept the first offer on my house?

There is no right or wrong answer since it will depend on what stage of the selling process you are at, and the quality of the offer. If your home has been on the market for three months already, you are unlikely to receive a higher offer later on. If anything, buyers may assume you are desperate to sell (and willing to accept less than your home is actually worth). On the other hand, if your home was just listed, you have more room to wait and see what happens. Buyers who come in with a low asking price, with contingencies, or without a mortgage pre-approval might not be the right match. However, sometimes the first offer is the most eager, willing and able buyer for your home. Utilize your agent's expertise and knowledge when choosing how to move forward.

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What is the main consideration when comparing multiple offers?

Ideally, you will have several offers to choose from. Here is what you should look at:

- Purchase price
- Expiration date of the offer
- Deposit (amount, structure and terms)
- Closing and possession date
- Inclusions/exclusions
- Types of financing (cash or mortgage)
- Who the buyers are (young family, developer etc)
- Contingencies elected and terms

What should be included in the home offer?

The offer is a legal document. Home offers generally follow the Contract of Purchase and Sale (CPS) and usually include:

- The purchase price: this is, quite simply, what they are offering to pay for your home.
- Expiration of the offer: how long their offer is good for. Typically one or two days, but sometimes only a few hours
- Initial deposit: is a good-faith escrow deposit the buyer puts down promising to purchase the property
- Required home inspection: the buyer is entitled to have your home checked for defects. They will note whether you are expected to address any issues that come up in the inspection. This is important to note because something always comes up during the inspection, so be prepared.
- Warranties: the buyer will want to make sure the property is yours to sell. You will need to show your title to the home.
- An appraisal: lenders typically require a licensed appraiser to validate the value of your home.
- Contingencies: the buyer can void their purchase if certain outlined conditions are or are not met (such as major structural defects being revealed in the home inspection, they need to sell their own home, or your home appraises for far less than they offered)
- A time frame for the loan closing date: usually 30 to 60 days

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What a counter-offer looks like?

If a homebuyer comes in below your asking price, if you receive multiple offers, or if the buyer asks you to complete certain renovations as part of the sale, there is definitely room to negotiate. It is important to have an experienced agent on hand for this. Many listing agents are trained specifically in negotiation tactics, ensuring that you will walk away from the deal with as much home equity as possible. There are a few different ways to counter an offer--always after having discussed it with your listing agent:

- You can meet the buyer halfway, but you are under no obligation to, especially if it is a low offer. Maybe you can go down \$1,000 to appease them, or even counter with your original listing price if you think your home was priced fairly.
- You can reject their offer completely. A truly interested buyer may come back anyway.
- If you receive multiple offers, you can negotiate for a higher bid by asking the top bidders for their best and final offer.

Once you accept the offer, it can take between 30-60 days to close the sale. Closer or farther-out settlement dates are also possible, depending on your needs and the Buyer's ability to match your goals. This allows you time to pack your belongings and move out – and possibly find a new home to move into, if you have not already.

6. AFTER YOUR HOME SALE

Post-Closing Documentation:

Keep track of all the documents related to your home's sale. You never know when you will need this information in the future when filing taxes, etc.

Complete repairs and obtain certifications:

If you are obligated to complete repairs as a condition of your post-inspection negotiations, it is your responsibility to complete those tasks before closing. Additionally, if the buyers asked for (and you agreed to) any specific inspections or certifications, like a sewer line inspection or roof condition certification, those should be completed as well.

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Submit offer paperwork:

This is done by your real estate agent. They will communicate with the mortgage broker and lawyer to ensure that their brokerage conveyancing team has all the correct and accounted-for 3rd party contracts to ensure the closing goes smoothly.

Review expected closing costs:

Selling a house can be expensive, so review your estimated closing costs ahead of closing day to prepare for the charges you will see. Ideally, run through these numbers when deciding a list price as this will affect what cash you walk away with. Closing costs for sellers can be as high as 8 to 10 percent of the sale price of the home, and that amount is made up of your agent's commission, the buyer's agent's commission (which is typically paid by the seller), and taxes and fees. But, assuming you have some equity in the home you are selling, these costs will come directly out of the profits you will be receiving upon closing. This is done via a balance sheet and meeting with your lawyer of choice.

Hand over keys:

The keys are handed over to the buyer once you vacate the premises, and as dictated in your contract with the buyer. If the buyer is taking immediate possession, you might hand over the keys at the closing appointment. Or, depending on the terms of your agreement, it could be much later.

Close the transaction:

At closing, the settlement agent (either the closing attorney or escrow company hired at the outset of the transaction) will record the new deed for the home with the county, pay off your remaining mortgage balance, pay all closing costs and make sure you receive your profit.

Once closed any grateful agent will have a well-thought-out gift, experience or treat for you to enjoy as a way of thanking you for working with them and hoping to keep in touch for many years to come!

I hope this guide covered most of your basic selling questions. If you have any other questions or need any further guidance please do not hesitate to reach out as I always am here to support you. My personal cellphone is: 778-966-3294

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Notes

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