

Seller's Guide ~ Sylvie Schroeder Coast Realty
Serving Denman Island, Union Bay, and Surrounding Areas
(250) 335-2551 ~ TOLL FREE 1-855-335-2551 ~ denmanproperty.com

SELLING YOUR HOME YOURSELF

You can sell your own home or property without the services of a Real Estate Licensee, but selling a home is a complex process. Before you decide on this route you should ask yourself the following:

- Are you able to determine the best possible price?
- Are you aware that homes are bought by comparison?
- Are you in a position to show the buyer another home?
- Are you in a position to have first hand knowledge of competitive home values?
- Are you knowledgeable enough to write a contract that is certain to be valid and binding?
- Are you aware of what facts must be disclosed?
- Are you aware of where to find buyers?
- Are you able to stay home to answer every call that might come?
- Are you an expert on the current home loan market? Can you determine if a buyer qualifies for a mortgage?
- Are you readily able to negotiate price with a buyer?
- Are you in a position to follow up a would-be buyer if he or she shows interest?
- Are you able to tell the good guys from the bad guys?
- Are you able to spend your time, your money and your effort to no avail?
- Are you able to determine who ensures you will get your money?
- Are you aware that most buyers seek the services of a Real Estate firm?

WHAT IS AN AGENT?

In many types of business dealings, including the business of Real Estate transactions, **an Agent** represents someone else, called the **Principal**, in dealing with other people. The agent becomes a **substitute** for the principal; he or she acts, speaks and listens for the principal.

This relationship between a principal and an agent is called an **Agency** relationship. People often use the services of an agent to accomplish what they do not have the ability, time or desire to do themselves.

WHAT IS A REAL ESTATE AGENT?

If you decide to employ someone to help you sell your home, that person becomes your **Agent** for the sale of that specific property. You will probably refer to him or her as your **Real Estate Agent**.

It is important to understand that in British Columbia, the person you hire as an Agent to assist you sell your home must be licensed as either a Real Estate Salesperson or a Real Estate Agent. A Real Estate Salesperson must be employed by a Real Estate Agent and both must be licensed.

HOW DO YOU CHOOSE AN AGENT?

This is an important decision and one that should not be taken lightly. There are a number of ways to choose a Real Estate Licensee with a reputation for excellence.

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Word-of-mouth is one good source. Ask friends, neighbours and fellow employees to recommend their choice of an agent.

Considering the uniqueness of Denman and Hornby Islands, you may want to give serious consideration to a resident Island Realtor. In addition, an island homeowner may be better able to empathize with you throughout the sale of your home.

Once you have narrowed the choice down to two or three agents, have them each make an appointment with you and request a prepared **Comparative Market Analysis (CMA)** of your property.

This initial appointment will accomplish a number of things:

- It will give you an opportunity, without commitment, to ascertain which one you can develop the best working rapport with.
- The presentation of a detailed **Comparative Market Analysis** of your property can indicate the measure of the quality of service you could expect to receive from that particular agent.
- It will give you a number of opinions as to the **Current Market Value** of your property.

After you have conducted these interviews, much like a job interview (keep in mind that you are hiring someone to sell your home, so don't be shy), choose the agent who you feel will be best able to render the services and produce the results you are seeking.

WHAT IS A COMPARATIVE MARKET ANALYSIS (CMA)?

The purpose of a CMA is to estimate the market value of your property. The market value is the highest price estimate, in terms of money which a property will bring if exposed for sale in the open market allowing reasonable time to find a buyer who purchases it with the knowledge of the uses to which it is adapted and for which it is capable of being used. Or, it is referred to, as the price a willing seller would sell and a willing buyer would buy, neither being under abnormal pressure.

The most common method used to estimate market value is the Comparative Market Approach. This is accomplished by Realtors pricing a home on the basis of three or more comparables, which are similar properties that have recently sold.

Then they adjust for distinct features of the house and property in question, considering condition, age, size, etc., and the level of competition in terms of other homes for sale in the area. In the end, the Realtor recommends a price range for marketing the home.

The CMA should also include an estimate of the net proceeds to the seller from the sale of the property. This will consist of the estimated market value minus the estimated expenses such as Real Estate commission, GST on commission, mortgage payout, etc. to arrive at the estimated net proceeds to the seller.

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WHY SHOULD YOU CHOOSE SYLVIE SCHROEDER AS YOUR REALTOR?

- She lives, works and owns her own home on the Island and are familiar with the differences in environment and governing bodies encountered on these northern Gulf Islands.
- She is affiliated with Vancouver Island's largest independent real estate organization with a very recognizable name: Coast Realty Group.
- She knows the business. Through computerized Multiple Listing interface, she knows the actual selling prices of comparable properties. (your competition)
- She knows where to look for buyers. She can qualify all prospects so your valuable time is not wasted. she knows how to negotiate.
- Complete listing information, pictures, and maps are available.
- She guarantees her work.
- When your home or property is sold for the price and on the terms and conditions agreed upon by you and when you have received your cheque for the proceeds from the sale, then, and only then, does she get paid.
- She will assist in finding a home in your new location. If you are staying on the Islands, she will personally assist you. If you are moving off-Island, she will, at your request, consult her Relocation Network and have a competent Realtor contact you from that location.
- The most important reason for choosing Sylvie Schroeder as your Realtor is that she is leading the way in real estate on the island with integrity, innovation and information.

WHAT WILL AN AGENT CHARGE?

In general, agents work on a commission basis and receive payment only after the successful completion of a sale. As the seller, you will be asked to agree to pay this commission as a fee for the agent's services. The commission is usually stated as a percentage of the total sale price or as a fixed dollar amount. The commission is neither fixed by law nor by any Real Estate Board.

To handle these questions and many other situations, which may arise, you might wish to employ a Licensed Real Estate Professional to act as your agent.

PRICING YOUR PROPERTY

Once you have selected an agent to work with, that agent (as outlined in his or her CMA) will use market research along with his or her knowledge and expertise to assist you in setting the best possible listing price for your home. Probably the single most important decision you can make is to establish the right price for your property.

There is an old saying in the Real Estate business: A property is worth exactly as much as someone is willing to pay for it.

It means that while a property may be listed at a certain price, the actual selling price is not determined by the owner or the Realtor, but is set by the current market conditions.

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In order to achieve the best price possible, the listing price must reflect the market value of the property. This will be based on the number of buyers currently looking for properties, the list price of comparable homes on the market, the homes in your neighbourhood that have recently sold, and those that were listed but did not sell.

COMMON PRICING ERRORS

Overpricing real estate is one of the most common mistakes made by sellers. There is no doubt that next to choosing the right agent, pricing your home is the most critical decision you will make in selling your home. While the disadvantages of under pricing are obvious, the consequences of over pricing can be equally devastating. Many homeowners have lost valuable time and home equity by over pricing real estate. Most of the time this strategic miscalculation is a result of one of these common errors in thinking.

1. Price based on amount invested

Sellers often take a certain price position based on the amount that they have invested in their home. They might take the purchase price, add to that the dollars that they have spent on improvements and add a handsome return on their investment. This strategy is flawed in that the amount of money you have invested in your home has no relation to its current market value.

2. Price based on what you need

Some sellers determine an asking price based on what they want, or perhaps need from the sale of the home to achieve their future objectives. Once again this will have no relation to its current market value.

3. I've got lots of time to sell

Sellers tend to misunderstand the fact that the more time on the market tends to work against them, instead of for them. The fact is that typically things get worse over time instead of better. The longer a property is on the market the more likely a potential buyer will ask, "What is wrong with it, why has it not sold?"

4. Hiring the highest bidder

A prudent home seller will talk to more than one Realtor when considering a sale of real estate. In fact, we recommend that you speak with at least a couple of Realtors before you put your home on the market. Some sellers are tempted to list the home with the agent that comes back with the highest suggested list price. BEWARE! Real estate agents are not in the business of buying homes. They sell them. Just because one agent states that your home should bring a certain figure, doesn't mean it will. Some agents might even over estimate your home's value to secure the listing contract. After that, they begin to work you for a price reduction. In the end,

they've sacrificed your most valuable marketing time and almost certainly cost you money. Choose your agent based on the services and marketing expertise that they are prepared to provide you. These are the things that will be helpful in getting a top dollar sale.

5. That evil appraiser

Even if you are fortunate enough to find a buyer that is willing to pay more than market value for your home, you will likely face additional and often insurmountable problems later on. The

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majority of homebuyers require some sort of financing to purchase real estate. This requires dealing with a financial institution and before they will lend money they will require an appraisal on the home. If the home is over priced, the appraisal will be the great equalizer. It will not be appraised for more than it is worth and hence will generally not be sufficient for the financial institution to approve adequate funds to the buyer and the deal may collapse.

TYPES OF LISTING AGREEMENTS

After a listing price has been established, you will be asked to sign a Listing Agreement. In British Columbia, the two most common types of listing agreements are:

- The Exclusive listing.
- The Multiple listing.

Each type of listing lasts only for the time period which is specified in the agreement.

An Exclusive Listing gives the listing agent the sole right to sell the property. This means that even if you sell the property to a prospect of your own during the listing, you must pay the agreed commission to the listing agent, unless that prospect was specifically excluded on the listing agreement.

The listing agent may agree, at his or her option, to share the commission with any other Real Estate Licensee who is able to find a buyer for your property. The other licensee will be referred to as the selling agent.

You should also be aware that even after the exclusive listing expires, you may be obligated to pay the listing agent a commission if you sell your property to a person who purchases because of the agent's actions during the time of the listing.

A Multiple Listing differs from an Exclusive Listing only in that the listing agent agrees to register your home in a Multiple Listing Service (MLS)TM so that its availability is made known to all Real Estate Licensees who are members of the local Real Estate Board.

In this case, the listing agent agrees to share a specified amount of the commission with any other member of the Real Estate Board who is able to find a buyer for your property.

TERMS OF THE LISTING AGREEMENT

The Listing Agreement legally defines your arrangement with the agent, setting out, at a minimum:

- The price and terms at which you are willing to sell your home.
- The existing financing arrangements and whether this financing can be assumed by the new owner.

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- A list of items attached to the building (normally called fixtures), which are not to be included in the sale: for example, a fireplace insert or a crystal chandelier.
- The date on which you can give possession of the home to a new owner.
- The commission payable to the agent on the completed sale of your home.
- The time period, for which the agreement will be in effect, ending on a specific calendar date.

BEFORE YOU SIGN THE LISTING AGREEMENT, ENSURE THAT:

- All the spaces have been completed to your satisfaction.
- You have a thorough understanding of all the terms it contains.

The agent will provide you with a copy of this agreement, which you should keep for future reference.

RESPONSIBILITIES OF THE LISTING & SELLING AGENTS

Once you have listed your property for sale, the listing agent has a legal duty to protect and promote your best interests at all times. He or she owes you, the principal, his or her undivided loyalty, and must disclose to you any and all information, obtained from any source, which might influence your decision. Further, he or she may not reveal any confidential information to another person, which might jeopardize your bargaining position.

During the period your home is on the market, there will probably be a number of selling agents showing your home to prospective purchasers. Your listing agent and these selling agents all have a duty to avoid misrepresenting the property, to exercise due care when answering questions and to treat all parties fairly and honestly.

Potential purchasers sometimes refer to the agent who brings them to your home as "my Real Estate Agent." This may cause some confusion as to the selling agent's role.

A selling agent can choose to represent you, the seller, in the same unconditional manner as your listing agent represents you, or he or she can choose to represent the buyer. The selling agent should provide you with full disclosure about the nature of his or her relationship with you and the buyer.

If the selling agent discloses that he or she is representing the buyer, keep in mind that information you give to him or her must be passed on to the buyer.

If you are in doubt as to whom a selling agent is representing, ask that agent to clarify his or her position for both you and the buyer.

RESPONSIBILITIES OF THE SELLER

When you employ an agent, you are responsible for providing him or her with accurate information concerning your home: for example, its age, the current financing arrangements,

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the condition of the roof and hot water heater, the property taxes, etc. You must disclose both the good features and the defects. Be honest with your agent.

The agent will need your assistance and/or authorization to gather information about such things as the ownership details, the outstanding balance owing on the mortgage, the property's assessed value and the current zoning of the property.

You will be required to complete a Property Condition Disclosure Statement. This form is used to provide uniform information about the state of the property to all potential purchasers.

During the period of the listing, you should refer any inquiries about the property to your agent and allow him or her to deal with them.

THE PROPERTY CONDITION DISCLOSURE STATEMENT

HOW DOES THE DISCLOSURE STATEMENT HELP THE SELLER(S)?

The disclosure statement assists the sellers to review the condition of their property. It provides a written record of the representation made, and, just as important, not made. A complete disclosure statement will reduce the risk of misunderstanding with the buyers. A frequent complaint from buyers is that a particular problem was not disclosed to them prior to purchase. Sellers should carefully consider each question so that all relevant information concerning that point has been included on the disclosure statement.

HOW DOES THE DISCLOSURE STATEMENT HELP THE BUYER(S)?

The sellers, who know the property best, provide the buyers with some basic information concerning the property, which may not be readily apparent to the buyers upon a casual inspection. This information covers some common historical problem areas and gives the buyers a list of points to consider in their inspection of the property.

HOW SHOULD THE DISCLOSURE STATEMENT BE USED?

At the time the property is listed for sale, the sellers will complete the disclosure statement. Prospective buyers will want to review the disclosure statement, or will make an offer subject to their receiving and approving a disclosure statement within a specified time. Most buyers and sellers will want to make the disclosure statement part of their contract. Sellers will respond directly to the questions and add clearly worded comments as required to describe their property.

Buyers will carefully read the disclosure statement and request additional information or arrange independent inspections as necessary.

The property condition disclosure statement is designed to protect all persons involved in Real Estate transactions. The objective is to encourage full communication so that the buyers pay and the sellers receive a fair price for the property, with the buyers having as much information as possible concerning the property.

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HOW LONG DOES IT TAKE TO MARKET AND SELL A PROPERTY?

The length of time it takes to market a property will vary. Some properties will sell in just a few days, others may require several months or more. The following are four important factors that influence the time it takes to sell a property.

1. COMPETITION

Every buyer makes his or her decision about which home to buy and how much it is worth compared to other choices at the time he or she buys. The supply of other choices the buyers will compare with your home is constantly changing each week and month. The current competition always affects the buyer's opinion of your property and what he or she thinks it is worth. So, the question is: What will be the buyer's other choices at the time they are shown your property?

2. PRICE

If the property has not sold after a reasonable length of time, but other similar properties have sold, then the price may need to be reduced. If this is true and the price is not reduced, a sale may be delayed or prevented.

3. PROPERTY

If the property should show poorly or have major defects, which cannot be, or are not corrected, a sale may not occur until the defects are corrected or the price is adjusted to compensate for them.

4. TIMING

Timing is the condition of the Real Estate market at the time of the sale. Supply and demand are the factors influencing whether it is a Seller's or Buyer's market. Neither the seller nor the listing agent can change the market condition at the time the property is listed for sale. It must be accepted for what it is.

● **SELLER'S MARKET:**

- Number of buyers exceed supply of homes.
- Homes usually sell relatively quickly.
- Prices often increase with demand.
- Low inventory of houses.
- Lower interest rates.
- Sellers set higher list price.
- Conditional offers rejected.
- More time to accept offer.

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- **BUYER'S MARKET:**

- Fewer buyers compared to the number of houses available.
- Homes take longer to sell.
- Prices stabilize or drop slightly.
- Interest rates are higher.
- Buyers take more time looking.
- Less negotiating time.
- Buyers make 'low ball' offers.

5. MARKETING

Marketing techniques are constantly being tested and updated for the best results. But, even great marketing has limitations because marketing cannot overcome any of the first five factors if they are out of balance and remain uncorrected. We will attempt to supply you with a flow of updated information, which will help you determine the marketability of your property.

TWENTY STEPS TO HELP YOU SELL YOUR HOME

As a homeowner, you can play an important part in the timely sale of your property. When you take the following steps, you'll help your resident island Realtors, Don Lockett, Sylvie Schroeder & Donna Tuele sell your home faster, at the best possible price.

1. MAKE THE MOST OF THAT FIRST IMPRESSION. Never underestimate the importance of outward appearances. Potential buyers begin their decision-making process early, with their first glance at your property.

2. INVEST A FEW HOURS FOR FUTURE DIVIDENDS. Here's your chance to clean up in real estate. Clean up the living room, the bathroom, and the kitchen. Prospects would rather see how great your home looks than hear you tell how great it could look, 'with a little work.'

3. CHECK FAUCETS AND BULBS. Dripping water rattles the nerves, discolours sinks and suggests faulty or worn-out plumbing. Burned out bulbs leave prospects in the dark. Don't let little problems detract from what's right with your home.

4. DON'T SHUT OUT A SALE. If cabinets or closet doors stick in your home, you can be sure they will also stick in a prospect's mind. Don't try to explain away sticky situations when you can easily plane them away. A little effort on your part can smooth the way toward a closing.

5. THINK SAFETY. Homeowners learn to live with all kinds of self-set booby traps. Make your home as non-perilous as possible.

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6. MAKE ROOM FOR SPACE. Remember, potential buyers are looking for more than just comfortable living space. They're looking for storage space too. Make sure your attic and basement are clean and free of unnecessary items.

7. CONSIDER YOUR CLOSETS. The better organized a closet, the larger it appears. Now's the time to box up those unwanted clothes and donate them to charity.

8. MAKE YOUR BATHROOMS SPARKLE. Bathrooms sell homes, so let them shine. Check and repair damaged or unsightly caulking in the tubs and showers. For added allure, display your best towels, mats and shower curtains.

9. CREATE DREAM BEDROOMS. Wake up prospects to the cozy comforts of your bedrooms. For a spacious look, get rid of excess furniture. Colourful bedspreads and fresh curtains can help.

10. OPEN UP IN THE DAYTIME. Let the sun shine in! Pull back your curtains and drapes so prospects can see how bright and cheery your home is.

11. LIGHTEN UP AT NIGHT. Turn on the excitement by turning on all your lights, both inside and out, when showing your home in the evening. Lights add color and warmth, and make prospects feel welcome.

12. AVOID CROWD SCENES. Potential buyers often feel like intruders when they enter a home filled with people. Rather than giving your house the attention it deserves, they're likely to hurry through. Keep the company to a minimum.

13. WATCH YOUR PETS. Dogs and cats are great companions, but not when you're showing your home. Pets have a talent for getting underfoot. Try and keep them outside or at least out of the way.

14. THINK VOLUME. Rock and roll will never die, but it might kill a real estate transaction. When its time to show your home, its time to turn down the stereo or TV.

15. RELAX. Be friendly, but don't try to force conversation. Prospects want to view your home with a minimum of distraction.

16. DON'T APOLOGIZE. No matter how humble your abode, never apologize for its shortcomings. If a prospect volunteers a derogatory comment about your home's appearance, let Don, Sylvie or Donna handle the situation.

17. KEEP A LOW PROFILE. Nobody knows your home better than you do. But we know buyers, what they need and what they want. We will have an easier time articulating the virtues of your home if you stay in the background.

18. DON'T TURN YOUR HOME INTO A SECOND HAND STORE. When prospects come to view your home, don't distract them with offers to sell those furnishings you no longer need. You may lose the biggest sale of all.

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19. DEFER TO EXPERIENCE. When prospects want to talk price, terms, or other real estate matters, let them speak to the experts, Don, Sylvie or Donna.

20. HELP YOUR AGENT. If you want to leave something out or you have to, leave out the things that imply fun and relaxation. Hide the work things. In other words have your bike, skis or lawn chairs visible but hide the lawn mower and the snow shovel.