

## **REIA Consumer Fact Sheet**

### **Selling a Property**

#### **Before you get started**

Having decided to sell your home, you can expect to spend at least several months taking the following steps:

- appointing an agent
- negotiating with your lending institution how you intend to pay out your mortgage
- choosing how your property will be sold, whether at auction or by private sale
- setting a reserve or sale price
- opening your property up for inspection
- receiving offers from potential purchasers and entering negotiations with them over the price
- exchanging contracts
- moving out

#### **Choosing an agent**

The role of a real estate agent is to sell your home for the best price possible, as quickly as possible. Agents act in your own interests, delivering a range of crucial services from the early stages to the final settlement. These services include:

- advising you on how much you can expect to receive for your property, and whether you should sell by private treaty or at auction
- advertising your property
- bringing your home before potential buyers
- negotiating the selling price between you and the potential buyers
- facilitating the actual sale of your property and the final exchange of contracts.

#### *Choosing an agent*

Since for most Australians, property is their single largest asset, it's important to deal with an agent you know you can trust.

When choosing an agent, remember to check whether they are a member of the respective Real Estate Institute in your state or territory. REI members have a commitment to service and professional standards, and are bound by strict codes of conduct. In addition, REI members have access to a wide range of professional development opportunities enabling them to enhance their skills and offer quality customer service.

#### *Agent's commission*

Every agent you approach should provide you with a quote to sell your home, setting out a predicted selling price and the agent's fee. Remember to ask for exactly what the commission buys you: some agents will offer newspaper advertising alone, while others may organise open house inspection days, letterbox drops

and other effective forms of promotion. For this reason, the agent with the lowest commission fee is not necessarily the wisest economic option.

### *Agency options*

One decision you will need to make when selling your property is the type of agreement between you and the agency selling your home. There are several possible options:

- Exclusive agency agreement: where you deal only with one real estate agent, whose fee is payable however the property is sold.
- Sole agency agreement: the same as an exclusive agency agreement, except that the owner may sell his or her property privately without paying the agent's fee.
- Open agency agreement: where you engage a number of real estate agents, and only the agent who sells your property receives the commission. Under this agreement, you may gain extended coverage, but could find that the sale of your property becomes a much lower priority than if you had engaged an exclusive agent.
- Auction agency agreement: where your agent organises the auction of your home.
- Multiple listing agency agreement: where your personal agent works with a co-operative network of agents to sell your home.

### **Setting your price**

#### *What is your property worth?*

One of the most important decisions you will make in the course of selling your home is to decide on its asking price, or if selling at auction, its reserve. If selling privately, your asking price will usually be treated by potential buyers as a starting point for negotiations, and you may end up accepting an offer significantly lower.

It is important to set a price that reflects the full market value of your property, yet is realistic and remains attractive to buyers. To determine how much your property is worth, you must take into account location, size, age and extras.

The next step is to find homes with features similar to yours and check how much they have sold for. Looking in real estate agents' windows, or searching the past property sales databases on the Internet will give you a good indication of how much other home owners are asking for their properties in your area. But remember, these prices may not accurately reflect the price at which the homes are eventually sold.

Remember that changes in the state of the economy and the property market may affect the value of your home. Ask your real estate agent how the sale of your home may be affected by:

- fluctuations in interest rates;
- property availability;
- buyer demand; and
- market opinions and valuations.

Not confident that you can come up with a good estimate of how much your property is worth? Your first step should be to obtain a market opinion from a real estate agent. Real estate agents will inspect your home and offer an estimate of its worth based on a working knowledge of the local property market and recent sales prices. There is no obligation to engage the agent who gives the market opinion, and many who intend to sell property obtain more than one opinion.

Sometimes, agents may overestimate the price of your property. Make sure you get them to go over their analysis of the value of your home compared with what similar homes have been selling for.

### **Preparing your property for sale**

From the moment your home is put on the market, potential purchasers will be driving by to look it over. Your agent will also arrange for prospective buyers to inspect your home at short notice, and you may decide to hold one or more *Open For Inspection* sessions, where your home is open to the general public.

If these prospective buyers fall in love with your home at first sight, they may be willing to negotiate immediately. It is therefore essential that you get your property looking as attractive as possible.

Renovating can be a great way to add value to your property. But it is important to keep in mind that the cost of renovations may not always be covered by the corresponding increase in sale price. Don't 'overcapitalise', or spend a lot of money on expensive renovations - like building on a new bedroom or re-tiling the roof - which you won't get back when the house is sold. Talk to your a registered valuer if you are unsure whether a major improvement, such as repainting the outside of your home, is worth your while. Some tips when preparing your home include:

- Do a complete spring clean, removing all the junk from your house! Store it in a friend's house, or give it to a charity shop.
- A fresh coat of paint can make a big difference: choose light colours to brighten up dingy rooms. Also, clean up dirty or damaged wallpaper, tiles, ceilings and so on.
- Make sure all the fixtures and fittings are in good working order, and clean. That means chipped door handles, torn fly screens, broken window latches, dirty light switches, dripping taps, and so on.
- Do doors and windows open and shut with ease?
- Polish your wooden and tiled floors and have your carpets professionally cleaned.
- Make sure your bathroom, laundry and kitchen are spotless.
- Repair your heating, air-conditioning and plumbing, or any other appliances that are to be included in the
- You want to give the impression of a healthy, luxuriant, colourful garden. If there is time, plant some flowers and reseed the lawn. If not, consider hiring or borrowing flowers and shrubs, especially for the entrance to your home. Make sure the plants you do have are kept healthy and neat. Put down fertilizer and mulch, weed your garden beds, and prune the shrubs and trees. Make sure the whole garden is generously watered.
- Keep your lawn mown and raked, and make sure your driveway and paths are swept (including the footpath outside your home).
- Thoroughly clean the outside of the house, including its guttering and windows.
- Clean up your garage and garden shed (if this is impossible, keep it safely locked!).

*On the day of the inspection, consider the following tips:*

- Have you cleaned up everywhere? That means inside cupboards, under beds and so on.
- A few finishing touches to the garden can also make a difference, so rake up those fallen leaves and branches. You might put the sprinklers on to give the lawn a wet, healthy appearance.
- Buyers are often concerned with how much light a home receives. Open all curtains and blinds, and consider using some artificial lighting in very dark rooms.
- Make sure your home feels comfortable. If it's cold, heat the rooms, especially if you have an open fire. If it's hot, make sure your home is cool: if you only have fans, consider borrowing an air-conditioner.

- Put out flowers in vases, particularly near the front door where first impressions are made. But don't clutter the place with decorations. Each of us has different tastes, and it is harder for a prospective buyer to imagine what the home might be like if it is filled with your own idiosyncratic style (this may mean storing away that collection of hubcaps!)
- A home which smells beautiful will seem much more attractive to buyers. Make sure your home is properly aired. Put out potpourri, or even bake something in the oven the morning of the inspection. Avoid incense and other strong aromas.
- Have you removed all your valuables?
- Go out and see a movie! Your agent knows best how to run the inspection, and you may get in the way.

### **Selling the property**

Once your home has sold it means, a buyer has agreed to pay your advertised price for the property or you have negotiated a price. Your agent will guide you through this process. Before the home is legally sold to the buyer there are a few steps that take place:

- **Deposit:** The buyer may need to leave a non-refundable \$1000 deposit to show they are committed to buying the property. This is something you will need to discuss with your agent.
- **Exchange of contracts:** this is formal legal process that creates a binding contract for the sale of real property on agreed terms. The vendor and purchaser each sign a copy of the sale contract and then exchange these documents, after which time the contract becomes legally binding on the parties. The parties are then bound to proceed to settlement, subject to any cooling off period that may apply. A deposit is usually also paid by the purchaser to the vendor during the exchange process. Any party that unilaterally declines to proceed to settlement may forfeit deposit monies or be subject to a damages claim.
- **Settlement:** this is the final stage of the sale when the purchaser completes the payment of the contract price to the vendor and takes legal possession of the property.

### **Some handy tips before leaving your property**

- Make sure if you are moving into a new home the agent has provided you with all the keys.
- Discontinue the electricity, water, gas and telephone. Do not leave notification of the authorities till the last minute as in some cases, meters must be read.
- Redirect your mail at the post office.
- Advise all who need to know of your change of address. As well as family and friends, these may include your bank, solicitor, credit card company, insurance company, telephone company, Social Security, the tax office, your child's school and all the organisations and clubs you might belong to. Change your address on your driver's license.
- Cancel your deliveries, such as milk, newspapers, etc.