

Home Seller's Guide

Sotheby's | Canada
INTERNATIONAL REALTY



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Introduction



Introduction

Selling a home is one of the largest financial transactions you will make in a lifetime. To maximize the return on your investment and to help you navigate what can be a complex process, it's important to educate yourself on the basics of the home selling process. You'll need to understand unique local market trends that impact the fair market value of your property, and be aware of marketing fundamentals that maximize the return on your investment. It's also essential that you select a skilled and experienced real estate advisor to help you with these steps.

Whether you are an experienced real estate investor looking to sell a sophisticated and diverse real estate portfolio, or someone considering the sale of your family home, Sotheby's International Realty Canada can help. We showcase your home to more quality buyers than any other real estate company in the world. Our associates offer the highest caliber of service, discretion and marketing, regardless of your home's size, neighbourhood or price point.

This Home Sellers' Guide provides a general overview of basic home selling essentials. To receive full-service support and real estate advice tailored to your property, local real estate market and personal needs, visit sothebysrealty.ca to schedule a personalized and complimentary consultation.



Home Selling Essentials



Step 1:

Prepare Your Property For Sale

Before you determine the listing price for your property and place it on the market, it's important for essential property repairs, cosmetic improvements and in some cases, major renovations to take place. This will help you maximize your financial return and increase the chance of it selling faster.

To ensure you prioritize your time and financial resources on projects that will maximize the value of your property, and avoid "over-improvements" that will do little or nothing to improve your home's value, consider the general guidelines below. Your Sotheby's International Realty Canada associate can then provide you with advice on the required updates and repairs specific to your property type and neighbourhood.

GENERAL GUIDELINES

- » In general, homebuyers and real estate investors seek the least expensive property in the best neighborhood they can afford. Repairs and improvements should be made so the property shows well and is consistent with the neighborhood's standards and preferences. At the same time you should minimize capital investments and over-improvements that may not be recovered from the sale.
- » If you have an older property, you may wish to get a professional home inspection before putting your home on the market. This will help you identify and address any major repairs that may be required.
- » Unless you are prepared to significantly compromise on price, some home repairs are essential. These include repairs to broken mechanical and heating systems, siding and gutters, broken appliances, major fixtures and structural deficiencies such as leaky roofs.
- » Cosmetic improvements, including fresh paint and landscaping, are quick and affordable ways to help a home "show" better and often result in positive returns.

EXTERIOR UPDATES

- » Repair loose siding, damaged roof shingles, leaves, gutters and cracked windows for your home and garage.
- » Secure loose shutters and awnings.
- » Wash windows, gutters, mailboxes and doors.
- » Repair cracked pavement and walkways on your property.
- » Ensure lawns and gardens are attractive and well maintained.
- » Sweep the entryway, porch and sidewalks daily.

INTERIOR UPDATES

- » One of the fastest and most cost effective ways to update a home is with a fresh coat of paint. Repaint walls in a neutral colour with road consumer appeal.
- » Kitchen and bathroom renovations often result in a positive return on dollars invested. Consult your Sotheby's International Realty Canada associate for advice based on your property type and neighbourhood.
- » Repair all broken appliances, fixtures, lighting and hardware, such as dripping faucets and showerheads, sticky doors, cracked tiles and broken appliances.
- » Steam clean carpets or replace if necessary.
- » Depersonalize your home so potential buyers can envision living in it. Remove personal photos, memorabilia and collections.
- » Keep in mind that cluttered rooms and storage areas give the impression that they are much smaller than their actual size. Remove clutter from all areas and if necessary, put furniture and personal items into off-site storage.
- » Clean every room thoroughly.
- » Remove all items that won't be included in the sale of the home. This includes lighting fixtures or hardware.

Step 1: Prepare Your Property For Sale

CONDO DOCUMENTS

If you are selling a condominium, you will also need to prepare the detailed documentation relating to your unit and Strata Corporation in advance, as potential buyers and investors will request them in advance of writing an offer or before removing “subjects” on a Contract of Purchase and Sale. These include:

- » Title search
- » Registered strata plan
- » Financial statements of the strata corporation
- » Property disclosure statement
- » Building envelope report
- » Strata and AGM minutes for the past two years
- » Other legal documentation required for your jurisdiction

Your Sotheby’s International Realty Canada
REALTOR® can assist with this.



Step 2:

Your Pricing Strategy

Ensuring your home sells at fair market value within a reasonable period of time is dependent on your pricing strategy. Your Sotheby's International Realty Canada associate will help you create the ideal strategy based on the following factors.

DETERMINE FAIR MARKET VALUE

Fair market value is the price a buyer is willing to pay for a home given its condition, recent comparable sales and listings, and the local real estate market.

COMPARATIVE MARKET ANALYSIS

To calculate the fair market value of your home, your Sotheby's International Realty Canada associate will prepare a Comparative Market Analysis (CMA) report summarizing properties in your area with similar square footage, construction, age and condition that have recently sold or are currently on the market. Recent comparable sales and listings are two of the most important factors impacting fair market value. Comparable listings that expired before they had a chance to sell also offer an indication of the fair market value of your property.

Adjustments to your home's valuation will also be made given its location (e.g. proximity to parks, waterfront, schools and transportation), floor plan, home improvements, amenities, parking, storage and other variables.

EXTRAORDINARY HOMES

There are some extraordinary homes and estates that have few or no comparables. In these cases, preparing a CMA requires specialized expertise that an experienced Sotheby's International Realty Canada associate can provide. If your property falls into this category, please visit sothebysrealty.ca to schedule a complimentary consultation.

LOCAL MARKET INVENTORY AND TRENDS

Other factors that may influence the fair market value of your home include whether it's trending towards a buyers' or sellers' market, the number of similar homes on the market, interest rates and the overall lending climate, the average number of days similar properties are on the market, and whether similar properties are selling for above or below the asking price.



Step 2:

Your Pricing Strategy

OTHER FACTORS

Factors such as macro-economic trends, property appraisals or tax assessments may have some influence on the fair market value of your home; however, more often than not, this influence may be limited or inconsequential. For example, the assessed value of your property for tax purposes may be significantly higher or lower than its value on the real estate market. This is because buyers and investors will evaluate the value of your home against recent comparable sales listings, not against property tax assessments.

One factor that has no influence on your property's fair market value is the price you originally paid for your home. Even if you purchased your property recently, the local real estate market and the market value of your home may have dramatically changed.

PRICE YOUR HOME

Determining your home's listing price is one of the most critical decisions you will make in your sales and marketing strategy, and should be done in consultation with your Sotheby's International Realty Canada associate.

Your recommended listing price will take into consideration your home's fair market value, adjustments for unique property attributes, neighbourhood market trends and appropriate pricing strategies given current market conditions. This may include:

- » Pricing your home within the range of fair market value, slightly above actual sold prices of similar homes, but lower than the prices of comparable active listings.
- » Pricing your home lower than fair market value in an attempt to incite a bidding war that results in a higher price.

THE RISK OF OVERPRICING

If you overprice your home above its fair market value, potential buyers and real estate investors will compare it unfavourably against recent comparable sales and listings. The risk is that your property will linger on the market for longer than what is typical for similar listings, stigmatizing it as an undesirable or blatantly over-priced property as a result.



Step 3:

Marketing Plan Essentials

A decade ago, it may have been acceptable for a property's marketing strategy to be limited to a "For Sale" sign on a property, print advertising, local postcard drops and the loading of property details onto MLS.

In today's era —where close to 90% of homebuyers are using the Internet in their real estate search (National Association of REALTORS, 2015) and where international buyers snapped up over \$104 billion in real estate in the United States alone in the 12-month period ending March 31, 2015 (National Association of REALTORS, 2015)— that is no longer the case.

Today's real estate buyers are local and international, and are looking for homes through traditional and digital channels. To achieve top dollar for your home, it's essential that you maximize the exposure of your property to them.

YOUR MARKETING PLAN WITH SOTHEBY'S INTERNATIONAL REALTY CANADA

In addition to offering basic marketing services available through other real estate companies, Sotheby's International Realty Canada will build a customized marketing plan for your home that is tailored to reach the most relevant and qualified real estate buyers through online, social media, mobile, print and traditional marketing.

Sotheby's International Realty Canada showcases your home to more quality buyers than any other real estate company in the world. Our associates offer the highest caliber of service, discretion and marketing, regardless of your home's size, neighbourhood or price point.

INTERNATIONAL MARKETING FOR EVERY LISTING

Canadian real estate now attracts buyers and investors from around the world, and with this global demand comes the need for increasingly sophisticated international marketing. Our sales and marketing program reaches buyers and real estate investors from coast to coast and from continent to continent with over 1 billion annual online impressions and dozens of premier publications.

UNRIVALED ONLINE MARKETING: OVER 1 BILLION ANNUAL IMPRESSIONS

According to the National Association of REALTORS®, close to 90% of today's homebuyers use the Internet in their real estate search. In this era of the digital real estate consumer, Sotheby's International Realty Canada is the only real estate company to deliver over 1 billion annual online media impressions.

Our company goes above and beyond the basic lawn sign and MLS exposure offered by other companies. We make a financial commitment to market your home through innovative online marketing programs, and exclusive relationships with global media, including nytimes.com, homes.com, ft.com, juwai.com and luxuryescape.com, as well as on sothebysrealty.com, sothebysrealty.ca and sothebys.com.

EXCLUSIVE PRINT ADVERTISING

Even in the Internet age, online marketing is enhanced by traditional print marketing that is targeted, focused and custom-selected to reach the most relevant buyers.

From prestigious international print publications such as The New York Times, Wall Street Journal and Financial Times to publications in your community, we offer our clients local, national and international print advertising opportunities that are carefully curated to reach qualified audiences, including publications that are exclusive to the Sotheby's International Realty network including Sotheby's International Realty Canada's exclusive publication: Insight - The Art of Living.

THE POWER OF OUR BRAND

Our brand is synonymous with quality and prestige, and the marketing for your home—from professional photography to video tours, property brochures and print advertising— reflects this tradition of excellence.

Step 3:

Marketing Plan Essentials

FOLIO MARKETING REPORTS & ACCOUNTABILITY

Folio is a bespoke digital platform exclusive to Sotheby's International Realty Canada, offering you a clear and immediate view of the sales and marketing activity completed for your home.

We commit to regular and transparent communication with every single one of our clients. From the moment you list your home with Sotheby's International Realty Canada, you will receive regular updates on the results of your marketing — from the number of potential buyers who visit your open house, to the number of people who view your listing online.

Stay fully aware of how your home is being showcased to local and global buyers – receive updates to your email whenever critical activities are complete, or login to your personalized online dashboard anytime, anywhere for documents and details.

A PROUD TRADITION OF SERVICE

With over 265 years of history that date back to the opening of the Sotheby's Auction House in 1744, the Sotheby's name has earned notoriety as a marketer of the world's most valuable and prestigious possessions. At Sotheby's International Realty Canada, we are deeply committed to offering the highest level of service, discretion and ethical standards, in the time-honoured tradition of Sotheby's.

LOCAL EXPERTISE

We serve clients in major cities and resort communities across Canada, including Vancouver, Calgary, Canmore, Toronto and Montreal, as well as Victoria, West Vancouver, North Vancouver, Lions Bay, Whistler, White Rock/South Surrey, Coal Harbour, Salt Spring Island, Sun Peaks, Kelowna, Oakville, Mississauga, Niagara-on-the-Lake, Gananaque, Muskoka, Creemore, Westmount, West Island, Mont-Tremblant, Knowlton, Québec City, Laval and North Hatley.



Step 4:

Showings and Open Houses

Once your home is listed on the market, your Sotheby's International Realty Canada associate will advise you on how showings and open houses fit into the marketing and selling strategy and will work with you to facilitate them. They will also provide you with feedback on your property from prospective buyers so you can adjust the presentation of your home, or its price, accordingly.

To optimize the value of your home in the eyes of potential buyers and investors, it's important to ensure that your home is presented in the best possible light. Prior to any showings or open houses, complete the steps in the attached checklist, as well as any specific tips for your home from your REALTOR®.

PRE-SHOWING CHECKLIST

Please leave the house during a showing or open house to ensure that potential buyers have the chance to evaluate and experience the home at their leisure.

PROPERTY INTERIOR

- » Ensure that every room is sparkling clean and tidy
- » Ensure fixtures and appliances are clean
- » Sweep floors and vacuum floor coverings
- » Clean window panes
- » Remove garbage from all bins
- » Clean the kitchen counters, sink and appliances
- » Empty the dishwasher and ensure dishes are put away
- » Put out clean towels in the kitchen and bathrooms
- » Make sure the bathrooms are extra clean
- » Remove clutter from countertops and coffee tables
- » Make all beds and tidy up the closets
- » Ensure that every room is well-lit
- » Open drapes and window coverings to maximize natural light during the daytime
- » Turn on all lights
- » Ensure that every room is well-aired and free

- » Avoid or eliminate offensive odors from pets or cooking
- » Keep your home 100% smoke-free when your house is on the market
- » If weather permits, open windows

PROPERTY EXTERIOR

- » Ensure entrance, garage and porch areas are free of clutter
- » Ensure driveways and walkways are clear of toys, bicycles, vehicles, garbage cans, snow, ice, etc.
- » Cut the lawn, weed and trim the yard, groom flower beds, hedges and garden
- » Clean the garage/work areas

SECURITY

- » Keep money, jewelry, small electronics, personal documents and other valuables out of sight and secure.

Step 5:

Offer Basics

Your Sotheby's International Realty Canada Realtor® will help you evaluate and negotiate offers from potential buyers in order to protect your legal interests, and to ensure you are optimizing the price and conditions surrounding the sale of your home.

OFFER DETAILS

The offer you receive will include: the legal name of the potential buyer(s), the legal name of the seller(s), the legal civic address of the property, the price the buyer(s) is offering to pay, desired inclusions (items in or around the home that the buyers wish to have included in the sale, such as appliances, lighting fixtures or window coverings), amount of the buyer's deposit, desired dates the potential buyer would like to take legal and physical possession of the home, legal "subjects" or "conditions" upon which the contract becomes final (such as satisfactory home inspection report or financing approval), and the date the offer expires.

POTENTIAL RESPONSES

You can respond to an offer in one of three ways:

1. **Accept as is:** your signature finalizes the contract and it becomes a binding legal contract.
2. **Counter offer:** you may make changes to the offer, such as adjustments to the price, closing date or conditions. When you do so, the prospective buyer may accept, reject or make another counter offer in response. Only when one of the parties signs an unconditional acceptance of the other party's offer does it become legally binding.
3. **Rejection of the offer:** you may simply reject the offer and the sale will not go through.

OFFER WITHDRAWAL

The buyer can withdraw an offer until the moment you accept in writing. If you are evaluating an attractive offer, it's important to note that timeliness is important.

OFFER ACCEPTANCE

Once both parties come to an agreement the offer is considered "accepted" and they will have a set period of time in which to satisfy the legal conditions ("subjects") agreed to in the contract, such as completing a satisfactory home inspection report or securing financing. Only after all subjects/conditions are removed do you have a legally binding document.

FIRM OFFER

An offer is considered firm once all subjects have been removed by both parties. The typical subject removal period is one week to 10 days, or as agreed to in the offer.

Step 6:

Negotiating Offers

OFFER NEGOTIATION

Price is only one of many factors to weigh as you evaluate and negotiate an offer. Every situation is different. While you may be motivated to secure the optimal price given current market conditions, you may also need to weigh other considerations such as the convenience of the buyers' desired completion, possession and adjustment dates, their desired inclusions, the number of subjects or conditions attached to the offer, and the amount of the deposit.

Your Sotheby's International Realty Canada associate will help you assess each incoming offer to determine whether it's the right one for your unique needs and circumstances.

BACKGROUND RESEARCH

With some investigation, your associate may also be able to help assess the potential buyer's background and goals for purchasing a property, which may assist you in negotiating a competitive price. For example, a buyer who has already sold his/her home and needs to move within a certain time frame may be willing to compromise on price if they can negotiate a date that coincides with the completion of their home sale.

MULTIPLE OFFERS

In high-demand, low-inventory areas, you may find yourself in a situation where there are several offers for your home. Some sellers in high-demand niche markets may also intentionally list their home at a low price hoping to stimulate multiple offers. This doesn't necessarily mean the price will be bid up significantly over the asking price, but it does mean that due diligence will be required on your part and the part of your REALTOR® to ensure you properly assess the strength and limitation of each offer, negotiate strategically to maximize the value you are able to get for your property, and to ensure you are protecting your legal interests in what may be a time-sensitive and complex negotiation process.



Step 7:

Close the Deal

The closing or completion day is the day the buyer takes legal possession of the property.

PREPARATION

You will need to select a lawyer or notary to help you complete the sale. If required, your Sotheby's International Realty Canada associate can provide recommendations, and provide the lawyer with a signed copy of the contract.

As closing day nears, your REALTOR® and lender will monitor the progress of your transaction to ensure there are no last minute issues and concerns. You will need to arrange to meet with your legal counsel before the completion date to review and sign documents. Remember to bring photo identification and a personal cheque to this meeting to pay for legal costs.

COMPLETION (CLOSING) DAY

On completion day, legal ownership of your property will be transferred to the buyer. Your lawyer or notary will receive funds for the sale from the buyer's lawyer or notary, and your lawyer or notary will provide you with a statement of adjustments. This list itemizes all costs payable at completion, including legal fees, taxes and other completion costs. Finally, funds will be used to discharge your mortgage, if applicable, with any remaining proceeds transferred to you in the form of a bank draft.

CLOSING COSTS

Closing costs associated with selling a home include adjustments, real estate commission, mortgage discharge fee, capital gains tax (if applicable) and legal fees.

POSSESSION DAY

On possession day, your Sotheby's International Realty Canada associate will help you coordinate the handing over of keys to the buyer.





For those who seek an exceptional life

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