

THE GUIDE TO SELLING YOUR HOME

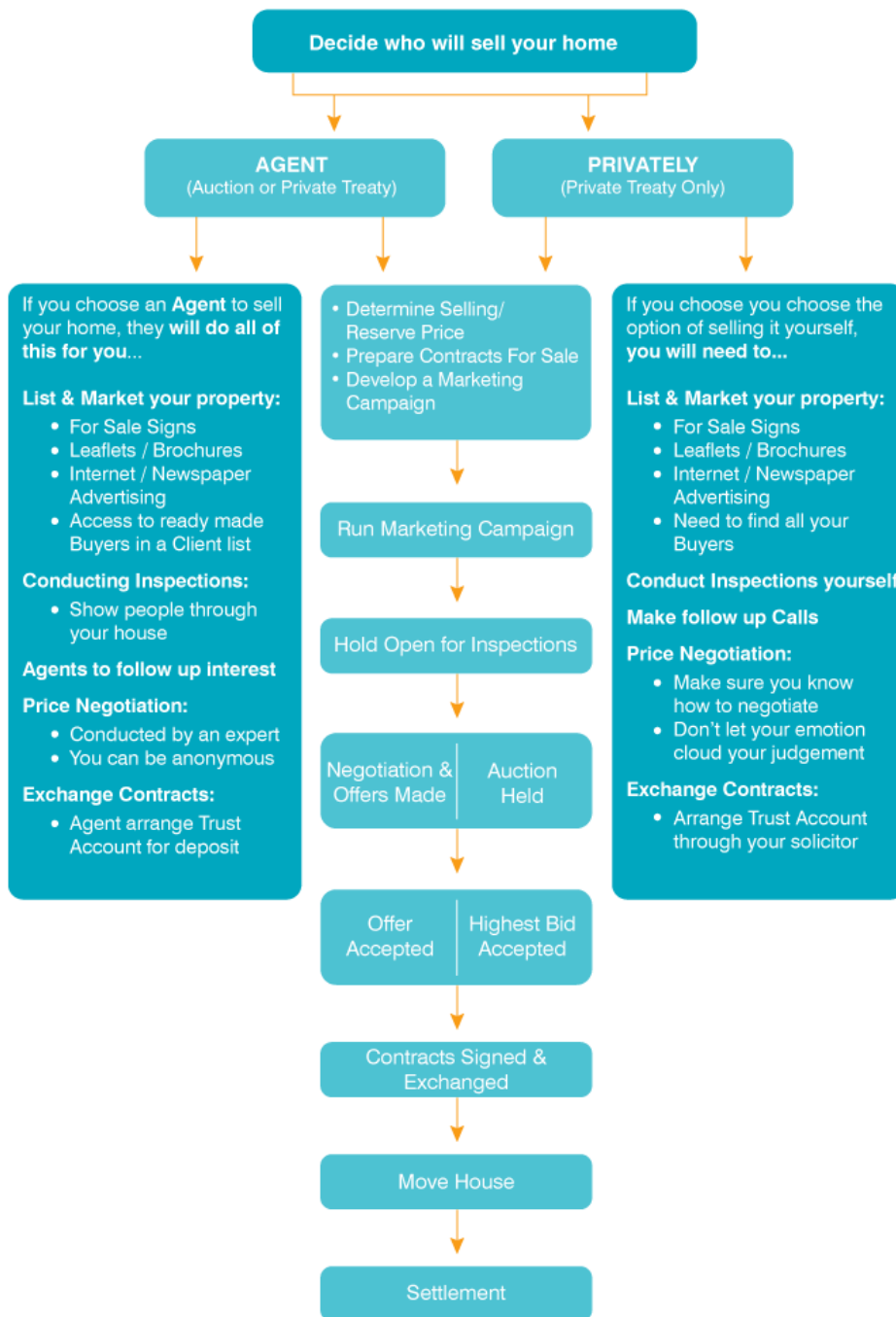
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THE GUIDE TO SELLING YOUR HOME

Selling your home is not an activity you do everyday, so we want to make it easy for you to understand the process of how it works and to give you some tips to make your journey easier

The flowchart below provides you with an overview of the selling process.



Step 1 - Getting started

Once you have decided to sell, you will need to work out when is the right time to sell given your personal situation. Let's have a look at which option is best for you:

OPTION	POSITIVES	NEGATIVES
Sell your home first before you buy your next home	<ul style="list-style-type: none"> You can wait for the right price Consider an extended settlement so you have extra time to find your next home. No need for bridging finance whilst you are selling 	<ul style="list-style-type: none"> You may not find your dream home before settlement so you may be forced to rent a home, which is both time consuming and costly with two moves Property prices may rise while you are 'out of the market', which means you will get less for your money when it's time to buy
Buy your new home first then sell your home after	<ul style="list-style-type: none"> If you have the necessary finance in place, this is a good option as you can avoid the cost and hassle of having to rent and move twice before buying your next property 	<ul style="list-style-type: none"> You don't know how much your property will sell for and how long it will take You may have to take a lower price so you can sell in time for settlement Additional financial costs (which may include bridging finance) for owning two homes for a period
Buy and sell at the same time	<ul style="list-style-type: none"> If you can time the buying and selling process perfectly, this is a great option The best position to be in is that your new home settles a couple of days before your current home, leaving you a couple of days to move in 	<ul style="list-style-type: none"> It is very difficult to get the timing perfect, and if there are settlement delays, you maybe required to get bridging finance which means additional cost

Whichever option you choose, give deep consideration as to which way is best for you and your family. You must also consider your financial position and be aware of the different costs involved. If you are unsure about this, speak with your financial advisor to obtain the necessary advice.

Step 2 - Using an Agent V's Selling Privately

Selling your home through an agent

Real estate agents have the necessary skills and training to not only sell your home, but to maximise its value. They have a detailed knowledge and understanding of the market in your local area and will manage the whole sale process for you - which can be a very demanding process.

The main aim for agents is to achieve the best price possible for you as quickly as possible. Remember, they operate on a commission basis, so the more they sell your home for, the more they get paid! They act in your interests, delivering a range of services from the early stages to the final settlement. The services include:

- Expected value of your property (they should give you a list of comparable houses similar to yours, including prices)
- Creating and managing an appropriate advertising campaign
- Showing inspections to potential buyers and making follow up calls
- Negotiating the selling price between you and the potential buyers
- Facilitating the actual sale of your property and the final exchange of contracts
- Manage auction process (if selling by auction)

Selling your home privately (ie. selling it yourself)

Many people like to save money by selling their home themselves, without the need to pay the commission to a real estate agent. You should only consider doing this if you have an extensive understanding of the property market in your area and have the time to manage the selling process.

Here are some tips to think about before you decide on this option. You should also read the rest of this section to discover the detailed process an agent follows in selling a house, so that you fully understand what needs to be done.

- Research the current real estate market in your area. You need to know what similar houses in your area have recently sold for
- Consider getting an independent valuation of your property
- Determine your asking price
- Ask your solicitor to draw up a contract of sale
- Create an advertising plan - take photos, create and print brochures, book advertising with newspapers/internet
- Open your property for inspection (take a note of names and phone numbers of potential purchasers)
- Call everyone who attended your open for inspection to gauge interest from potential purchasers
- Negotiate price with potential purchasers. Don't underestimate how difficult this can be when you're selling your own home!
- Once you agree on a price with a purchaser, hand over the reigns to your solicitor or conveyancer to exchange contracts and manage the settlement

Step 3 - Choosing the Right Agent

Get a Referral

Your home is generally one of the largest assets you own, so it's crucial to deal with an agent you can trust. One of the best ways of choosing an agent to sell your home is to get a referral from someone you trust.

If you cannot get a referral, ring up 3 or 4 of your local agents and interview them. To decide on which agents to call, look through the papers to find out which agents are selling properties for good prices in your area. These are the agents to target.

Interview the Agent

Select 3 or 4 agents and invite them to separately inspect your property and provide an appraisal of your home. The appraisal should include an estimate of the sale price of your home, based on previous sales of similar properties in your suburb.

As part of your appraisal, the agent should provide you with a comparative market analysis (CMA) for your home. The CMA should include:

1. At least 3 **recent** sales in your area of properties similar to yours
2. Average house prices in your suburb
3. Properties similar to yours that are currently for sale
4. A list of properties the agent has recently sold, including the sale price

Review our [10 questions to ask your real estate agent before you choose one to sell your home](#)

Selling your home can be a very emotional and stressful time in your life, so it is important to select an agent who you feel comfortable with as well as one who has the best strategy to obtain you the highest possible price.

Beware of the Pitfalls

The agent with the lowest commission rate and/or the highest valuation for your property is NOT necessarily the best option ...choose wisely

Some agents try to win business by charging you a very low fee to sell your home. Whilst this may be a great benefit for you, think about the implications this may have on your sale. It may make the agent look for a quick sale at a lower price so they don't have to spend much time on selling your property. The commission rate is an important factor in determining which agent to use, but you must consider all the other benefits an agent can also help you with.

Some agents also try to win business by giving you a very high valuation range to sell your home. Whilst this might be what you want, it is important for the value range to be realistic. Setting price expectations that are too high can make it very difficult to sell your property and often results in disappointment when you need to accept a lower price. Make sure the agent supports their price estimate with recent sales of similar properties in your area. If they are not consistent with the valuation provided by the agent, ask for an explanation as to why it is different.

Type of Agreements

There are several possible options:

1. *Exclusive Agency Agreement* - Where you deal only with one real estate agent, whose fee is payable regardless of how the property is sold
2. *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
3. *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
4. *Auction Agency Agreement* - Where your agent organises the auction of your home
5. *Multiple Listing Agency Agreement (Multi-List)* - which is also an exclusive agency agreement where you appoint one agent to sell your home, and that agent agrees to work in conjunction with other multi-list agents to sell your property

Decide on Inclusions and Exclusions

You will need to think about what inclusions you intend to sell with your home, or whether you want to note in the contract that certain items are excluded. Things to consider:

- Curtains and blinds
- Carpets and other floor coverings
- Heaters, air conditioning, ceiling fans
- Light fittings
- Television aerial
- Awnings
- Refrigerator, freezer, washing-machine
- Items in your backyard, such as the clothesline, above ground pool, pool equipment, and so on

Whatever you decide, it will need to be written in the contract of sale, so advise your solicitor/conveyancer.

Agree on Marketing Campaign

The marketing campaign can often determine the success of your sale, so make sure you spend time on developing the right campaign for your home and your budget. A typical marketing campaign will include:

- A for sale sign at the front of your home
- Brochures and flyers to be distributed
- Advertising in newspapers
- Advertising on the internet

It is worth asking the agent to show you how they intend to advertise and promote your property. Give the agent input during this process as you are the one who knows the best features of your house. Make sure your advertisement and photos are appealing and interesting to get as many people interested as possible.

Step 4 - Private Treaty V's Auction

<p>Private Treaty is when you set the price at which your house will be sold to the public. Your agent will negotiate the sale price with the prospective buyer in private</p>	<ul style="list-style-type: none"> • Most common way to sell your home • Time to consider offers by potential purchasers • The ability to extend the time for which your home is for sale • Potential purchasers must make offers for your property 'blind', without knowing what other buyers think it is worth • Savings on the expenses of an auction • Can often take a longer time to sell your home compared to an auction
<p>Auction is when prospective buyers come together to bid on your property with the highest bidder buying the property (subject to the reserve price being met)</p>	<ul style="list-style-type: none"> • More public way of selling your home • Competitive bidding, which means there is no price barrier. This makes an auction especially good for unusual or desirable properties, which are difficult to put a price on • A definite sale is made (assuming the reserve price is reached) • Controlled open house inspections • Maximum exposure for maximum market impact • A set date of sale encourages potential buyers to act quickly • Identifies most likely buyer to negotiate with, if not sold on fall of the hammer

Step 5 - Determine the Selling/Reserve Price

Market Opinions & Valuations

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 price (the minimum price for which you will sell your house).

It is important to set a price that reflects the full market value of your property yet is realistic and remains attractive to buyers. The most important features are: Location, Size, Age and Extras. Your real estate agent will have a strong knowledge of recent sales and current listings in your area, and will be able to provide you with a good indication of property values in your area. Use this as a guide to determine what your own home is worth.

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

You can also appoint a registered valuer to determine a valuation of your property for a fee.

Agents Commission

The agent will receive a commission for selling your property - usually a percentage of the sale price. You can *negotiate* this fee. Ensure you both agree on the commission rate and that this is reflected in your agreement before you sign it.

However, every Agency has different commission rate and structures. Make sure you get a *clear* indication as to what services are included in the commission rate.

Step 6 - Sign the Agreement with your Agent

This is a legally binding contract, so read it *carefully* and obtain legal advice before you sign it. The agreements will vary from state to state, but will generally include the following:

- The agents estimate of the selling price (fixed or a range)
- The price for which the property is for sale, or the expected price to be received at auction
- The duration of the agreement
- Commission rates, fees and charges payable to the agent
- Advertising costs and who pays them
- Information about what happens if the property is passed in at an auction

Step 7 - Preparing the Contract of Sale

Once the agreement is signed, your agent will request a contract of sale from your nominated solicitor/conveyancer. Your agent cannot commence showing or telling prospective buyers about your home until they have the contract in the office.

So whilst you wait for the paperwork, start...

Step 8 - Preparing your Property for Sale

FIRST IMPRESSIONS COUNT! To maximize the value of your house, you want someone to fall in love with it, so make sure your house looks fantastic. Here are some suggestions for low cost improvements and repairs you might consider, before your first inspection.

Inside your home

- Do a complete spring clean, removing all the junk from your house. Store it in a friend's house, or give it to charity. Keep your house clean and tidy for inspections
- 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
- 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 sale

Outside your home

- 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
- Thoroughly clean the outside of the house, including its guttering and windows
- Clean up your garage and garden shed

Step 9 - Inspections

You've cleaned up inside and outside, now add a few last minute touches on the day of your inspections:

- 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
- 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

When your home is ready, leave the agent and the prospective buyers to do their thing. You are likely to have several inspections before you receive an offer, so don't worry if it takes a few weeks for real interest to be shown in your property. Once you have a keen buyer, negotiation comes into play next with your agent playing the middleman between you and the prospective buyer.

Step 10 - Negotiating and Accepting an Offer

When choosing to sell your home by private treaty, buyers will submit offers to your agent. As the seller you may choose to accept the offer or negotiate with the buyer by way of a counter offer. Your agent will act as a 'go-between' until you reach an agreed price.

If the buyer successfully negotiates changes to the contract of sale, such as a change to the settlement period or the cooling off period, you will need to advise your solicitor so that the contract of sale can be altered to reflect the agreed changes.

Upon accepting an offer, your real estate agent will advise your solicitor/conveyancer of the selling price and purchasers details. They will enter the purchasers details into the contract and prepare it ready for you to sign.

Step 11 - Selling by Auction

An auction is when prospective buyers come together to bid on your property, with the highest bidder being successful, subject to the bid exceeding your reserve price (the lowest price at which you are prepared to sell the property for).

Before the auction

1. Contracts are prepared by your solicitor/conveyancer as ordered by your agent
2. Your agent will advertise your property and market it professionally
3. Open for inspections will be held for prospective purchasers shown through by your agent
4. Make sure you understand the terms and conditions of the auction

How the auction starts

The auction will begin at the allocated time with the auctioneer welcoming people, and announcing that the auction will begin. They will highlight the key features of the property before asking for an opening bid.

Bidding

Once the auction is in progress buyers can bid at any time, either verbally or non-verbally, usually by raising their hand.

The auctioneer normally informs buyers of the price increments in which they will accept bids. At the beginning it's not unusual for bidding to be made in \$10,000 or \$20,000 increments before the bidding begins to slow down. The auctioneer retains the right to accept a bid and the price increments for which a bid can be made.

What happens when bidding stalls?

When bidding stalls, the auctioneer will consult you and ask if the reserve price has been reached and if you are happy with the result.

If the **reserve price has been met**, the auctioneer will announce it is 'on the market' and bidding continues until it stalls. The auctioneer will then solicit final bids, repeating the highest bid. If there are no further bids he or she will say "Going once, going twice, going three times, sold!" and bring down his or her hammer on the word "sold". The property is then sold to the highest bidder.

When the **reserve price has not been met**, the auctioneer will give the crowd has one last opportunity to bid. If bidding stalls and there are no more bids, then the house is considered to be 'passed in' (not sold). If the house is passed in, the highest bidder usually has the first opportunity to negotiate with you and the agent. The negotiations begin immediately after the auction.

What happens if the auction is successful?

The successful bidder will be required to sign the contract and pay a deposit on the spot, usually 10% of the purchase price (unless a different amount has been negotiated with you prior to the auction).

Step 12 - Exchange Contracts

A contract of sale is a legal contract that involves the exchange of a property from the seller (or vendor) to the buyer (or purchaser) for an agreed upon value in money.

The contract of sale usually includes:

- Details of the property for sale and its inclusions
- A copy of the certificate of title to the property
- A zoning certificate from the local council
- A sewerage diagram
- Copies of documents relating to other registered interests over the property settlement details

The exchange of contracts is when you and the buyer each sign a copy of the contract of sale and then physically swap contracts. It is at this point that the contract becomes legally binding. This process is completed by your agent, solicitor or conveyancer. Upon exchanging contracts the buyer is required to pay a deposit.

Purchaser pays a deposit

Deposits vary depending upon which state your home is in. The deposit is usually 10% of the purchase price. However, this is open to negotiation and can sometimes be reduced.

The deposit is usually held in a trust account by the agent or solicitor for the mutual benefit of the buyer and seller. It is common for the interest earned on the deposit to be equally split between the buyer and seller.

Cooling off period

Upon exchange of contracts, the buyer usually has a cooling off period of 2 - 5 days depending upon which state your home is located in. In Western Australia and Tasmania there is no cooling off period.

The cooling off period allows the buyer to withdraw from the sale. Should the buyer withdraw from the sale during the cooling off period, you have the right to retain 0.25% of the deposit amount. In Victoria the seller is able to retain 0.2%.

Cooling off periods can also be waived, reduced or extended by negotiation. **There is no cooling off period when purchasing at auction.**

Step 13 - Making the Move

After you have exchanged contracts, you have about 4-6 weeks before your house settles unless you agreed otherwise. So let's get organised and ready to move...

Moving Checklist

For a guide on what to do a month before, week before, day before and thereafter, see 'Moving Checklist' on page 14.

Removalists

The best way of finding a good removalist is to get a referral. Failing that, you can find a removalist via the internet or the Yellow Pages. Using the internet is a very quick and efficient way to research the range of services offered by each company.

Most removalists have a free online quote service, where all you have to do is enter all your details, and a quote will be emailed to you within 24 to 48 hours. You might want to get between 3 or 4 quotes before choosing a removalist.

You should plan to move approximately 2 days before settlement takes place.

Step 14 - Settlement (Property Sold)

Settlement is when the buyer pays the balance of the purchase price and becomes the legal owner of the property. The settlement period is usually between 4 to 6 weeks after exchange. However, this can be negotiated to meet the buyer and your needs.

Once settlement is completed, your solicitor will contact your agent to advise them to hand over the keys to the buyer.

Congratulations!

Step 15 - Attachments, Documents & Checklists

Planning Your Move Checklist

One month before the move

- Plan your moving budget
- Gather moving supplies - e.g. newspapers, bubble wrap, boxes, tape, scissors, rope/string
- Start packing items that will not be used before the move – label boxes with their contents and the room to which it will be delivered. Write 'fragile' on the boxes needing extra care
- Place legal, medical, and insurance records in a safe and accessible place
- Collect items you no longer want to keep and give them to the local charity, or have a garage sale, or take them to the dump

Notify people/companies of your new address:

- All your friends and family
- Banks, insurance companies, and other financial institutions
- Inform doctors, dentists, schools and other service providers
- Newspaper and magazine subscriptions, credit cards
- Inform your insurance company of the settlement date, ask if moving is covered and arrange insurance for your new home
- Notify post office for redirection of mail

- Find new homes for any plants that are not being relocated
- Start using any frozen food and perishable goods
- Organise child care for the day of the move if necessary
- Moving can be very traumatic for pets – arrange to have someone look after them the day before and day after move

The week of the move

- Pack all essential items and have all boxes clearly labeled
- Drain fuel from lawn mower, empty gas cylinders/bottles
- Collect any dry cleaning, and return any library books or videos/DVDs
- Use or dispose of any food you will not be taking with you
- Notify electricity, gas, water and phone companies of the date of disconnection

Change your address on your Drivers Licence at the RTA

The day before the move

- Defrost your freezer, empty and clean out your refrigerator
- Do the laundry
- Pack your last couple of boxes
- Pack a small moving bag to keep with you containing the following: snacks, water, mobile phone, wallet, first aid items, wet weather gear, tape, keys, change for road tolls if required, and emergency phone numbers
- Make sure that sheets and pillowcases are easily accessible to make beds for your first night in your new home
- Advise gas, water, electricity and phone of your new residence and supply a connection date

On the day

It's good to have a box of essentials to hand:

- Scissors and knives
- Masking tape
- Bubble wrap, old newspapers and rags, for packing
- Address book and contact numbers
- Toilet paper and toiletries, nappies
- Garbage bags and cleaning products
- Refreshments

At your New Home

In your new home, make sure to:

- Check the locks, burglar and smoke alarms in your new home as soon as possible
- Ensure your house and garden are child-safe. If there is a pool, check that it is properly fenced. Is the yard safe? What about the medicine cabinet? Are there household chemicals that children would have access to?
- You may wish to have new locks fitted
- Register to vote in your new electorate

This checklist is a guide only and not should not be relied upon as a comprehensive checklist

