



COMPREHENSIVE REAL ESTATE
SELLER'S GUIDE



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ABOUT CIANO REAL ESTATE

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Ciano Real Estate Inc., located in the heart of San Luis Obispo County has become the leading independent local real estate firm over the past decade. Our primary philosophy is to cultivate and establish long-term business relationships, through our personal community outreach and networking. Our paramount consideration is to tailor a customized marketing and promotional campaign to each individual property, as well as provided the finest service to facilitate Buyers needs. Creativity, innovation, and thinking out of the box are integral elements to our successful sales approach.

BEFORE YOU SELL: THE NECESSARY CRITERIA

The Top 10 things you need to know when selling a home.


-  **What's the fair market value?**
This is more than just a question. It's actually a process that involves multiple factors, the first and most important of which is getting a feel for the comparable properties in your neighborhood.


Regardless of the real estate agent you choose, it is always recommended that you have a professional provide you with the comparable homes in your area. We are always happy to provide these free of charge, and this step will help determine a starting point for what you believe you could fetch for your property on the market. Keep in mind that your own goals, timeframes, and overall level of engagement will influence the maximum asking price that you will be presented with.





WHAT IS A COMPARATIVE MARKET ANALYSIS?

A **Comparative Market Analysis (CMA)** is an evaluation of similar homes in an area - also known as comparables - to determine the value of a real home. Real estate agents, buyers and sellers perform a CMA to figure out a home's value

2.  **Research the type of buyer your property will draw**
- Determining this is actually very important, since it will determine what kind of preparations, repairs, and staging on the property prior to listing it on the market. When considering type, condition, size, & location, choosing the most likely buyer offers clarity on how to maximize the return on your investment given your current situation, timeframes, and goals.
-

3.  **What kind of market is it right now?**
- Knowing the fundamental underpinnings of your market climate will provide a baseline for what to expect in a local area real estate expert. We will provide you with a clear understanding of current home to sales ratios, neighborhood competition, buyer activity levels, and more so that your specific situation and goals can be achieved while ensuring you don't leave anything on the table.
-

4.  **Discover which improvements or repairs to choose to make**
- your overall net proceeds at the close of the sale. For homes that are in near excellent condition, focusing on cleanliness, odors, and lighting are inexpensive ways to ensure the buyer leaves your property with the best of impressions. For properties in fair or poor condition, determining your budget for repairs is the first step towards choosing which areas of the home are going to offer the most return for your investment. Gains are most dramatic when investments are made to curb appeal, kitchens, bathrooms, and flooring. Your own budget, goals, and timeframes will influence how much time you spend preparing the home for a buyer's showing.
-

5.  **Choosing the right time to sell**
- Are you under pressure to sell this instant? If you are, then go for it. However, if you have the luxury of choosing when to sell, a largely undiscussed factor in real estate

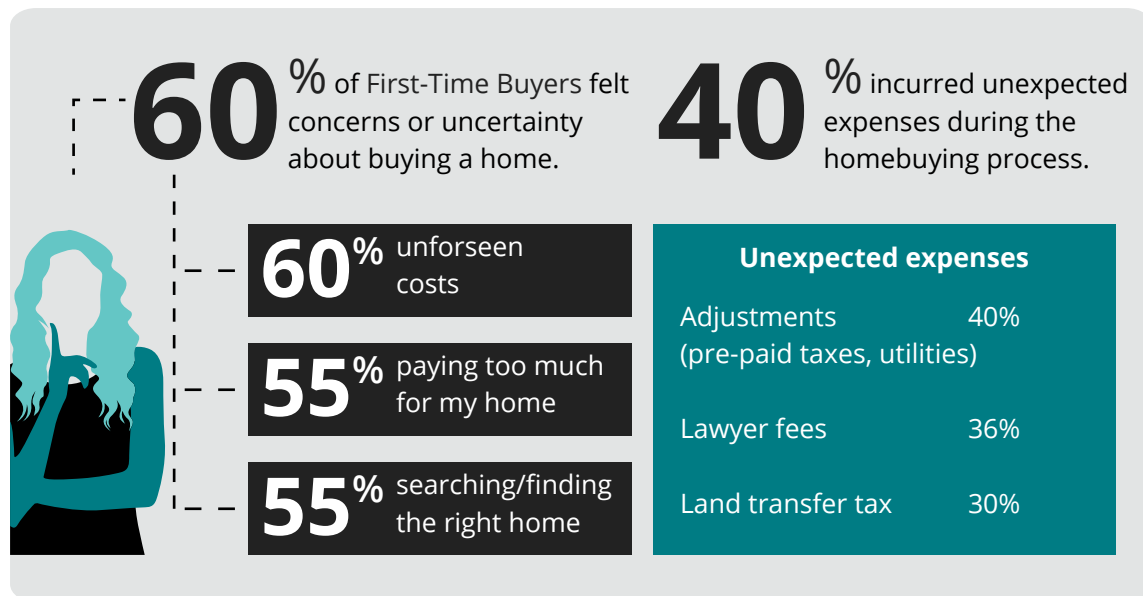
is the seasonal swings in value each location experiences throughout a given year. This is overwhelmingly a weather phenomenon, and the warmer, brighter, and more beautiful the day - statistically speaking - the better your home value will be. At its core, this is simply due to the fact that buyer demand is highest when it is most pleasant to be outside. Did you buy your home in the pouring rain? Chances are, your buyer will be most engaged when weather is not a distraction.




6.

Maximizing your position based on your total market picture

The most common real estate maxim is “location, location, property within its surrounding area. Simple supply and demand fundamentals will provide you with a range in value you can expect. In every market type, for every property type, location and condition there is a buyer to cater to regardless of overall property value. First time buyers, luxury buyers, investors, retirees and others will all have differing goals and place importance on different areas of your property, as well as in the transaction terms. Find the maximum pricing on your investment by making sure you have tailored correctly, the condition of the home and the terms of the listing in the eyes of your most likely buyer type. Perception is key. Investors prefer in many cases to purchase properties that need cosmetic repair. First time buyers usually lack the savings to pay for many repairs, and will gravitate towards “move-in” friendly, or ready homes in many cases. Remember to leverage this knowledge, as investigating all of this yourself may seem daunting. This is one of the many ways that a great real estate agent will aid you.



7.  **Choosing the right real estate agent for your transaction**
- It's a twenty-first century world out there, and many long the foremost change being the advent of online real estate property data. These days, nearly every home listed on the market from any agent is going out to a litany of real estate websites, making the data easier than ever for a buyer to sift through without the aid of a real estate agent. Unfortunately, the drawback is that passionate, knowledgeable local area experts who would be your top picks for your transaction have been slightly drowned out by all this. Some of the best agents are not as easily identifiable in this world of endless reams of data. So do your homework. Just because an agent is a friend, or listed a home down the block, doesn't mean that they are the most deserving of your trust. A seasoned, worthy agent will know your area, and most importantly – how to maximum your opportunities to better deliver the best possible outcome to you at the closing.



8.

Preparing your home for showings

Cosmetics of a property are some of the most important facets of a sale, and can make the difference of tens of thousands of dollars. In many cases, the costs to increase the cosmetic appeal of the interior or exterior of a property are significantly lower than the perceived value they bring. Expect your real estate agent to help provide tips on curb appeal, interior home cleanliness, practical ways to depersonalize the interior as well as protect your valuables during a showing.

NATIONWIDE OPEN HOUSE

OPEN HOUSE FACTS

45%

of all buyers used an open house as a source in their home search.



=



+



+




Repeat buyers are more likely to find their home from an open house than first-time home buyers.


Buyers 65 years and older are more likely to find their home through an open house than other age groups.

65+



Couples are more likely to walk through an open house than single buyers.

9.  **Make sure to get feedback on your property**
Getting feedback from buyers often times can help provide an outside perspective on how desirable your listing is. All to understand your market and your property will reflect themselves in the accuracy of how attractive your property is to buyers. In order to ensure that your home is in its best possible positioning for the asking price, double check with a simple phone call from your agent to the buyer's agent. Critiques and praise can reveal overlooked details and possible improvements you can make to the offering.
-

10.  **Consider the offer(s) you have been presented with:**

BEST MATCHES



YOUR HOME'S VALUE



\$\$ - \$\$\$











All of the best matches are between \$\$ & \$\$\$.
That means my home's value should be within that range too!

Your real estate agent will illuminate the differences and various advantages of each offer you receive. Your own goals and deadlines will influence the choice, along with a large number of offer terms.

This will include type of financing, conditions, and amendments provided in a contract. It helps to already know what type of market you are facing, and it is at this point in your transaction that it matters most. A strong seller's market will allow you the leverage and leeway to make more demanding and nuanced requests of your buyers. A strong buyer's market puts you at a disadvantage when negotiating offer terms. Make sure you are realistic in your expectations, because the overall real estate climate will influence your starting position. A good real estate agent will know how best to protect you from leaving money on the table during the sale.

TOP 5 LOW COST HOME IMPROVEMENTS FOR SELLERS

Listed below are nationwide average costs for making each of the listed home improvements. Below that you'll find the average corresponding increase in home sale value, what % of realtors recommend this change, and the overall ROI of the specified improvement.

1.		Cleaning + Decluttering	Cost = \$290
		Price ▲ \$1,990	99% Realtors® 
			586% ▲ ROI
2.		Lightening + Brightening	Cost = \$375
		Price ▲ \$1,550	97% Realtors® 
			313% ▲ ROI
3.		Home Staging	Cost = \$550
		Price ▲ \$2,194	80% Realtors® 
			299% ▲ ROI
4.		Landscaping	Cost = \$540
		Price ▲ \$1,932	93% Realtors® 
			258% ▲ ROI
5.		Plumbing + Electrical	Cost = \$535
		Price ▲ \$1,505	92% Realtors® 
			181% ▲ ROI

REALITY TV VERSUS REALITY

Reality TV is entertaining, but is it really reality?

REALITY TV SHOW MYTHS



Buyers only look at three homes before they make a purchase decision.

The homes being chosen from are still for sale.

The home buyer has not made a purchase decision.

Real estate agents regularly make six-figure commissions.

When you flip a home, your only expenses

You need lots of help, experience, and power tools to stage a home on a budget.

The house should sell at the open

REAL WORLD FACTS



Most buyers look at MANY more than 3 homes.

The 'Reality' is being staged for TV - in fact, most homes being looked at are already sold and are off the market.

Because there is no way to show the entire buying process, TV shows select people who are further along in the purchase process and who have already chosen their home in order to simplify the process.

TV doesn't explain that the listing agent and buyers' agent split that commission 50/50 and split it again (this amount varies) with their brokerage, and also pay marketing costs.

Investors also need to take into account taxes, insurance, utilities, interest, closing costs, and commissions.

There are many things that sellers can do to make their house more presentable, including: de-cluttering, putting too-big furniture in storage, and doing a

This would be great if it happens, but most times, homes sell after a regular scheduled showing.

THE 'REAL' REALITY OF THE REAL ESTATE WORLD

Keys To Remember



HOME BUYING / SELLING TAKES TIME

Don't rush the process or you won't find what you are looking for.



DON'T FORGET TO BUDGET

TV shows pay lip service to budgets, but don't show the process of HOW to arrive at your budget.



DON'T FORGET ABOUT TAXES AND INSURANCES

Property taxes and insurance can add a significant amount to your monthly payment.



MAKE SURE YOU FIND A GOOD AGENT

Who can help you understand the reality of your specific market.

WHY YOU NEED A LISTING AGENT

A listing agent will increase your viability and seriousness in the eyes of buyers.



List at the right place.



Better home presentations.



Get more buyer exposure.



Higher offers from buyers.



Negotiates inspection results.



Speeds up time to close.



Home sells at top dollar.

**1 SECOND SUMMARY
GET A REALTOR!**

Do I Need A Listing Agent?

The simple answer is, yes of course. But why is it an important matter to consider. Your transaction is fundamentally a legal construct, one that can have legal implications for you in the process as well as into the future once the transaction has been completed. At its most basic, a real estate agent representing you provides a much needed layer of consumer protection by outlining the laws and best practices in which to follow. In addition to the obvious legal benefit of hiring a real estate agent, there are many other factors that will help you along the way. Expect your real estate agent to solve immediate challenges, answer tough questions, and complete numerous tasks for you along the way that reduce your own stress levels and workload. In the end, a licensed agent will get an average of 10% higher asking price than going it alone. Not only is it legally but also financially to your benefit to hire a good real estate agent to help you with your sale.

Who Pays A Buyer's Agent?

The buyer's agent is paid by the SELLER. This means that you are still responsible for paying an agent to complete a transaction, regardless of whether you choose to use one yourself.

Who Does The Listing Agent Have A Legal Responsibility Towards?

When you hire a listing agent, that agent's fiduciary responsibility is directly to YOU. This means that your agent has a legal obligation to put your interests as a seller before anyone else's (including the agent's own), and your agent must provide you with any important information he or she has that affects your home purchase.

Who Does The Buyer's Agent Have A Legal Responsibility Towards?

The buyer's agent is the agent representing the buyer of the home in the transaction. Many times, buyers will contact sellers or seller's agents directly assuming that they will get a better deal on the property. The seller's agent has a fiduciary duty to the seller. They are contractually obligated to make the sale happen in the seller's favor, often as close to the listing price as possible. Do not expect this to be any different in reverse, as a buyer's agent is going to only have a buyer's interests to protect, and will not work to help you seek better terms in a deal.

Still, Can't I Save On Commission By Going It Alone?

Many people are under the impression that they can save money by dealing directly with a listing agent. They perceive that they'll be able to save themselves about half the commission.

By listing for sale by owner, you only stand to save 2.5-3% of the listing price. Contrast that with the 10% average offer price increase an agency represented listing will receive, and a picture emerges of it costing more money to save money.

When a buyer's agent represents a buyer, they are increasing their workload and their liability, so they're almost never willing to simply cut their commission in half. They're not going to negotiate on your behalf to get you a better price.

THINKING OF GOING 'FOR SALE BY OWNER' (FSBO)?

Let's Look At The Facts

GET READY TO NEGOTIATE

Here is just a short list of the people that you will have to negotiate with to sell your house:

- The Buyer
- The Buyer's Agent
- The Buyer's Bank
- The Buyer Inspection Company
- The Appraiser
- The Title Company



HOW DO BUYERS LOOK FOR A HOUSE?

Search Online

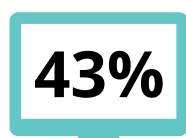
88%

Newspaper Ads

21%

HOW DO BUYERS FIND THE HOUSE THEY BUY?

Most Real Estate Agents have an **internet strategy** to promote the sale of your house.



ONLINE



YARD SIGN



NEWSPAPER

USING AN AGENT CAN NET YOU 12% MORE

FSBO

\$208K



Agent Assisted

\$235K

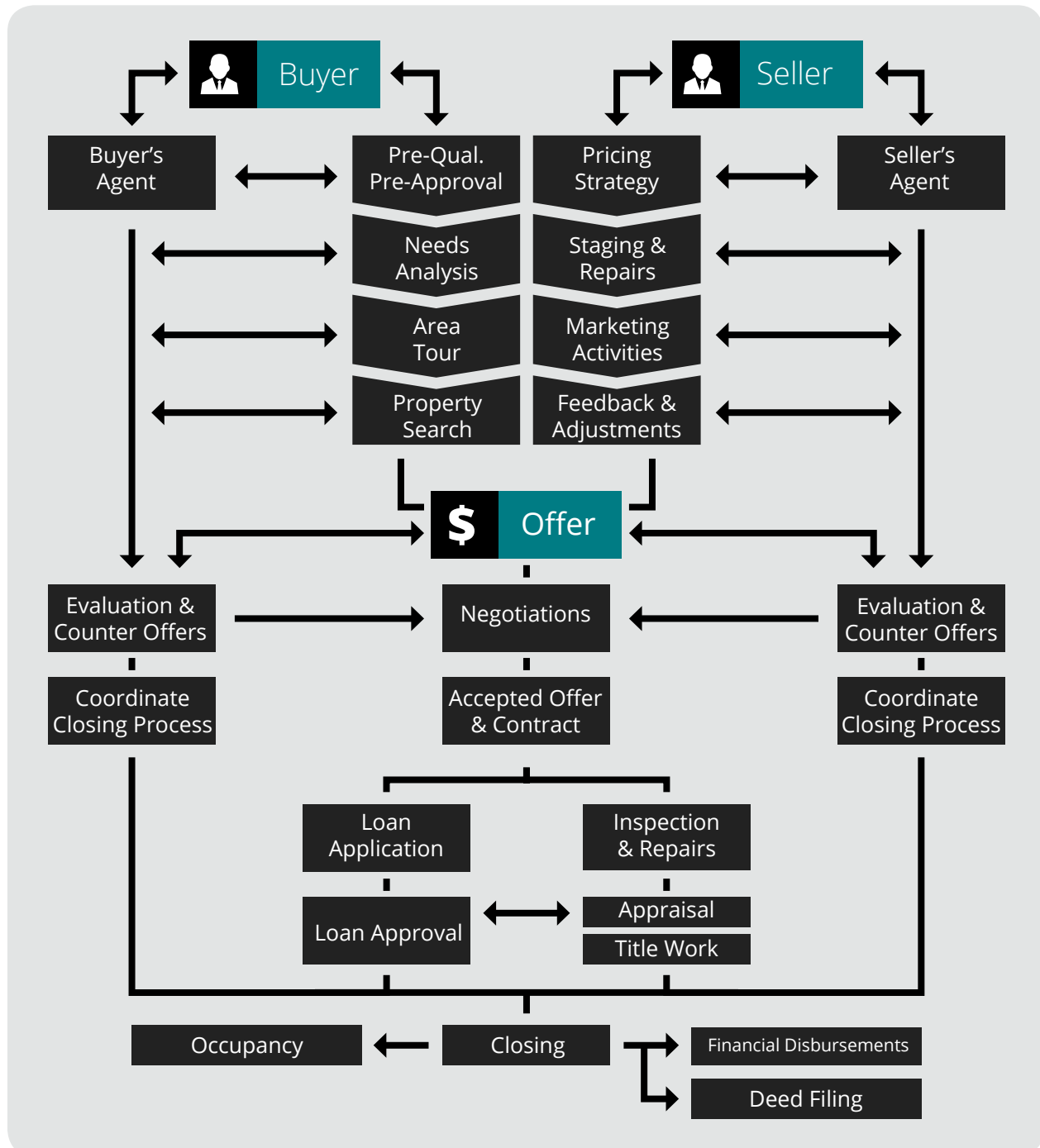
*Studies have shown that people are more likely to FSBO in markets with lower price points.

Bottom Line:

Before you decide to take on the challenge of selling your house on your own, sit with a real estate professional in your market place and see what they have to offer.

LIFE CYCLE OF A REAL ESTATE TRANSACTION

There's a lot more involved in selling a home than you may realize!



FIRST-TIME HOMEBUYER OVERVIEW

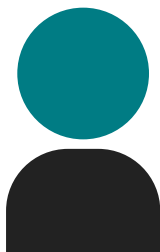
What do today's first time home buyers look like?

TAKING THE FIRST-TIME HOME BUYER PULSE

Discover what the first-time home buyer looks like over the next 5 years



WHO ARE THEY?



20%

of Consumers are actively looking to buy their first home

46%

of Millennials will be looking to buy their first home in the next 1-2 years

46%

of Hispanics are actively looking & planning to buy their first home in the next 1-2 years

WHAT KIND OF HOUSE DO THEY WANT?

TOP 3 AMENITIES INCLUDE:

68% are looking for move-in ready homes

43% are looking to buy in a suburban area outside of a city



Backyard or pool



Attractive Design



Energy Efficient & Smart Technologies

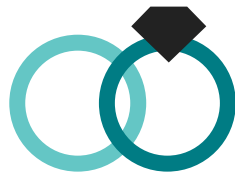


HOW DO THEY PLAN TO BUY THEIR FIRST HOME?



68%

anticipate putting down 20% or more



56%

will buy their first house with their spouse/partner



Millennials are keeping their options open in terms of how they plan to purchase their first home

TOP 4 OPTIONS INCLUDE:



WHY ARE THEY WAITING?

TOP 3 ROADBLOCKS PREVENTING BUYERS FROM THEIR FIRST HOME:



Need to save money for a down payment



Need to pay down debt



Can't find a home in my price range

When ready to purchase a home, buyers indicate that mortgage rates are the most valuable asset compared to a realtor or insurance cost.

WHEN TO INVEST IN YOUR HOUSE

What makes most sense?

Home ownership is one of the largest obligations you can place on yourself, and with it comes a slew of costs and responsibilities. Even when selling your home, there are costs to consider, and investments in the home to make to ensure you get the most from your transaction.

TODAY'S LUXURY HOMEBUYER



75%

BELIEVE INVESTING IN A HOUSE IS A MORE SOUND INVESTMENT THAN THE STOCK MARKET

Be prepared for this to take a little while

Unless the market is skyrocketing or you are selling a fixer-upper, it almost never makes sense to sell a home only to see it re-sold two, three, or even 6 months later. When you sell the house for a profit, there are still high transaction costs inherent in buying or selling properties, and that means you could potentially lose money. Even if you do make money, keep in mind that you're subject to capital gains tax.

When home prices are flat or on the decline, that's even more reason to do your homework so that you get the pricing just right. Before you list for sale, ask yourself a few questions:

- Is the condition of the home going to attract buyers, and what can I do to encourage better offers?

- Are there economic, employment and employer considerations I should be making?
- Is my spouse, partner or significant-other involved in considering these same questions?

Does it make more sense to sell or to rent?

A lot of homeowners believe, often falsely, that they are “not interested in being a landlord.” Depending on your circumstances, it may make more sense to build your equity by saving the difference between your rental income and the costs of home ownership. A general rule of thumb is that if you pay 35% less in ownership costs (mortgage, tax, insurance, maintenance and repairs), than you would receive in rental payments, then it makes more sense to continue owning and to save the difference to build equity.

What repairs do I make?

That depends a lot on your budget, goals and the starting condition of the property. But in general, regardless of the intentions, I recommend a minimum budget of \$1,000.00 to ensure that you cover any and all concerns visually and cosmetically on the premises to ensure you are providing the buyer with the clearest view of the property's condition.

Some great minor repairs or upgrades could include:

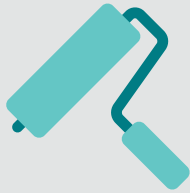
- Packing excess items and moving them to a storage unit
- Mowing the lawn
- Cleaning the gutters
- Powerwashing the front of the property
- Steam cleaning the carpets
- Polishing the woodwork
- Washing the windows & trim
- Repairing broken tiles, or vinyl/linoleum flooring
- Washing the interior walls
- De-odorizing
- Painting Cabinets

For your larger home investments, start in your kitchen & bathrooms first. These can be your biggest sources of value additions. As a rule of thumb, you should get \$1.50 for every \$1.00 spent.

TOP REMODELING TRENDS

A quick analysis for the top current trends

TOP REMODELING TRENDS FOR 2017



Going Green

Creating a healthier and greener environment through use of materials and products

Bathrooms

Soaker Tubs
Big Showers
Grey is the new beige
Bold Flooring

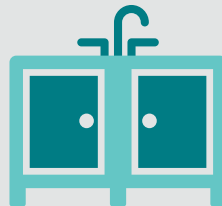


Accent Walls

Textures, natural wood, reclaimed barnwood

Flooring

Hardwood floors, engineered hardwood



Kitchen

Single-bowl deep sink
Copper lighting, sinks, countertops

Curb Appeal

Add plants, keep beds weeded, grass cut, new house numbers, paint front door



IN SUMMARY: IF YOU'RE LOOKING TO ADD SOME MODERN FLAIR TO YOUR HOME PRIOR TO SELLING - THESE ARE DEFINITELY SOME OF THE HIGHEST ROI IMPROVEMENTS THAT CAN BE MADE!

HOW VALUABLE ARE OUTDOOR UPGRADES?

Do people judge books by their cover?

WHAT'S THE VALUE OF OUTDOOR UPGRADES?



Landscaping can add

7-15%

to a home value

Buyer's First Impressions

12%

The increase in the perceived value of a nicely landscaped home



Increased Sales Appeal

99%

of real estate appraisers surveyed concluded that landscaping enhances sales appeal

SMART TECH AND HOUSING

What do today's first time home buyers look like?

WHO'S INVITING **SMART TECH** INTO THEIR HOMES?



46%

OF CONSUMERS
BELIEVE IT IS
IMPORTANT
THAT THEIR HOME IS
EQUIPPED WITH
SMART HOME
TECHNOLOGY

51%

WOULD CONSIDER **INSTALLING**
SMART HOME TECHNOLOGY
IN THEIR HOME TO
MAKE IT MORE **APPEALING**
TO FUTURE HOME BUYERS



MILLENNIALS

10

TIMES MORE LIKELY
THAN GENERATION Xers TO
CONSIDER THE UPDATE



7^{IN} 10

MILLENNIALS

BELIEVE IT'S MORE IMPORTANT
THAT SMART HOME TECHNOLOGY
INTEGRATE WITH THEIR SMART-
PHONE

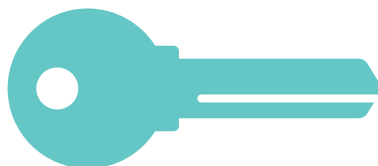


BABY BOOMERS

MOST LIKELY TO HAVE A SECURITY
SYSTEM IN THEIR HOME THAN ANY
OTHER AGE GROUP SURVEYED

5^{IN} 10

AMERICANS
CURRENTLY HAVE A
SECURITY SYSTEM
IN THEIR HOME



1/2

OF MILLENNIALS HAVE **ENERGY**
MANAGEMENT TECHNOLOGY IN
THEIR HOMES COMPARED TO A

1/3

OF GENERATION X & BABY
BOOMERS

WHY YOU BENEFIT FROM BETTER MARKETING

Get the most for your home by maximizing the exposure on the market

Why You Need To Market Your Home

When selling a home, the only way to attract buyers is to make sure they are aware that it is for sale. We will ensure your listing gets all the marketing it deserves, both in print and online to ensure that the most motivated of buyers are all looking at your property.

The Online Marketplace

Your property will be listed electronically along with all the rest of the area's agencies and real estate agent listings available. Make sure yours stand out by having professional quality photos taken of the home, and that the information entered into the database is as complete and attractive as possible.

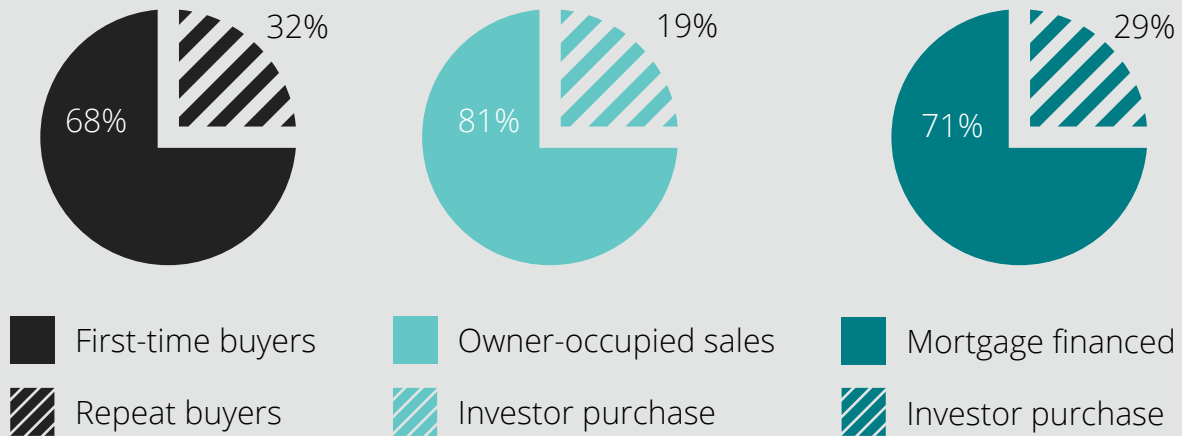
INFORMATION SOURCES USED IN HOME SEARCH

INTERNET SEARCH	88%
REAL ESTATE AGENT	87%
YARD SALE	55%
OPEN HOUSE	45%
NEWSPAPER	30%
MAGAZINE	19%



75% BUYERS WHO WOULD
USE THE SAME AGENT AGAIN

THE NATURE OF TODAY'S REAL ESTATE TRANSACTIONS



The Overall Reach Of Your Marketing

Although in principle, the online MLS databases have been a leveling element in the playing field of real estate, there are still many differences from agency to agency as to how much additional marketing is deployed for your property.

Additional marketing materials should include:

- Onsite Feature Sheets
- Open Houses, with ads online or in print
- Feature placement on the agency website
- Syndication to other popular real estate portals
- In print advertising
- Broker Tours

The Results Should Be Measurable

Remember, the point of marketing is to reach the most motivated buyers in the area, and convince as many as possible to make serious and credible offers on your property to purchase. The more exposure through marketing, word of mouth and onsite visits will result in a better chance of receiving multiple offers on your property, and helping to give you added leverage in selecting one that most maximizes your net and your goals.

Realtors get **19%** more than FSBO

REALTOR

\$215,000 AVERAGE PRICE

FSBO

\$174,900 AVERAGE PRICE

Realtor properties sell for \$41,000 more

In 2015, FSBOs accounted for as little as 9% of the property listing and had a significantly lower selling price on average. FSBO properties sold for \$174,900 where as the realtor properties sold for \$215,000.

FINANCES AND UNDERSTANDING THE BUYER FOR YOUR HOUSE

If they are ready to buy a home, they need to get their finances in order first.

BABY BOOMERS INVESTING IN THE FUTURE OF REAL ESTATE

A national survey by Better Homes and Gardens® Real Estate finds that baby boomers are providing financial support to help their children and grandchildren become homeowners.

75%

Believe providing financial support for home ownership is a good investment



58% Believe owning a home is part of the American Dream

1 in 5

have provided financial support on a home down payment



Love is a key driver of their support



More than
want to
provide
financial
support toward home ownership

2/3

Like most people out there, the decision to buy a house is one of the biggest financial decisions one will ever make in their life. Not only do they have to gather enough money together to pay a 5% deposit on a home (usually), but they will also have to secure a loan for the remaining balance that they will probably be paying for a very long time! Before you start accepting offers, make sure they have their financial house in order first.

How Much Can I Ask for?

You can only ask for as much as a lender will approve, which in most cases is heavily dependent on the price determined by the appraisal. With limited exception, don't expect to get much higher than an appraiser will value. Your buyers in only the most advantageous of markets and occasions will have the fortitude and capital to provide additional monies above what the total of the loan will cover.

The Down Payment

This is a huge factor in determining what offer you accept. Typically, down payments are 5% of the total cost of the home. If your buyers are able to make a larger down payment, they should be able to qualify for a larger loan.

To qualify for a low down payment mortgage, they generally need to meet the following criteria:

- Enough income to support monthly payments
- Enough cash to cover closing costs (this can be several thousand dollars)
- Good credit background with no recent foreclosure or bankruptcy
- Manageable debt

If they don't have enough cash, they still have a few options. Remember, the loan type affects how likely your transaction is to close. For a first-time homebuyer, a loan may be more strenuous and difficult since they usually lack the capital to provide significant down payment.

THE MORTGAGE LOAN, AND MORE

If you're ready to sell a home, you need to know your buyer's loan types.

Information Lenders Want to Know

1. **Credit Score** - This comes from the credit reports from each of the major credit agencies
2. **Credit Standing** - Make sure you have low credit card balances and have paid all your bills on time!
3. **Credit Accounts** - Avoid closing current accounts or applying for new ones.
4. **Down Payment** - The more money you're prepared to pay up front, the more likely you are to be approved.
5. **Income** - Lenders want to see that you have a steady job with steady income. If you are self-employed, be prepared to provide tax returns and income statements.
6. **Interest Rates** - These generally won't determine whether or not you're approved, although they will determine your monthly payments.
7. **Available Funds** - Lenders want to make sure you have money set aside to pay for closing costs

THE PARTS THAT AFFECT YOU

1. The effectiveness and responsiveness of the mortgage broker
2. The overall credit worthiness and down payment of the buyer.
3. The **Pre-qual letter**, which will summarize the amount of the loan your buyers are applying for, and the overall loan type and buyer capability.
4. The loan type, which itself can manifest itself in the terms of your agreement.

They will select a lender that makes the most sense to them, not necessarily for you. Be sure to understand what liabilities you may be agreeing to when you accept an offer so that you aren't surprised down the road.

So, How Much Is The Offer For?

To determine how much your buyer is allowed to borrow, the lender is going to use a number of different ratios. Those ratios are:

GDS

This is the percentage of your income needed to pay all monthly housing costs, which include your mortgage, property taxes, heat and 50 per cent of your condo fees, if applicable.

The majority of lenders abide by a general standard of 32 per cent. This means your GDS should be lower than that to qualify for a mortgage.

Calculating your GDS

Add all of your monthly housing-related costs (principal, interest, property taxes and heating) calculated on an annual basis), then divide the total by your gross income. The sum is then multiplied by 100 to give your GDS ratio.

TDS

Your TDS is calculated next. The calculation is very similar to that of the GDS, except all of your monthly debts are taken into consideration. This includes car payments, credit cards, alimony, and any loans. The industry standard for TDS is 40 per cent.

Calculating your TDS

In addition to the total monthly housing expenses, you must now add payments such as credit cards and car payments. Once you have added all of these expenses, divide the figure by your gross income, multiple by 100 and the result will be your TDS.

How Much Are Closing Costs?

Closing costs for a buyer are considered to be everything outside of the purchase price that a buyer would pay to complete a real estate transaction. These costs can include lawyers, property taxes, inspections, loan fees and land transfer tax.

OFFER ACCEPTED!

10 things that happen after an offer is accepted

10 THINGS THAT HAPPEN AFTER AN OFFER IS ACCEPTED



1. CALL YOUR TEAM



6. APPRAISAL



2. EARNEST MONEY



7. DUE DILIGENCE
REPAIRS



3. SEND LENDER
EVERYTHING



8. HOME INSURANCE



4. SET CLOSING WITH
ATTORNEY



9. UTILITIES



5. HOUSE INSPECTION



10. CLOSE & MOVE IN!

CLOSING THE DEAL ON YOUR PROPERTY

When it comes to sealing the deal, exercise your haggling muscles!

Thoroughly Review The Offer

Your buyers found their dream home... and now you want to make sure they have a solid offer! Negotiating an offer is one of the most compelling reasons to hire an experienced agent to represent you.

A professional listing agent will be able to advise you on the details of a buyer's offer, and be able to substantiate it with a wealth of market knowledge. There are also a number of additional items that a professional listing agent can help negotiate, including:

- Increasing the amount of the deposit
(the amount of money that they deposit when making an offer to show that you that they are serious about buying the property)
- Negotiating to exclude certain fixtures from the deal
- Closing date
- Reducing or splitting any costs to pay for repairs
(or reduce purchase price to compensate)

With the initial offer, you'll have a deposit, (anywhere from 1% to 10% of the purchase price)

to show that they are serious about buying the property. The check will be made out to the listing brokerage and later applied to the buyer's net proceeds.

We'll also review the offer to make absolutely sure that the deal is contingent on:

- The approval of their mortgage;
- A problem-free home inspection; and
- The sale of their existing home, if applicable.

The Home Inspection

You'll want to prepare ahead of time for your home inspection, because your buyers will learn a lot about the condition of your house, including what it's made of, how it's wired, and whether or not there are any problems that need to be addressed. If problems are found, your agent will negotiate with the buyer to either remedy the problem or reduce the purchase price accordingly. Home inspections generally cost anywhere from \$300 to \$1000 and typically take 3-4 hours to complete. Don't worry, the buyer pays this cost themselves. We can always recommend home inspectors to a buyer's agent that we have had good experiences with in the past, so don't be afraid to ask!

The Day Before

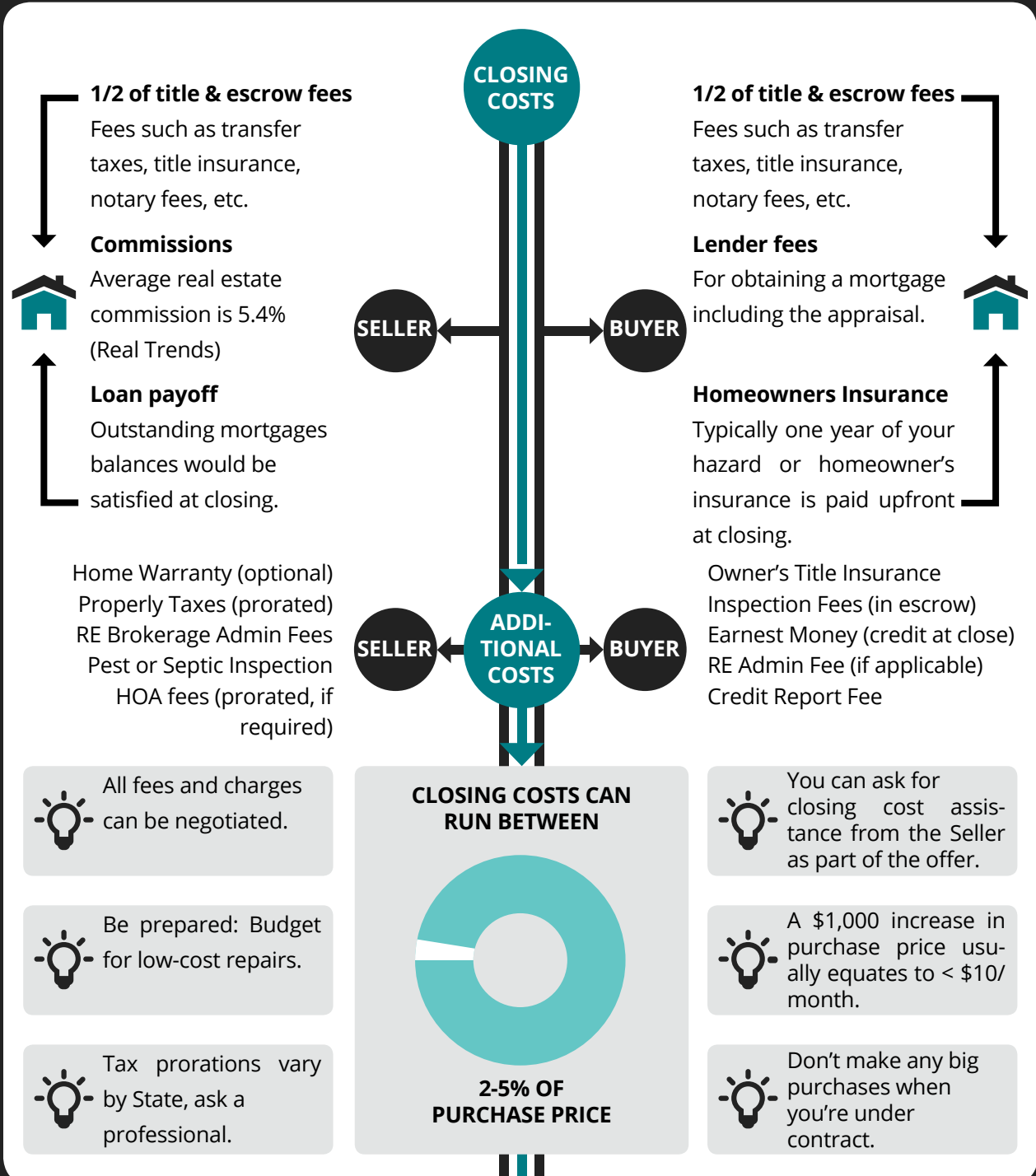
The day before closing, your buyers may want to conduct a final walk-through of the home. This is to make sure that no substantial damage or changes have occurred since the initial inspection (i.e. if your mover's dropped something and shattered some of the tiles in the kitchen).

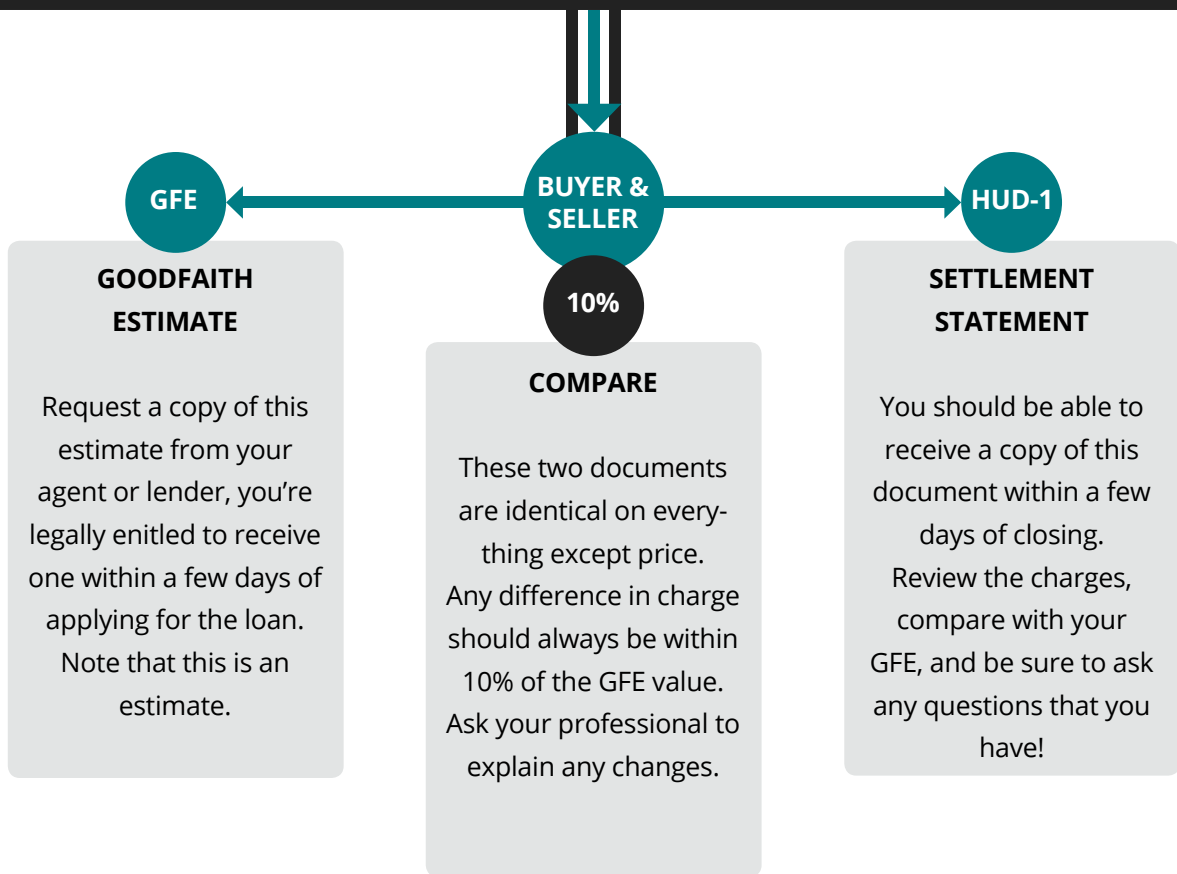
Closing Day

After everything else you've gone through, the actual closing will be a breeze! You can relax a bit now, unless you are purchasing another property!

EXPLAINING YOUR CLOSING COSTS

THERE ARE A BUNCH OF THEM, AND YOU SHOULD BE AWARE OF WHAT THEY ARE!





DID YOU KNOW?



Federal law requires that sellers and buyers receive a copy of a HUD-1, or settlement statement form outlining all the charges in a real estate transaction.

DO YOUR HOMEWORK



Don't be shocked at closing! Ask your lender, agent, or title rep to explain all of your costs well before going in to sign your final papers.

GLOSSARY OF TERMS

amortization

The number of years it takes to repay the entire amount of a mortgage.

appraisal

An estimate of a property's market value, used by lenders in determining the amount of the mortgage.

appreciation

The increase of a property's value over time.

assessment

The value of a property, set by the local municipality, for the purposes of calculating property tax.

assumable mortgage

A mortgage held on a property by the seller that can be taken over by the buyer, who then accepts responsibility for making the mortgage payments.

blended mortgage

A combination of two mortgages, one with a higher interest rate than the other, to create a new mortgage with an interest rate somewhere between the two original rates.

blended mortgage payments

Equal or regular mortgage payments, consisting of both a principal and an interest component. With each successive payment, the amount applied to interest decreases and the amount applied to the principal increases, although the total payment doesn't change. (Exception: see Variable-Rate Mortgages)

buy-down

When the seller reduces the interest rate on a mortgage by paying the difference between the reduced rate and market rate directly to the lender, or to the purchaser, in one lump sum or monthly installments.

closed mortgage

A mortgage that cannot be prepaid, renegotiated or refinanced during its term.

closing

The real estate transaction's completion, when the parties involved agree that all legal and financial obligations have been met, and the deed to the property is transferred from the seller to the buyer.

closing costs

Expenses in addition to the purchase price for buying and selling a property.

closing date

The date on which the title and keys to the property are transferred from the seller to the buyer, and the money is paid.

common elements

The portions of a condominium development owned in common (shared) by the unit owners.

condominium

Shared ownership in property. Owners have title (ownership) to individual units and a proportionate share in the common elements.

conventional mortgage

A first mortgage issued for up to 75% of the property's appraised value or purchase price, whichever is lower.

counteroffer

One party's written response to the other party's offer during negotiation of a real estate purchase between buyer and seller.

debt service ratio

The percentage of a borrower's gross income that can be used for housing costs, including mortgage payment and taxes. (and condominium fees, when applicable)

down payment

The part of the purchase price of a property that the buyer pays in cash and does not finance with a mortgage.

easement

A legal right to use or cross (right-of-way) another person's land for limited purposes. A common example is a utility company's right to run wires or lay pipe across a property.

encroachment

An intrusion onto an adjoining property. A neighbour's fence, storage shed, or overhanging roof line that partially (or even fully) intrudes onto your property are examples of encroachment.

equity

A homeowner's financial interest in a property. The difference between the value of the property and the amount owing (if any) on the mortgage.

estoppel certificate

A written statement of a condominium unit's current financial and legal status.

first mortgage

The first security registered on a property. Additional mortgages secured against the property are "secondary" to the first mortgage.

foreclosure

A legal process by which the lender takes possession and ownership of a property when the borrower doesn't meet ("defaults on") the mortgage obligations.

high-ratio mortgage

A mortgage for more than 75% of a property's appraised value or purchase price.

interest

The cost of borrowing money.

joint tenancy

A form of ownership in which two or more individuals (often spouses) have an equal share in the ownership of a property. In the event of one owner's death, his or her share is automatically transferred to the surviving owner(s), apart from the deceased's will.

leverage

Controlling a large asset with a relatively small amount of cash. In real estate, \$25,000 down payment (or less) can be used to purchase (control) a \$100,000 home, for example.

lien

Any legal claim against a property, filed to ensure payment of a debt.

listing agreement

The contract between the listing broker and an owner, authorizing the REALTOR® to facilitate the sale or lease of a property.

listing broker

The REALTOR® who signs a contract with an owner to sell the property.

maintenance fee

A monthly fee paid by condominium owners for maintaining the development's common areas.

mortgage

A contract between a borrower and a lender. The borrower pledges a property as security to guarantee repayment of the mortgage debt.

mortgage broker

A licensed individual who, for a fee, brings together a borrower in search of a mortgage and a lender willing to issue that mortgage.

mortgagee

The lender.

mortgage insurance

Government-backed or privately-backed insurance protecting the lender against the borrower's default on high-ratio (and other types of) mortgages.

mortgage life insurance

Insurance that pays off the mortgage debt, should the insured borrower die.

mortgage payment

The regular installments made towards paying back the principal and interest on a mortgage.

mortgage term

The length of time a lender will loan mortgage funds to a borrower. Most mortgage terms run from six months to five years, after which the borrower can either repay the balance (remaining principal) of the mortgage, or renegotiate the mortgage for another term.

mortgagor

The borrower.

MULTIPLE LISTING SERVICE® (MLS®) System

A system for relaying information to REALTORS® about properties for sale.

open mortgage

A mortgage that can be prepaid or renegotiated at any time and in any amount without penalty.

partially open mortgage

(Also called a “partially closed” mortgage.) Allows the borrower to prepay a specific portion of the mortgage principal at certain times with or without penalty.

portability

A mortgage feature that allows borrowers to take their mortgage with them without penalty, when they sell their present home and buy another one.

prepayment privilege

A mortgage feature that allows the borrower to prepay a portion or all of the principal balance with or without penalty. This privilege is frequently restricted to specific amounts and times.

principal

The mortgage amount initially borrowed, or the portion still owing on the mortgage. Interest is calculated on the principal amount.

rate (interest)

The return the lender receives for advancing the mortgage funds required by the borrower to purchase a property.

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refinancing

The process of obtaining a new mortgage, usually at a lower interest rate, to replace the existing mortgage.

reserve fund

The portion of a condominium maintenance fee that is set aside to cover major repair and replacement costs.

second mortgage

A second financing arrangement, in addition to the first mortgage, also secured by the property. Second mortgages are usually issued at a higher interest rate and for a shorter term than the first mortgage.

secondary financing

Second, third, fourth, etc. mortgages, secured by a property “behind” the first mortgage.

take-back mortgage

See Vendor-Take-Back Mortgage

term

See Mortgage Term

title

The legal evidence of ownership of a property.

title search

A detailed examination of the ownership documents to ensure there are no liens or other encumbrances on the property, and no questions regarding the seller’s ownership claim.

unit

Term used to describe the individual home or apartment held by the owner within a condominium development.

variable-rate mortgage

A mortgage for which payments are fixed, but whose interest rate changes in relationship to fluctuating market interest rates. If market rates go up, a larger portion of the payment goes to interest. If rates go down, a large portion of the payment is applied to the principal.

vendor-take-back mortgage

When sellers use their equity in a property to provide some or all of the mortgage financing in order to sell the property.

weekly payments

Mortgage payments made weekly or 52 times per year.

zoning regulations

Strict guidelines set and enforced by municipal governments regulating how a property may or may not be used.