



# SELL YOUR HOME IN CANADA

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# **PART 1**

## **WHERE SHOULD I BEGIN?**



## Chapter 1

# WHAT TYPE OF MARKET IS IT?

Before you put your home up for sale, it is important to look at the larger market conditions, such as local and national housing prices, mortgage rate movements, and new home construction. The Canada Mortgage and Housing Corporation (CMHC) helps people selling their homes understand how the housing market is evolving. The CMHC's regional offices and Market Analysis Centre are great sources for finding out about the current housing market. The CMHC regularly publishes local market analysis reports and provides information on recent trends in housing market conditions across the country.

Your regional CMHC market analyst can tell you if it's a buyer's, seller's, or balanced housing market. Contact information for market analysts is available on the CMHC website at [www.cmhc-schl.gc.ca/en/contact/contacten\\_021.cfm](http://www.cmhc-schl.gc.ca/en/contact/contacten_021.cfm), or you can order the most popular housing reports online from the CMHC site [www.cmhc-schl.gc.ca/](http://www.cmhc-schl.gc.ca/) and they will be e-mailed to you in PDF, Lotus, or Excel format.

### Buyer's Market

In a buyer's market, the number of homes available for sale exceeds the demand, so prices will either stabilize or drop. With



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**A recent poll showed that Canadians feel that April, May, and June are the best times to sell a home.**

fewer buyers and more homes, buyers have greater negotiating leverage, so sellers should price their homes competitively if they want to sell.

## **Seller's Market**

In a seller's market, relatively few homes are on the market, so the number of buyers exceeds the number of sellers and the seller dictates the price. In this situation of low inventory, sellers often get their price (sometimes more than the asking price) because of a bidding war, in which there are many competing offers.

## **Balanced Market**

In a balanced market, there is an equal number of buyers and sellers. If you are a seller in this market, you will probably not experience a bidding war because there are enough properties listed on the market.

## **When Is the Best Time to Sell?**

The busiest times in the real estate industry are usually the spring and summer. This is when many companies relocate their employees, and as a result there are more properties to choose from. Because of this availability, many buyers tend to do their home shopping at this time, so there is the most competition among buyers. A recent poll showed that Canadians feel that April, May, and June are the best times to sell a home and December and January are the best times to buy a home.

If you are selling your home in order to move up to a new house, another major influence on deciding when to sell is the mortgage interest rate. What rates are available now? Will they fall or will they rise in the near future? If they rise, how much will they go up? It can be hard to answer these questions, but CMHC's Market Analysis Centre can help by providing you with both an analysis of the current mortgage market and an outlook for future mortgage rates.



## Chapter 2

# WHO WILL BUY YOUR HOME?

It is important, when selling any product, to determine who your target market is so that you can attract the right buyer. For example, if your home is ideal for first-time home-buyers, you would market it differently than you would if you were trying to attract empty nesters. If you were selling to first-time buyers, you would use key words and phrases such as “room to grow,” “great den for your family,” or “ample backyard space.” Table 1 lists the types of buyers, what they might be looking for, and how to let them know about your property.

Knowing the demographic you are trying to attract will also help when you are deciding where to advertise your home. If a newspaper magazine is targeted to first-time home-buyers, for example, and you’ve got a great starter home, you may want to include an advertisement in that magazine. If you are selling an investment property, you would think about advertising in an investment-related trade magazine, using phrases such as “great for first-time investor” and “positive cash flow.” For the empty nester market, “downsizing” or “less maintenance” may be appealing descriptions, and you might place an ad in seniors’ magazines.

**Table 1**  
**TYPES OF BUYERS AND HOW TO TARGET THEM**

<b>Type of Buyer</b>	<b>Type of Home</b>	<b>Use Words Like</b>	<b>Advertise In</b>
First-time buyers	Condo, bungalow	Room to grow	Community centre, library, classified ads
Young couples	Condo, townhouse, loft	Great space, den can be converted	Community centre, public library, classified ads
Young families	Townhouse, bungalow with in-law suite or basement suite	Front and backyard, tree-lined street, quiet neighbourhood	Community newspapers, public library, community centre
Move-up buyers	Townhouse, house	Recreation room, huge patio and deck	Community newspapers, public library, community centre
Do-it-yourselfers	Detached home	Needs TLC, upgrades required	Classified ads, building centre
Professionals	Condo, loft, studio space	Centrally located, gym, fitness centre, spa	Classified ads and professional magazines, fitness groups, coffee shops downtown
Investors	Condo, multi-family	Great revenue, revenue potential	Classified ads
Empty nesters	Condo, townhouse	Quiet, great amenities, close to shopping, patio/deck	Seniors' groups, community centre, seniors' newspapers, churches



## Chapter 3

# KNOWING YOUR HOME IS THE KEY

Knowing your product is the key to selling. Knowing information about your home will help you determine your target market, will allow you to answer buyers' questions, and will let you decide how to sell your home, including whether you use a real estate agent or sell it on your own. Some of the most important things you need to know are the type of home you are selling, the type of ownership you have and how that affects what you can sell, and the features of your home and neighbourhood.

### Types of Homes

The type of home you have — whether detached, semi-detached (often called a duplex or townhouse), apartment, condominium, or manufactured home/mobile home — will determine the type of market you are selling to. For example, a single-family detached home will be ideal for a young couple, a young family, or a first-time home-buyer. Young couples or singles, as well as professionals and investors, will be attracted to a condominium or apartment.

A condominium is a type of housing ownership, more formally known as strata title ownership, rather than a particular type of housing. (There is more detail on strata title later in this chapter.)



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**Understanding the different types of home ownership is important.**

## Title and Ownership

When you are preparing to sell a property, you need to understand the different types of home ownership and how they appear on the land title. The most common types of residential home ownership are: co-ownership (including joint tenancy and tenancy in common), strata title, co-operative, timeshares (including fee ownership interest and right-to-use ownership), freehold, and leasehold.

### Co-ownership

Co-ownership occurs if property is owned by more than one person. This type of ownership is generally either by joint tenancy or by tenancy in common. A notary or lawyer should be able to explain the differences between the two types of ownership and how the co-ownership in your situation affects your ability to sell the property. A notary or lawyer can also tell you how you should be registered on the title.

#### Joint tenancy

When you purchase with a spouse or partner, you commonly have *joint tenancy*. When one partner dies, the other becomes the sole owner. The ownership automatically transfers to the survivor without having to go through probate. This feature is known as the right of survivorship. A joint tenant cannot leave the property interest in a will to a third party. If you and your spouse divorce, or you and a partner have a falling out, you may not be able to sell a property held in joint tenancy. Depending on how you are listed on the title, you may need your spouse's or partner's consent to sell. A lawyer will be able to tell you what legal interest each of you owns and what other options are available to you.

#### Tenancy in common

Tenancy in common is a form of co-ownership that may involve two or more owners. Each owner may or may not have the same amount of shares, rights, or interests. As a result, one party may sell his or her share without the permission of others.

### Strata title

In strata title, you not only own your unit, but also share ownership of the common areas of the strata property, such as hallways,

garages, and elevators. Because you share these common areas, you share the financial responsibility for their maintenance with the other owners of the building. This will be reflected in your monthly maintenance fees.

## **Co-operative**

A co-operative is a type of ownership in which the property is owned in the name of a company. Buyers purchase shares in the company, which gives them ownership of a suite and often of a parking stall as well. In a condominium or co-operative, you will be governed by the strata corporation or company's by-laws and regulations. You will be required to live under those rules and regulations and will be fined for violations. If you don't pay your fines, assessments, or monthly dues, the strata corporation or homeowners' association can put a lien on your home.

## **Timeshares**

Timeshares are a relatively new concept in property ownership that generally fall under two main categories: fee ownership interest and right-to-use ownership. In fee ownership interest, the owner has a right to encumber, convey, or otherwise transfer the interest for all future time. In a right-to-use ownership, the buyer receives no registerable title. Instead, the owner of this interest has a contractual right to enjoy the use of the property for a specific period.

Many provinces do not currently have legislation specifically addressing timeshare ownership. If you have this type of property, seek the advice of a lawyer or your local real estate agent.

## **Freehold**

A freehold interest is the same as "ownership" of property. The owner of a freehold interest has full use and control of the land and the buildings on it, subject to the rights of the Crown, local land-use by-laws, and other restrictions in place at the time of purchase.

## **Leasehold**

A leasehold interest in land means the townhouse, apartment, or detached home is built on city-owned land. The term "leasehold" can also apply to single detached houses on farm land, on First



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**If you are selling a leasehold property, provide a list of financial institutions that are receptive to financing this type of sale.**

Nations land, and so on. Leasehold interests are for a defined period of time. They can be for a week, a month, a year, 99 years, or any other specific period of time. The person to whom leasehold interest is granted is called a lessee or tenant, and the grantor of the interest is called the lessor or the landlord. If a leasehold has a fixed term of 99 years, for example, there will be no review of the lease rate for the full 99 years. If the previous lessee has lived in a building on the leasehold for 20 years, you may purchase the remaining portion of 79 years. The shorter the remaining portion, the less a buyer will pay for the leasehold interest.

It is important to know that the sale of a leasehold differs greatly from the sale of a freehold property. For one thing, pricing does not reflect market value; you are only selling the improvements on the land, and not the land itself. If you are selling a leasehold property, financing may be a buyer's biggest obstacle, as many institutions will not finance this type of sale. To help buyers, you should try to provide a list of financial institutions that are receptive to financing this type of sale.

Further, many institutions may want a larger down payment to protect themselves from buyers who simply walk away from the property should there be a problem down the road. Other financial institutions may want to make sure that the prepaid lease has a long lifespan, 99 years or more.

## **Positive and Negative Aspects of Your Property**

When you prepare to sell your home, you need to make a list of all the positive and negative aspects of your property. Some of the positive aspects may be distance to school, access to transportation, distance to the city centre, and distance to parks and community centre facilities. Though it is tempting to exaggerate the positive features of your property, it is dangerous to provide anything other than an accurate representation in all advertising and promotional material, or during showings to potential buyers. If you misrepresent the property you are selling, the buyer could sue you.

All homes have at least one negative aspect. Some negative aspects include an irregularly shaped lot or its location (e.g., Is your home on a busy main road? Is it too close to the golf course or train tracks?).

Highlight the positive aspects of your home as much as possible. Buyers will probably notice the negative aspects themselves.

Also remember that some negative aspects may not be entirely negative to some people. For instance, having a golf course nearby may be ideal for seniors, or being on a main road may be great for someone who doesn't drive.

## **Selling the Neighbourhood and the Community**

When you purchased your home, you were probably also sold on the neighbourhood and broader community. These are great selling features that you should emphasize for potential buyers. For example, you may want to tell them about nearby schools, recreation centres providing year-round activities for the community, parks, hospitals, shopping centres, and places of worship. If you are selling your home to a young couple or young family, indicate how close they are to the nearest elementary school or daycare centre.

Make sure you let all potential buyers know what services are provided by the city, such as police, ambulance, garbage collection, mail delivery, fire protection, or snow removal. Buyers will also want to know about accessibility to your neighbourhood — is public transportation frequent and reliable, is there easy access to express routes, and so on.

## **Selling a Condo**

If your home is a strata type of ownership, find out some of the basic information that buyers always ask about this kind of property, such as the amount in the contingency fund; what repairs (if any) have been done or will be done in the future; what the monthly maintenance fees are and what they include; whether there are restrictions on pets, the age of residents, or renting out a unit; and whether there have been recent sales in the building. In addition, tell all potential buyers what is included in the price. For example, let them know if there is a storage locker included, one or two parking spaces, recreational facilities, and so on.

Don't get caught not knowing about your own home. Buyers are hungry for information and they want it fast! They expect that you know about your property unless you are an absentee owner or an investor. If you don't know the answer to their question, the next best thing is to be honest about it and tell buyers that you will find out and let them know as soon as possible. Never give buyers inaccurate information. In real estate, honesty is the only policy!



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**Amenities provided in your condo development may significantly enhance the property you are selling.**

If you are selling a condo in a new development, you are also selling the builder's and developer's reputation and goodwill. Be sure to mention other projects they are currently building, site builder/developer warranties, the name of the warrantee holder, after-sales service the builder/developer offers, and reports of customer satisfaction. Potential buyers may be new to the area, province, or country, and they may not know of the builder's or developer's credentials. Include this information as part of your sales and marketing effort.

Equally important for potential buyers are the amenities provided in your condo development. For example, many strata corporations offer recreational facilities — a fitness gym, sauna, hot tub, swimming pool, tennis court, or outdoor areas such as a pond or a lake, or indoor rooms such as a library, sitting room, party room, billiards room, or movie-screening room. In addition, there may be other services that your condominium provides, such as a 24-hour, seven-day-a-week concierge, caretaker, or property manager, or parking facilities for guests and visitors.

Some newly built condominiums offer state-of-the-art security systems, with security cameras, security patrols, access to the elevators and the building only by remote control, and other such features. If this is the case in your condominium, make a point of letting potential buyers know, as these added features greatly enhance the property you are selling.

## **Selling a Rental Property**

A rental property can be an attractive investment. Investors often make their buying decisions based on potential revenue, which means you will need to provide accurate information about rental rates. Rental rates fluctuate the same way property prices do, so providing solid information about rents to investors requires that you keep a close eye on local rates and trends.

If you are not up to date on rental rates, you can suggest that a buyer obtain such information from a property manager or real estate agent with expertise in local rental properties.

## **Selling an Older Home**

An older home is generally less expensive than a new home because the older home's replacement cost — the cost of replacing it with a modern equivalent — is higher. Furthermore, GST does

not apply to a resale home unless the house has been renovated substantially. In that case, the tax is applied as if the building were a new house.

An additional advantage of resale homes is that they are usually situated in more established neighbourhoods. This means the landscaping has been done and there may be many trees and foliage. In a settled neighbourhood, you will know who your neighbours are, which can be a selling point for buyers.

The main disadvantage of a resale home is that because it is an older building, maintenance costs will likely be higher than those for a new home. The plumbing and electrical systems may be outdated and may need to be repaired, replaced, or updated. You can engage a professional home inspector to check plumbing and electrical systems and also look for structural problems, such as a leaky basement or roof, and to estimate how much repairs will cost. Older homes that do not need repairs may require some re-decoration, renovation, or upgrading

You can either perform repairs, upgrading, and renovation yourself or adjust your price to reflect the condition of the home. If you are using a real estate agent, he or she will be able to determine how to price your home based on the upgrades that need to be done.