

RE/MAX
OF SOUTHERN AFRICA

SELLER'S GUIDE



Each Office Independently Owned and Operated

SELLER'S GUIDE

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THE CHICKEN OR THE EGG DILEMMA

Sell first and begin your house hunting thereafter, or house hunt first and sell your house thereafter? To work out the answer to this dilemma, you need to ask yourself two questions: what are your financing options and what are the current market conditions?

QUESTION 1: HOW ARE YOU FINANCING THE NEW HOME?

A) I'm selling my current home as equity for my new home

In this case, there will be a suspensive condition in your OTP that states that the sale of the home will only go ahead once your property has been sold. In situations where there is more than one offer on the table, sellers may therefore choose to reject your offer in favour of a buyer who already has the necessary financing available.

Selling first in this instance increases the chances of locking down your dream home when you find it. However, selling first could also lead to a rushed decision in order to limit the amount of time spent in whichever temporary living situation you've set up.

Possible temporary living options:

- Paying occupational rent to remain in your current home which you've already sold to avoid moving costs and the hassle of moving twice.
- Staying with a friend to avoid paying rent. However, this comes with the pain of having to move more than once, and you will also have to pay for a storage unit in which to keep all of your furniture.
- Finding a short-term rental. This includes the risk of not knowing how long you need to rent a space for, as well as moving costs and possible storage unit costs if you're renting a smaller space that cannot accommodate all of your furniture.

B) I'm setting up bridging finance

You could also set up a bridging finance option on your current home loan. The bridging finance will be based on the equity available on the property, your credit record and the expected cash inflow.

This reduces the risk of your offer being rejected owing to a lack of readily available finance as you can use these funds to pay the transfer fees so that the transfer process is not delayed. However, there are all kinds of interest payable and administrative costs involved in this option, and it can end up being a rather costly option.

C) I'm purchasing cash

If you can afford to purchase a second home without first selling your first home, sadly, working out the answer to this question doesn't become much simpler.

Should you choose to buy first, you carry the risk of having to pay off two bonds while you wait for the sale of your first home. Should you choose to sell first, you still run the risk of rushing your purchase in order to limit the amount of time spent in your temporary living situation.

QUESTION 2: WHAT IS THE STATE OF THE MARKET?

Where do I find this information?

A real estate professional will be a valuable source of information in this regard. Able to provide insight into the average amount of time homes in the area are sitting on the market and how much they are selling for, you can use this information to gauge a time frame and possible equity expected from the sale of your home. You can then use this information to decide whether it would be better to sell first or find a home first.

Selling in a Buyer's Market

If the market seems to be favouring buyers (meaning that there is an abundance of similar homes for sale in your area which drives down house prices), then you might want to hold onto your current property while you search for a property you love in the hopes that the market will swing to favour sellers after the offer on your new home has been accepted and it's your turn to sell your home. In this instance, however, you carry the risk of losing out on your dream home if local market conditions do not improve and your property fails to sell within the time frame stipulated in the Offer To Purchase (OTP), or if your property sells for a lower price than what you had originally budgeted.

Key Takeaways: Plan to get less out of the sale on your home, but purchase a new home for less too.

Selling in a Seller's Market

From a buying perspective, you also need to allow yourself enough time to find the right home that fits your criteria. If you find yourself in a seller's market where there are fewer homes for sale, it could take more time than you initially anticipated. To avoid rushing into a purchase you might later regret, it might be better to find your perfect home first and sell thereafter if you find yourself in this kind of market.

Key Takeaways: Plan to get a higher price and pay more for the property you may be buying.



SETTING THE ASKING PRICE

Why is it important?

This is the key to achieving full value. Homes that sit on the market for long periods of time lose their appeal and sellers are eventually forced to lower their initial asking prices anyway. In many cases, sellers are eventually selling their homes for a lot less than what they would have received if the home was priced correctly at the start.

Market Time vs Sales Price

0 - 42 days	Full asking price
5 - 12 weeks	3% less than asking price
13 - 24 weeks	6% less than asking price
+24 weeks	10% less than asking price

How agents determine listing prices:

- **CMA Data**

Along with their own suburb-specific experience and knowledge, a real estate professional will provide you with a comparative market analysis (CMA) that will include factors such as the average price per square metre in the area, recent sales prices of similar homes and comparative prices of other properties that are still on the market.

- **Property Specifics**

Once the correct price bracket is determined via CMA data, an agent will consider what features could set the home apart from others in the area to give a more accurate gauge of its value.

- **Market Conditions**

If the market is saturated with similar properties, then the asking price will need to be more competitive and vice versa.

How to decide between evaluations?

Don't let money blind you. The highest evaluation isn't necessarily the most accurate. Ask your real estate professional to walk you through how they arrived at that number and then carefully consider if you agree with their logic.



PARTNER WITH A PROPERTY EXPERT

Why should I use an agent?

- **Potentially increase your profit**

Agents often achieve a far higher selling price than homeowner's selling the home themselves. In an attempt to avoid paying commission, sellers are sometimes leaving money on the table during the negotiation. Often the selling price an agent achieves is enough to cover their commission and more. How do agents do this? They have the experience and resources to price the home appropriately. Also, the more interested buyers you have, the higher the price you will achieve. An agent who is well connected in your area can achieve this.

- **Save time**

It is a relatively quick process to list a home online, but that isn't where the sales process ends. A lot of time is spent dealing with potential buyers, home inspectors, and appraisers. It is an agent's job to handle all of these things so that the seller doesn't have to. An agent can also screen potential buyers, help sellers to prepare for home inspections and ensure that the whole sales process is handled efficiently.

- **Negotiation skills**

Agents make deals and negotiate every day of their lives, so it is likely they will get a better deal for the seller than they would themselves. A property sale is probably one of the biggest deals that a seller will make in their lives, so why not use a seasoned professional with honed negotiating skills?

- **Lower your risk**

Making a mistake while selling a home could mean dealing with the possible legal consequences. Selling a home is a complicated endeavour that involves a lot of paperwork that needs to be filled out correctly. An agent will know the ins and outs of what is required and how it needs to be addressed.



HOW TO CHOOSE A REAL ESTATE PROFESSIONAL

Choosing who to partner with can be tricky. Below are a few questions you can ask to find out who would have the best chances of selling your homes in the fastest amount of time and at the highest possible value.

1. Is this person qualified with a valid FFC and registered with the PPRA which regulates the industry?
2. Can I trust this person? Does he/she exaggerate truths?
3. Does this estate agent have a proven track record of completed sales?
4. Does this person listen and care about my needs?
5. Is this person more interested in helping me or helping themselves?
6. Is this person easily contactable?
7. Is this person knowledgeable about the local market and the real estate industry in general?
8. Is this agent affiliated with an established brand whose resources can be tapped into in order to help me sell my home in the quickest amount of time?



CUSTOMISE YOUR MARKETING PLAN

Listing your home with an agent also means that you will have access to the agent's marketing power, along with access to their network and connections. If you choose to partner with a RE/MAX agent, you will have all of the following on your side:

THE RE/MAX SELLING EDGE

- The RE/MAX brand is a stamp of assurance to many potential buyers. Buyers will often feel more comfortable with an international brand they know and trust.
- After photographing your property, our agents will produce a professional-looking brochure using RE/MAX Design Hub or in-house designer.
- Display our internationally recognized "For Sale" signboard on your premises.
- Share the listing with the RE/MAX network of over 2,800 agents and search for a match with our existing buyers.
- Upload your property details and photos onto remax.co.za which receives over 315,000 visits per month.
- Your property will also display on global.remax.com which is the first real estate website with true global reach. It allows people to search worldwide in their own language and currency.

Beyond this, our agents will also use traditional forms of marketing, including:

- Advertising your property through traditional media such as print and various other property portals.
- Hosting show days and individual viewings at mutually convenient times.
- Meeting with you regularly to discuss the marketing progress.



SHOWDAY & LISTING PHOTO CHECKLIST

Before your agents takes photos of your property or invites viewers over, make sure the following is in order:

EXTERIOR:

- Add colour with new plants
- Remove pet waste, leaves, weeds
- Sweep driveways
- Clean swimming pool

INTERIOR:

- Sweep, vacuum & mop floors
- Remove garbage
- Spray room freshener
- Turn on all lights
- Open all curtains
- Clean bathrooms
- Pick up and store all clutter
- Depersonalize (e.g. remove pictures & magnets off the fridge)
- Clean kitchen surfaces
- All beds are made
- Conceal valuables

DIY:

- Retouch chipped paint
- Repaint yellowing ceilings
- Update outdated fittings
- Fix any loose door or cupboard hinges
- Disclose all defects



CHOOSE THE BEST OFFER

When considering each of the offers, here are some aspects to which you should pay particular attention:

- **Suspensive Conditions**

The majority of offers that you will receive will be subject to certain conditions transpiring first, such as the sale of the buyer's previous home or the buyer obtaining bond finance. While it is not very common to find an offer that is void of conditions, keep in mind that your home could be off the market while the terms and conditions of the offer are waiting to be met. While all OTPs are different, the fewer conditions and the quicker the conditions can be met, the better.

- **Does the buyer have a deposit?**

Banks will require most buyers to have a deposit of between 10% and 30% of the purchase price of the home to be approved for finance. A deposit will greatly increase a buyer's chances of bond approval. A deposit is an excellent indication that the buyer is in a financial position to purchase a home and is serious about the offer.

- **Consider the financing**

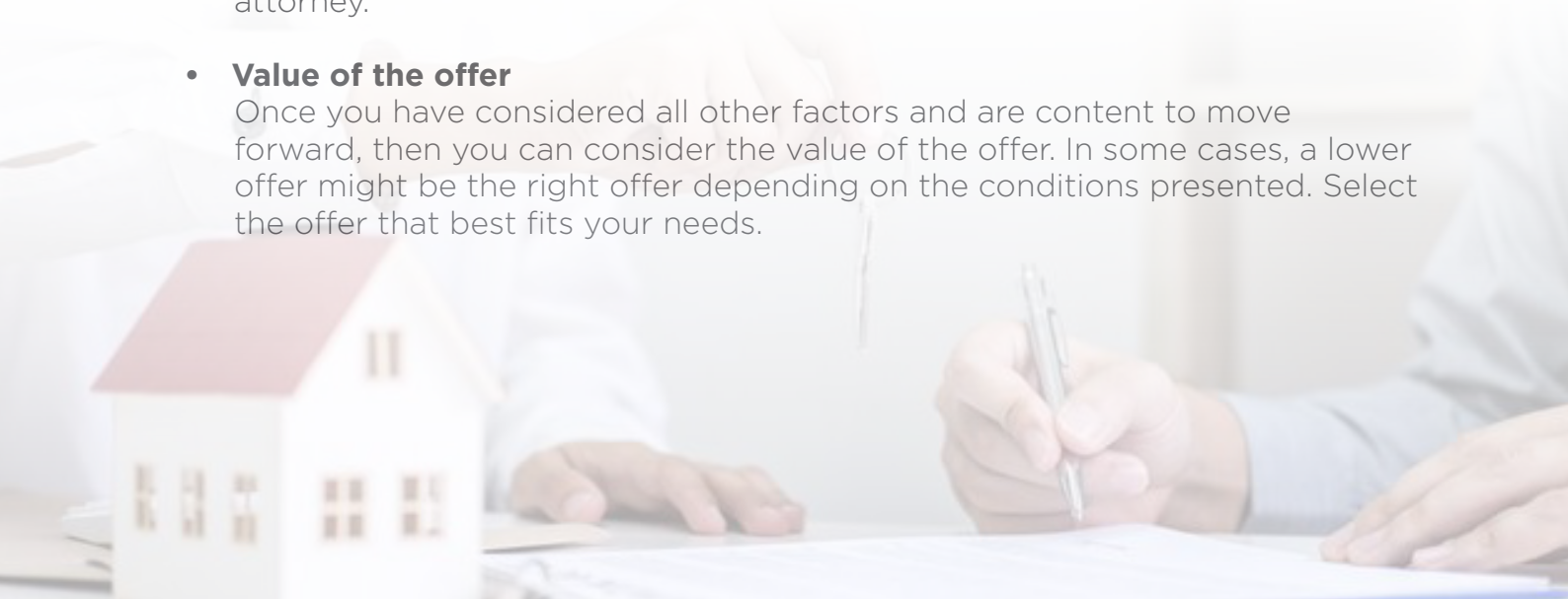
Although it is normally not an issue, it is advisable to be cautious of buyers that require third parties to sign as surety on their behalf. You should also look at whether the buyer can provide proof from the bank that the funds are available to back up the offer. Cash makes the transaction far less complicated, so less can go wrong. A cash buyer will not be reliant on the bank for bond approval before they can go ahead with the purchase.

- **Date of occupation**

Note the date of occupation on each of the offers. Ideally, the occupational date should coincide with the transfer date if possible – this will ensure that unnecessary stress and complications are kept to a minimum if the deal falls through. If the offer contains any suspensive conditions, do not allow occupation of the home until these conditions are met, and all documentation is signed by both you and the buyer at the conveyance attorney.

- **Value of the offer**

Once you have considered all other factors and are content to move forward, then you can consider the value of the offer. In some cases, a lower offer might be the right offer depending on the conditions presented. Select the offer that best fits your needs.



READ THE FINE PRINT

What is an OTP?

An offer to purchase (OTP) is essentially an agreement that lays out the terms and conditions of the property transaction between the buyer and seller. As with any contract, an OTP serves to protect the parties involved in the transaction and ensure that nothing is left to interpretation. If there is any ambiguity it could lead to a misunderstanding or conflict, so is best to be avoided. Once the OTP has been concluded and signed by each party, it becomes the deed of sale on the property. Don't be scared to ask questions and ensure that you understand what you are signing.

What should I include?

1) Fixtures & Fittings

Both parties must be in agreement as to what items are included in the sale of the property and what aren't. As a general rule of thumb, any fixtures or fittings that have been attached to the property (nailed, bolted, glued or screwed down) will stay.

2) Suspensive Conditions

These include any pending conditions such as the sale of a buyer's current home, bond approval, and passing a home inspection. Once the suspensive condition has been fulfilled, the real estate agent should be notified so that the OTP can be made unconditional. This step is vital because the contract could become null and void and the whole transaction could fall through if the requirements are not met within the allotted time.

3) Date of Occupation

This stipulates the date on which the seller will vacate the property, and you will take occupation, as well as the rates for occupational rent should you wish to move in before the property is transferred into your name (see step 8).



CONDUCT A HOME INSPECTION

Understanding Your Rights

The voetstoots clause protects the seller against all defects – including defects that he does not know about. In the instance that a seller is aware of a defect and conceals it, buyers will be able to take action against the seller provided they can prove that the seller deliberately hid it.

How does it work?

Sellers are contractually required to have all their compliance certificates in order for the property transfer process to go ahead. Some of these certificates include:

- an Electrical Compliance Certificate (ECOC) issued by a duly qualified electrician
- an Electrical Fence certificate (if the property is protected by an electrical fence and the electrical pulse emanated from the property)
- a Gas Certificate (if the property has permanent gas installations such as stoves, geyser etc.)
- Beetle certificate
- Plumbing certificate
- Note: the certificates required may vary depending on the features of the home and municipal by-laws.

An estate agent may recommend their preferred electrician and home inspector to help a seller acquire these necessary documents. A seller is then free to choose his/her own if they prefer, arrange the inspection, and send the ECOCs to the transferring attorney. Keep in mind that an agent merely acts as an intermediary here – the legal responsibility is ultimately that of the seller, not the estate agent.

Top Tip:

Should you choose to find your own professionals to conduct the inspection, ensure that the electrician used is correctly registered with the Electrical Contracting Board of South Africa and the Department of Labour, by requesting to see the contractor's registration card and accreditation certificate.



SCHEDULE THE MOVING DATE

Below are the facts you will need to consider when setting a moving date:

1) **Length of Transfer Process**

Be sure to factor in the time it will take to register and transfer the property into the buyer's name before agreeing upon a moving date. This process, which includes registering for the new owner's bond, cancelling the previous owner's bond, and registering the sale at the Deeds Office, can take anywhere around three months. If the buyer wishes to move into your home before it is registered in his/her name, then he/she will be liable for occupational rent set by you and agreed upon in the OTP.

2) **Legally Binding Contracts**

If your buyer already owns a property which was sold in order to purchase your property, he/she will have had to agree to a moving date with the buyer for his/her current home. Likewise, if they are renting, they will have to vacate the premises before the end of their lease agreement. You should try and be as accommodating as possible around these dates if you want to avoid the risk of losing out on the sale. Some buyers simply cannot afford to rent another property for a few months while they wait for you to move out.

3) **External Factors**

You should also consider various other factors which might not be in your control, for example, the weather and the availability of professional movers. It is always wise to allow for some flexibility around the moving date. If, for example, you receive the keys to your new home on the 31st, then ideally you would set the moving date a few days after this so that you will not be out on the streets if for whatever reason there is a delay in the key handover.



MOVING CHECKLIST

Change of Address

- Post Office
- Accounts & Bank
- Magazines/newspaper Subscriptions
- Relatives & Friends
- Insurance & Doctors

Services to Cancel/Transfer

- Water & Electricity
- Telephone
- DSTV
- Security Company
- Other_____

Transfer Memberships

- Church
- Schools
- Civic Organizations

Pre-move Organising

- Make arrangements with moving company.
- Check with insurance agent on coverage of life, car & household goods en route to new home.
- Obtain medical records to share with your new doctor.
- Have medical prescriptions refilled so that you have enough while you search for a new pharmacy.
- Collect and label all spare keys to hand over to the new owner.
- Prepare frozen meals that can simply be reheated after the move.
- Keep a box or two in your car with all the things you will need on your first night in your new home.

Moving Day!

- Draw cash to pay the movers.
- Drop off young children and pets at a friend/relative for the bulk of the move.
- Dispose of trash at the local dump so the new owners don't arrive to full bins.
- Turn off your geyser or heat pump.
- Switch off all lights.
- Do a final walk through, checking all cupboards and corners for anything left behind.
- Check the post box for any last mail.