



# Home Seller's Guide



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## Getting ready to sell?

You're selling your home. Maybe this is the first time you've sold a home or maybe you've done this a few times before. Either way, there are numerous things to consider before and after you put your home on the market. This Guide will help you get ready for every step of the home-selling process.

## Who We Are

The Real Estate Council of Alberta (RECA) sets, regulates, and enforces standards for real estate, mortgage brokerage, property management, and real estate appraisal professionals. We work in the public interest, we protect consumers, and we're a source of neutral, independent information for consumers about Alberta's real estate industry and working with its licensed professionals.

RECA has information that, when combined with assistance from a licensed real estate professional, can help you navigate the sale of your home.

Keep reading to find out more.



# Getting Ready to Sell

## Do Your Homework

Before you list your home for sale, there are things you can do to get ready.

- **Have your documents ready:** As a seller, you need to provide certain documents to potential buyers.
  - **Real Property Report:** In Alberta, unless the buyer agrees otherwise, the seller must provide a Real Property Report (RPR) with evidence of municipal compliance to the buyer prior to the deal closing. An RPR is a legal document prepared by an Alberta Land Surveyor that shows property boundaries and improvements (structures) relative to the property's boundaries. Evidence of municipal compliance confirms that property improvements comply with the municipality's Bylaws and Regulations. It does not mean the building's use complies with their Land Use Bylaws, easements, covenants, legislation, or other requirements affecting land or buildings.

If you have an existing RPR, likely from when you bought your home, you may sign a Statutory Declaration or Affidavit stating the existing RPR is accurate and the property is in the same state as the date of the original RPR. If there are changes to the property, only an updated RPR with

evidence of municipal compliance can confirm the property complies with municipal regulations. Contact an Alberta Land Surveyor if you need to update your RPR. It's a good idea to first contact the surveyor who did the previous RPR. Their information should be right on the document.

- **Condominium Documents:** If you're selling a condominium, the buyer will likely want to review condominium documents, and may include a condominium document review as a condition of the purchase. Condominium documents relate to the operation of the condominium corporation. Buyers want to ensure the condominium corporation is financially stable, managed well, and properly maintained. Condominium documents include but are not limited to:
  - corporation bylaws
  - reserve fund study
  - reserve fund plan
  - financial statements (for reserve fund and operating fund)
  - board meeting minutes
  - annual general meeting minutes
  - certificate of insurance

If you don't have the required documents, contact your condominium

management company or, if the corporation is self-managed, contact someone on the condominium corporation's Board of Directors. There may be a fee for the documents and it may take time to get them. Try to gather the documents before you list your property or, at the very least, before you accept an offer from a buyer.

- **Get a sense of market conditions:**
  - **buyer's market** - where property supply is strong and buyer demand is weak. In a buyer's market, you're more likely to hear buyers think they received a good deal.
  - **seller's market** - where buyer demand is strong and property supply is weak. A buyer in a seller's market may worry they're paying too much for a property because they're competing with other buyers for a limited supply of properties.
  - **balanced market** - where demand from buyers is keeping pace with the supply of properties for sale.

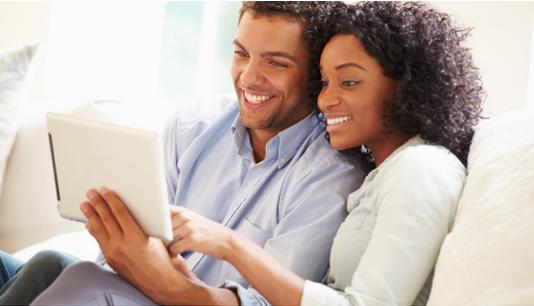
Market conditions affect home prices. You want to get as much as you can for your property and buyers want to pay you as little as they can; the market conditions dictate who has a stronger negotiating position.

- **Tenant's rights:** Do you have renters living in the property? If so, familiarize yourself with their rights as tenants. You need to give tenants 24-hours-notice before anyone enters the property. This applies whether the viewer is your real estate professional or a real estate professional working with a buyer. Additionally, you need to think about the terms of your tenant's lease. Is it a fixed-term? Is it ending soon? If it's a fixed-term, and you plan to sell the property before the end of the term, you need to provide your tenants with three months' notice. Review the Residential Tenancies Act or contact Service Alberta if you have questions.
- **Current Mortgage:** If you currently have a mortgage on your property, review the terms. Is it portable? Is it assumable? You can bring a portable mortgage to another property, including the rate. An assumable

mortgage allows a buyer to take over your existing mortgage including the rate and term. If it's an assumable mortgage, your lender will likely require the buyer to qualify under the terms and conditions of the existing mortgage before allowing them to assume the mortgage.

If you're not porting the mortgage to a new property, and your current mortgage term isn't finished, there will be a payout penalty. Payout penalties can be substantial, sometimes thousands of dollars. They are typically three months of interest, or the mortgage lender calculates the penalty using the interest rate differential (IRD), whichever amount is greater. The IRD is a complex calculation based on the difference between your mortgage's interest rate and the interest rate the lender would charge on a mortgage today. To avoid surprises, get a payout statement from your lender and find out the expiry date of that statement. The amount can change significantly if the statement expires and, for example, interest rates have changed. If you pay out your mortgage before finishing the term, ensure you have enough money to cover the payout penalty.

- **Tax implications:** If your property isn't your principal residence as defined by the Canada Revenue Agency, there could be significant tax implications. Your best bet is to speak with a tax professional or an accountant to find out what effect the sale will have on your tax situation. Additionally, beginning in the 2016 tax year, Canadians have to report the sale of their principal residence on their income taxes.
- **Current contracts:** Determine if you have any current contracts for home-related services, for example a home alarm system or rented hot water heater. For each contract, you need to think about the effect the contract will have on potential buyers. Can they assume your contract? Is the contract transferable in the event you buy and move to a new place? At the very least, you need to disclose to buyers the existence of and details for each contract.



## Finding a Professional to Work With

Once you're ready to sell your home, your likely next step is to find a professional to assist you.

You want to find a licensed real estate professional you trust, who can answer your questions, help you set an appropriate listing price, market your property, guide you through the process, and help you successfully negotiate a sale.

It's important to find a professional that will suit your needs. But how?

### Word of mouth referrals

Get recommendations from your friends and neighbours about their experiences with real estate professionals.

### Search online

Almost all real estate professionals have an online presence, whether it's a personal website or profiles on various social media sites. Do some searching online and find someone who appeals to you.

### Find out if they're licensed

Real estate professionals need a licence to work in Alberta. Once you've found the name(s) of professionals you're considering, do a public licence search on RECA's website to make sure their licence is current. Visit [www.reca.ca](http://www.reca.ca) and click on "Searching for an industry professional."

### Check the RECA website

RECA posts disciplinary decisions on its website. Check the Complaints & Discipline tab on the Consumer side of RECA's website for two years of disciplinary history, to see if RECA disciplined the professional with whom you want to work.

### Interview some residential real estate professionals

While the above suggestions will help you find professionals to talk to, they won't tell you exactly which professionals are right for you. Your next step should be to interview those you are considering. Make sure they have the experience, background, and knowledge necessary to assist you in your purchase or sale. You need to feel comfortable with your choice, so it's a good idea to ask them for references, and let them know you're interviewing multiple professionals.

Here are some questions you may want to ask them and why:

- how long have you been in the business?
- do you have a job other than as a real estate professional?
  - this question may help you determine how much time the real estate professional has for you
- how many sellers did you represent last year
- what services will you provide to me?
- what geographic areas do you serve?
- do you specialize in certain property types?
  - if you're looking for a specific property type, you may want to talk to real estate professionals who specialize in that type
- how will you market my home?
- how do you handle multiple offers?
- how do you present buyers' offers to me?
- what are the top three things that separate you from your competition?
- are you working as part of a team or will I always deal directly with you?
  - sometimes sellers are disappointed when they meet with one real estate professional to sign the listing agreement,

but once the agreement is signed, their future communications are with a different team member

- how do you get paid?
- how much do you charge for your services?
- will you work for me exclusively, not the buyer?
  - real estate professionals are permitted to work with sellers and buyers in the same transaction, with the parties' informed written consent – but if you won't consent to that situation, discuss it with the real estate professionals you interview
- how do you handle conflicts of interest?
- how do you keep me informed?
  - talk to the real estate professionals about their communication method and style. If you want frequent updates via text, but the real estate professional only emails during regular business hours – that may not work for you
- how many clients do you work with at any one time?
  - this may help you determine how available the real estate professional will be

The real estate professionals you interview will likely also have questions for you. These could include:

- your motivation for selling
- your preferred timing
- if you're also planning to buy a home



# Working with a Real Estate Professional

After you choose a real estate professional to work with, one of the first things they should show you is RECA's Consumer Relationships Guide (Guide). The Guide is a mandatory form real estate professionals must provide to and discuss with consumers they're working with.

The Guide will help you understand your legal relationship with your real estate professional, and explains the three types of legal relationships:

- 1) An entire real estate brokerage can act as your agent. This is a common law agency relationship, where even if you're only directly working with a single real estate professional or team of industry professionals, your agency relationship is with the brokerage and every professional in that brokerage
- 2) An individual real estate professional (or team of professionals) can act as your agent. This is a designated agency relationship.
- 3) You can be the customer of a real estate professional. You do not have an agency relationship with anyone at the brokerage. You are working with them in some capacity, but they are not acting as your agent or in your best interest.

The Guide explains the three relationships in more details, including what responsibilities your professional will have to you in each. Your real estate professional will ask you to sign an acknowledgement that you have read the Guide, discussed it with them, and received satisfactory answers to your questions.

## Written Service Agreements

At the beginning of your working relationship with your real estate professional, they will ask you to sign a written service agreement. Written service agreements are required in Alberta when you're a client of a residential real estate professional.

Written service agreements help real estate professionals clearly and confidently communicate with their clients about:

- the relationship between the parties
- the services the brokerage will provide
- the obligations and responsibilities of the parties
- consent for collection, use and distribution of personal information of the client
- method of calculation of remuneration or how the professional will be compensated

You can negotiate the specific terms of the written service agreement you sign, and you should never sign an agreement that has terms you don't agree with or don't understand.

You can negotiate:

- the duration of the agreement
- whether it's exclusive or non-exclusive (in an exclusive agreement, you agree to only use the services of that brokerage to represent you. In a non-exclusive agreement, you may use the services of multiple brokerages at the same time)
- fee
- services they will provide
- clauses for early termination of the agreement

Remember, though, just because these items are negotiable, it doesn't mean your real estate professional will be willing to. For example, you may want to list your home for 60 days, but the real estate professional may belong to a real estate board where 90 days is the minimum listing duration.

If your real estate professional promises certain services, include them in your written service agreement. Written service agreements provide an opportunity for you to ensure you're getting the services you want, need, and expect from your real estate professional. Make sure you understand and are comfortable with what you're signing.

### **Completing the seller representation agreement (listing agreement)**

Your written service agreement is a seller representation agreement, also called a listing agreement. The agreement includes the details of the listing, including listing price, inclusions/exclusions, possession date, and lists your responsibilities and obligations as well as those of your real estate professional.

Setting your listing price is important. While you likely have a number in mind, maybe because of similar houses on your street or because you know how much you need to sell for in order to purchase your next property, your real estate professional has additional tools and information to help set an appropriate price.

One of these tools is a Comparative Market Analysis (CMA). In a CMA, real estate professionals use data about recently sold comparable properties to arrive at an appropriate listing price for your property.

The listing price is your decision – but your real estate professional's job is to help you set one that will sell your property for the most amount of money in the least amount of time. Setting the price too high may scare buyers off, but if priced less than market value you may not get as much for your home as you should.

### **Residential Measurement Standard**

As you're completing your listing agreement, your real estate professional must talk to you about property size, and the Residential Measurement Standard (RMS) in Alberta. Real estate professionals in Alberta must use the RMS when describing a residential property's size.

The RMS offers a consistent means of representing a property's above grade size by setting out what parts of a property can be included in its measured-area. For example, if a room has a dormer with a ceiling height of only 4 feet, is it included as floor space? No. What about finished basements that are entirely below grade? No.

Property size and measurement are important factors for most buyers and your real estate professional must talk to you about:

- how property size factors into a buyer's decision to purchase
- the relationship between property size and value
- the RMS:
  - what is included and excluded in the measurements
  - how professionals take measurements and calculate them
  - how size descriptors in marketing materials must follow the RMS
- if the property is a condominium:
  - the difference between RMS size and the condominium unit registered size
  - what is included and excluded in the RMS size
  - what is included and excluded in the condominium unit registered size

- as a seller, you are not required to represent the size of your property, however:
  - property size is often important to buyers and other real estate professionals
  - the listing service/property database your real estate professional uses may have a mandatory property size field
- if you want to represent the size of your property to potential buyers, you need to use the RMS
  - you and your real estate professional may provide additional size information, as long as it's not misleading

RECA implemented the RMS in 2015. When you purchased the home you are now selling, the sellers and their real estate professional may have used a different measurement standard to determine the property's size. This means the measurement you include in your listing now may be different than when you purchased the property. Your home didn't get smaller or larger, it's simply the way the property's size is described and what that description includes. If there are areas of your home that cannot be included when using the RMS, but you feel are an important selling feature, you can communicate those to potential buyers as additional information. Ensure the additional information isn't misleading, and remember that if you are only including one size representation in the listing, that size must be the RMS size.

Remember that property size isn't the only thing buyers use to decide how much they are willing to pay for a property. Two homes, with the exact same measurements, are unlikely to sell at the same price. The selling price of a home will also depend on location, design, layout, features, décor, and upkeep.

### **Seller Representation Agreement – Additional Considerations**

Other things within the seller representation agreement that you need to think about include:

**Dower rights:** In Alberta, if you are married, but your spouse isn't a registered owner on your property title, you may need their consent in order to sell the property. Dower rights can give the spouse who is not on title the ability

to prevent the sale of the property. The seller representation agreement refers to spousal consent, and your real estate professional can provide you with more information.

**Possession date:** You can list a specific preferred possession date or you can indicate it is negotiable. Even if you list a date, a buyer may put a different possession date in their offer. It's up to you if you are willing to negotiate the possession date. Your real estate professional can make suggestions of possible possession dates for your situation.

**Attached/unattached goods:** Attached goods are items you cannot remove from the property without causing damage or that are physically attached to the property via pipes, screws, bolts, or nails. Attached goods stay with the property unless there is a specific exclusion in the listing agreement or in a buyer's offer to purchase.

These include:

- garburator
- water softener
- kitchen cabinets
- built-in appliances
- central vacuum system
- garage door opener

Unattached goods are movable items. Sellers usually take unattached goods from the property before the buyer takes possession. These include:

- wall art
- area rugs
- drapes hooked on curtain rods
- attachments for central vacuum system
- remotes for a garage door opener
- movable kitchen island

A good example of how attached/unattached goods can be confusing is a wall-mounted TV. The wall mount is attached to the property, and is an attached good, but the TV itself is only attached to the wall mount, and is an unattached good. In the absence of specific inclusions or exclusions indicated in the listing agreement or in a buyer's offer to purchase, attached goods are typically included in the property while unattached goods are not. If a buyer wants an unattached good included in the purchase of



the property, such as the garage door opener or the attachments for the central vacuum system, they need to list it as an inclusion in their offer to purchase. As the seller, you would have to agree to such an inclusion as part of your acceptance of their offer. If you plan to take the unattached good, you need to put that in a counter offer to the buyer.

**Inclusions/exclusions:** Inclusions are items you are including with the sale of your home and exclusions are those items you will exclude. Inclusions and exclusions are subject to negotiation between you and the buyer. When in doubt, write it out. Be specific with your inclusions and exclusions in your listing agreement and in any offers/counter-offers.

**Material latent defects:** Material latent defects are defects a person cannot discover with reasonable care during an inspection. They include defects that:

- make a property dangerous or potentially dangerous
- make a property unfit to live in
- make a property unfit for the buyer's purpose (if the buyer has told their industry member or the

seller's industry member the purpose)  
By law, sellers, and their real estate representatives, must disclose known material latent defects to potential buyers. The standard seller representation agreement in Alberta asks you if you are aware of any material latent defects. You must answer this question honestly.

Material latent defects may include:

- a seller has finished the basement of their house and in the process covered the large crack in the basement wall that affects the structure
- a seller has finished the basement of their house, or built an addition or a garage, without the appropriate permits
- a seller knows that whenever it rains, water enters the house
- the home was a former marijuana grow-op and the property has not been remediated. The growing conditions for marijuana create an ideal environment for potentially dangerous mould and mould spores. Some of these may linger after the grow-op ceases to operate and continue to make the property unfit to live in

**Stigmatized properties:** The term “stigmatized” means an unfavourable quality in a property or one that makes the property less attractive or unattractive, but that is unrelated to the physical condition or features of the property. Stigmas may include:

- that a suicide or death occurred in the property
- the property was the scene of a major crime
- the address of the property has the wrong numerals
- reports that a property is haunted

You are not required to disclose stigma to potential buyers because they are not material latent defects. Some people may be concerned about them, while others are not. The buyer or buyer’s representative may ask you about possible stigma. You are not required to answer their questions, but if you choose to answer – you must do so honestly. If you refuse to answer, the buyer will have to decide if they’re comfortable proceeding without the information.

### **Conflicts of interest**

In rare situations, you may run into a conflict of interest. A conflict of interest arises when there is a real or apparent incompatibility between a real estate professional’s interests and your interests. Some examples of conflicts that may arise in a real estate transaction:

- your home is for sale and the buyer is related to your real estate professional. This is a conflict of interest because your real estate professional is supposed to put your needs above all else and if they’re related to the buyer, it could be difficult for them to do so
- your home is for sale and your real estate professional wants to buy it. This is a conflict of interest because your real estate professional is supposed to represent your best interests, and they won’t be able to fulfill that fiduciary duty if they are buying your property
- your real estate professional represents the buyer of your property. This is a conflict of interest because your real estate professional has the same responsibility of undivided loyalty to both you and the buyer, and cannot act in the best interests of both you and their buyer client

Real estate professionals have an obligation to avoid, and disclose any conflicts of interest to you as soon as they arise.

That disclosure requires them to:

- give you all the details they know about the conflict
- explain why they believe they are in a conflict or potential conflict of interest
- describe how the conflict affects you
- advise you to obtain independent advice

### **Transaction Brokerage**

Transaction brokerage is a way to deal with the one specific type of conflict of interest that arises when your real estate professional also represents a buyer who wants to buy your home. It allows your real estate professional to work with both you and the buyer in the same transaction.

In transaction brokerage, your real estate professional becomes a transaction facilitator, and treats you and the buyer in an even-handed, objective, and impartial manner. The real estate professional no longer owes you or the buyer undivided loyalty.

If you and the buyer agree to proceed in transaction brokerage, you will both have to sign an Agreement to Represent Both Buyer and Seller form, which ends the sole agency representation for you and the buyer, and it sets out the terms of the new relationship between your real estate professional, you, and the buyer. If you or the buyer don’t agree to transaction brokerage, your real estate professional will present you with other options.

Once you are aware of any conflict of interest, it’s up to you how you want to proceed. You may want to get legal advice or you may want to proceed with a different real estate professional.

Your real estate professional cannot provide services to you if they are in a conflict of interest unless you give them your written informed consent.



# Considering Offers

In an ideal world, your home will sell quickly, for the price you want, with the terms you want. However, before that sale happens, there will be offer(s) and, likely, negotiations.

Even before you receive an offer, talk to your real estate professional about how you want to consider offers and how buyers should present them. Will you accept offers at any time? Will you review them all at the same time? Will you allow a buyer's representative to present an offer to purchase in person?

While your real estate professional's role is to guide you through this process, familiarizing yourself with various aspects of offers will help.

**Terms:** A term is a detail in the purchase contract that the buyer and seller agree to. If the buyer includes a term in the Offer to Purchase, and you accept their Offer to Purchase, you accept its terms. Common terms include:

- **Possession date:** the date on which the buyer will take possession of the property. Typically, possession occurs around noon on possession day. The buyer will expect vacant possession. It's a good idea to plan a possession date that allows you a contingency if something goes sideways. For example, if you're selling and purchasing a home, try to arrange for possession of your new place a few days before the buyers take possession of the place you're

selling. This gives you a bit of extra time in case your purchase doesn't go as planned and you can't move as scheduled, but the buyers of your place are preparing for their possession date. It's also a good idea to avoid Fridays and holidays.

- **Inclusions and exclusions:** Inclusions are those items the buyer wants included in their purchase, typically appliances, security systems, etc., and exclusions are those items excluded from the purchase, for example if the sellers are taking the attached curtain rods or TV wall mount with them. Carefully review the inclusions/exclusions in the buyer's Offer to Purchase as they may not be the same as what you had in the listing. Don't assume the buyer agreed to everything you put in the listing. Inclusions and exclusions are subject to negotiation.
- **Time for acceptance/expiry of offer:** If the buyer put an expiry date/time on their Offer to Purchase, make sure you provide a response or a counter-offer before that day/time. If you don't, the offer expires, and there is no guarantee the buyer will extend the expiry or submit a new Offer to Purchase. If you don't believe the expiry date/time is long enough to properly consider the offer, ask your real estate professional to request an extension.
- **Pre-possession inspection:** A pre-possession inspection term gives the buyer the opportunity to view the property, with their real estate professional, prior to possession. Such an

inspection can help the buyer confirm the property is in substantially the same condition as it was when they viewed it and made their offer.

**Conditions:** Buyers often place conditions in their Offers to Purchase in order to protect their interests. When the buyer writes a conditional Offer to Purchase, it means they want to buy the property but before making it a firm sale, they want the ability and time to review or confirm information. A financing condition is a common condition for many buyers.

Other conditions will differ depending on the type of property, for example:

- if you're selling a single-family home, the buyer may want a home inspection
- if you're selling a condominium, the buyer may want a condominium document review condition
- if you're selling a country residential property, the buyer may want satisfactory results of a water quality/quantity, septic system inspection, or soil test as a condition

All conditions need to have an expiry date. The buyer will want to include expiry dates that provide them with enough time to satisfy those conditions – or, enough time to determine that they will not be waiving the conditions. The buyer needs to act in good faith, making a genuine attempt to satisfy their conditions. As long as they have done so, in the event they don't waive their conditions in writing by their expiry date, the contract ends, and you and the buyer have no further obligations to each other. On the other hand, if they do not waive conditions you don't believe they acted in good faith by attempting to satisfy their conditions, they may still have obligations to you. Talk to your real estate professional for advice if this occurs.

One condition that you may treat slightly different is the "sale of buyer's home" condition. This is when a buyer submits an offer to purchase on your property, but their purchase of your property is conditional on the sale of their current home. It is not unusual for this condition to have a 30 to 60 day expiry date. The potential buyers

of your home want to give themselves enough time to sell their home. If during that period, you receive another offer on your home, you may have the opportunity to shorten the expiry date for the first buyer's "sale of buyer's home condition," but that's subject to negotiation between the parties. Talk to your real estate professional.

If and when your buyer is ready to waive their conditions, your real estate professional will receive a signed waiver from the buyer or buyer's real estate professional, and the purchase contract becomes final and binding.

When you accept a conditional offer, the deal doesn't become final until the buyer satisfies and waives their conditions. During the condition period, it is up to you to decide if you want to continue to advertise the property for sale, and consider other offers. Your real estate professional can provide further advice.

**Deposits:** A buyer should provide a deposit with their offer. The deposit amount sometimes demonstrates how serious the buyer is about the purchase. Through discussion with your real estate professional, you need to decide what forms of deposit you are willing to accept. A bank draft is one option that ensures the buyer's deposit money is available. The Offer to Purchase will also include details on who will hold the deposit in trust. It could be the seller or buyer's brokerage, or a third party, such as a lawyer. An Offer to Purchase may also include a second deposit at some point prior to possession day, typically upon the buyer waiving conditions. This can be additional protection for a seller in the event the buyer pulls out of the deal at the last minute. Your real estate professional can guide you in decisions about deposit strategies.

You want to ensure the deposit is enough that in the event the buyer does not complete their purchase after waiving any conditions, you have some financial protection. If you purchased a new place based on your belief that you sold your current home, you may need to pay for two properties for a period of time.

**Communication for acceptance:** The buyer's Offer to Purchase needs to be clear about the way in which communication must occur between the buyer and/or their real estate professional, and you and/or your real estate professional. The standard purchase contract in use in Alberta allows for in-person delivery, or communication by fax or email. Discuss these options with your real estate professional.

**Holdbacks:** A holdback is when a buyer holds back some of the purchase price until the seller completes certain items or tasks. Common reasons for a buyer to propose a holdback include:

- the seller is in the process of renovating a room in the property, but the renovations are not complete when the buyer makes an offer. The buyer includes a holdback in their Offer to Purchase to ensure the seller completes the work by a certain day
- the seller indicates plans to have the roof replaced before possession day. The buyer includes a holdback in their Offer to Purchase to ensure the seller replaces the roof, at their expense, before possession
- the seller provides an RPR that shows an encroachment and there is no encroachment agreement in place. The buyer may include a holdback until there is a signed encroachment agreement registered on title.

A holdback is a formal agreement between a buyer and a seller; buyers can't simply decide to hold back funds at closing because they see something they don't like. If a buyer wants the option of a hold back, they need to include it in the purchase contract and the seller needs to agree to it. The buyer will want the holdback to be more than the cost of the remedy they require in order to protect their interests.





# Negotiations

There will likely be some negotiation between you and the buyer after they submit an Offer to Purchase. You can outright accept or reject their offer, make a counter offer, or ignore their offer completely.

The list price is the price at which you listed your property, but there's a good chance it's not what a potential buyer will offer, at least not as a first offer. It's up to you whether you accept a buyer's offer. Just as your real estate professional used comparable properties to arrive at an appropriate listing price, the buyer's real estate professional will use the same method to help determine an offer price. The buyer probably thinks your listing price is too high and you probably think their offer price is too low, so now what?

Negotiate! You can accept or reject the buyer's offer, make a counter offer, or ignore the offer completely.

- if you accept the offer and it's unconditional, congratulations! You've sold your home.
- if you accept the offer and it contained

conditions, the buyer's real estate professional will work with their clients to satisfy and waive conditions by the condition('s) expiry date

- if you reject the offer, it's up to the buyers to decide what they want to do next – they can submit a new Offer to Purchase or look elsewhere.
- if you want to make a counter offer, discuss with your real estate professional the terms with which you were unhappy (price, possession date, inclusions, etc.). Provide a counter offer with the terms you want.
- if you choose to ignore the offer, it's essentially the same as rejecting it. To the buyer, your silence is no different. You have not, and are not, accepting the offer. The buyers may submit a new Offer to Purchase or they may go elsewhere. If the buyer didn't include an expiry date in their Offer to Purchase, the offer remains open for you to consider later unless it is formally withdrawn.

In each of these situations, your real estate professional will discuss your options with you, and highlight the pros and cons of each. Ultimately, it's your decision how to proceed.

## Multiple Offers

It's also your decision how to proceed in the event of multiple offers. A multiple offer situation is when multiple buyers submit an Offer to Purchase on the same property, at the same time. As the seller, you determine the process to follow, including whether you want to disclose the multiple offer situation to potential buyers and whether you want to disclose the terms and conditions of offers you receive to the other potential buyers.

Your real estate professional should:

- immediately tell you of the multiple offer situation
- explain the choices you have and strategies available for offer presentation
- recommend you look at each offer before making a decision
- advise you of the buyers' options and indicate that buyers may, and often do, remove their offer in a multiple offer situation
- inform you it is your choice whether to disclose the multiple offer situation to the buyers
- NOT disclose a multiple offer situation without your consent
- follow your lawful instructions
- try to present all offers in the same time frame
- continue to present all offers to you up to the expiry of a previous offer or to the end of the seller representation agreement

Multiple offer situations aren't uncommon, especially in a seller's market. If you are in such a market, to better prepare yourself for the possibility, think about:

- your strategy for reviewing offers – will you review all offers at the same time or review offers as you receive them?
- your willingness to disclose the existence of multiple offers – do you disclose or not?

Even though you set the process, the buyers also have options. If you disclose the multiple offer situation to buyers, they will have to decide whether to:

- increase their offer prior to presentation
- leave their offer as it is
- withdraw their offer
- reconsider the terms, conditions, inclusions/exclusions of their offer

Potential buyers may include a term in their offer that prevents you, as the seller, from disclosing the details of their offer. If they include such a term, you must abide by it. They are also required to indicate if their offer is conditional on the sale of their current property, which may affect your decision.

In all of these situations, your real estate professional is in the best position to provide you with advice and guidance.



## Finalizing a Purchase and Preparing for Possession

Once the buyer waives their conditions, congratulations! You sold your home and now it's a matter of waiting for possession day.

You need to hire a real estate lawyer to finalize the transaction. To ensure all of your documents are in order, we recommend contacting a lawyer well before the possession date. This will give the lawyer time to review and prepare the documentation. Your real estate professional and your mortgage broker will need the name of your lawyer because they will provide some of the needed documents directly to your lawyer.

At some point, likely just a few days before possession, you will need to meet with your lawyer.

Your lawyer will go over all of the legal documents with you, will discuss title transfer, closing costs and disbursements, mortgage payout (if applicable), and will have you sign the documents to transfer the property's title to the buyer after they advance the purchase funds. You'll need to bring photo ID to your meeting with your lawyer. Some lawyers require two pieces of identification – this could include a passport, driver's licence and/or credit card. Ask your lawyer specifically what forms of ID they accept.

After meeting with your lawyer and signing the documentation, it's really just a matter of waiting for the possession date. During the waiting period, you can:

- arrange for your mail to be forwarded to your new address through Canada Post
- arrange for your utilities to be disconnected (electricity, gas, cable, etc.)
- hire a moving company (if using)

While waiting for possession day, your responsibilities as a homeowner continue. You need to continue maintaining the home, cutting the grass, shoveling the sidewalks, and do not stop your home insurance coverage. As the seller, you are responsible for insuring the property until possession day. Even if you vacate the property prior to the buyer taking possession, you need to continue your insurance coverage. If you will not be living in the home during some of this time, speak with your insurance company.

There is always a small chance that buyers waive their conditions, but then as possession day nears, the buyers back out of the deal and are unable or unwilling to proceed. This is a very rare event and typically would only occur if the buyers' financial situation changed (perhaps they lost their job), became critically ill, or maybe their mortgage funding fell through and they haven't been able to secure new financing. What happens then?

At this point, it's largely a legal issue and while your real estate professional will provide you with some information, you will need legal advice.

You had a contract with the buyer and the buyer is backing out of that contract. While they may have a good reason for doing so, as the seller, you need to pursue legal advice. Are you willing to extend the closing date to give them more time? Who is entitled to keep the deposit? What will you do if you required your sale funds in order to buy a new property? These are complex issues and a lawyer can assist you.





## What to Expect on Possession Day

Typically, possession occurs – and the buyer will get the keys – around noon on possession day. If the buyer included a pre-possession inspection as a term in their Offer to Purchase, your real estate professional will arrange that with the buyer’s real estate professional.

Attached goods and any inclusions should still be in place, and appliances should be in the same working order as when the buyer made their offer.

In terms of cleanliness, the buyer expects the property to be in similar condition as when they viewed it before submitting their offer. While you are not required to clean the property to a certain standard, you should take reasonable efforts to ensure the property is clean.

If the buyer, during the pre-possession inspection, finds the property is not in the same condition, or you removed something, the buyer’s real estate professional will likely contact your professional to discuss remedies. Ideally, you will deal with everything before the purchase funds are advanced and the keys transferred. If you and the buyer cannot satisfy the issue in a mutually acceptable way, you may need to get your lawyer involved. This could delay possession.

If, after taking possession, the buyer finds the property is not in substantially the same condition or you removed something from it, the buyer’s real estate professional will likely call your professional to find out if you and the buyer can deal with the issue without involving lawyers. If this isn’t possible, you will need to call your lawyer as it will become a legal issue between you and the buyer. By the time the buyer gets the keys, they have already advanced the purchase funds. Your real estate professional can attempt to discuss the matter with the buyer’s professional, but if things aren’t fixed to everyone’s satisfaction, your only recourse is to speak to your lawyer.



## Concerns or Questions?

What happens in the unlikely event you have an issue with the service provided to you by your real estate professional or if you have an issue with the buyer's real estate professional?

If the issue is with your real estate professional, your first step should be to contact their broker. The broker is responsible for industry professionals registered with the brokerage. The broker may be able to explain the professional's conduct or may find a way to resolve the issue you brought forward.

If you don't feel the broker satisfactorily addressed your concerns, your next step should be to contact the Real Estate Council of Alberta (RECA). As the governing body for Alberta's real estate brokerage, mortgage brokerage, property management, and real estate appraisal professionals, RECA is committed to the public interest. RECA sets, regulates, and enforces standards for licensed industry professionals, which promotes the integrity of the industry and protects consumers.

If a consumer feels their real estate representative behaved inappropriately, they can file a complaint with RECA. RECA's first step is to review a complaint to determine if it falls within its jurisdiction and if there is sufficient evidence of wrongdoing. If so, RECA will begin the formal conduct review (investigation) process.

If RECA determines there has been misconduct, it can issue a financial penalty to the industry professional, and issue other forms of discipline, but it will not be able to get any compensation for you. To receive compensation, you would need to proceed with action through the courts or apply to the Consumer Protection Fund. The Consumer Protection Fund is available to consumers in the event they suffer financial resulting from fraud or breach of trust, or a failure by the industry professional to disburse or account for money held in trust.

An additional protection in place for consumers is errors and omission insurance (E&O). E&O insurance is business liability insurance intended to cover damages resulting from errors, omissions, and negligence by licensed industry professionals that occurred in the course of providing their services. All licensed real estate, mortgage brokerage and real estate appraisal professionals in Alberta carry some form of E&O insurance, which provides additional protection to consumers.

For more information on all aspects of the Real Estate Council of Alberta, its mandate, its people and its services, or Alberta's licensed industry professionals, please visit RECA's website at [www.reca.ca](http://www.reca.ca).

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