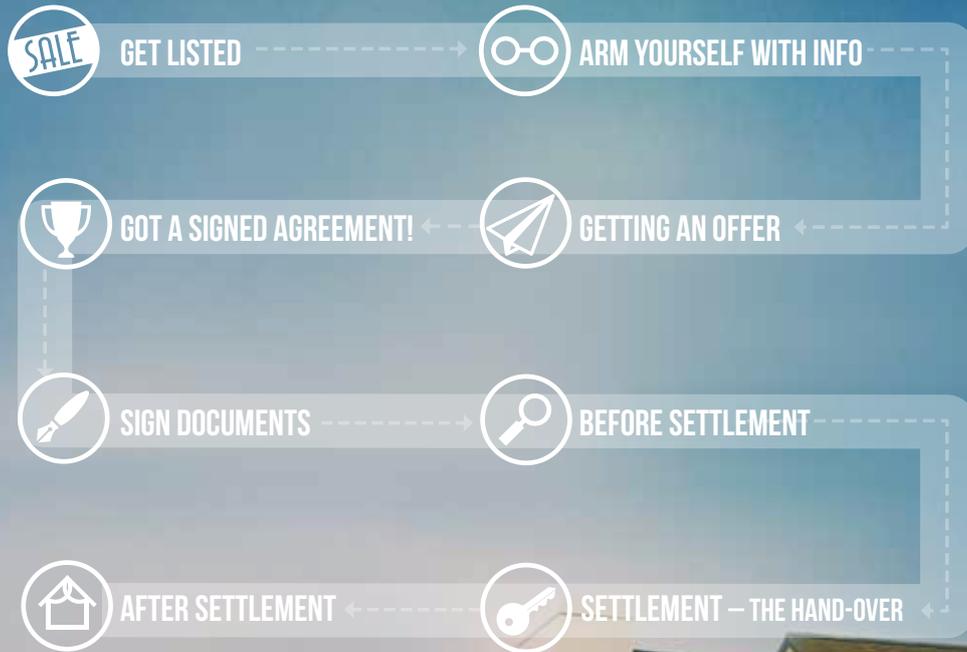


HOW TO SELL A HOUSE BY NEGOTIATION



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HOW TO SELL A HOUSE BY NEGOTIATION

So, you've decided to sell your house by negotiation either through a Real Estate Agent or privately, which means that it will be advertised either with a sale price or 'by negotiation'.

Although sales of homes by auction has become very popular, sales of homes by negotiation is currently still the most common way to sell a house.

Selling a house can be stressful. This is where we can help. We want to make the sale process as stress-free as possible.

The following outlines the general process for selling a house by negotiation, which will help you to get your head around the procedure and may help you to achieve the best outcome.



You will need to decide whether you want to try selling your house privately, or alternatively list your house for sale with an agent.

LIST WITH AN AGENT

Listing your home with an agent can have many advantages and is still by far the most popular way for people to market their homes for sale. The agent will be able to give you all the necessary information about the sale process and you will decide a marketing plan in conjunction with their advice.

The listing agreement document is a legally binding contract. Once signed, it cannot be changed unless you can get the consent of the other party. Accordingly, we recommend that you have your lawyer check it before you agree to its terms.

You may find some of the information on our [Tips page](#) helpful in preparing for marketing your home for sale by negotiation.

SELLING PRIVATELY

With the rise of websites like TradeMe, which make advertising a house for sale simple, some people are beginning to have a go at selling their house privately. One factor that does still put people off doing this is the complexity of the whole sale process, and especially preparing the Agreement for Sale and Purchase.

You should have a draft Agreement for Sale and Purchase pre-prepared by your lawyer ready for any offers that come in. You can order a draft Agreement for Sale and Purchase [here](#).



ARM YOURSELF WITH INFO

Regardless of whether you are selling through an agent, or privately, we recommend that you get together as much information about the house as you can to give to potential buyers.

Potential buyers often like to do their homework on a property before putting in an offer, which may include checking the legal aspects (the Agreement, Title, Council LIM), getting finance in order and checking the house (i.e. a builders report and/or valuation report). All this homework can be a lot of hard work and expense for each potential buyer, and some potential buyers will give up! So, if you can make buying your house as easy and cost effective as possible for them by providing as much of the information they need as possible, you will potentially increase the number of potential buyers, and in turn the price you get for the house.

You may well receive an offer that is more favourable to you as the seller because it contains fewer conditions meaning that the Agreement is less likely to fall over if issues arise before the buyer declares the Agreement unconditional. This also potentially means the conveyancing process is more straightforward and therefore involving less legal cost for you to meet.

Information we recommend you get together before you market the property is explained below:

VERIFYING THE LEGAL ASPECTS

The Title, LIM and Agreement are all legal documents, so it is important for a lawyer to check them to make sure that there are no problems with the property. In the unlikely event that a potential problem is revealed, it may actually be advantageous to you to disclose any issue to prospective buyers upfront and contractually protect yourself from either (i) being sued for breach of contract, or (ii) protecting yourself from the buyer's lawyer raising issues during the conditional period of the Agreement, which may risk the deal falling through or might give the buyer ammunition to try and negotiate a better deal for them. In the current market where properties are in hot demand, in our experience, buyers are often quite willing to accept a defect when they know about it upfront.

If you want to check that everything is in order with the property upfront, then we can check these documents for you in the most efficient way available and provide you with a report about the legal aspects of the property; our TLC Report. This report can then be shown to the potential buyers (if you wish) to show them that the legal aspects of the property are all in order.

Click here for [more information](#) about our TLC Report, or [order our TLC Report](#) online. Otherwise [contact us](#) directly if you wish to discuss.

Please note: If the property is under the Unit Titles Act 2010 i.e. operated by Body Corporate, there will be additional matters to consider that you should contact us to discuss.



GETTING AN OFFER

When you have an offer to negotiate with a potential buyer, you will need to enter into an Agreement for Sale and Purchase (“Agreement”). The real estate agent will prepare a draft Agreement to present to you from a potential buyer who wishes to make an offer. If you are selling privately, you (or the other buyer’s lawyer) will need to prepare and complete this Agreement.

The Agreement is a legally binding contract. Once signed, it cannot be changed unless you can get the consent of the other party to change it. Accordingly, we recommend that you have your lawyer draft the Agreement before the parties sign it. Alternatively, if you would like us to check a draft agreement for you, you or the agent can **order our Pre-Signing Agreement Check**, or **contact us** directly if you wish to discuss.



GOT A SIGNED AGREEMENT!

Often the Agreement will contain conditions generally for the benefit of the buyer (but also sometimes also for the benefit of the seller). We will discuss these with the buyer’s lawyer and will keep you informed of progress with satisfying the conditions.

Once the agreement is unconditional, congratulations are in order!

We will sort out everything with the buyer’s lawyer.

We will liaise with your bank to arrange discharge of the mortgage (if any) from the title to the property you are selling before it is transferred to the buyer.

We will take care of the rates and water, ensuring that the correct apportionments will be made between the seller and the buyer as at settlement, so you don’t need to worry about these things.

You should tell us where you would like any surplus funds to be paid following settlement and supply us with either a deposit slip or the top of your bank statement showing the correct bank account details.



SIGNING DOCUMENTS

Before the settlement date you will need to sign some documents. Once everything is ready for signing, we will arrange to meet with you. You can visit us at our offices or we can meet you at a place that is convenient for you. It may even be possible to email you the documents to sign.



BEFORE SETTLEMENT

The buyer has the right to inspect the house before settlement to ensure that no damage (other than fair wear and tear) has occurred since they inspected the property initially. Usually, the agent organises this and will contact you to discuss getting access to the property for the buyer.

Once we have received notification of the amount to be repaid under your mortgage (if any), we will seek to get your approval of this.



SETTLEMENT — THE HAND-OVER

As soon as we have completed settlement, you will be required to hand over the keys and vacate the property. The ownership of the house will be officially transferred to the buyer.

On the day of settlement, we will liaise with the other lawyer and when everything is in place, the buyer's lawyer will pay the settlement money to us.

When the settlement occurs is often out of the control of the lawyers as it depends on other parties' actions and other factors. Unfortunately it is impossible to tell you what time settlement will happen. However, we do try to accommodate people's circumstances if possible.

We will telephone you once the settlement has gone through. Generally, you should leave your keys (and garage door openers etc) with the real estate agent who will pass these to the buyer once they are authorised to do so.

We will ensure that your bank mortgage (if any) is repaid and any leftover balance paid to you in accordance with your instructions.

Lawyers' fees are usually paid by deduction on settlement. We will provide you with draft accounting statements beforehand.



AFTER SETTLEMENT

The lawyers notify the Council (and water company) of the change in ownership after settlement.

We will email you copies of the relevant documents for your records and provide copies to your accountant if you wish.

You should cancel the house insurance at this point (after settlement is complete) as it is your responsibility to keep the house insured up until settlement, even if settlement is delayed for any reason.

You will also need to cancel or transfer your telephone and power/gas accounts.