

5 tips

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Five tips for keeping a cool head in a hot real estate market

Read and understand everything before you sign

- When you hire a real estate representative to help you buy or sell a home, you will be asked to sign an agreement that defines your relationship with the representative's brokerage. It is a legal contract that contains rights and responsibilities for both parties. Similarly, if you purchase or sell a home, you will be asked to sign a legal contract to complete the transaction.

These are just two examples of real estate agreements that are legally binding, meaning you typically can't back out of the agreement once you've signed on the dotted line. That's why it is important that you understand everything in the agreement before you sign. If you don't understand something, ask your real estate representative to explain it to you. If you are still not satisfied, you can seek advice from a real estate lawyer. And, if you're not comfortable with the contents of the agreement, have a conversation about it with your representative before signing.

Be sure you and your representative are on the same page

- When working with a real estate representative, it is important that both of you have a mutual understanding of what services he or she will be providing to help you buy or sell a home. Have a thorough conversation about the details and then make sure they are contained in the agreement you sign.

It's also a good idea to do some advance research on your own about the buying and selling process. Take the time to learn about the forms and contracts you will be expected to sign and what the conditions are like for buyers and sellers in your area.

A good starting point for your research is www.reco.on.ca. An educated consumer is an empowered consumer. By doing your research and making sure you and your representative are on the same page, chances are you will avoid surprises down the road.



Leave your emotions at the door

- Buying or selling a home can be an emotional rollercoaster. The best way to prepare yourself is to make a plan in advance and stick with it through the process so that you will make informed decisions you won't later regret.

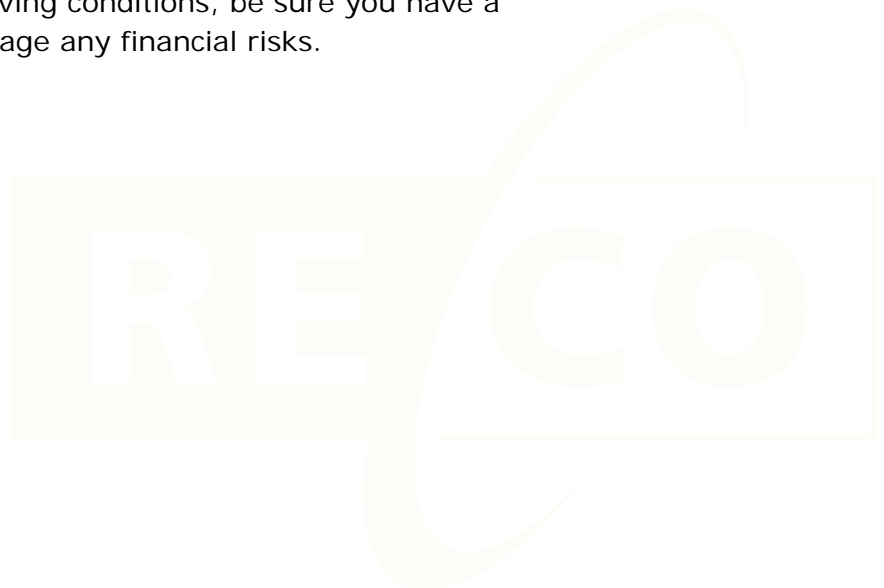
If you are a buyer, decide where you want to live and what features in a home are important to you. Determine your maximum budget and then stay firm, even if a bidding war arises.

If you are a seller, decide in advance what price you need to get for your home and how you want offers to be presented to you. By making a plan and sticking with it, you will have an easier time walking away from a deal if it's outside your comfort zone.

Know your tolerance for risk

- In a hot market, you may be tempted to submit an offer to buy a property without any conditions attached, so that you get a leg up on the competition. However, before deciding to skip the home inspection, status certificate review or the financing clause, you need to consider whether you're comfortable taking on that level of risk.

Can you afford to fix a major issue with the home that an inspection may have detected? Or potentially lose your deposit if your lender denies your financing? If not, then waiving conditions may not be the way to go to win a bidding war for a home. If you do end up waiving conditions, be sure you have a contingency plan in place to manage any financial risks.



Be flexible and have a back-up plan in place

- Real estate transactions can happen at lightning speed, which means even the best-laid plans might have to be adjusted. The best way to prepare for something unexpected is to do some advance research on how the process works.

Before getting into the market, learn about the pros and cons of selling first versus buying first. Assess your tolerance for risk and determine how you can lessen those risks – possibly by attaching conditions to your offer. You should also build a contingency plan that will help you manage a situation where you find yourself owning two homes, or no home, for some period of time.

By preparing ahead of time, you will be well-positioned to respond to quick developments in your real estate transaction.



About RECO:

RECO regulates the real estate profession in Ontario. RECO is responsible for administering the Real Estate and Business Brokers Act, 2002 (REBBA 2002) and associated regulations on behalf of the provincial government. In order to trade in real estate in Ontario, brokers and salespersons must be registered under REBBA 2002. RECO's mission is excellence in the delivery of regulatory services that protect the public interest and enhance consumer confidence in the real estate profession. RECO is part of Consumer Protection Ontario (CPO), an awareness program from Ontario's Ministry of Government and Consumer Services. CPO helps Ontarians learn about the right questions to ask before making important purchasing decisions. For more information, visit www.reco.on.ca.

