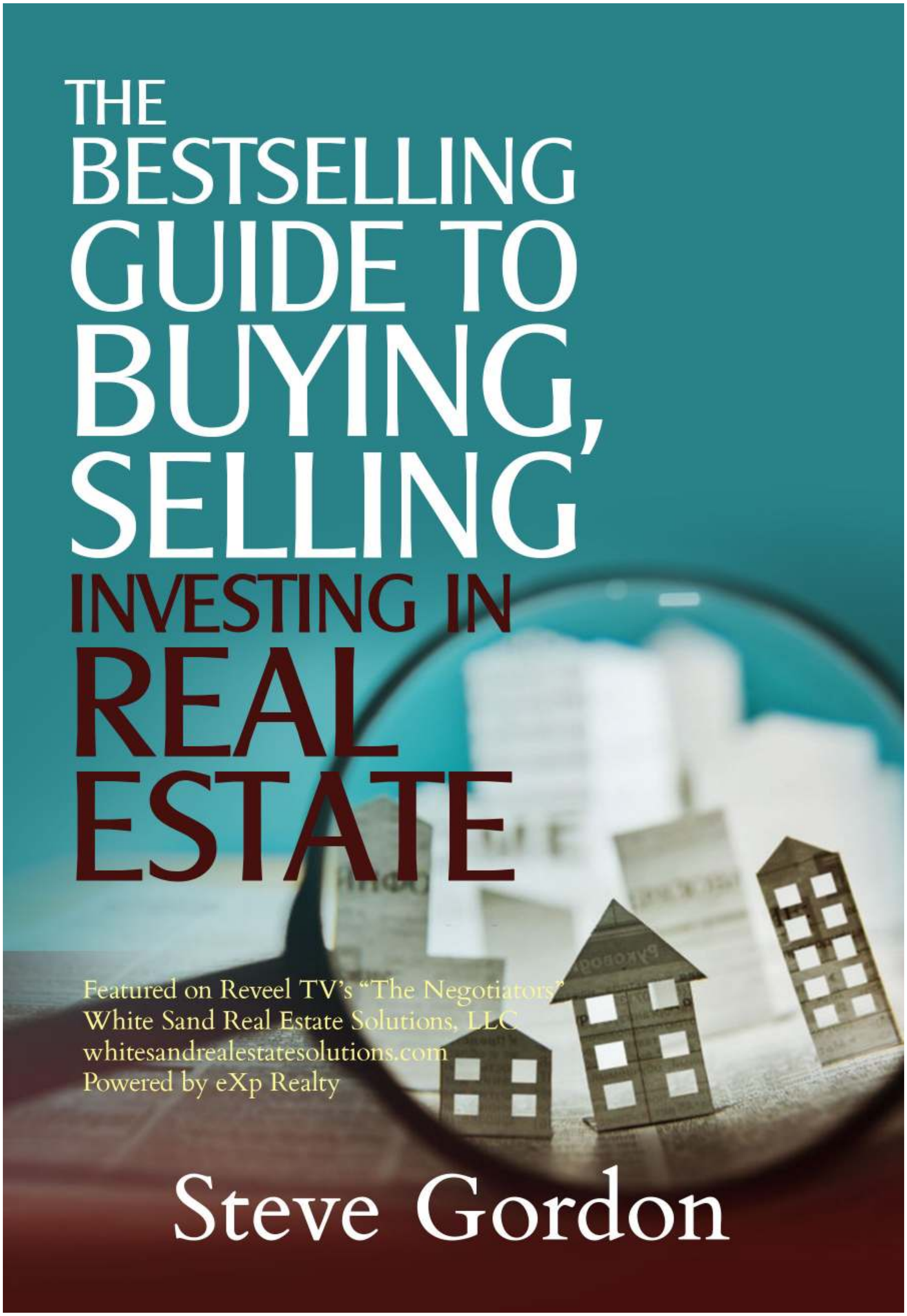
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Featured Real Estate Agent on the television series “The Negotiators”

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Acknowledgments

You miss 100% of the shots you do not take. Wayne Gretzky

This book, like everything else worthwhile, is the result of a huge team effort. I would like to extend my deepest gratitude and thank you to everyone who allowed me to help them find their dream home and trusted me in guiding them to build a long-term real estate investment portfolio.

I would be remiss if I didn't also thank those who crossed my path in the early months of my real estate career and allowed me to "practice" on them. This book is dedicated to my wife, Lori, without her support nothing would be possible, and to all those courageous people who have dared to dream big and take action to create the life they've always wanted.

If we did all the things, we are capable of doing, we would literally astound ourselves. Thomas A. Edison

Introduction

Life has a funny way of taking us in the direction we are supposed to go.

For some, following the road signs is easy. Sadly, for others, staying on the same road for their entire life is even easier.

For years, Lori and I would watch television shows about “fixing and flipping houses”. While living on Maui, Hawaii, we toyed with the idea of buying and renovating beachfront condominiums for short term rentals.

However, our plans changed, and we moved back to Florida. We purchased a home which had just been renovated. The instant we walked through the door; we knew we wanted to buy it. Everything about this home looked stunning. We immediately made an offer and several weeks later moved in.

This is where everything changed. It turned out, the person who renovated our home was (in my opinion) an absolute crook. He took any and every shortcut to make an extra dollar. We came to find out he did not pull permits; he did not use licensed contractors and the list goes on. While the house appeared gorgeous, it was a lot like “a movie set” … it looked perfect on the surface, but behind the scenes, it was a different story.

To spare all the details, we came to find out that this renovator had a reputation for doing this same type of work over and over. He had been forced to file bankruptcy and change his legal name (and use aliases) several times.

After spending tens of thousands of dollars to make the legal repairs, I made a decision. I told Lori, "I am going to learn how to buy, renovate and sell homes... but I am going to do it the right way. I am not going to take shortcuts. I would rather make a little less profit on each house but give people a home they will be proud to own. I will make more money in the long run by having a great reputation and selling more homes".

That summer, for my birthday, I purchased a gift for myself. I decided to attend a three-day real estate class hosted by Grant Cardone. I learned a lot, but needed more... It was then I met a coach, Chris Goff. Chris mentored me for six months. I learned where to find great properties, how to buy and

sell them and much more. However, all my "coaching and training" came together when I met Jim Kelly.

While looking on Craigs List for "fixer uppers", I called about a specific property. Jim, the listing agent, told me he had just sold that house, but had some others I might be interested in. It turns out, Jim had personally fixed and flipped hundreds of homes and was very happy to take me under his wing to show me how to put all my coaching into practice.

Eventually, it made financial sense for me to get my Real Estate license to avoid paying commissions on the purchase and sale of my own properties. It was never my desire to become a Realtor to help others buy and sell, but I love helping others and thus a new career was launched. To this day, Jim and I remain great friends and I am so thankful for his kindness and generosity.

Very early on, it became evident that my clients followed a very similar path to how I began my initial journey. Friends and clients were thirsty for knowledge, they tended to ask a lot of the same questions. Although the answers were obvious to me, they never ceased to elicit a reaction from others, as if I had shared the wisdom of the ages.

First-time buyers were not only asking the same questions, but also shy to inquire. Especially in real estate, there are no bad questions. People are terrified of appearing ignorant, but thankfully, their fear of making a mistake is greater than the fear of looking foolish.

The purpose of this book was initially to make the lives of my partners easier, and now, those of my clients. The primary objective is to educate, motivate, and inspire. My goal is not to sell, but to inform.

I answer the many questions I've constantly received, while also providing insight into how I, as a real estate advisor, scrutinize the abundance of available market information, develop strategies for both buyers and sellers, and the step-by-step plan I set out for my investors.

PART 1: MARTKET INTELLIGENCE

How's The Market By far, this is the most common question I get. My first response is always: "Which market are you referring to?" This is too broad of an inquiry to answer with a simple statement. The downtown Miami market is very different than the Orlando, Florida market. In some areas, demand for a small 1-bedroom condominium will be greater than that of a large 2-bedroom unit. Whereas in another neighborhood, large fully detached houses are in such demand that when they do come on the market, they likely go into multiple offers.

You, as the buyer, seller or investor, need to understand regional market statistics, and more importantly, neighborhood subtleties where you are looking to purchase or sell.

Once you understand the external factors influencing your desired market, you can then make the right decision as to whether now is a good time to buy or sell.

MEDIA

As the saying goes if it bleeds it leads. Be cautious of where you get your information from. The media is out to sell news through catchy headlines. When they say the market is going down or that the bubble is about to burst, you need to ensure that you get accurate statistics along with a full explanation of what the data suggests.

As a buyer, seller, or investor you always want to look at what is happening in your local neighborhood (market indicators). How many sales have happened during a specific period, how many homes are currently for sale and how many months of real estate inventory are in the marketplace?

Market Indicators

Economics 101: The lower the supply, the higher the value of the commodity. In major cities across the country, the issue is and always has been basic supply and demand.

Seller's Market: This occurs when there is a surplus of prospective buyers compared to homes or when a shortage in available properties occurs.

Buyer's Market: This occurs when there is an increase of potential homeowners over available properties. Both factors greatly influence the rates. Which is the rate at which they can lend or borrow the day of.

Interest Rate

Interest rates play a big role in determining affordability for a buyer and they are directly impacted by the Government's decision to increase, decrease, or hold steady the overnight rate. This decision has a snowball effect as it directly influences the interest rate for which people get a mortgage at. An increase in interest rates stifles housing sales because the cost of borrowing has gone up and the amount people can borrow has decreased.

Conversely, as interest rates go down, we begin to see an influx of buyers in the marketplace. It tends to shift to a seller's market as available inventory can no longer keep up with demand. As a buyer, what's truly important when it comes to whether you can afford a home, is not necessarily the purchase price, but instead your monthly payment.

Employment Rates

Employment rates impact the housing market as it's a key indicator of the market's overall stability. This influences the number of houses on the market and the ability for people to make purchases. As employment increases, public confidence improves, more buyers are in the market and values go up.

As unemployment rises, the instability of available positions negatively impacts how many buyers are in the market, placing a strain on housing values.

Government Policy

Depending on which party is in power, there can be major policy changes that drastically impact consumer confidence.

In 2020 and 2021, the global pandemic caused mass unemployment across America. The government put a moratorium on foreclosures, allowing homeowners to temporarily stop making mortgage payments without short term penalty. At the same time, as the spread of the pandemic slowed down,

People began to leave many “big cities” and move to more remote locations. The pandemic allowed individuals and companies to realize that many employees could work remotely and still be productive. This mass exodus caused a housing shortage in many parts of the country. This in turn, caused home prices to rapidly increase.

At this moment, we are 30 days away from the end of the mortgage moratorium. Many “experts” believe this will cause a flood of new homes to come on the market which could cause the “supply” to now outnumber the “demand”, potentially causing home prices to plummet. Only time will tell.

Also, at the time of writing this book, a tragedy occurred in the city of Miami, Florida. A large condominium building collapsed in the middle of the night. The total number of fatalities is still unknown. This one incident has caused many to rethink if they want to live in a high rise building or might now prefer a single-family home?

Now that you have a better understanding of why markets have influxes and how to analyze the data for yourself, it’s up to you to conclude if now would be a good time to consider buying a property.

MARKET UPDATE:

As I update this book, we are almost at the end of 2023. We have had record breaking inflation, interest rates are almost 300% more than when I first published this material and there are currently have several wars which have the world on edge. All of this has had a great impact on the real estate market.

Own or rent? Study Shows Location and Discipline is Key

A study by the Sauder School of Business at the University of British

Columbia concludes that on average, Canadians who own their homes become wealthier over time than renters. “It’s not that renter cannot build wealth similar to that of owners,” says Tsur Somerville, lead author of the study. “But it requires a level of discipline and sophistication in investing that most North American households have shown themselves unable to achieve.” “The results of this research show that only renters who are highly disciplined, savvy investors are able to match the wealth that owners can accumulate simply by making their mortgage payments,” says the study. “If they meet these criteria, in the best scenario for renters, they can accumulate over 24 per cent more wealth than owners in Edmonton, Halifax, Montreal and Regina, and they can accumulate at least as much wealth as owners in Ottawa, Vancouver and Winnipeg. In Calgary and Toronto, renters cannot on average over our study period match the wealth achievable through home ownership.”

The study states that in the cities where matching owner wealth is possible, renters would have to save between 60 and 100 per cent of the difference between annual owner and renter costs. “The average of 80 per cent is analogous to a savings rate of nine per cent. In contrast, the most recent Canadian savings rate was negative 0.4 per cent.”

In addition to avoiding spending money on automobiles and other consumer goods, renters would also have to invest in high yield assets withvery low fees. “Yet, most mutual funds charge high fees and return less than the Toronto Stock Exchange’s total return. The challenge for renters to accumulate the same wealth as owners, while surmountable, does not seem to be realistic for most renters who even have the income and wealth to buy.”

The study mentions that renters are also at a disadvantage because of the tax advantages of owning a principal residence. Although mortgage interest is not tax deductible as it is in the United States, Canadians enjoy a capital gains tax exemption when they sell their principal residence.

In Toronto, the study finds that renters could not catch up with homeowner wealth because of fast-rising house prices.

In Calgary, renters were faced with higher rents, which meant they had less money to invest. In Vancouver, the country’s most expensive housing market, the study’s “best-case scenario” required renters to invest 100 per cent of the difference between owner and renter payments in the Toronto Stock Exchange and pay very low investment management fees. That would have enabled them to match owner wealth.

The author says that homeownership provides a unique opportunity for people to accumulate wealth. “The significant benefit of homeownership for individuals is that a mortgage effectively forces them to save and build equity through mortgage payments.”

What if market values drop?
The reason so few people are successful is no one has yet found a way for someone to sit down and slide uphill.
W. Clement Stone

Imagine this: Theresa rents for 25 years, and never buys a home. Her sister, Anita, buys a modest home for $250,000, with a small 5% down payment, and steadily pays down her mortgage. Let's assume interest rates are 5%, making her mortgage payment $1,300, approximately the same as Theresa's rent.

Let's also imagine prices go down by 20% over 25 years, making Anita's home worth only $200,000. "I told you so," Theresa says over coffee one day. "I told you that the market was going to drop. And now you've lost $50,000!"

Anita calmly takes a sip of her extra hot lactose-free peppermint mocha latte with no foam and explains, "Theresa, you don't get it. I have slowly been paying down my mortgage, paying monthly what you have been paying in rent." "While your rent has slowly gone up, my mortgage payments have steadily gone down. In fact, because I kept paying the same amount every month, I was able to pay off my house in only 15 years, and my mortgage payment disappeared 10 years ago. I own a home worth $200,000, and even though the value dropped, I'm $200,000 ahead of you. I've also been able to purchase 2 more investment properties through proper money management."

As we said before, expecting the market never to adjust is simply naïve, but the long-term benefits of home ownership will always outweigh the ever- present, but always temporary ups and downs of the market.

The Quadruple Benefits of Real Estate

#1: Rents will always go up over time. This is great for investors.
#2: Values will always increase over time.
#3: As you pay your mortgage, the principal debt will decrease, and your equity will increase.
#4: There are ways to get a deal in any real estate market. This is instant equity, and the only way to pick up this “free” money is to buy and invest in real estate.

Have A Game Plan

Whether you’re buying your first home, or your fifth, there’s a right way and a wrong way to do it. I could fill this book with pages of mistakes people have made, but let’s instead focus on an easy-to-follow step-by-step process. Before I begin, carefully think about why you’re moving and when you need to do it.

In terms of the why, ask yourself: Do you need additional space? Have you thought about the area you are moving to, and how that will affect travel times and expenses? What’s the motivation for your purchase? Are you buying a modest home that will improve the quality of your life, or are you buying the most expensive home you can afford to create envy? (I’m not judging, it’s totally okay if you can afford it).

Now you should consider the parameters surrounding your move. Are you currently renting? When is your lease up? Can you vacate early? Can you stay longer? How much notice do you have to give? Once you’ve determined these factors, we can move onto the next stage.

Assemble A Team Of Experts Aside from the troop of renovators, decorators, painters, and landscapers you may need, I present to you the list of key players who are there to help you during the purchase of your new home. Mortgage Broker

Their job is to help find the lender that will loan you the money for financing, the broker represents both parties. You need to determine how much money you are planning on using out of your savings for the down payment. Included with this are additional costs required to close on a property: lawyer fees, closing adjustments and land transfer tax (if applicable).

You also need to determine the amount you are comfortable with in terms of a monthly obligation. This includes your mortgage payment, maintenance fees (for a condo), gas. electric, water, insurance, taxes, etc.

This should be determined with the use of a mortgage agent before you contact a buyer's agent as they will use these parameters to narrow the scope for property searches.

Real Estate Agent

A buyer's agent is another term for real estate agents who represent you when you're looking to purchase. It's their job to help you devise a game plan. They assist you in selecting the other professionals you'll require on your team, and obviously help you find the best home possible.

They help identify the best location for you and your family (if applicable). Once the area is chosen, they provide you with a detailed report showing you recent sales to understand the value of the property you wish to purchase. A complete list of all available homes for sale in the area will be provided.

It is important to note that the seller's agent pays the necessary fees, there is no cost to use the services of a Buyer's Agent. They are completely impartial as they get paid by the seller. The agent assists during negotiations, everything that is discussed is confidential, and their job is to help find the best home possible. They are inclined to do their best for positive word of mouth.

Real Estate Lawyer

The next person you should have on your team is a local lawyer specializing in real estate law. Most often, home buyers get into contact after they have purchased a home, which isn't the wisest course of action. Most real estate lawyers charge a flat fee upon completion. Therefore, having them involved from the beginning adds no additional cost and can provide valuable information before locking yourself into a contract. Your lawyer can review all documents, including the Offer to Purchase, mortgage documents, insurance paperwork and answer any questions you have about ownership, title insurance, and anything else. Home Inspector

Once you've found a property and negotiated an offer, it's crucial to get your property inspected. It is important you work with someone who is qualified. When interviewing candidates, ask how long they have been in business, a list of references and proof of any affiliations.

A thorough inspection includes an examination of the structure from top to bottom, including the heating, air conditioning, roof, visible insulation, walls, ceilings, floors, windows, doors, foundation, basement, plumbing and electrical systems.

In older homes, an inspector will also look for the presence of lead paint, aluminum wiring, asbestos, urea, formaldehyde, foam insulation (UFFI) and termites. The whole process usually takes two to three hours, and we recommend you join the inspector while they go through the process. You will become more familiar with the home, and maybe even get some maintenance tips firsthand.

You should get a written report that summarizes the inspection, points out any problems, and estimates the cost of any necessary repairs. Don't expect the inspector to be able to properly evaluate the home's market value, as it's not their role to keep up on property prices.

Understanding The Numbers

For most of us, purchasing a home will be the largest expense of a lifetime.

While ownership can be a rewarding experience, the true foundation of security rests in owning a home that falls within your financial limits.

Below is a list and explanation of some of the most common financial obligations you will take on as a new homeowner.

Up-front Costs The Down Payment

As very few home buyers (first time or otherwise) have the funds available to buy a home outright, most will turn to their financial institution for assistance.

The down payment is the portion of the purchase price you provide yourself and the remaining balance is obtained from a financial institution in the form of a mortgage. The amount of the down payment (which represents your financial stake or the equity in your new home) should be determined before you become involved in full scale house hunting.

Most commonly, individuals put down 10-25% of the selling price of the property. The minimum payment generally accepted today is 5-10%, and some institutions will provide 100% financing, with no down payment whatsoever. There is no limit to the size of the down payment you can make.

Be aware that the larger the down payment, the less your home will cost in the long run. With a smaller mortgage interest costs will be lower, and over time this will amount to significant savings.

Keep in mind that when making an offer on a property, a deposit will be required by the seller. At closing, the deposit is subtracted from your total down payment.

If the total down payment on your purchase is $100,000 and a $20,000 deposit was made during the negotiation, then on closing you will give the lawyer the remaining $80,000.

Home Inspection Fee

As mentioned in the last section, it is recommended that you have an inspection performed by a professional building inspector before you finalize your offer to purchase. The inspection may bring to light areas where repairs or maintenance are required and will assure that the house is structurally sound. The inspector will generally provide a written report.

Expect to pay between $350 - $500 for the average home.

Appraisal Fee

The financial institution extending the mortgage will hire an appraiser to ensure that the property you are buying meets their criteria for a mortgage. You are generally responsible for the cost of the appraisal which could be built into the core mortgage fee they charge. Ensure that you receive everything in writing. On average this fee is anywhere from $500 - $700.

Legal Fees

You may be required to retain a lawyer to act for you in the purchase of a property. In certain states, a lawyer is necessary for all real estate transactions, it others, this is not the case. Be sure to ask a local real estate agent or broker to be sure. Budget $1,500 - $2,00 for the services of a reputable real estate lawyer.

Through online research, you will likely see quotes for approximately $800. Keep in mind what they are not including the other disbursements for which they will tack on to the price afterward. These added costs include photocopies, couriers and more importantly title insurance, which protects you against fraud. This all adds up and it's likely you could wind up paying more.

Land Transfer Tax

Depending on where you live, there will be different taxes associated with your purchase. Many states have a land transfer tax based on the purchase price of your home.

Moving Costs

Whether the move into your new home is a do-it-yourself affair or you hire movers, there will always be costs involved. If you plan to move during the peak spring/summer months, you should contract for service 2-3 months in advance, if possible.

Closing Adjustments

These costs are payable at closing and include, but are not limited to property taxes, utility bills and condominium common expenses. These costs are usually paid for by the seller prior to closing. They are then prorated based on your closing data and you are responsible for reimbursing these amounts to the seller at close.

New Home Costs

If purchasing a new home, there are some additional expenses you should consider. Not limited to kitchen appliances, tools, gardening equipment, cleaning materials, perhaps some new furniture, carpets or curtains. It's a good idea to tally up the costs of items you think you'll need in the short- term and factor these expenses into your initial costs.

Monthly Expenses

Once you close on your property, you need to consider what monthly obligations you will be comfortable paying and this should be considered before making your purchase.

The Mortgage Payment

For most home buyers, mortgage payments constitute their largest monthly outlay of cash. The actual amount of the mortgage payment can vary widely since it's based on several factors and variables including your down payment, your interest rate, and the term. These payments can be made weekly, biweekly, or monthly.

Property Taxes

Property taxes are usually billed once a year and can be paid in two ways.

They may be remitted directly to the municipality by you, in which case you may be required to periodically show proof of payment to your financial institution.

You may also include a provision for the payment of your property taxes in your monthly mortgage payment. The financial institution will retain your tax contributions in a separate account (on which you earn interest), remitting on your behalf as required by your municipality.

Home Insurance

All homes must have adequate insurance coverage against fire, loss, theft, and liability. Your mortgage lender requires that you provide your lawyer or notary with proof that your insurance is in place by the closing date. Your insurance company will usually call with a list of questions about your new home.

Utilities

As a homeowner, you will be responsible for all utility bills (including heating, gas, electricity, water, telephone, and cable), some of which may previously have been included in the cost of your rent.

Condominium Fees

If you have chosen to purchase a condominium unit or a townhouse, you will likely be required to contribute to exterior maintenance and upkeep of the common grounds and public areas monthly. Your property manager or condominium association can provide full details of the services and monthly fees.

Find The Best Home Possible Notice that we said “best” home, and not “perfect” home. A common mistake is to try to find the perfect property even when the market is telling you that it’s not available.

Before you buy, you must understand the local market. Some people do this by following selling prices of homes in a neighborhood for 6-12 months. However, in that same time, market values have now gone up. A faster and less expensive way is to review the most recent transactions of all sales in your preferred area.

For example, you’re looking in the Green Acres area for a 4- bedroom, 2 story home with a garage. And let’s say that our list will show you that 5 homes sold in the last 90 days, ranging in price from $350,000 to $400,000.

By looking at the report, you might also see that the homes in the lower range were a little smaller, or needed renovation, and that $400,000 got you a larger, updated home.

Scenario One: 123 Maple St. Asking Price $399,000

Now imagine that a new listing comes up in your area for $399,000. It's a smaller floor plan, and needs a new kitchen, and the roof is a little old. If you study the list of sold properties, you'll quickly see that the home is overpriced, and you can either try a lower offer, or wait for them to drop their price.

Scenario Two: 238 Maple St. Asking Price $369,000

This home is just right. Larger floor plan, new kitchen and baths, and the home inspection reveals no major problems. At the open house on the weekend, you notice lots of cars and lots of people looking.

This is classic example of an underpriced home, which will likely generate multiple offers, and sell over asking price. Notice that we didn't say over "value", but over "asking price."

If the sale price ends up at $400,000, which is approximately $30,000 over the asking price, it could still be considered a fair price, as similar homes have sold for that same price.

Remember this: **The asking price is irrelevant.**

Sometimes the price is low and sometimes the price is high. You must consider the market conditions, the condition of the property, and your own budget to make the right decision.

Are similar homes available regularly, or are you looking for a ravine lot that only sells once or twice a year? Are you the only offer on the table, or are you competing with other offers? Is the house vacant, and the seller really motivated to sell?

Is the house in poor shape, but has lots of potential with some cosmetic repair? And remember, you don't have to try to figure this out on your own. You can ask a realtor to review the market info and calculate a fair market range for the type of your home you're looking for.

Be careful not to take advice from friends or family, unless they are market experts. Although well intentioned, the advice of your uncle, boss, or best friend may not be the best information to rely upon. Understand the numbers for yourself, ask questions, then go with your gut.

Negotiate Like a Pro

So, you've looked everywhere, and you've found the right place. You like the location, the asking price is in your budget, and you feel ready to go. Now it's time to make an offer to purchase the home.

The Agreement of Purchase and Sale is quite simply a document that specifically sets out the terms and conditions between you and the seller. Once the offer is made by you, accepted by the seller, and any conditions are met (if there are any conditions), the offer becomes legally binding. Both you and the seller are obligated to hold up your end of the agreement and complete the transaction. For that reason, you must be sure you understand what's in your offer before you sign. If this is the first time you've purchased a home, you probably have never seen an Agreement of Purchase and Sale (see Appendix).

Your offer can contain special conditions if you so choose. Since every sale is different, it is critical that you voice any concerns early on so that we can make sure that the offer is as concise and complete as possible.

Let's review the general areas of the standard offer form:

Buyer Full legal name of the purchaser must be listed.

Seller Full legal name of the seller must be listed.

Agent The names of the listing and selling brokers involved in the transaction.
Property The legal description of the home as well as the municipal address. Your lawyer will ensure the description is specific and accurate.

Purchase Price The price you are offering for the property, including the deposit.
Deposit Typically, when you submit an offer, you are expected to submit a deposit to demonstrate serious intent to buy the property. It's usually in the form of a certified cheque or wired funds, payable to the Title Company or Escrow Account. When the agreement is closed, this amount is credited towards the purchase price.

Clauses Specific to The Agreement

Every offer is unique, and therefore, every offer will have different conditions protecting the buyer or the seller. If you are going to arrange a mortgage to buy the property, it is customary to insert a condition making the offer conditional upon financing for a certain period. If you are unable to arrange adequate financing within the period, the offer is null and void, the deposit is returned to you, and neither party is under any further obligation to proceed.

Keep in mind that if a seller receives two offers, one with conditions, and one without, the seller will generally be more inclined to accept the unconditional (or "firm") offer. Consult your lawyer concerning the use and wording of conditional clauses.

Irrevocable Date and Time

This is the date and time by which the other party must respond to your offer. The offer becomes null and void if no agreement is made. This is usually done under 72 hours. Closing Date (Or Completion Date)

This is the date on which the parties complete the transaction. All the paperwork is filed, all funds paid out, and you get title to the property. Typically, the closing date is 30 - 60 days from the date of the agreement, but it can be longer for new home sales.

What Is Included in The Purchase Price?

Fixtures are permanent improvements to a property that remain with the property as part of a sale. Chattels are moveable pieces, not physically attached. However, the distinction isn't always clear.

If the chandelier in the dining room is a family heirloom the seller will likely want to keep it.

Since it could be defined as a fixture, it should be listed as an exception in the offer. From a legal standpoint, it's a fixture and if it is not mentioned in the offer, is considered part of the sale. To avoid confusion, any items that you are not sure about should be listed in the offer.

These items are not limited to: • Area rugs • Bathroom fixtures • Ceiling fans, Chandeliers and other light fixtures Draperies, curtains and blinds Wood-burning stove and accessories Microwave oven • Dishwasher • Refrigerator/freezer • Free-standing stove and oven Washer and dryer • Custom fitted furniture • Water heater • Water softener • Window air conditioners • Garage door openers and remote Storage shed • Satellite dish and equipment TV antenna tower • Above ground swimming pool • Swing set and playground equipment • Patio furniture • Barbecue • External locker (condominium)

When Should My Lawyer Look at The Offer?

I would strongly advise having your lawyer review the offer before you submit it to the seller. When the dust settles, you are legally liable for the conditions as spelled out in the agreement. If timing is critical, we can always insert a clause making the agreement conditional upon your lawyer reviewing the offer, usually within a couple of days. Keep in mind that your lawyer's job is to review the paperwork and make sure that you are protected. It is not their job to comment on the value of the property.

Offer Negotiation

After the offer is signed, a meeting is arranged with the seller and the listing agent. The seller can accept the offer, reject it, or make a counteroffer, but only during the irrevocable period (before the deadline). If the offer is rejected, it may be because your opening bid was too low, or other terms were not acceptable to the seller. At this point you may want to raise your price and try again.

In the event the seller makes a counteroffer, they have indicated an interest in the offer, and are now negotiating. You can now go back and forth until you agree on price and terms or until one of you ends the negotiation.

The Mortgage Buster Approach

When it comes to your principal residence, paying down your mortgage faster is generally a good idea, if only as a forced savings plan. Strictly for your peace of mind and quicker access to equity. It's a little different when you own an investment property because of the tax implications. We advise that you sit down with your accountant as every situation is different, depending on your personal finances. However, there is even more money involved in properly managing debt.

Buyers will typically opt for a monthly payment with a 5-year term, and a 25-year amortization. This means that the payment is fixed, the rate is guaranteed for 5 years, and if nothing changes, the mortgage will be paid off in 25 years.

By understanding the power of compounding your mortgage, you can pay down their mortgage in as little as 10 years, instead of the usual 25 years. Once you understand your budget, you will be able to design a plan to make small increases in your monthly payment that will have a significant impact over the life of the mortgage. Plan to make small increases in your monthly payment that will have a significant impact over the life of the mortgage.

Example 1

Principal Frequency Payment Amortization
$250,000 loan
Monthly payment $1,375
25 years to pay off

Here, your monthly payment will take 25 years to eliminate the mortgage.

Example 2

Principal Frequency Payment Amortization

$250,000 loan
Biweekly payments $688
21 years to pay off

In this example we take your monthly mortgage, and instead, pay half the amount biweekly. This saves you 4 years of payments on the back end. Why is this beneficial?

Since the bank has some of your money a few weeks earlier, the interest is reduced over time. And since there are 52 weeks, you are making 26 half payments, instead of 24, so you are making two extra payments throughout the year. Since most people get paid every two weeks, they usually don't feel the pinch.

Example 3

Principal Frequency Payment Amortization
$250,000 loan
Biweekly payment $750 (just a little more than the above example)
17 years to pay off your loan

In this example, by simply increasing the payment by $62, we eliminate another 4 years of payments, paying down the mortgage in only 17 years.

We've noticed that most people are nervous about a mortgage payment that is $50 or $100 higher but won't think twice about going to a movie and spending $50, or dinner and drinks with friends for $100. If you're in a bind, spend a little less on frivolous things. It all adds up in the end. Especially over the course of a decade. The key is moderation. We believe that if we're frugal now, we'll have less monetary concerns in the future.

Frequently Asked Questions From Buyers

When Is the Best Time to Buy?

It seems everyone has an opinion about the "right time" to buy real estate.

And the decision becomes especially challenging in a constantly altering market. If housing prices are falling, people tell you to wait until the market "bottoms out" before buying. If prices are going up, you feel inclined to buy now to avoid being left behind. Even the self-proclaimed experts can't accurately predict when a market will reach a peak or drop.

Buying a home isn't just about finding a comfortable place to live for several years or longer, but to also build some equity along the way. Think of a home purchase as a long-term investment. No matter when you buy into the cycle, you will always do well over the long term. Rather than trying to "outguess the market," your decision on timing should focus on current market conditions, and most importantly, your current financial situation.

Am I Ready to Buy a Home?

Have you demonstrated the ability to save money? Are you pleased with what you have saved so far? Are you ready to change your spending habits to enable you to deal with the additional costs of maintaining a home? Are you prepared to enter a long-term commitment for your security? Is pride of ownership important to you? Would you enjoy taking care of your home?

If you answered yes to most of these questions, you're probably ready to own a home. It is a big step, but if you've spent time budgeting and doing the preliminary research then you are ready to start.

What About My "Dream Home?"

Most first-time buyers want their idea of a dream home immediately. But, as we search for available homes online, the reality of price eventually sets in. Our dream home probably sells for a lot more than we had hoped and the down payment alone is potentially more than we earn in a year.

The best way to deal with this reality is to match your financial capabilities with a home that meets as many of your needs as possible. Because of this, many first-time buyers purchase what is commonly known as a "starter home." There's nothing wrong with this approach. In fact, it's good sense to start with a home that won't stretch your budget too thin. This way, any excess savings can be put toward reducing the principal amount of your mortgage, helping you to build equity that much faster and perhaps eventually allowing you to purchase your dream home.

Should I Buy or Sell First?

There is no easy answer to this question. If you purchase a new home before you sell your home, you may find yourself owning two homes at the same time.

On the other hand, if you sell your home first, and don't find a new suitable home before you move out, you could be living in a hotel while paying storage costs for your furniture. On top of those expenses, you would also factor the cost of moving your belongings twice.

The ideal situation is to time the sale and purchase to happen on the same closing date and with a little planning, this is possible, and very common.

Firstly, you want to determine the market conditions in not only your neighborhood, but that of the area you're hoping to move to.

If it's a seller's market, it would be advantageous to go find a new property first. Once that is locked in, you will then likely have an easier time selling your home and having the closing dates match as negotiations are in your best interests.

If the market conditions favor buyers, you would be best to sell your home first and negotiate a longer closing date when possible. This allows you time to then find a new property and negotiate your closings to coincide with one another.

Another common approach to use in a buyer's market or in a balanced market, is to make your offer to purchase "conditional" upon the sale of your present home. This means that if your current home doesn't sell, you are not obligated to complete your next purchase. In most markets, it remains difficult to convince the seller to accept an offer of this type as they have taken their home off the market, and if you are unable to sell your home, they are back at square one.

What Is Bridge Financing?

Let's pretend your current home is for sale and during your search for new houses, you've managed to find your "dream home", but the seller is not willing to accept a conditional offer on the sale of your existing home. In this scenario you may be forced to commit to your purchase or risk watching your dream home slip away.

One way around this is to arrange bridge financing through a financial institution. If your lender is confident that your current home will sell in a reasonable time frame, they may consider advancing you the money to purchase your new home, using the equity in your current home as security. You would in effect own both homes for a short period, and the added costs are usually negligible.

For example, bridge financing on a $400,000 home for 30 days at 2% is only $800. The added benefit of this method is that you aren't forced to move everything on one day, oftentimes resulting in a much less daunting experience. You want to arrange this with your lender ahead of time before signing any agreements to purchase.

What type of programs are there for first time home buyers?

Initially, I had planned on including a list of options in this section. However, with the current economic situation (post Covid), the US Government is making constant updates to the availability of programs to benefit first time home buyers. I would strongly suggest asking your Mortgage Broker about all currently available benefits and options.

PART 3: SELLING INTELLIGENCE

Assemble A Team Of Experts Most people needlessly try to figure out parts or the entire process of selling a property on their own. It's much smoother with the help of a team of seasoned experts.

Real Estate Lawyer

As with buying a property, the time to choose a lawyer when selling is not at the very end, but most beneficial at the very beginning. A lawyer can help draft an Agreement of Purchase and Sale that you could have ready for buyers. Or they could create a series of clauses that you can add to any offers that come in, to help protect your interests as the seller. It is not unusual for offers to be negotiated after hours when lawyers are not readily available, so it could come in handy to be prepared well in advance.

Most importantly, it shouldn't cost you any more to involve your lawyer from the very beginning as they usually charge a flat fee for their services. Keep in mind that you should only work with a local lawyer who specializes in real estate, as opposed to a general practitioner.

Seller/Listing Agent

A listing agent's job is to help you sell your home for terms you are happy with. They create a strong marketing plan and apply their experience in negotiations.

The agent begins by viewing your property, providing you with a detailed overview of recent comparable sales and suggests a range of value. A marketing plan and strategy is then detailed and discussed. Keep in mind, as a seller, you will be paying not only the listing agent's fee, but also the buying agent's commission.

It should be noted that at the time of updating this book, iiin the United States, there are potential changes to the way real estate commissions may be paid in the future. As these changes happen, I will edit this book.

Mortgage Broker

Most people believe that a mortgage broker is only necessary when buying a property. In fact, they can be even more helpful when you are selling your home for the following reasons:

They can arrange a new first mortgage to replace the mortgage on your current home. They can arrange to transfer your existing mortgage to your next home. They can arrange a discounted pre-arranged mortgage for the buyer of your home, to make the home more affordable, and therefore more valuable.

Understanding the Numbers As with purchasing a home, when selling it's important to consider some of the additional financial obligations you may incur. Here is a simple checklist along with usual estimated costs:

Legal Fees

You may be required (or wish) to retain a lawyer to act for you in the sale of a property, and you will be responsible for payment of the legal fees and disbursements.

Budget a minimum of $1,500 for the services of a reputable real estate lawyer. Ask for recommendations from realtors and do your research.

Real Estate Fees

In most cases, real estate fees distributed to the buying agent, as well as the listing agent, are paid for by the seller. This can amount to roughly 5-6% of the purchase price, plus applicable taxes.

This commission fee is negotiable. Keep in mind the listing agent will pay marketing and other costs associated with the sale out of their total commission and so the level of service provided will be determined by the fee they charge.

You may save 0.5% on the fee but due to the decreased level of marketing, service or negotiating expertise, you could lose more on your selling price than what you saved on commission.

Closing Adjustments

The real estate lawyers acting on behalf of both the buyer and the seller will determine what the adjustments will be during the week of closing. For example, the seller has paid the taxes for the full year, but the moving date is June 1st, then the new buyer will have to rebate you a prorated amount for the rest of the year. The same goes for hot water tank rentals, condo fees and monitoring systems, etc.

Moving Costs

Whether the move into your new home is a do-it-yourself affair or you hire movers, there will be costs involved. If you plan to move during the peak spring/summer months, you should contract for service 2-3 months in advance if possible.

Renovations And Cleaning Expenses

To sell your home at its full value, you may want to consider doing some small renovations to either repair or improve features of the property. You want to ensure that the home is clean and clutter free.

Frequently Asked Questions from Sellers

When Is the Best Time to List My Home for Sale? As soon as you are ready to move! If you want to get the best value for your property, the key is to give yourself as much time as possible to sell. More time means more potential buyers will probably see the home, likely resulting in more offers. This also gives you additional time to consider other options if the market or initial interest is slow.

Is There Any Seasonality to The Market?

Peak selling seasons vary from year to year in most marketplaces and weather usually has a lot to do with that. Often early spring and early fall are the prime listing seasons as houses tend to “show” better in those months than they do in the heat of summer.

Be aware that there are also more houses on the market during the prime seasons, resulting in more competition. While seasonality is a factor, it’s not something that should dominate your decision on when to sell.

What Makes a Home Sell?

A successful sale requires you to concentrate on five considerations: price, terms, conditions, location, and market exposure. You cannot control all of them, you may have to overcompensate in one or more areas to offset a competitive disadvantage in another.

What About Market Conditions, Price Trends, Interest Rates And The Economy In General? Should They Have Any Bearing On When I List?

If you're considering the sale of an income property, there are only two things to consider: the cash flow and, if you do sell, where the money is being invested.

If you are just moving your investment to the market to get better cash flow, any time is good. If you are taking the money out of the real estate market to invest somewhere else, don't forget to take capital gains taxes into consideration. This is something I would advise checking with an accountant.

How Long Should It Take to Sell?

The average listing times vary from 30 - 180 days, according to the market conditions in a particular neighborhood, the type of property and the price range. Of course, price, terms, conditions, location, and exposure play an even greater role. Selling in any market is easier if you keep time on your side. Most professionals will tell you that pricing, conditions, and aggressive marketing will shorten this greatly. If you are selling in a seller's market, pricing for multiple offers can help you sell in just days.

What If I Can't Sell My Current Home Before We Move?

This situation can arise for any number of reasons. Such as, getting the job promotion you've been waiting for may mean having to quickly relocate. You may even finally find your "dream home" and need to put an offer in before it sells to another buyer. Whatever the reason, don't panic. You have some viable alternatives to the potential nightmare of double mortgage payments.

If you don't have to sell to buy a new home, renting your existing property may be a suitable option. Consider the advantages (additional income, income security) and disadvantages (maintaining tenants, not getting the equity and funds for the home). If you're being transferred, you may be able to obtain a short-term rental in your new location while you're becoming familiar with the new area.

What If I Decide to Sell My Home First? We always advise that in a buyer's market, you should sell your property and make sure to negotiate a longer closing. This will allow you time to be able to find another home to purchase without feeling rushed.

In a seller's market, one should buy their next home first. This should be done with a longer closing of 120 - 150 days (if possible) to allow time to sell your home in the interim.

You should arrange for the possibility of bridge financing if the closing date of the sale of your property is longer than the closing date of the purchase.

What Renovations Can I Do to Increase the Value of My Home?

Renovating your home for your own personal tastes is very different from renovating to increase its value. Installing an inground pool because your family can enjoy it for years has its own value, but when it comes to selling you may not get back your investment. If you are considering doing renovations to increase value, this list will help you focus on the necessary sections:

1. Kitchen: This is the most important room when it comes to valuation, and it can make a significant impact on the value of the property. When considering a renovation, think modern and fresh. Update your cabinetry, install under cabinet lighting, and install new appliances. To save on costs, look at options like Ikea as opposed to custom cabinetry.

2. Bathrooms: The second most important room(s) when it comes to valuation. Upgrading cabinets, countertops and hardware for a fresh and modern look will increase your home's marketability. If you can add an additional bathroom where there is dead space it will increase your home's value even more. Do not sacrifice useful bedroom space for a bathroom.

3. Flooring: You will see an immediate increase in your value by installing hardwood floors. For cheaper fixes, consider refinishing existing hardwood floor or removing carpet and adding engineered laminate flooring throughout. In the bathroom, you'll always see higher demand for tile over laminate.

4. Fixtures: If you can't change the cabinets in the kitchen and bathrooms, consider updating the cabinet hardware, light fixtures, countertops, and faucets. This gives the appearance that a full renovation has been completed, this can change the look and feel of your home.

5. Income Suite: The biggest and most effective way to add value to your home is to build an income suite within the property. Consider converting your basement into a rental and advertise your home as an investment property. Ensure that your neighborhood has demand for this type of offering before you proceed.

Can I Sell My House Myself?

Some people have this notion that they can save a considerable amount of money by selling on their own. They look at the average commission on a house and think of friends and family who managed to get through the process with seemingly little trouble. It can be done, so why can't I try?

Approximately 1-2% of homeowners handle their own sale. But to join the ranks of successful sales people, you need to realistically assess exactly what's involved. The routine parts consist of pricing your home accurately, determining whether a buyer is qualified, creating and paying for your own advertising, familiarizing yourself with enough required real estate knowledge to understand (and possibly even prepare) a real estate contract, and coordinating the details of a close.

The greatest downsides are the demand on your time, and the possibility that a mistake may cost you the money you're trying to save. Furthermore, when selling a home "by owner", you must be prepared to have strangers walking into your home without being vetted and assisted by a professional.

Listing agents know about the market trends, houses in your area, and those who are most likely to buy there. They also know how to reach the largest interested audience, trained in screening and negotiating potential buyers. They are almost always on-call and work on the weekends; being available to the whims of others.

Home Seller's Guide Should you decide that you would like to sell your home on your own, there are three key points you need to know, and five action steps you need to execute to get your home sold on time and for the highest possible price.

Three Key Factors to Selling Your Home

Emotions

Without a doubt, the first and toughest hurdle you're going to come upagainst in selling your home is overcoming your emotional attachment. Like most people, you probably have strong feelings about your home. And now that you're moving, you want to make sure you get the most money for all the time, effort, care, and improvements that you've invested into it. The problem is that your feelings have very little to do with the price or terms and conditions that govern the sale.

When you put your property on the market for sale, you're not selling your home — you're selling a house. It may seem like a subtle point, but a successful sale and maximum profit depends on your understanding of this difference.

Buyers are not interested in buying your home. They're interested in buying a house that they can make their home. Your emotions and territorial feelings need to be put aside. To get the top dollar price you want, you need to look at your house through a buyer's eyes and start repackaging and positioning your home to look and feel like a property they can attach themselves to.

Know Your Market

To get your home sold fast and for top dollar you must be aware of what's going on in the marketplace. Like merchandising any product or service, when you sell your house, you've got to know exactly what's going on in the real estate market in your specific neighborhood. Shrewd market research overwhelms the competition and compels people to buy what you're selling.

Procter and Gamble used intensive market research to find two simple words to wipe out Listerine, the king of halitosis hill — "Medicine Breath". These repulsive words blew Listerine's memorable slogan, "The taste you hate, twice a day" right out of the water and firmly entrenched Scope as a top selling mouthwash virtually overnight. The exact same merchandising and marketing strategies apply to the positioning of your house when you launch your marketing attack to sell your home.

The price you ask and can get is generally lower if there are several other houses on the market that have features like yours. Just like the stock market or anything else, if everyone is looking to sell, prices will generally drop.

Whether you are selling property, coats or lemonade, the laws of supply and demand apply. When you have competition, when everyone is looking to sell, prices go down.

Timing

The third key is understanding the time frame that you must sell your house. How many days, weeks or months do you have? You may think this is an obvious question but knowing exactly how long you have will determine how to set the right listing price for your property. If there is any one thing that causes sellers to lose thousands or causes their house to sit unsold for months on the market, is the failure to understand how market conditions and timing ultimately govern the sale of real estate.

Suppose you had to get your home sold in the next seven days. This is an unlikely example, but the price you'll get if you must sell your house quickly is going to be a lot different than if you have a few months to sell. Five Action Steps to Sell Your Home

Research Your Local Market

This can't be emphasized enough. To position your home to sell for top dollar, you must research your area to find out exactly how many homes are on the market for sale, what's selling, what's not selling, where and how fast. This is the first and most important step in the entire marketing and sales process.

Determine The Value of Your Home

Once you know exactly what's going on in your local real estate marketplace, the next step is to carefully compare the style, features, and benefits of your home with other homes that are on the market for sale, so you can determine the target price range that your home should sell within.

Set a Listing Price for Your Home

By taking time to carefully research the real estate market before you sell, you won't have to wonder whether you gave some of your hard-earned profits away to a stranger because you set your price too low. More importantly, in a competitive real estate market with lots of for sale signs and few buyers, careful market research will help you position yourself in the marketplace to squeeze the highest price you can get for your house without overpricing it. This knowledge is so important, because if you arbitrarily price your home too high based on emotion rather than reason, your home can sit on the market for weeks, months, or not sell at all.

Calculate Your Bottom Line

After you've researched the market, compared the features of your home with other homes to determine your right price range and right selling price, the next thing you need to do is calculate your projected net proceeds of sale.

This is achieved by deducting the advertising, marketing, sales, financing, and administrative costs associated with the sale of your home.

Advertise And Market Your Home for Sale

A common misconception among home sellers is "advertising sells homes." This is not true. Advertising attracts potential buyers. Merchandising and marketing sells homes.

In selling your house yourself, you need to understand how most buyers go about finding the house they want to buy. Additionally, you need to know how to merchandise, market and advertise your home so buyers are motivated to see your house instead of the property for sale down the street. Most home seller's advertisements and marketing strategies don't work because they're amateurish, boring, and self-focused, rather than emphasizing the needs and desires of the buyer.

Remember, now that you're selling you need to look at your home always, through a potential buyer's eyes. In the next chapter, we'll show you how we prepare advertising that turns the lifeless features of your house into exciting branding terms that grab potential home buyers by the lapels.

You'll discover simple secrets on how to target your audience and prepare persuasive flyers, signs and classified advertisements that bring the right buyer to your doorstep.

Preparing Your Home for Sale

Your house can be priced right, but if it doesn't look right, it's not going to sell. The techniques presented below have been used for years by Madison Avenue advertising executives and consumer marketing experts to sell virtually every product you have in your home. Advertising experts have long recognized the impact of light, color, sound, smell, and wording in selling products.

Home buyers purchase what they like and can afford, in that order. Your house can be priced right, you can do a good job of advertising it, but if buyers walk through your front door and don't like what they see or feel, your home is not going to sell quickly, or at all. By learning a few simple tips from consumer marketing experts, you can avoid the three merchandising traps that most home sellers fall into, and gain a distinct advantage over your competition, many of whom are probably falling into these traps.

Mistake #1

As a home seller, the biggest merchandising mistake you can make is to assume that potential buyers will like your home just as it is or your improvements that suit your tastes. Over personalizing your home to suit your tastes is a common and costly mistake as it makes it difficult for a potential buyer to visualize it as their home. Think about it. Have you ever walked through a home you were considering buying, but certain sights, sounds or smells gave you an uneasy feeling? Clothes, dishes, toys strewn about, odors that made you uncomfortable; almost like you were an intruder in someone else's home rather than looking to buy a house to make it your home.

Mistake #2

The second biggest trap you can fall into in the marketing of your home is the failure or refusal to recognize the weaknesses of your home. It's difficult to be objectively critical of your home.

This is something that you must overcome. To maximize your profit, train yourself or hire someone else to look at your home with an impartial eye to spot issues that you simply cannot or will not see.

Mistake #3

The third major trap you can fall into in the marketing of your home is to allow it to get lost in the crowd. To get the best price for your house and sell it as fast as possible, you need to gain the advantage over your competition by understanding how to market and merchandise your home to outshine the competition. To use light, color, sound, smell, and words to make your home irresistibly attractive in the buyer's eyes so they choose your property among the plethora of others.

Have you ever toured a brand-new model home? Ever wonder what it is that makes these homes look so good and why they always sell fast? What is it about a new home that makes you feel so comfortable? The reason you feel so comfortable is that you have no problem walking openly through the master bedroom, bathroom or anywhere else in the brand-new house. There is no sense or scent that this territory belongs to anyone. It doesn't look or feel lived-in because everything is new.

There are no personal odors, other than a pleasant "new" smell. Look around and you'll see that the color of the walls, carpeting and accessories are all neutral, so you don't feel out of place. It doesn't feel like someone lives there. The only noise would be the voice of the real estate agent in the background, and some pleasant music. The fact that model homes are among the first to sell should say something about the merchandising strategy of this market.

By keeping the sights, sounds and smells of your home neutral, you notonly reduce uncomfortable feelings that may be roused in potential buyers, but also makes it easier for them to picture how their preferred furnishings and decorations would look in the house. Everybody likes the look and feel of a new home. Ensure the property looks, feels, and sounds like a brand- new model home. Start by performing a home buyer evaluation first. For the next fifteen minutes, forget that you are selling your home. Instead, put on your buyer's hat and transform your mindset into that of a home buying critic on a surprise inspection tour of your neighborhood and home for the very first time.

Create a list of "household features." Describe the positive and negative aspects of your property, looking through a potential buyer's eyes. Now that you have determined what will help and hinder the sale, you need to take an active role in decreasing the negatives and highlighting the positives. This may require that you bring in professional cleaners, a painter to touch up the ceiling or a stager. Keep in mind that these expenses, although they may seem large upfront, will most likely result in a higher selling price and a better bottom line.

Strategic Marketing Will Attract More Buyers

To sell your house yourself you must understand how most people find the house they want to buy. Once you've found the right price range and determine your listing price strategy, your next step is to advertise and market your home as cost effectively as possible, so it sells faster and for more money. But before you invest a dime in advertising, it's important to know how most homes get sold, whom you're going to be competing with, and how to position your home in the marketplace so buyers find it and want to buy.

When you put your home on the market to sell, you need to take off your homeowner's hat and start thinking like a buyer. Once you've set the sale price of your home, you need to immediately start positioning your home to look like a house that appeals to the general home buyer. How do you do this?

Simple. Just like decorating a model home, you need to clear away as much of the visual impact of your personal possessions, while also bringing out the basic features and appeal of your house that made you want to buy in the first place. What were the features about your home that attracted you to it and made you want to buy it?

How did you find it? Did you drive by and see a for-sale sign or open house? Did a real estate agent help you find it? Did you spot it in an open house ad? Or did you find it online? Chances are you found the home through one of these avenues. Before you spend any money to advertise your home, it's important that you understand that the buyer of your house is likely to find it through one of these avenues as well. With a clear understanding of the three most common ways that buyers find homes, it's much easier to develop a cost-efficient advertising and marketing plan that will give you the highest probability of selling your property.

Most people do find and buy their homes through a real estate agent. This is not a commercial for realtors. It's a fact that when most people find a home, they don't find it by hunting around their car. With the multiple listing service (MLS), it's simply much more convenient for a buyer to find out what is for sale and locate the home they want by picking up the phone and asking a real estate agent to search for them.

There's no cost for a buyer to use this service because real estate agent fees are paid by the seller. Real estate companies have every reason to want to attract buyers to call their offices, and they spend millions of dollars on advertisements and promotions to motivate potential candidates.

Because of the cooperation between various networks and thousands of real estate offices in local communities throughout the country, it's estimated that over 98% of all homes are purchased through real estate brokerages.

Million of homes go on the market for sale each year, only 2% of these sales are not handled by realtors. Just like trying to sell stock without the services of a stockbroker, when you sell your home yourself you will not have immediate access to the network of hundreds of potential buyers who could see your home because it's not listed on the multiple listing database. You will also not have access to the network of hundreds of real estate agents who have a strong incentive to sell your home.

The second most common way that most buyers find homes is through for sale signs posted in the front yard, and open house signs that direct potential buyers to take a no obligation tour of your home.

When you combine an appealing for sale sign with an immaculate front yard, nicely trimmed trees and shrubs, fresh paint on the garage door, and some attractive landscaping, this lets buyers and real estate agents know that this home is worthwhile. To get the word out you may want to post flyers out in the neighborhood or post an ad in the paper.

The third most common way that buyers find homes is through online advertising. You'll want to make sure your ad is located on a high traffic site and perhaps pay to ensure it pops up first when someone searches for available properties within your area.

Ultimately, without the use of a real estate agent, you will be paying money to advertise your property, so you need to be very careful of how much time and money you invest.

If you're going to spend money on advertising, don't write a dull ad that people's eyes will just glaze right over. If you've got a pool, a brand-new kitchen, a beautiful family room, or an extra-large master bathroom, sell these features to entice people to want to enter your house and buy it before somebody else gets it. Write a headline that the reader will always remember. "Swim while others swelter. Beautiful five-bedroom colonial with free swimming pool included." "Barbecue and relax while others work. Beautiful, four-bedroom ranch style home with brand new deck and free Jacuzzi." "Own a home and get someone else to make the payments.

Beautiful three-bedroom townhouse with finished basement already to rent out. Great opportunity for first-time home buyers." "Completely remodeled home. Beautiful four-bedroom ranch style home with brand new bathroom fixtures and kitchen appliances. Pick out your choice of new carpet and paint and we'll have it ready before you move in."

This is the same kind of creative packaging and advertising techniques that caused Scope mouthwash to unseat Listerine, and Federal Express to become a household name. If you're going to advertise your home, you've got to think of a creative angle to stick in their minds. "But I don't have a pool!" or "I don't have a deck" you say. With a little effort, there are hundreds of ideas that you can come up with to motivate people to pick up the phone and contact you about buying your house. "Get a free $2,000 shopping spree with this home. Beautiful four-bedroom, split-level home, sunlit kitchen with hardwood floors, large bedrooms and a $2,000 shopping spree paid for by the seller at closing to help you furnish it the way you want."

There are literally hundreds of different ways to package and present your home to make it more appealing to prospective buyers. So now you know how to set up a simple, cost-effective marketing plan to get your home sold. After you get your for-sale sign done, you should get a weatherproof box that has “Free Brochures” printed on the outside, and have 10-15 directional signs that say, “Open House” and “Beautiful House for Sale” to direct people to your home.

Qualifying Buyers and Authorizing Agreements

Once your home is staged, your advertising is on the street, and your openhouse signs are strategically placed to guide potential buyers to your property, the next step is to know how to confidently receive inquiries from potential buyers and entice them to purchase. In this section we’ll talk about how to uncover a potential buyer’s real wants and needs without being intrusive or overbearing.

Qualifying Buyers

First thing we advise is setting up a separate phone line to receive incoming inquiries for people looking to see your home as you may not feel comfortable giving out your personal number to all interested parties. Additionally, inquiries will be easier for you to track. Create a simple landing page online that can be filled out so you can track prospective buyers.

Once you receive a request for a showing, you should consider only showing your home on specific dates and times, this will allow you to schedule more than one showing at a time. Once multiple interested parties show up at the same time, a sense of urgency has now been created.

For security purposes, we suggest you ask for a copy of the buyer’s license as well as a mortgage pre-approval. This lets you know that they are not only qualified to be searching in the price range of your home, but also that they are serious buyers and not just nosy neighbors.

Before showing the home, make sure all valuables are stored outside the home in a safety deposit box or with a trusted family member or friend. If prospective buyers are coming with real estate agents, be sure to request their business card.

When showing the home, stepping outside for a 15–20-minute walk would be advantageous as it allows buyers to comfortably walk throughout the home without the pressure of you breathing down their neck. It also allows them to envision themselves living in the home.

The next day, you should follow up with a phone call asking them the following questions: Are you interested in purchasing the home? Do not ask them to give you an offer as this indicates that the price you have listed might be too high. If they say yes, then move to the next step which is Authorizing an Agreement of Purchase and Sale. If they say no, now go into asking for feedback: How did the home show? How well do you think it's priced? Are there any comments you can give me that might be helpful?

Authorizing The Agreement Once you've received an offer from an interested buyer, you will want to thoroughly review the documents. See the Appendix for the Terms of the Agreement of Purchase and Sale.

As mentioned in "Assemble A Team of Experts", you want to make sure you start working with a real estate lawyer before putting your home on the market. By doing so, you now have that lawyer on call to review the documents with you before you sign anything.

Unfortunately, the lawyer cannot comment on whether the price and terms offered are fair so it's up to you to do your research. You'll need to complete a list of homes that have sold recently that are comparable in location, size, and layout.

Closing The Sale and Settling In

Most buyers would have made the agreement conditional on doing a home inspection, wrapping up their financing. If it's a condo, it should be conditional upon reviewing a condo status report. So although both parties have signed the agreement, it's important to understand what can happen in the following days.

As a seller, if you did not do a pre-listing inspection, the buyer will likely have a home inspector look through your property. This process takes roughly 3 hours with the intention of finding deficiencies in your home. If there are substantial problems, be prepared that the buyer will likely try to renegotiate the price and terms of the agreement.

If at that time, you and the buyer do not come to an agreement the buyer has the option to walk away and you the seller would have to return the deposit.

For the same reason, the buyer can use the financing condition to walk away from the deal as well. The lender who will be giving the buyer the mortgage will request to do an appraisal of the home to confirm the address, and the state of the home. Should this impact the amount or terms of the mortgage offered to the buyer, they can choose to rescind their offer and again you would be forced to return the deposit.

If after reviewing a condo status report, the buyer, the agent or their lawyer feel it is not satisfactory, they can walk away from the deal as well, within the conditional period stated and according to the agreement.

If you are presented with an offer which has one or all the above conditions, we would advise counter offering with tightening the time allotted to complete the tasks. Most buyers would have tried to negotiate in five business days, but we advise minimizing that number, to lessen the time your home is potentially off the market. Keep in mind that the market for which you are selling will determine how much power you have in the negotiations.

Once the conditions are satisfactory to the buyer, they will send you a waiver or a notice of fulfillment and your home is now sold.

The buyer normally requests in the offer the ability to see the home two times to take measurements and to ensure you have left the property vacant and in a clean state.

A day before closing, you meet with your lawyer to sign off on the sale. After receiving the funds from the buyer on or just before the closing date, the lawyer will pay off any mortgages, leans and any realtor fees associated with the transaction. Lastly, you will be given a cheque for the remainder.

INVESTING INTELLIGENCE

Track Everything

Anyone finding it difficult to save money should try this for a month.

Track every cent spent from morning to night, including: Each coffee. The pack of gum. The parking ticket. Lunch with friends. That shirt you saw on sale, that doesn't really fit, and you've never worn it, but it was on sale after all, and it was only $40, and you do deserve it. The movie that you sat through, even though it was lousy, and the overly expensive combo left you unsatisfied. The tickets to every boat show, car show, home show, garden show, etc. Note every dollar you spend, including the change in your car, the debit transactions, credit card transactions, as well the automatic transactions that generally slip your mind. You will be amazed how much money you spend without even realizing it.

The Latte Factor

For those of you that think you can't save any money, consider the following:

One coffee a day: $ 3.00 Every month: $ 90.00 This year: $ 1,080 Invested over 25 years at 7%: $ 657,832

A Simple Plan

It's very simple actually. You must first understand that investing in real estate is a business. You must have a plan, you must budget, and like any business, you should hope for the best, but plan for the worst.

If you have income properties, the following will happen, no matter what you do: Unexpected repairs. Tenants will leave. Rent cheques will bounce or will be late. Interest rates will fluctuate. Contractors will do a bad job or do it late. Wear and tear will cost money. Values will sometimes go down.

To believe this won't happen is naïve. You must remember that you can still get astronomical returns, despite all these things. You just must budget for them, expect them, and never get emotional about it.

Let's consider the following:

Mortgage	$1575	$1575	$1575	$1575	$1575
Rent	$1800	$1850	$1900	$1950	$2000
Taxes	$170	$180	$190	$200	$210
Cash Flow per month	+$55	+$95	+$135	+$175	+$215
Value	$267K	$286K	$306K	$327K	$350K
Equity	$43K	$61K	$81K	$102K	$126K
ROI	70%	150%	225%	311%	403%

In this example, we have purchased a $250,000 property with 10% down, or $25,000. The home is a three-bedroom house, with a basement apartment.

In this example we are assuming the value is increasing by 5% per year.

The ROI (Return on Investment) over 5 years is 403%, and there is no tax payable yet.

The value has increased by over $100,000, and at the same time, the mortgage has decreased, and the rent has gone up. Since we have not sold the property, there is no tax payable on the capital gains. We could sell the property, but that would incur a tax. Instead, why not simply refinance and get our money out that way. The increased rent is covering our new higher mortgage payment and we have money in the bank.

Imagine we refinanced and got our $100,000 out of the property. We could go on a trip around the world, or we could buy more properties.

Picture the following conservative 25-year plan: every year, we refinance and purchase another similar property.

	Start	**Yr. 5**	**Yr. 10**	**Yr. 15**	**Yr. 20**	**Yr. 25**
Purchase Price	$250k	$350K	$490K	$690K	$968K	$1.35M
Down Payment	$25K	$50K	$100K	$175K	$250K	$350
Asset Value	$250K	$750K	$1.4M.	$2.76M	$4.8M	$6.8M
Equity	$25K	$175K	$480K	$1.1M	$2.9M	$4.8M

Note the following: The initial down payment is $25,000 and is the only down payment required in this example. Property values are increasing by 5% over 25 years in our example (in the last 15 years, values have risen by an average of 7.1%). Every 5 years, we refinance and use the money as a down payment on another property. The values are increasing, and the mortgages are decreasing. Rents are increasing. They always have, and always will.

What Happens If Values Don't Increase? This has never happened in the last 200 years, but imagine that over 25 years, values don't move. In this scenario, we are still able to refinance and buy another property every year, because the mortgage is still being paid down.

	Start	**Yr. 5**	**Yr. 10**	**Yr. 15**	**Yr. 20**	**Yr. 25**
Purchase price	$250K	$250K	$250K	$250K	$250	$250K
Down Payment	$25K	$25K	$25K	$25K	$25K	$25K
Asset Value	$250K	$500K	$750K	$1M	$1.25M	$1.5M
Equity	$25K	$70K	$215K	$615k	$865K	$1.15M

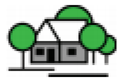
Our initial investment of $25,000 is still growing to over $1,000,000 because we are using rent money to pay down the mortgage on each new home purchase.

Dream Big Just imagine that you can work a little harder and find a good deal for your first home, clean up the property a bit, raise the rent and get the same increase in value in three years, instead of five.

Now imagine that when you refinance, you get a little creative and buy two more properties. And every three years you do the same.

Here's what's possible:

Year 1



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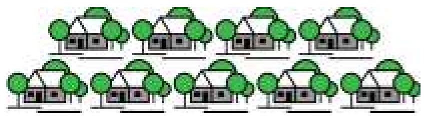
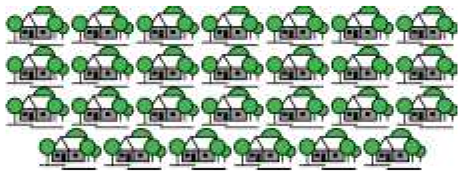
Year 3

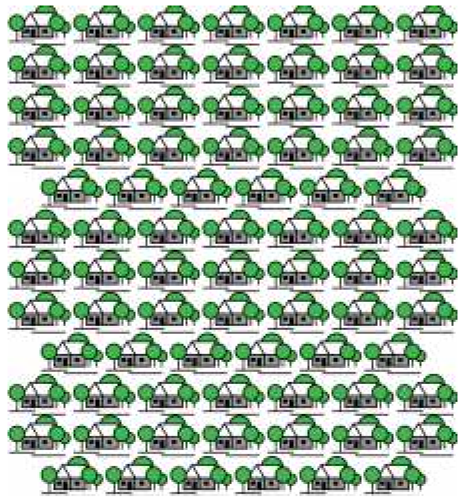
Year 6



Year 9



Year 12



Dream Big

In year 12, you would own 81 properties, worth $25 Million.

What if only half of this came true? Would $12.5M worth of property help you out? What if only 10% of this came about? Would $1.25M change your wardrobe a little? Or your financial situation?

Quite frankly, it doesn't always work just like this, as you most likely wouldn't buy 81 single-family homes. You might expand to small apartment buildings, then larger buildings. Or you might invest in commercial properties.

You might start buying, renovating, and flipping some properties for quick turnover.

The point is, there is a ton of money to be made in the market, but you first must believe it's possible. Then you simply must get started.

For most people, there is a lot to learn. And it is simple but not easy. There is work involved. You will have setbacks. You will make more on some properties, and less on others.

Types of Real Estate Investments

As with any investing, it is important to diversify. In this chapter we include the real estate options available to you, what the benefits are for the investment types and some points you should consider before making a purchase.

Pre-Construction

What is it? Pre-construction investing is the purchase, usually a condo, before a shovel breaks ground.

What are the benefits? • Passive investment • Appreciation in value while the building is being constructed • Buying at current value for future return • Deposits are paid out in increments

What should I consider? • Funds are tied up for about 4 years • Buying from a floor plan - not being able to touch, see and smell a unit

Typical cost of entry: $100,000

Income Property

What is it? A property that has 2 or more livable units which can be rented out individually. Options in this investment class include duplex, triplex and multiplex.

What are the benefits? • Having more than one tenant gives you higher income • Low risk given that if a unit is vacant, the others will offset the vacancy

What should I consider?

1) Active investment compared to other investment types
2) Bigger reserve fund needed for repairs and maintenance
3) Managing of more than one tenant

Typical cost of entry: $130,000

Lease To Own

What is it? An investor acquires a property for a tenant buyer who in return will purchase it back from the investor in time with pre-determined terms.

What are the benefits?

- Passive investment
- Helping a young family or first-time buyer purchase a home
- Pre-determined exit strategy

What should I consider?

- Money is typically tied up for 4 years
- Getting qualified tenants is a long process
- Typical cost of entry: $125,000

Joint Venture

What is it? A joint venture is where investors partner together to obtain a property while leveraging each other's individual abilities which could be financing, capability to manage and do repairs, etc.

What are the benefits?

- Passive or active investment depending on your role
- Mitigated risks
- Ability to purchase more properties in the future
- Ability to invest in larger projects

What should I consider?

- Individual goals might differ from group
- Less control
- Typical cost of entry: $50,000

Student Housing

What is it? Investing in temporary housing for students near major university and college campuses.

What are the benefits?

• Passive or active investment depending on property •
management arrangements
• Typically located in AAA locations in major centers
• Ongoing demand with relatively low supply, giving you the
• highest positive cash flow of most asset classes
• Low eviction rates due to the parental guarantees on leases

What should I consider?

• Maintenance schedule is more demanding than other
• investments
• High tenant turnover
• Typical cost of entry: $80,000

Mortgage And Equity

What is it? Deals in this asset class include lending in the private mortgage space, syndicated mortgages and land development capital raises. Includes REIT (real estate investment trusts), MIC (mortgage investment corporations) and private construction loans and equity.

What are the benefits?

• Passive investment
• Ability to choose some or all the terms of your lending
• Registered fund eligibility gives you a tremendous opportunity to control and grow your RSP portfolio (RRSP-LIRA-RIF-TFSA)

What should I consider?

- Capital is not liquid for the duration of term
- May or may not have monthly or annual dividends
- Typical cost of entry: $30,000

Glossary of Terms

Amortization: The number of years it takes to repay the entire amount of a mortgage.

Appraisal: An estimate of a property's market value, used by lenders in determining the amount of the mortgage.

Appreciation: The increase in a property's value over time.

Assessment: The value of a property set by the local municipality, for the purpose of calculating property tax.

Assumable Mortgage: A mortgage held on a property by the seller that can be taken over by the buyer, who then accepts responsibility for making the mortgage payments.

Blended Mortgage: A combination of two mortgages, one with a higher interest rate than the other, to create a new mortgage with an interest rate somewhere between the two original rates.

Blended Mortgage Payments: Equal or regular mortgage payments, consisting of both a principal and an interest component. With each successive payment, the amount applied to interest decreases and the amount applied to the principal increases although the total payment doesn't change. (Exception: see variable Rate Mortgages)

Broker: A real estate professional licensed by the province to facilitate the sale, lease, or exchange of a property.

Buy Down: When the seller reduces the interest rate on a mortgage by paying the difference between the reduced rate and market rate directly to the lender, or to the buyer, in one lump sum or monthly installments.

Closed Mortgage: A mortgage that cannot be prepaid, re-negotiated or refinanced during its term.

Closing: The real estate transaction's completion, when the parties involved agree that all legal and financial obligations have been met, and the deed to the property is transferred from the seller to the buyer.

Closing Costs: Expenses in addition to the purchase price for buying and selling property.

Closing Date: The date on which the title and keys to the property are transferred from the seller to the buyer, and the money is paid.

Common Elements: The portions of a condominium development owned in common (shared) by the unit owners.

Conventional Mortgage: A first mortgage issued for up to 75% of the property's appraised value or purchase price, whichever is lower.

Counteroffer: One party's written response to the other party's offer during negotiation of a real estate purchase between buyer and seller.

Debt Service Ratio: The percentage of a borrower's gross income that can be used for housing costs, including mortgage payment and taxes (and condominium fees, when applicable).

Deed: A legal document that conveys (transfers) ownership of a property to the buyer.

Down Payment: The difference between a property's purchase price and the amount financed.

Easement: A legal right to use or cross (right of way) another person's land for limited purposes. A common example is a utility company's right to run wires or lay pipe across a property.

Encroachment: An intrusion onto an adjoining property. A neighbor's fence, storage shed, or overhanging roof line that partially (or even fully) intrudes onto your property are examples of encroachment.

Equity: The difference between the price for which a property sold and the mortgage(s) on the property. Equity is the owner's "stake" in a property.

Estoppel Certificate: A written statement of a condominium unit's current financial and legal status. This is now called a condo status report.

First Mortgage: The first security registered on a property. Additional mortgages secured against the property are "secondary" to the first mortgage.

Foreclosure: A legal process by which the lender takes possession and ownership of a property when the borrower doesn't meet ("defaults on") the mortgage obligations.

Hazard Insurance: An insurance policy required by lenders to protect against damage or loss caused by fire, weather, etc.

High Ratio Mortgage: A mortgage of more than 75% of a property's appraised value or purchase price.

Interest: The cost of borrowing money.

Joint Tenancy: A form of ownership in which two or more individuals (often spouses) have an equal share in the ownership of a property. In the event of one owner's death, his or her share is automatically transferred to the surviving owner(s), apart from the deceased's will.

Land Transfer Tax: Payment to the provincial government for transferring property from the seller to the buyer.

Leverage: Controlling a large asset with a relatively small amount of cash. For example, a $25,000 down payment (or less) can be used to purchase (control) a $100,000 home.

Lien: Any legal claim against a property, filed to ensure payment of a debt. Listing Agreement: The contract between the listing broker and an owner, authorizing the realtor to facilitate the sale or lease of a property.

Listing Broker: The realtor who signs a contract with an owner to sell the property.

Maintenance Fee: A monthly fee paid by condominium owners for maintaining the development's common areas.

Mortgage: A contract between a borrower and a lender. The borrower pledges a property as security to guarantee repayment of the mortgage debt.

Mortgagee: The lender. Mortgage Broker: A licensed individual who, for a fee, brings together a borrower in search of a mortgage and a lender willing to issue that mortgage.

Mortgage Insurance: Government-backed or private-backed insurance protecting the lender against the borrower's default on high ratio (and other types of) mortgages.

Mortgage Life Insurance: Insurance that pays off the mortgage debt, should the insured borrower die.

Mortgage Payment: The regular installments made towards paying back the principal debt and interest on a mortgage.

Mortgage Term: The length of time a lender will loan mortgage funds to a borrower. after which the borrower can either repay the balance (remaining principal) of the mortgage or renegotiate the mortgage for another term.

Mortgagor: The borrower.

Multiple Listing Service (MLS): A system for relaying information to realtors about properties for sale.

Open Mortgage: A mortgage that can be prepaid or re-negotiated at any time in any amount without penalty.

Partially Open Mortgage: Allows the borrower to prepay a specific portion of the mortgage principal at certain time with or without penalty. (Also called a "partially closed" mortgage)

Portability: A mortgage feature that allows borrowers to take their mortgage with them without penalty when they sell their present home and buy another one.

Prepayment Privilege: A mortgage feature that allows the borrower to prepay a portion or all the principal balance with or without penalty. The privilege is frequently restricted to specific amounts and times.

Principal: The mortgage amount initially borrowed, or the portion still owing on the mortgage. Interest is calculated on the principal amount.

Rate: (Or interest) The return the lender receives for advancing the mortgage funds required by the borrower to purchase a property.

Realtors: Real estate professionals who are members of a local real estate board. Only these professionals can call themselves realtors.

Refinancing: The process of obtaining a new mortgage, usually at a lower interest rate, to replace the existing mortgage.

Reserve Fund: The portion of a condominium maintenance fee that is set aside to cover major repair and replacement costs.

Second Mortgage: A second financing arrangement, in addition to the first mortgage, also secured by the property. Second mortgages are usually issued at a higher interest rate and for a shorter term than the first mortgage.

Secondary Financing: Second, third, fourth, etc. mortgages, secured by a property "behind" the first mortgage.

Seller: The seller in a real estate transaction.

Seller-Take-Back Mortgage: When sellers use their equity in a property to provide some or all the mortgage financing to sell the property.

Title: The legal evidence of ownership in a property.

Title Search: A detailed examination of the ownership documents to ensure there are no liens or other encumbrances on the property, and no questions regarding the seller's ownership claim.

Unit: The individual home or apartment held by the owner within a condominium development.

Variable-Rate Mortgage: A mortgage for which. payments are fixed but the interest rate changes in relationship to fluctuating market interest rates. If market rates go up, a larger portion of the payment goes to interest. If rates go down, a larger portion of the payment is applied to the principal.

Zoning Regulations: Strict guidelines set and enforced by municipal governments regulating how a property may or may not be altered.

Steve Gordon is a seasoned professional and master negotiator. He has been in your shoes many times, buying, selling and investing in Real Estate.

He is a "closer", who will get you the best deal. Steve is not a rookie in business. From a young age his parents instilled a "winning" philosophy in him. Growing up in New York, his parents taught him to be hard working in all aspects of life. Steve never walked away from a challenge.

Steve understands that your real estate transaction is one of the most important events in your life—your success boils down to one thing, your best interest, not his!

Steve is a numbers-oriented person and a wiz at quickly finding creative ways to solve difficult and challenging situations. He is a family man who understands the pressures of carrying a financial load. Steve's keen negotiating skills will enable you maximize your revenue when selling your home. As a buyer working with Steve, you can be rest assured that you will not only get your dream home but do so at the best price possible.

Buying or selling a house is an emotional and life-changing experience. When you choose Steve to be your Real Estate Agent, your experience will be one you will learn from and enjoy.

Regardless of a transaction size or type, Steve gives you the same degree of service. The moment you call Steve, you will feel his gentle, kind, and caring character. Steve is often referred to as a "Kind, Pit Bull". Clients feel they have a friend in partnering with Steve.

IF YOU ARE BUYING, SELLING OR WISH TO INVEST IN REAL ESTATE, THIS BOOK IS A MUST READ

Steve Gordon is a real estate professional, Licensed in Florida. He has a team of agents throughout the USA and around the world.
He specializes in luxury properties, mostly in the 7-8 figure price range.
Steve was one of the first 40 A.I. Certified Real Estate Agents in the world. He is also a CREN (Certified Real Estate Negotiator) and was a featured agent on the television series"The Negotiators".

Steve, along with his wife, Lori, love to buy and renovate homes, particularly oceanfront properties. These homes are then sold into the luxury market.
You can reach steve on Instagram @stevegordonrealtor or @whitesandresolutions