



# A Guide to Selling

Prepared by the Real Estate Institute of Tasmania

April 2002

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## A GUIDE TO SELLING

Once you have made the decision to sell your home, the first thing you need to do is appoint a professional REIT agent to undertake the process on your behalf.

### Choosing an agent

It is best to meet with two or three local agents before you decide whom to appoint to sell your property. It is important that you have a good rapport and level of trust with your agent, as you will be in close contact, probably for at least a couple of months, throughout the selling process.

The agents will generally ask to meet you at your property so they can gain an idea of its style and features and will use this information to provide the right advice to you about the most appropriate sale method and price expectation.

Other things to discuss with the agents include:

- § Advice on the best sales method
- § Comparable sales data
- § Development of a marketing plan and the overall cost
- § Presentation tips
- § Proposed open-for-inspection dates and times
- § Screening of potential buyers
- § Their negotiation expertise
- § Administration of paperwork
- § The agent's commission or fees.

### Appoint an agent

After you have met with a few agents and decided who you would like to appoint to sell your property, you will be asked to sign a written agreement (Authority) setting out the details of the sale.

This includes the agreed fee to be paid to the agent upon completion of a sale and the amount you authorise the agent to spend on advertising and marketing the property on your behalf.

There are two main types of Authorities:

1. Exclusive Agency - where you appoint one agent for a set period of time;
2. Open Agency - where you appoint as many agents as you wish without a set period of time.

Real Estate Agents fees are fully negotiable between you and the agent. We publish a Recommended Scale of Fees and Commissions on behalf of the industry. Ask the agent for a proposed advertising schedule and tailor the cost and itemise it to your requirements. Remember it is important that the widest possible pool of potential buyers is attracted to your property and this must be considered in the advertising budget.

Clarify your GST obligations in writing.

Read **everything** before signing **anything!**

Most importantly - make sure your agent is a member of the Real Estate Institute of Tasmania (REIT).

## Method of sale

You may have a clear idea about how you want your property sold or your agent may advise you on the appropriate method of sale to maximise the price of your property.

The most common methods of sale in Tasmania are by private negotiation (Private Treaty) and by Auction.

Auction is where the property is offered for sale in a public arena (usually on site) and the highest bidder once the reserve price is reached is the purchaser.

Private sale is where the property is advertised for sale and interested parties contact the agent to make an offer to purchase the property at the listed price or to negotiate the price.

## Setting a price

Some of the things you need to consider in setting your sale price include:

### *§ Economic conditions*

The general state of the economy including the level of mortgage interest rates, employment levels and consumer confidence may all influence the price your property will achieve.

### *§ State of the market*

The level of supply and demand for properties similar to yours or in your local area should be taken into account in setting a realistic price for your property.

### *§ Comparative sales analysis*

Your agent should be able to provide you with details of recent sales in your area for similar types of properties. Objectively using this sales evidence should guide you towards a realistic reserve price.

### *§ Real gain*

You will also need to consider your net gain after paying all the expenses for the sale, such as:

- § Commission to the agent
- § Marketing and advertising expenses
- § Conveyancing and legal expenses
- § Cost of presentation and improvements
- § Pay out of your existing mortgage
- § Capital Gains Tax (if an investment property)

## MAKING THE SALE

### Private sale

It is in your interests to direct all buyers' enquiries to your agent, who is skilled in negotiating with potential purchasers, rather than trying to handle them yourself.

The agent is obliged to refer all realistic offers to you. Offers should be made in writing and signed by the buyer.

If an agent presents you with an offer, you can make a 'counter offer', which is a higher price that the agent can take back to the buyer. The buyer may accept your higher price, offer something in between, or withdraw their original offer. The negotiation process can continue through the agent until both parties reach an acceptable price.

Upon accepting the buyer's offer you will be asked to sign the contract agreeing to the sale at that price and on the conditions set out in the contract.

### **Cooling off**

Unlike some other states of Australia, there is no Cooling Off Period in Tasmania.

### **Selling by auction**

People bidding at auction are assumed to be making an informed offer, based upon an assessment of the property and the conditions of sale. There is no conditional offer at auction, nor are auctions subject to any 'cooling off' period, during which a purchaser may change their mind and withdraw from the contract.

If your property is sold at auction, both you and the purchaser will have to sign the contract. The purchaser will pay the deposit stipulated in the contract to the agent acting on your behalf, immediately after the auction. The deposit will be put into a trust account for you.

If the property is passed in at the auction because your reserve price is not reached, the auctioneer will negotiate with all interested parties. This may be immediately after the auction, in which case the highest losing bidder has the option of negotiating first, or with all interested parties in the days following the auction.

### **Signing a contract**

It is the seller's responsibility to prepare the contracts and associated paperwork before a sale can take place. Most people use a solicitor or conveyancing agent to prepare the documents, which include the Sale Contract and possibly a Vendor Statement (highly recommended but not mandatory). The Vendor Statement sets out the financial, legal and planning details of the property.

The contract is legally binding once both parties - the buyer and the seller, sign it. Usually the contract will stipulate the payment of a deposit upon signing of the contract and detail a settlement date by which the balance must be paid.

The deposit amount is normally 10 percent of the purchase price, or as agreed between the parties.

### **Settlement**

Settlement occurs once the transaction is complete. This means that the balance of the purchase monies has been paid and the title deeds and the keys have been handed over to the purchaser.

Settlement usually occurs 30 days after signing the contract but this can be negotiated between the parties. In Tasmania, this period is sometimes taken out to 45 days to provide time for finance approval and relevant property inspections (building, electrical etc.). The buyer is entitled to vacant possession of the property on the date of the settlement.