365 Rules about Real Estate

By Keith Marshall

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Introduction

About Me

My name is Keith Marshall. I am a real estate agent serving Kitchener Waterloo and the surrounding area of Waterloo Region in Ontario, Canada. I write about real estate issues affecting first-time homebuyers, first-time home sellers and families relocating from one neigbourhood or city to another at www.keithmarshall.ca.

My goal, both when helping my clients and when writing this book, is to take the stress and mystery out of the home buying and selling process by helping people understand homes, schools, neighbourhoods, and the business of residential real estate.

What This Book Will Do For You

I hope this book give you some valuable insight into the world of residential real estate and give you the knowledge and confidence to make good decisions.

Contact Me

If you are relocating to Waterloo Region or are considering a move within the region, please contact me through my website keithmarshall.ca. All questions are answered quickly and with care. Your comments and questions are welcome.

36 General Rules about Real Estate

Rule #1: Rules are made to be broken. This is the first rule of 365 Rules about Real Estate because there are no hard and fast rules. Nothing is carved in stone. Nothing works all the time. There is always a situation, a contradiction or an exception.

Rule #2: Be rational, not emotional. Buying or selling a house can be a very emotional situation. For buyers, don't fall in love with the house and just have to have it. In some neighborhoods, a similar (or nearly exact) house is just around the corner and might come onto the market next week. If you're selling a home, especially one where you've been for a long time, it's hard to move on. My advice: move on.

Rule #3: The value of a house is set by the homebuyer, seller and the market. The appraised value, the listing price, the average house value in the neighborhood is not the value of the house. The true value is what the house sells for. Price and value are not the same thing. Most of us focus on price, not on value. What really matters when buying a home is searching for value.

Rule #4: The location and neighbourhood affects the value of your home. Depending on needs and wants, a good location can be: close to a major highway, close to work or near schools, amenities, and parks. It's better to buy a bad house in a good neighbourhood than a good house in a bad neighbourhood. Similar houses can be tens of thousands of dollars different in value, depending on their neighbourhoods.

Rule #5: The condition of the house and property affects the value. Curb appeal, renovations and updates, condition of the roof, age of the windows, and the landscaping are important. Buyers often have a lot of houses to choose from. Sometimes, it's a little thing that may knock your home out of the game.

Rule #6: The economy affects the value of your home. Low interest rates lead to higher house prices. But when the market gets overheated or if there is an interest rate increase, the market can stall or prices can drop. The housing market is huge and it doesn't change course over night.

Rule #7: Real estate is local. What's happening to real estate in another part of the country or another part of the world has very little impact on what's happening locally. Even within the same city, house prices rise and fall at different rates in different neighbourhoods.

Rule #8: Statistics lie. Newspapers love to report on statistics. Read between the lines. Make sure the sample size is large enough to have meaning. Make sure the statistic itself has meaning. Statistics rarely tell the whole story. Sales volume may be down. Prices might be up. Last month might be good. Last year might be bad. Comparing this month to last month or this month to this month last year is not useful. If house prices rose by 30% over the previous month, what does this mean? Nothing. Averages are a terrible metric to measure house prices. The type of home that is sold in a given month strongly influences the outcome. For instance, if a lot of luxury homes are sold one month, then the average price of homes will go up, even if the number of homes sold was down. Look to long-term trends.

Rule #9: Appliances cost about the same today as they did in the 1950's. In real terms, that means they cost about a ? of what they did when your parents bought their first home. Appliances typically come with the property. If they are "negotiable" the buyer thinks they are in and the seller thinks they are out. Problems will ensue. Negotiations could break down over appliances valued less than $2,000.

Rule #10: Unless your home is in a one-industry town (and the industry shuts down) or unless your home gets hit by a nuclear bomb, the price always goes up. In fact, even if you are in a one-industry town and get hit by a nuclear bomb, the price eventually goes up. In the short run though, home prices can decrease.

Rule #11: Maximum exposure for your home is what you are getting when it's listed on MLS. The MLS (Multiple Listing Service) is the most powerful and comprehensive database of properties for sale. It is the Google of the real estate business.

Rule #12: Buyers tell little white lies. We never truly know what buyers are thinking. (They might not know themselves). Buyers only tell us what they think we need to know or what they think we want to hear.

Rule #13: Sellers are storytellers. They have selective (faulty) memories with the facts. The windows that were replaces a couple of years ago were really done almost a decade ago. There was never a flood in the basement. That was their other house.

Rule #14: The Brokerage owns the listings, not the Realtor. The Realtor works for the Brokerage and the Brokerage works for you.

Rule #15: The houses you see for sale in real estate magazines are often already sold. At least the good ones are. Those magazines are all about marketing the Realtors, not the properties. Real estate is a marketing business. Realtors advertise themselves and their listings. Often when Realtors advertise listings they are really advertising themselves. If Realtors were really trying to sell the listing, wouldn't they give more complete information?

Rule #16: The houses you see advertised on Realtors' websites and in newspapers and in magazines are not necessarily the Realtors' listings. Realtors often allow other Realtors to advertise their listings (see Rule #14).

Rule #17: The best place to start looking for a home is on the Internet. Most people start here. But you can't buy a home on the Internet. You can do a lot of research on the Internet but eventually you have to visit the neighbourhood and the house. The Internet is also great for finding information about mortgages, researching real estate lawyers, schools, crime statistics, home inspectors and Realtors.

Rule #18: It's easier to buy than to sell. Buyers have the power. There are a lot of homes to look at. Buyers can buy this one or that one. It's all good. Sellers have to wait for the right buyer to come along.

Rule #19: The market is fluid. People and houses are always entering and leaving the market. The inventory of available homes is always changing. Be patient. The house you're going to buy probably isn't even on the market yet.

Rule #20: You can't wait until you know everything. You have to trust your intuition. You have to make a decision. When you're buying or selling a house, you'll never know if it is the best time, if interests rates will go up, if the economy will get bad, if you'll live there for five or fifteen years. You'll never know a lot of things, but you will still have to decide.

Rule #21: Doing nothing sends a message. Not responding to an offer or a phone call is action through inaction.

Rule #22: Sometimes a house appears to be new on the market. But it's been on the market before and just re-listed. There is something keeping that house from being sold. It could be the price. It could be something else.

Rule #23: Predictions are often wrong. The housing market, the economy, interest rates, unemployment, immigration and consumer confidence are influenced by many things. Fortunetellers are wrong as often as they are right.

Rule #24: If you want to be trusted, be honest. Honesty is tough. The truth hurts. When people ask for feedback, give honest feedback. If the price is too high, say, "the price is too high". If the decorating choices are poor, give your opinion, but do it kindly.

Rule #25: The best houses, priced right, sell fast. Be ready to make an offer and take it off the street before other homebuyers even see it.

Rule #26: It's expensive to move. Maybe you should consider renovating instead of relocating. If you're not planning on staying for five years then maybe you shouldn't buy.

Rule #27: It's okay to pay too much for a house as long as you know you're paying too much. Sometimes this happens if you want to buy the home next door to you parent's house. Maybe you got into a bidding war. The extra money you're paying is an emotional cost.

Rule #28: Make money when you buy. You generally make your money when you buy your house not when you sell it. This may seem a little strange but it's true. You are in your strongest bargaining position when you buy.

Rule #29: Buying a house is a process of elimination followed by a final compromise. Start broadly and with a map of the many neighbourhoods available and slowly your house hunting will take shape. You don't buy the house you like the most. You buy the house you dislike the least.

Rule #30: Houses that remain on the market for a long time become stigmatized. People think there's something wrong with them. It may only be that the listing price is wrong.

Rule #31: Divorce or family/financial crisis do not always lead to lower priced real estate. People could be angry. One side might want to sell and the other not. If it's a divorce, they are both getting half. Half is smaller than a whole. For a personal financial crisis, the seller may need a certain amount.

Rule #32: You may find the house before your Realtor does. That's because you've told him your specific search criteria, but on your own you are disregarding that criteria. Most people continue to do their own research and don't depend exclusively on their Realtor. That's a good idea, but communication is important.

Rule #33: Plan the work then work the plan. Don't get distracted by magazine and newspaper advertisements, houses that are out of your price range or in another city.

Rule #34: Offers should be based on market value not on what the buyer can afford. House prices should be based on market value, not what the seller needs.

Rule #35: Look for direct and factual answers to your questions.

Rule #36: You should not think about your house as an income generating, wealth creating vehicle. You should think of it as your own home.

Rule #37: Never be in a hurry to buy. Buying is much easier than selling. Do not put yourself (or allow yourself to be put) under pressure. Stay cool. Don't get excited. Make sure you have enough information to make an informed decision.

Rule #38: Choose homes and upgrades that have wide appeal as opposed to those that are bizarre or unusual.

Rule #39: Buying a house is a process of elimination. Your initial "wish list" should have "must have" (needs) and "want to have" (wants). Begin your home search with an open mind. Compromise on the little things (the wants) to get the big things (the needs). As you look at houses you adjust your priorities along the way.

Rule #40: The average person has to see about 16 houses (with a Realtor) before they are confident and knowledgeable enough to put in an offer. Some people see 5 and some people see 50. You don't have to see everything on the market (unless you want to).

Rule #41: Systematically check out the house room by room. Look at the roof, windows, walls, ceilings, electrical outlets, floors, doors, baseboards, cupboards, furnace, water softener, bathtub, faucets…everything.

Rule #42: Don't buy a problem house. If the house is proving difficult for the present owners to sell, it will be difficult for you to sell too. Some people don't like living on a busy street. Some people don't like corner lots. These things might not bother you, but one day you will have to sell.

Rule #43: It's important to find a Realtor early in the process. You don't really want to be dealing with the Realtor who is selling the place you want to buy. Multiple representation should be avoided whenever possible. The sooner you find a Realtor you want to work with, the easier and more enjoyable the home buying process will become.

Rule #44: The roof, the windows and the furnace are the BIG-ticket items. These three make up the most expensive single items to replace. Make sure they are not too old or that the house is priced accordingly.

Rule #45: You're not going to get rich quick. You're likely not going to be able to flip your house in nine months for a big profit. I love watching the house flipping shows on TV. They are drama. They are fiction. They are over in half an hour.

Rule #46: Do not post on your Facebook page how much you love a house. The sellers might find out and you can end up paying a higher price.

Rule #47: If you're waiting for prices to go lower, don't wait. Real estate isn't like the stock market. It's more predictable. Although prices do fluctuate, if you're waiting for house prices to drop by 10%, in most markets that just isn't going to happen.

Rule #48: The home you buy does not have to be decorated to your taste (or fit your furniture). You're better off buying a house that needs a little decorating. Buy a house to fit your lifestyle and your family's needs. You can always decorate to your taste and buy new furniture.

Rule #49: The social and psychological power of a house is huge. Don't be taken in by houses that have been staged or have all the modern things that you just have to have. If the house is perfect and move in ready, you're going to be paying extra for that convenience.

Rule #50: Allow yourself at least two months to find a house. It may take longer. It may take less time. Depending on how much time you dedicate to your search and what's on the market, it can take two to four months of solid effort to find the right house. A 60-90 day closing date is common. If you want to move in July, starting in February will all but guarantee success.

Rule #51: Don't see too many houses in one day. If you are going out with your Realtor for your first time, you might want to see six or seven homes. After that, seeing two or three is enough for one day.

Rule #52: Search within your price range. There's no sense looking for homes in the $400,000 range if you know you can only afford homes in the $300,000 range.

Rule #53: If you would like to have your parent's advice and approval, get them involved early in the sale, not after the contracts are signed, sealed and delivered.

Rule #54: Be prepared to take advantage of a great deal when it appears. Some homeowners, for various reasons, are in a hurry to sell or perhaps have priced their home too low by mistake or some other reason. Sometimes banks sell properties. Houses sell for less than their value all the time.

Rule #55: Understand value. Look at the purchase price, look for sales of similar properties, find comparables and gather information. If you know what the true value is, you can easily spot the good houses when they appear.

Rule #56: Look for clues to the seller's motivation in order to judge his bargaining strength.

Rule #57: Think about the future. You should think about what your personal and family situation will be like (5 years) in the future and buy a home that suits those needs.

Rule #58: Think about your exit strategy. Most people will not live in their first house for their entire lives. In fact many first-time homebuyers will move within five to seven years. Consider that when you buy a house and when you make improvements. Also think about how difficult the house will be to resell.

Rule #59: Work with a Realtor. Your Realtor does not sell you real estate. Your Realtor doesn't sign you up and set you loose either. Your Realtor educates you about the market, analyzes your wants and needs, guides you to homes that fit your criteria, coordinates the work of other needed professionals, negotiates on your behalf, checks and double checks the paperwork and deadlines and solves any problems that arise.

Rule #60: Make sure your Realtor isn't just showing you houses from his own brokerage. Avoid dual agency situations wherever possible. The brokerage owns the listings not the agent. This means that if you are dealing with two agents at the same brokerage your Realtors are on the same team.

Rule #61: Listen for vague language. What you want to hear is specifics. If the seller says it's a "newer" furnace, find out what "newer" means. You might think it means two or three years old. The seller may think "newer" means seven or eight years old. This goes for real estate advertising as well.

Rule #62: Find out what's really happening in the market. Ask your Realtor about the your local real estate market. Find out the "average days on market" and the "absorption rate". Find out about what price ranges, neighbourhoods and styles of houses are moving well and which, if any, are not. Real estate boards and associations love statistics and most agents are always watching the stats trying to figure out the trends and where the market is going.

Rule #63: Choose upgrades that are functional and useful as opposed to ones that are only decorative. Functional upgrades would include a gas fireplace, better cabinets in the kitchen, a gas stove, and hardwood flooring.

37 Rules about Neighbourhoods

Rule #64: Neighbourhoods are more important than houses. It's better to have an okay house in a great neighbourhood than a great house in an okay neighbourhood.

Rule #65: Choose a good neighbourhood. Neighbourhoods appreciate at different rates. Good neighbourhoods and neighbourhoods in transition appreciate at a better than average rate. Some places grow and prosper while others shrink and die. Ten or twenty years can make a world of difference.

Rule #66: Buy a house in a neighbourhood in transition. Transitional neighbourhoods are typically close to major metropolitan areas and were once neglected and less desirable. Look for the clues. Is there a new restaurant where a tattoo parlor used to be? Has a Starbucks just opened or are there new shops and nightlife? Is there any major construction? These are all good signs that a neighbourhood is on the upswing.

Rule #67: Live in a university town. Universities provide jobs and other economic benefits to a city. Universities are stable industries that do not follow ups and downs in the economy.

Rule #68: Don't buy a house too close to a university. Universities are growing. Students would rather live in a house than a dorm or apartment unit. Renters don't take care of their properties as well as owners. Students have priorities that don't include maintaining their temporary homes.

Rule #69: Don't buy a house in a flight path. If you have an airport in town, find out if planes fly overhead your prospective home or neighbourhood. Airports are getting bigger and busier. What now might be a minor annoyance can become a major one.

Rule #70: You are not insured against riot, act of war or insurrection. Don't buy a house next to a hockey rink, stadium or auditorium.

Rule #71: View the property and the neighbourhood with Google Maps and Google Earth. Get a bird's eye view of the neighbourhood.

Rule #72: Research amenities. Part of knowing what a property is worth means learning about the neighbourhood in which the property is located. Be it close to a great school, or easy access to the highway, the value of a property is partly determined by what it's close to.

Rule #73: Don't buy a house near a go-kart track, gas station or auto garage. They are noisy.

Rule #74: Drive and walk around the neighbourhood on different days, at different times. Use your senses of sight, smell and hearing to discover the neighbourhood's influences. See if there's any excessive noise created by schools, stadiums, highways, airports and railroads. The landscaping of the yards and the cars in the driveways can give you a good indication of the financial demographics in the neighbourhood.

Rule #75: Research market value. Once you know about the property, learn what the market will pay for similar properties. Find a basic market value range based on houses of similar style and age. Real estate is very local. A three-bedroom bungalow in one area may sell for many tens of thousands of dollars more or less than a similar house in a different neighbourhood.

Rule # 76: Beware of empty lots. If your prospective new house backs onto a cornfield, find out what is going to be built there. Will it be a highway extension or high-rise condo? Will it be a park or school?

Rule #77: Be on the look out for any legal non-conforming businesses. It will be something that does not comply with, nor conform to, the present zoning status for its location but was likely there before the zoning changed. What this means is if the zoning of an area changes from industrial to allow for a new housing, the factories and businesses that are already there are allowed to stay as long as they continue operation.

Rule #78: Don't buy a house near a coal mine, nuclear power plant, or wind farm. They can be noisy, dangerous, and smelly.

Rule #79: Don't buy a house near a gravel pit, factory, or freeway. You don't need to be near areas highly traveled by heavy equipment.

Rule #80: Investigate the demographics of your neighbourhood. If you have young children, you may not want to move into a senior's neighbourhood. The same is true if you are in your late 20's or early 30's, you might not want to move into a neighbourhood full of university students. Realtors have information on the demographics of neighbourhoods.

Rule #81: If you buy a house in a new area you'll probably have to put up with construction vehicles, poor roads, dirt and dust and the unknown of what else might be built in the neighbourhood.

Rule #82: With new neighbourhoods you'll have to guess about what future traffic and noise levels will be. You have to wait for the trees to grow up, the foundation to settle and even for the local school to be built.

Rule #83: Home mail delivery is still carried out in older neighbourhoods but not in new ones. They get smartboxes.

Rule #84: Don't buy a house downwind from a cow pasture, mink farm, chicken farm, pig farm, sewage treatment plant or city dump.

Rule #85: Find out if your neighbourhood has a community or neighbourhood association. There may be rules and regulations that negatively impact your lifestyle. There may be rules against storing your boat or RV in your driveway or the colour you can paint the outside of your house. There may be restrictions about fence height or installing an above ground pool.

Rule #86: If your neighbourhood has a neighbourhood association, join the board. If you don't want to do that, at least go to the meetings so you know what's going on.

Rule #87: Most people don't want to spend more than 40 minutes commuting to work. A good commute is not more than 25 minutes. There are hidden costs (financial and emotional). Also, pay attention to the direction of the sun on your commute to work. Facing the sun on your drive to work and again on the way home from work is no fun at all.

Rule #88: A neighbourhood with a greater percentage of homeowners preserves its value and quality better than one with a high percentage of renters.

Rule #89: Safety is an important concern for many homeowners. Check the local police crime statistics. Most police departments publish "Incidents Reports".

Rule #90: Buy a house in the neighbourhood with good topography. With many new subdivisions, construction begins by clearing off all of the land and flattening out the terrain. It is much more interesting when builders build to conform to the land.

Rule #91: Buy in a good school zone, even if you don't have children. Homes in a good school zones not only appreciate at a higher than average rate, they also are easier to resell.

Rule #92: Pay attention to the number of "For Sale" signs in the neighbourhood. New neighbourhoods tend to have far more similar homes for sale. This gives the homebuyer a better bargaining position.

Rule #93: Real estate boards and associations keep all kinds of sales statistics for neighbourhoods. Ask your Realtor to share this information with you.

Rule #94: Neighbourhoods typically go through a lifecycle that last 50 to 70 years. Those phases include growth, stability, and decline. The fourth phase is revitalization or gentrification, which will increase in value again. Look for the signs to determine which phase a neighbourhood is going through.

Rule #95: If you're looking for a neighbourhood with lots of children, look for basketball hoops in the driveway and bikes on the front lawn. Drive through the neighbourhood on a Saturday at Sunday in the summertime or just when school is getting out for the day.

Rule #96: New neighbourhoods have a much higher turnover than old neighbourhoods. New neighbourhoods have a much higher percentage of first-time homebuyers. Many first-time homebuyers move again in five to seven years.

Rule #97: There is a trend back to urban from suburban. People like walkable neighbourhoods, and old neighbourhoods. Old houses and neighbourhoods are more interesting than new ones. Since 1995 the price of homes in downtown areas have risen at a faster rate than similar homes in the suburbs.

Rule #98: Find out about the neighbourhood zoning. Zoning rules are established by various levels of government and deal with how specific parcels and individual lots of land may be used. One of the main reasons for zoning requirements is to ensure that adjacent lands have compatible uses. Most people would not want a factory built next to their house. Air pollution, noise, and other undesirable factors may make the factory and the house incompatible.

Rule #99: Buy the smallest house on your street. The law of comparative value is a measure of homes in a neighbourhood. You are looking for a home with positive relative value. You want to buy the smallest home on the street, as the larger homes will pull up your value.

Rule #100: Be nice to your neighbors. They are a wealth of information about the neighbourhood. They'll watch your house when you're away and might even shovel your sidewalk when it snows.

14 Rules about Realtors

Rule #101: Choose a Realtor you connect with. It is important that you find a Realtor that you not only trust, but also like, someone you can communicate with. Since you will be working closely with this person, choose a Realtor you are comfortable with. A good place to look for a Realtor is by asking friends who have bought or sold a home recently.

Rule #102: There can only be one #1. A lot of Realtors claim to be #1. Read the small print. #1 in their office five years ago. #1 team for service. #1 this and that. What are they trying to prove anyway? How does that help you?

Rule #103 Choose a competent Realtor. It is important that your Realtor has been in business at least five years. Real estate is fairly easy to get into. You don't want an inexperienced Realtor handling your affairs. Every real estate transaction is unique and many have something unexpected arise. You want a Realtor who is a critical thinker, not an order taker. Also, make sure your Realtor is a full-time Realtor. You don't want someone who is dabbling to represent you. You want someone who is committed. If your Realtor works part time, he is busy doing something else between nine and five and won't be able to respond when needed. Also he might not be up to speed on current trends, what's available and what's likely to become available.

Rule #104: Look for a Realtor with good character. Before interviewing potential Realtors and asking about references, research them online. This will not only allow you to find out about their character, it will also give you a great indication of their online presence, an essential part of marketing your home. Besides having graduated from a real estate college ask your Realtor what level of formal education he has.

Rule #105: Beware of superstar Realtors who spend all their time marketing themselves. Do they have a junior staffer who they are going to assign to you or are they going to be taking care of you personally?

Rule #106: Don't be impressed by a fancy car. Realtors should be professional but live within their means. Many live by the old adage "fake it till you make it".

Rule #107: Do not choose a Realtor because you get his postcard in your mailbox or you come across his face in magazines, on buses and bus benches. He's familiar to you. You think you know him. But you don't. If he's putting himself under a lot of financial pressure, he may put you under pressure for a quick decision.

Rule #108: Don't hire a Realtor who is a "commission hound". If he is more concerned about his commission than your needs he is going to pressure you at some point. Good Realtors put their clients' needs first their own paychecks second.

Rule #109: Hire a local Realtor. Your Realtor from another city does not understand the prices and culture of the city more than a 40 minute drive away. Real estate is local.

Rule #110: Do not hire an arrogant Realtor. Buyers, sellers and other Realtors don't want to deal with him.

Rule #111: Choose a professional, well-dressed Realtor. Your Realtor should look and act like a Realtor. If your Realtor shows up in a golf shirt and jeans to present an offer and the other Realtor is wearing a suit and tie, he's at a psychological disadvantage.

Rule #112: Don't choose a Realtor to sell your home based on the highest price he says he can get for it. That's called "buying the listing". Ask to see their work. The market sets the price, not the Realtor.

Rule #113: Realtors work best as a team. Hire a team to work with.

Rule #114: Realtors' products are not houses and condos. They are themselves. Much of the activity you see around real estate is not about selling your home. It's about selling your Realtor. Studies show that advertising a home for sale in the newspaper or worse yet, a monthly magazine, will lead to a house being sold less than 7% of the time. That kind of advertising is all about the Realtor - his ego and his image. It's not about selling houses. We have the Internet for that.

47 Rules about Contracts, Offers and Negotiations

Rule #115: Get a blank copy the Agreement of Purchase and Sale from your Realtor. Take some time to look it over and ask your Realtor to explain anything you don't completely understand.

Rule #116: Your offer should not be based on what you think the seller's motivation might be. Sometimes sellers want or need to sell in a hurry and will take less than market price, sometimes but not often.

Rule #117: Your offer should not be based on the listing price. Sellers and Realtors often get the price wrong.

Rule #118: What the seller originally paid for the house is irrelevant. That was then. This is now.

Rule #119: The cost of the improvements that the seller put into the house is unimportant. They will get some money back on some of the improvements but this is at the buyer's discretion.

Rule #120: Don't offer too little. Sellers become offended by low offers and may refuse to deal with you again, thinking you're uninformed and just wasting everyone's time.

Rule #121: Make your offer based on the market value. You should be able to justify your offer by showing comparable sales.

Rule #122: It is typical for the initial offer to be rejected and a counteroffer sent back to you. The counteroffer is actually an offer from sellers to buyers with new price, timelines and details.

Rule #123: If there is more than one offer, the seller's Realtor is obligated to inform all buyers that there are other offers. The seller can only accept one offer.

Rule #124: Make your offer and make it fast. If you've gained enough knowledge during the home buying process, when you find the right house, be prepared to strike with absolute clarity. When you see the house you want, don't dither. Grab it. Get an offer in and get the house "off the street". The knowledge you've acquired while searching will give you the confidence in making the right offer.

Rule #125: You will likely pay too much if there is more than one offer. If you are informed that there are competing offers, you will have to consider a higher than asking price offer, or you might want to remove your offer. Some Realtors advise adding $5,000 over asking price for every additional player.

Rule #126: Pay too much if you have to. In a rising market any overpayment you make will quickly be eaten up by the rising value. In a rising market you will be tempted to buy the biggest house you can afford with the smallest down payment. From a strictly investment point of view, this is a not a bad idea.

Rule #127: Don't let the offer die. Do not walk away from a deal. Don't let your emotions or frustration get in the way of a deal. And don't give up. Don't get positional and egotistical. Don't let trivial concessions get in the way of a deal. Don't let a $500,000 deal fall apart over something worth $500. Make the other side give up. If you're still talking, then you still have a chance. Drawing a line in the sand is a lousy way to negotiate. Great Realtors will negotiate from a position of understanding and knowledge and logically and calmly keep open the lines of communication between the buyers and the sellers. "Take this deal or my clients are going to walk" is a macho and egotistical statement that does no one any good. The collaborative style of negotiations works much better than the competitive style.

Rule #128: Sometimes you should walk away from a deal, but only if the other side is not behaving rationally, legally, in good faith, or politely.

Rule #129: Your Realtor will know what kind of market you're in. In a buyer's market you'll have more time to find a great house. In seller's market you will have to act quickly. In a balanced market, the price is the most important thing. It has to be right.

Rule #130: Negotiate and negotiate some more. In a falling market, prices are irrational. Home sellers rarely lower their price fast enough to meet falling demand in the market. Inventories become larger. There is more room to negotiate in a falling market.

Rule #131: Negotiate with confidence. Have an effective strategy. Try to control the negotiations rather than be controlled by them.

Rule #132: It is difficult to negotiate many items at the same time. What's best is to isolate the most important thing to negotiate around. For example, let's say the price is too high and you also don't like to the fact that they're leaving the hot tub in the backyard. It is easier to just negotiate a price. You can always give the hot tub away or pay a small fee to have it taken away.

Rule #133: Trying to wear down the seller might only make him more stubborn. If you make him angry he may refuse to have anything more to do with you at any price. Remember he doesn't have to sell it to you. There will be other buyers.

Rule #134: Don't let the offer cool down. Keep it live with short irrevocable times and condition deadlines.

Rule #135: If negotiations break down, learn from the experience and move on. There is always another house (often a better one).

Rule #136: Understand irrevocable time. When you make an offer to buy a property, you give the sellers until a certain time to respond to it. During this time, you can't change your mind. When the sellers respond with a counteroffer, their offer will also have an irrevocable time for you, the buyer, to respond. If the offer is not responded to (in writing) before the irrevocable time, the offer expires.

Rule #137: There will be lots of paperwork to sign. Make sure you understand everything you sign and that you get a copy.

Rule #138: The rules of price negotiation differ from city to city. In some cities the selling price is often within 2% to 3% of the listing price, but in other cities it can be more than 5% or even 10%. Understand the real estate culture of your city.

Rule #139: Everything should be in writing. Verbal promises cannot be enforced. If it is not written in the Agreement of Purchase and Sale then it is not part of the agreement.

Rule #140: Beware of vague language. "To the best of my knowledge" doesn't mean anything.

Rule #141: Chattels are things that are movable possessions and personal property not attached to the property that may be negotiated into the deal.

For example refrigerators, stoves, curtains, fireplace equipment and furniture are all considered personal property. Appliances are often written into the offer as chattels included. The legal nature of a chattel changes when it becomes fixed to the real property. It becomes a fixture. Be sure to write down the appliances' make and model numbers in your offer. You don't want the seller to exchange them for inferior appliances before moving.

Rule #142: Fixtures are attached to the property and must be excluded if you want to take them with you. It is commonly understood that items affixed to the wall with a nail or screw, like bookcases and bathroom mirrors, are fixtures and are included in the sale of property.

Rule #143: It is better to replace the fixtures you'd like to take with you rather than exclude them in the offer. When you exclude something buyers feel like you're taking something away.

Rule #144: There is a difference between buying and making an offer. Your Realtor will draft a conditional offer with clauses that you must fulfill or waive before the agreement becomes binding. Typically, these conditions involve, amongst other things: obtaining a satisfactory first mortgage, having the home inspected and sometimes the sale of buyer's property and/or your lawyer's approval of the status certificate (for condominiums).

Rule #145: Always have your Realtor draft conditions that are to the sole discretion and benefit of you, the buyer.

Rule #146: Don't put unnecessary conditions in your offer. If you're not going to have an inspection, don't put a home inspection condition in the offer.

Rule #147: Schedule your home inspection for after the other conditions (finance, insurance, status certificate) are met. Your inspection will cost you $400-500. You don't want to be out-of-pocket on a house the bank won't let you buy.

Rule #148: Pay attention to agreement times and dates. The way most real estate contracts are written, the buyer or the seller often has to do something by a certain time or the contract becomes null and void. You must also notify the other side in writing that the conditions have been met/waved, and they must acknowledge it.

Rule #149: Use clear language. Instead of using the phrase “five banking days” or “five business days” in the agreement, just say “five days”.

Rule #150: Subject to sale offers (sale of buyer property) are not strong offers. You are asking the sellers to wait and to share some of the risk of your home not selling. It is better to sell before you buy.

Rule #151: Deposits are held in trust by the listing brokerage and returned to the seller if the deal does not go through. You normally will have to wait at least ten days to have your deposit returned.

Rule #152: Your deposit is due 24 hours after acceptance of the offer. Personal cheques are fine.

Rule #153: A low deposit can signal a wavering intent or a cash poor buyer.

Rule #154: 60 and 90 day closes are most common But 30 days is possible as is 120.

Rule #155: On closing day, adjustments are made. That means prepaid utilities or partial payments of municipal taxes are calculated to the day. Closing adjustments include property taxes, heating, insurance, prepaid municipal taxes, prepaid utilities, and prepaid condo fees.

Rule #156: Avoid end of the month closings and Friday closings. Avoid the last Friday at the end of the month closings. These are the busiest times for real estate lawyers and moving companies.

Rule #157: Ask the sellers about the history of the house. What kind of problems did they have? What did they do to fix them? If the seller lies he can be sued. Protect yourself by getting it in writing. Ask if there is a Property Disclosure Statement.

Rule #158: It is easier to resolve any problems before closing rather than after closing.

Rule #159: Don't be pressured to sign anything, ever.

Rule #160: Hire a real estate lawyer, not a family lawyer and do not use the same lawyer as the seller. You don’t want your lawyer to have a conflict of interest.

Rule #161: If you buy a house "as is", you're agreeing to buy the house with all its defects. You are also giving up your right to sue if the house has serious problems.

11 Rules about Mortgages

Rule #162: Get pre-qualified. Before you start shopping for a home you should visit your bank to see how much you can afford. Talk to at least one bank and one mortgage broker. Mortgage pre-qualification does not obligate you to deal with that lender. But it does give you protection against interest rate increases for 60, 90 or even 120 days.

Rule #163: Get the mortgage that's right for you. Discuss with your lender: fixed-rate mortgages, variable rate mortgages, hybrid mortgages, open and closed mortgages, portability, penalties to discharge, options to renew, lump-sum payments, annual payment increases, double-up payments, accelerated payments, prepayment penalties, interest rate differentials and hidden fees.

Rule #164: One of the main reasons people can't get a good mortgage loan is because they haven't saved enough money to cover the down payment and closing costs.

Rule #165: Lenders look at the four C's. They are capacity, credit, character and collateral.

Rule #166: Lenders require applicants to meet certain TDS (Total Debt Service) and GDS (Gross Debt Service) ratios. They vary from lender to lender but generally your TDS ratio should be 35% - 40%. Your GDS should be 27% - 32%. TDS = (Principle + Interest + Taxes + Loan Payments)/ Gross Income. GDS = (Principle + Interest + Taxes)/Gross Income.

Rule #167: A larger down payment can take years off your mortgage.

Rule #168: Your credit score is very important. It will determine how much you can borrow and how much it will cost you to borrow it. A credit score of 620 and above is considered good. A credit score to 720 and above is considered excellent.

Rule #169: Request a copy of your credit report at least three months before you apply for a mortgage. Many credit reports have errors. Repair any bad credit you have. It takes about 30 days to correct negative information and errors on your credit report.

Rule #170: Establish and maintain a good credit history. Make timely payments on your credit cards and loans. Lenders may reject your application if you don't have a credit history. However, do not apply for new credit cards. Do not buy any big-ticket items like a car that will change your debt service ratios. Do not quit your job or become self-employed.

Rule #171: Requesting your credit report too many times will adversely affect your credit rating. Shopping around too much for mortgage may backfire.

Rule #172: The rate is not the rate. If your lender realizes you understand what kind of mortgages and rates are available, he is more likely to offer you the best terms.

5 Rules about Home Inspections

Rule #173: Get a home inspection so you know where present and future problems lie. Expect normal wear and tear to exist. A home inspection will protect you against any major deficiencies such as a leaky roof, leaky basement, or a defective furnace. The home inspection report is a great reference tool for after you own the house. Most inspection reports include suggestions and advice and estimates of replacement times for key home components.

Rule #174: A home inspection will give you peace of mind. The home buying process can be complex and stressful enough without the added worry as to whether the house is in great shape or has latent defects. The inspection can help ease these fears.

Rule #175: Check out your inspector's background. Find out how long has he been an inspector. Ask about what he did before becoming a home inspector.

Rule #176: The homebuyer and his Realtor should be present for the inspection. The seller and his Realtor should not.

Rule #177: Your home inspection cannot be used as a bargaining tool unless it uncovers latent defects. A latent defect is one that is not obvious. It is a hidden defect.

36 Rules about Condominiums and New Homes

Rule #178: Condos lead the market. If condo prices rise, single-family homes will follow. Condo prices fluctuate more widely than prices of single-family homes.

Rule #179: Buying a condo is a good way to get into the market.

Rule #180: Condo living is a lifestyle choice, and a good one. Condominium living certainly has its advantages. You can lock up and take off on vacation anytime you want, not having to worry about the grass needing cutting or the sidewalk shoveling. You don't have to think about major repairs like new roofs or windows and dealing with contractors and costs – the condo corporation takes care of all that. If you're a reluctant gardener or love to travel, condo living might be right for you.

Rule #181: Condo living is great if you don't have much stuff and don't need a lot of space. Make the most of the space you have. Make use of vertical space on walls with shelving units, behind doors with shelves, hooks or racks, and inside furniture like trunks and ottomans. The design and layout of your condo is important. Many people like having common living space in the middle of the unit and bedrooms and bathrooms on both sides. Having an open concept kitchen with a breakfast bar opening up into a large living/dining room is popular too. Consider how your family uses its space when you think about unit layout.

Rule #182: If you value privacy and hate noise maybe condo living is not for you. Think about where you are in relation to hallways and elevators. Balcony placement, high floor vs. low floor are two other considerations in this general category.

Rule #183: Condos that have a high percentage of owner occupied units are preferred. Transient renters will affect your quiet enjoyment.

Rule #184: Find out how much the monthly condo fees are. Inquire about how much they've gone up and see if they are set to rise in the coming years. The condo fees that the developer charges are only to cover current expenses. When the condominium corporation is formed the fees will go up as a reserve fund will have to be established.

Rule #185: Don't get caught up in the hype. If you look at the way high-rise condos are sold, they are selling the sizzle (not the steak). Live in one and you will suddenly be so popular, eating at restaurants, going out to clubs and shows...That's what the marketing shows. They are trying to distract you from the fact that you're buying a 600 square foot concrete box, five floors above street level and paying $400 a month in condo fees. If you've never lived in a condo, proceed with caution. You may be buying into a new lifestyle that's not really yours. If you've never lived in a high-rise condo before, find one to rent and see if you like it. You could sit in the lobby and observe the comings and goings of the occupants and getting a sense of what it's like. Also, do not make the decision to purchase based on walking through the model suite. Model suites are professionally furnished and staged.

Rule #186: Part of your condo fees go into a reserve fund. The reserve fund is built up until the money is needed for future repairs and maintenance for things like new roofs, new windows and new pavement.

Rule #187: Typically, condo fees include outside maintenance and landscaping, snow removal, building insurance, and garbage removal.

Rule #188: Many older condos have water and other utilities included in the condo fee. You could be subsidizing your neighbors' utility bills.

Rule #189: Request a copy of the status certificate and make your offer dependent upon having your lawyer's approval. The status certificate includes the financial information for the condo corporation as well as the rules and regulations.

Rule #190: Find out if there are any contemplated or pending special assessments for your condo. There are often problems with retrofitted buildings. If the building you are considering to buy is older, there is a strong likelihood that special assessments will be coming to address the structural and decorative effects of aging.

Rule #191: A special assessment will stigmatize a property for sale. The sellers should pay for it or take the amount off of the listing price. Buyers aren't going to buy a seller's problems.

Rule #192: Many lenders want condominium buildings to be at least 50% owner-occupied. Lending rules for condominium purchases have become more stringent, making it difficult for some would-be buyers to get financing.

Rule #193: Find out the specific rules and regulations of the condominium and how you will be impacted by them? They may not allow barbecues on balconies or contractor's vehicles or Christmas lights or even stipulate the colour of your curtains. The rules and regulations also govern what changes you can and cannot make to both the outside and inside of your particular unit.

Rule #194: Find out if there are any ongoing or pending legal issues that the condo corporation is part of?

Rule #195: Find out what the condominium fee delinquency rate is and how it is dealt with.

Rule #196: Find out if you actually own certain common areas such as porches, decks, storage spaces and parking spaces, or if they are common areas. Tour the common areas of your condo. You own a share of these areas. You should know what you own.

Rule #197: Your condo complex will have building insurance. It will not cover damage one owner does to another's property through accident or negligence.

Rule #198: The best pre-construction units get sold first and often at a discount. The first purchasers are often "insiders." Developers need funds to operate their business. Condominium projects need several millions of dollars to complete. Most developers simply don't have that kind of cash. Bank finance for construction costs will typically be dependent on a certain level of pre-sales (usually a dollar value not a certain number or percentage of units sold). The developer will want to reach that number as soon as possible, because by shortening the duration of the project, he can increase his return on investment (ROI). This timing issue creates a symbiotic relationship between developers and investors/buyers. The developer will also want to share some of the risk by selling pre-construction. He might be giving a good deal based on today's prices. However, no one knows what the market could be like when the units are delivered in two, three or four years time.

Rule #199: Buying a pre-construction unit makes more sense for investors than for someone who is actually going to live there. For the investor, the unit doesn't have to meet his needs, and as long as the market is appreciating, he doesn't mind if it takes three or four years before it's completed.

Rule #200: When you're buying a pre-construction or "off-plan" home or condo, you're buying into a place before it has been constructed. You are relying on a set of architectural plans. You haven't really bought anything yet, but a promise. Promises are usually good, as long as you understand what you've been promised. For example, although Tarion guidelines stipulate that no unit should be off by more than 2% of plan, there is no protection under the Ontario New Home Warranty Act. If the unit is off by a few square feet, there is little you can do about it. If the unit is off by 100 square feet, it will become a legal issue.

Rule #201: Buying a new condo or home from the builder is almost completely different than buying a resale home. You're not dealing with Realtors. You're dealing with salespeople. It's a different game with different players and different rules.

Rule #202: If the developer is having a hard time selling the units, you probably will too.

Rule #203: If you buy a new home or condo unit and want to sell it in a few years, you may be competing with the builder or other builders who are still selling new homes and condos in the neighbourhood.

Rule #204: Watch for creative fees and hidden charges. Developers often try to slip in all sorts of things you will have to pay upon closing. Besides taxes and legal fees, these may include hydro and gas hook-up.

Rule #205: If you are buying for investment, you should get an assignment clause that allows you sell prior to occupancy.

Rule #206: There is a HST Rebate built into the purchase price of condos for those who are going to live in their units (non-investors). If you are not planning on living in the unit, you might have to pay this amount back to the developer upon closing.

Rule #207: You don't have to work with a lawyer or a Realtor when buying a pre-construction condo. However, you probably should. Your lawyer will be able to ferret out the hidden costs and risks you are facing.

Your agent might be able to get a few concessions from the developer, like free upgrades, and waved premiums.

Rule #208: Research the builder before you buy a new house or condo. Find out what you can about him and his subcontractors.

Rule #209: Don't sign anything at the presentation centre. If you do, you might have just eliminated any chance of working with your Realtor. The builder's sales agent represents the builder, not you. Do not reveal anything confidential when negotiating.

Rule #210: Do not use the lawyer, lender or home inspector suggested by the developer. Find your own independent professionals to review the Agreement of Purchase and Sale, look over any warranties and process the financial details.

Rule #211: Comparing new homes to resale homes is like comparing apples to oranges. If you're buying off plan you're just going to have to imagine what it might look like when it's done, whereas with resale homes, you can see the landscaping, the fence and the finished basement. A resale home has been tested. Older homes are built using better building materials. They have thicker walls, solid wood floors, crown moldings and plaster ceilings. Older homes have superior craftsmanship and better quality wood and masonry work than newer homes. Most new homes are built using wood from second growth forests. This wood is less dense than wood from old growth forests. When houses are first built they typically go through a process of settling, which can cause foundation problems. Serious problems would be indicated with leaky basements, windows that cannot open and kitchen cabinets that shift. People will pay a lot of money for a brand new house. It's only new once. Once you move in, it's not new anymore.

Rule #212: Condominium and new home construction projects rarely finish on time. Expect delays.

Rule #213: Find out how the condo association is managed (professionally or self-managed). Get elected to the condo board or committee. Have a say in your future. If you don't join the board, at least go to the meetings so you know what's going on.

17 Rules about Moving

Rules #214: Make moving arrangements as far in advance as possible. Try to move at times other than the beginning and the end of the month when movers are the busiest.

Rule #215: Save money for moving. You'll need money for movers, boxes, storage rental, moving insurance, and utility disconnection/reconnection costs (telephone, cable, gas, electrical, water).

Rule #216: Don't forget to change your address on your driver's license. Notify the post office, your doctor, dentist and vet, your kid's school and your bank.

Rule #217: Research your movers. Don't hire movers if they don't have a website, a truck, an office to work out of, or references. Hire reliable movers and don't accept over the phone quotes. On moving day they might not show up and if they do they will likely charge you more than quoted.

Rules #218: Unless credit has been arranged, your mover will require a certified cheque or cash on delivery.

Rules #219: If you're moving into a new home in a new subdivision, check to see that the driveway and roads are accessible to the moving van.

Rule #220: Dogs and cats can get very stressed by moving. They sometimes get lost. They sometimes have "accidents".

Rules #221: If moving in cold weather, things that can freeze should not be shipped in the moving van.

Rules #222: Carry with you your jewelry and valuable papers. Movers will not accept responsibility for articles of extraordinary value.

Rules #223: Defrost your refrigerator the day before moving.

Rule #224: Don't expect to get the keys to your home until mid-afternoon on closing day.

Rule #225: Change the locks. You never know who might have keys to your new home. Also, make sure all the doors and windows are in good working order. Change security codes on alarm systems. Put up curtains or blinds to create privacy and discourage any burglars from seeing what you've got.

Rule #226: Find the main water shut off valve. You'll be happy to know where it is if there's ever an emergency.

Rule #227: Turn on the furnace. On the wall in the furnace room there is usually an on/off switch (that is rarely labeled). On moving day find out where it is and label it. While you're at it, label the breaker-box switches. To avoid overloading circuits, and to ensure you know which breakers are responsible for which circuits, plug in lamps and radios…and switch on and off, one circuit at a time. Two people with their cell phones can usually complete this task in a few minutes.

Rule #228: Make sure you have a working smoke detector and carbon monoxide detector on each floor. The carbon monoxide detector should be in or near your bedroom. The smoke detector should be in a central place near the kitchen.

Rule #229: On moving day, make a list of items that need to be repaired or improved to your new home and prioritize the list with due dates. The longer you live in the house, the more you will come to accept the deficiencies and then you probably won't do the work.

Rule #230: Get your ducts cleaned. There are three times to get your ducts cleaned. 1) When you first move in. 2) After any major renovation. 3) Every ten years. Duct cleaning cost $200-400 depending on the number of ducts and size and style of the house.

10 Rules about Getting Ready to Sell Your Home

Rule #231: Curb appeal is important. However your return on investment is low so keep any improvements simple and cheap. Good curb appeal is a neat and orderly, well-maintained yard, a fresh and clean house frontage and driveway. Inexpensive accents, like a fancy mailbox or new lights can go a long way.

Rule #232: Staging is really just de-cluttering and depersonalizing your home. To make it easy, staging means removing kitchen and bathroom clutter, half of your furniture, all of your family photos, collections, and knickknacks. Do that and you're half way there.

Rule #233: Clean and then clean again. Then hire professionals. Clean houses sell faster than dirty houses. Get rid of any bad smells too.

Rule #234: Paint. Use neutral colours. Nothing freshens things up like a new coat of paint. Painting has the best return on investment. If you're only going to do one thing to get ready to sell, paint.

Rule #235: As you prepare your house for potential buyers, remember that it is your home. It should look comfortable and lived in, and it should look like it is easy to maintain. Try to find the middle ground. A showcase home may feel cold and just as unwelcoming as a crowded, cluttered home. Don't spend too much. The buyers probably won't appreciate your effort as much as you do. Put your house in its most marketable condition but don't overdo it.

Rule #236: Your neighbour's property affects your price. What is the condition of their front yard, porch and driveway and what can you do to improve them? Approach the situation very delicately with a civil conversation about your concerns. In many cases, you'll find that your neighbor is very accommodating. If you're uncomfortable doing this, your Realtor can help.

Rule #237: Do all the minor repairs. Squeaky hinges, missing baseboards, loose knobs, burnt out light bulbs. Do the easy stuff. It won't take long or cost much.

Rule #238: Repairs you don't make cost you more. Do all major repairs. In terms of both time and money, it will cost less to fix it than to negotiate it. If, for example the roof needs fixing, fix it before you put the house on the market. Buyers over-estimate the cost of doing repairs. They also add an inconvenience tax to punish you. Thus, a $6,000 roof becomes a $10,000 price negotiation. Furthermore, homebuyers are cash poor. If they know they will have to spend another $6,000 for a roof, not to mention the other minor or major fixes, they won't make an offer.

Rule #239: Lock away any jewelry and anything else of value.

Rule #240: Go through your home as if you are seeing it for the first time. You may feel overwhelmed by all of those little items that need attention. Don't panic. Prioritize. Identify and do the most important items first, and work your way through your list methodically. You will find that many of the things you have identified can be dealt with quickly and easily and your home will be ready for a buyer before you know it.

45 Rules about Selling Your Home

Rule #241: Allow flexible times for viewings and showings. When people want to see your house, they want to see it on their time not when it's convenient for you. If you make it difficult for a potential buyer to view your house, it sends the message that you will be difficult to negotiate with.

Rule #242: If you have a qualified buyer at your door, let him in. Be cooperative. If an agent calls on short notice, let them in. He is helping you sell your house. Selling your home is going to be disruptive.

Rule #243: A quick sale lets you get on with your life. A quick sale saves you from weeks of people visiting your home, mortgage payments, taxes and other carrying cost.

Rule #244: The first week your home is on the market is the most important. The buyers who have been looking for a while are ready to buy. They have already seen everything else, have figured out exactly what they are looking for and they are working with a Realtor. When your home pops up in their inbox, they are going to notice and react.

Rule #245: The people who are going to buy your house are often a lot like you. The demographics of neighbourhoods change slowly. People at different stages of life choose homes and neighbourhoods that match their lifestyles at that stage of life. Remember why you bought your house. Think of all the features your home has and how the next owner will benefit from having them. Accentuate them if you can.

Rule #246: Never be in a hurry to sell. It will take longer than you think to get the market price. 60 days seems like a long time when your house is on the market, but how would you feel if your home sold in 6 hours? Houses often stay on the market for 45, 60 or even 75 days. That seems like a long time when it's happening. Selling a house is more time-consuming than buying one.

Rule #247: Be emotionally strong. When it's all over and you look back, it's all trivial.

Rule #248: The buyers have been in the market longer than the sellers. They started before you. Homebuyers have a lot of homes to choose from. Many houses get eliminated for small reasons: (musty smell, poor paint colour, garden requires too much work). Find out what the objections are and fix the ones you can.

Rule #249: If your house has a fatal flaw, just admit it. You can't hide it. Meet the objection head on. You can hope the buyers don't notice, but they will and when the buyer finds you hiding a flaw, they will wonder what else you're hiding.

Rule #250: Have your home inspected and fix anything that needs fixing. Home inspections are preformed in almost all home sales these days. Do it for the buyers and offer it free of charge. They'll appreciate saving the $400 and the peace of mind an inspection brings. And you'll be one step closer to the sale.

Rule #251: Buyers aren't comfortable with "lowball" offers. Price your home correctly or you might not receive any offers at all.

Rule #252: Price accurately. Be aware of market conditions. Look at other homes for sale within your neighbourhood and adjacent neighbourhoods. Look at other similar, recently sold homes in the area. Get a comparative market analysis done. Avoid the temptation to overprice your home by 10% just to "see what happens". We are living in the information age. If you're hoping some misinformed buyers with suitcases full of money are not going to arrive at your door and pay too much for your house, think again. That's not going to happen. We all have the same information.

Rule #253: People do not love your pets as much as you do. Many people are allergic to cats and dogs. Board them in a kennel or with a friend or family member. Houses with pets are considered to be less desirable than ones with no pets.

Rule #254: Tell your home's story with paperwork and pictures. Have your utility bills ready to show the buyers. Keep receipts for your new roof, windows and furnace. It proves that the work was done, by whom and for how much. Show before and after pictures of any work done. Keep the manuals for the dishwasher, water softener and refrigerator. The new owners might need them.

Rule #255: Negotiate commissions fair to both the listing and the selling Realtors to ensure your home is properly marketed and shown to all potential buyers. Commissions should be negotiated long before an offer is made.

Rule #256: Be absent for all showings. When the home seller is around, buyers feel that they are intruding. They don't spend as much time viewing the home as they normally would. Home sellers sometime talk to much to the potential buyer and their Realtor and give away their motivation and their secrets about the house. The whole thing about selling a home is that people have to be able to imagine themselves living there. They can't do that when they see you living there.

Rule #257: Be responsive to your Realtor. Respond quickly to emails and phone calls. If a buyer has to wait a few days or even a few hours, they may assume you're not that interested in selling your home. They will continue their search. Set up a schedule with your Realtor so you can check in with updates on a regular basis. Sometime selling or buying a home is a long process with nothing seeming to happen for days or weeks. It's important to check in anyway.

Rule #258: Appliances are either in or out. They are not negotiable. If they are negotiable, the buyer thinks they are in, the seller thinks they are out. Problems will ensue.

Rule #259: There are no cancellation charges for ending your listing agreement.

Rule #260: The first offer is often the best offer. You can accept the first offer. You don't have to counteroffer.

Rule #261: If you get a low offer, counteroffer. Send it back with your comparables. Don't get upset. They may just be testing you.

Rule #262: Market aggressively. Be everywhere. Most buyers will find your house through the Internet and their Realtor. However it doesn't hurt to do everything else too. Advertising does not sell houses, but it informs. Have lots of pictures. Pictures help communicate your home's features. Buyers expect pictures and are suspicious if they can't get the information they want. They will ask to see picture or eliminate the property. Do a video. Pictures help sell houses and videos are moving pictures. Videos allow you to tell your home's story. Learn from other ads.

What catches your attention? What don't you like? Learn from the best. Avoid the worst. Distribute flyers or postcards. Enlist help from your neighbours. They want you to sell your house for as much as you can. Their home values depend on it. Post your ad to all free online sites (Kijiji, Craig's List, community bulletin boards).

Rule #263: Be prepared. Know your numbers. What offer will you accept? What offer won't you accept? What's your bottom line? What conditions will you consider? Go over your game plan with your Realtor.

Rule #264: Know how to negotiate. Be as neutral as possible. Consider all offers. Respond to concerns. Counteroffer. Make concessions. Arrive at a deal.

Rule #265: Only show your home when it's in showing condition. If it's not ready to show, don't let it be shown. Be prepared to "quick clean" your home when necessary.

Rule #266: Answer all questions openly and truthfully. Know the difference between a patent defect and a latent defect. Sellers can be held responsible if they do not reveal certain problems to the buyer. If a question comes up, answer it quickly. You'll be one step closer to the sale. Be prepared to answer questions including how old the roof, heating system, hot water heater, and windows are, if the basement has flooded, and if there's a sump pump, and what utilities and homeowner insurance generally cost. If there's been recent renovation work, buyers should find out of all building permits have been obtained and if all of the contractors and sub-contractors have been paid in full.

Rule #267: Sell before you buy. Start looking at houses and know that there are houses available for you to buy. Then sell your house.

Rule #268: You cannot make side agreements outside of the Agreement of Purchase and Sale in regard to commissions, purchase price and other things covered in the contract. You can deal directly with the buyers to sell your furniture and landscaping equipment.

Rule #269: Ask for feedback from all showings and Open Houses.

Rule #270: The buyer's Realtor is not trying to sell your listing. He's guiding his prospects through potential homes that match his clients' wants and needs.

Rule #271: A “Reduced” or “New Price” sticker on your For Sale sign is not a stigma. It just means you started too high.

Rule #272: The best deals are those where both sides feel that they are giving up too much.

Rule #273: Be polite. Buyers and sellers and Realtors should all be working towards the same goal. Being rude makes deals harder to reach.

Rule #274: Every seller finds a buyer. Be patient. Don't worry. Make whatever changes are needed. It will happen eventually.

Rule #275: Plan to not lose. You don’t have to win. You just have to not lose.

Rule #276: If you're having financial difficulties, tell your Realtor. Most Realtors try their best to get you the full market price for your home. However, if you're having financial trouble and see your house sitting on the market for 60 days giving you more trouble and stress, it may be better just to cut your losses and sell your home for $5,000 less than market price.

Rule #277: Nothing always works. There are no rules. Your house could be perfect but languish on the market as other houses come and go. Or your house could be a true handyman special and sells in eight hours. You could hold an Open House one weekend and no one visits and the next weekend you’re overrun with potential buyers. You just never know.

Rule #278: If you’re selling your home in the summertime, turn on the air conditioner. If you're selling in the wintertime turn up the heat. Put on the gas fireplace too.

Rule #279: The way we live in a house is not necessarily the same way as how we sell a house. Be open-minded to changing around the furniture.

Rule #280: Your Realtor will validate any offers to purchase. He will only present you with those offers and counteroffers that are legal and enforceable. To begin with, only those offers made in writing and properly executed and dated by the potential purchaser will be presented to you. Any subsequent counteroffers made by you, or the potential purchaser, will also be verified to ensure they can become legally binding if accepted. This is to ensure, as best as possible, that once a contract is entered into, there is no chance for the transaction to fail due to a lack of proper contractual formalities being satisfied.

Rule #282: Price solves all problems. If your house is priced low enough, someone will buy it.

Rule #281: If you accept an offer with a "Sale of Buyer's Property" clause, your house is conditionally sold. You will be available to accept other offers if you allow the conditional buyers a short time limit (48 hours) to firm up and remove their condition.

Rule #283: Make your home easy to buy.

Rule #284: Kids spread germs. Get rid of strollers on the porch, inflatable kiddy pools in the backyard and any toys that may be lying around in the hallway. Get rid of baby gates and make sure there are no handprints or crayon drawings on the wall. Studies have shown that homes that have kid's stuff strewn about are considered to be less hygienic and less valuable than those that don't.

Rule #285: Offer incentives. Throw in the pool table and the hot tub. You never use them anyway.

11 Rules about Open Houses

Rule #286: Only visit Open Houses that fall within the price range you'd like to spend and in neighbourhoods where you think you might want to live.

Rule #287: You're not going to find your dream house by visiting Open Houses. Open Houses are for homebuyers to figure out what kind of home and neighbourhood they want to live in.

Rule #288: Interview Realtors at Open Houses. An Open House is a great place to find the Realtor you want to work with. Interview them while they are interviewing you.

Rule #289: Don't let your kids run wild at Open Houses and showings. Children get bored. They don't like looking at houses. They might be happier at home with a babysitter.

Rule #290: Pay attention to other buyers at the Open House. Engage them, if you can, in conversation. They might live in the neighborhood and have some insight into the local schools and amenities.

Rule #291: Homebuyers should take their parents, their Realtor or a trusted friend with them when they visit Open Houses. Everyone involved in the buying decision should have the same information.

Rule #292: Talk to the Realtor. Although the Realtor is working for the seller, he will answer all of your questions about what's going on in the market, about the neighborhood, and of course about the house. Knowledgeable Realtors are great resources for information about the features of houses and neighbourhoods.

Rule #293: Houses rarely sell as result of an Open House. Open Houses are part of a Realtor's marketing strategy along with yard signs, newspaper ads, social media marketing and postcards.

Rule #294: It's typical that the first Open House will generate a lot of traffic – much of it curious neighbours. But that's okay; sometimes neighbours are great word-of-mouth marketers for a great home. Open Houses are also good for getting honest feedback for the sellers, and to demonstrate to the seller that his Realtor is working for him.

Rule #295: Typically, your Realtor will do three Open Houses, more if the home still generating good traffic.

Rule #296: Sunday's are, without a doubt, the best day to do Open Houses. Saturdays can be good too.

Rule #297: Be prepared to spend. You could buy a home selling package from a "For Sale By Owner" home selling franchise. You will have to pay for your newspaper advertising, feature sheets, signs, fees for your lawyer, stager, documents from the city, a website to advertise your property and a MLS posting.

Rule #298: Buyers know you're saving the commission. Buyers are well informed. Expect tough negotiations to take a chunk of the commission you thought you could save.

Rule #299: Start with the right price. Set an asking price that reflects an understanding of the current market. Most private sellers give themselves too much "wiggle room" and as such discourage potential buyers.

Rule #300: Don't price your house too low. Don't rely on bank appraisals or property assessments. These things rarely represent true market value.

Rule #301: It will take longer than you think. It will take longer to get ready and longer to sell than you think. It's not as easy as advertised. You are going to be hard to find amongst all the other homes for sale by Realtors and homebuilders.

Rule #302: Buyers don't trust you. Given a choice between buying a house listed with a Realtor and one being sold privately, buyers will chose the Realtor listed home. They have more confidence when dealing with professionals.

Rule #303: Have the confidence and ability to close the deal. Stay the course. It's emotionally tough to sell your home. You have all the memories of graduation parties and Christmases past, dinner with the family, movie night, that sort of thing. Get over it.

Rule #304: Be prepared to be disappointed. Potential buyers might say they'll be making an offer tomorrow and then they never call again. Be ready for a low-ball and insulting offers and be prepared to hear about everything that's wrong with your house as potential buyers try to justify their offer price.

Rule #305: Understand how to handle competing offers, questions about land title, zoning and features and fixtures of your home.

Rule #306: Explain to the buyer the true value of your home. Tell your story. Point out the features and benefits. Know the age of the furnace, roof, and windows. Have the facts ready.

Rule #307: Be ready to learn new skills and wear many hats. You will gain new experience as a copywriter, photographer, Internet wiz-kid, negotiator, salesman, presenter, stager, cleaner, painter, host, answering service, and advertiser.

Rule #308: Become resourceful. You'll be able to find and interview a good lawyer, a home inspector, a banker or mortgage broker, tradesmen, a painter, a stager, and experts in other fields.

Rule #309: Anticipate problems. Make one small mistake and the entire deal you've worked so hard to get can fall through or worse, a legal battle will begin.

Rule #310: Qualify potential buyers. Ask if they have been pre-approved for a mortgage.

Rule #311: "For Sale By Owner" home selling franchise salespeople are not home selling experts. They are not licensed to trade in real estate, have not been through any certified real estate training whatsoever, and they carry no legal responsibility.

Rule #312: The Realtor's commission is not "negotiable". Decide and advertise the commission you will pay the Realtor who brings you a qualified buyer. It could be $5,500. It could be 2.5%. Be clear if you are going to deal with buyers and their Realtors.

Rule #313: Give potential buyers enough space to tour your home. Try to connect with them on the way out and ask for questions and feedback.

Rule #314: Do not take your home off the market until you are sure your potential buyers have the money and the intention to buy your home. An offer isn't a good one until the paperwork is signed and the banks and lawyers have approved it.

Rule #315: Post your home on MLS. The MLS is the most powerful real estate marketing tool at your disposal. If you're not using a Realtor to sell your home, find yourself a "posting agent" who will put your home on the MLS for a fee.

Rule #316: Get a pre-sale home inspection. Most home sales involve a home inspection. Get that out of the way. Make your house easy to buy.

Rule #317: Think about hiring a Realtor. You don't cut your own hair. You don't fix your own car. Selling a home is much more important and difficult than both.

12 Rules about Contractors and Handymen

Rule #318: Hire professional handymen and contractors. Get one that's been in business for at least five years. Google their name and see if any complaints come up. Ensure that they (and their subcontractors) are licensed, insured and registered to operate in your town or region. Call their references. Your contractor should be a member of the Chamber of Commerce, Better Business Bureau, and/or the Home Builders Association. If your contractor has a company uniform, vehicle, website and marketing material, it shows he's serious.

Rule #319: Do not hire a handyman, contractor or a junk remover who plasters advertising in intersections, on light poles and neighbourhood mailboxes. If they are going to litter up public space with their ads, they are going to walk through your house with their muddy boots. If they don't respect public property they won't respect your property either.

Rule #320: Don't hire a handyman or a contractor who advertises on online classified boards. These are fly-by-nighters.

Rule #321: Do not hire a handyman or contractor that solicits door-to-door, offers a free service evaluation or demonstration or pressures you into an immediate decision.

Rule #322: Before any work is started, get a detailed written quote or estimate for any work to be done. If the job changes, get a written quote before the changes are started.

Rule #323: Stay on budget. Professionals should be able to come in on budget. Anything more than 10% over budget is unacceptable. You can stay on time budget if your contractor agrees that you will decrease the price of the job by 5% for every week he's late.

Rule #324: Handymen make more money on small jobs than big jobs. Just like an emergency service call has an extra $70 after hours charge, handymen love small jobs where they can return a couple of times - like dry-walling, (first the dry-walling, then the taping, then the mudding, then the sanding, then more sanding... one job spread over two or three visits - that's gold).

Rule #325: Home repairs will cost you about half if you do them yourself.

Rule #326: Do not pay cash for home renovations. It makes it much more difficult to sue if the work is done incorrectly.

Rule #327: If your contractor asks for cash, he is likely cutting corners with the revenue service, the building code and the labour board. If he's cutting corners on the business side of things, he could be cutting corners with your job too.

Rule #328: Do not give you contractor upfront deposits. He may say he needs the money to buy fixtures and appliances or whatever, but established handymen are given 30 days to pay for materials by their suppliers.

Rule #329: Contractors and handymen get a 5%-10% "contractor's discount" at most hardware stores. Sometimes the discount is 15%.

15 Rules about Home Improvements and Maintenance

Rule #330: Be strategic with renovations. Fixing up kitchens and bathrooms offers the best return on your investment. Uniqueness is a good thing when planning a renovation, but follow the current trends.

Rule #331: Start a home improvement and maintenance fund. Set aside 5% of your income to cover long-term expenses like a new driveway, roof, windows or upgrades.

Rule #332: Don't over-improve your property. The improvements you make have to be consistent with the neighbourhood. The listing price for your home is partially based on those around it.

Rule #333: Your house should fit in with the others in the neighbourhood. You don't want to have the best house on the block and you don't want your house to be out of character with the neighbourhood. However, if your house has had a kitchen renovation while the others have not, it will sell faster and for more money.

Rule #334: Devote a few hours every week for maintaining or improving your property. One thing about owning a house is that there is always something you can be doing.

Rule #335: Most homebuyers do renovations within the first three years of buying their home. Do them early so you can enjoy them.

Rule #336: Do not renovate your house out of the market. Do not renovate a three-bedroom bungalow into a one-bedroom bungalow. It doesn't matter how beautiful it is, it will be very hard to resell. Do not make your house unusual in any way through renovations.

Rule #337: Do not expect to get the unseen money back. Spend your home improvement money wisely. If you spend $10,000 for a waterproof membrane on your foundation you'll never see it or that money again.

Rule #338: You don't get all the money you put into improvements back. You should improve your house as you live in it so you can enjoy the improvements. Don't wait until just before you sell your house to add a bathroom or remodel the kitchen.

Rule #339: Get a permit. In many municipalities, you may need a permit to build a deck on the back of your house. If you go ahead and do renovations without a permit, you may run into trouble when it comes time to sell.

Rule #340: Kitchens and bathrooms sell houses. You won't be able to completely remodel your kitchen for less than $10,000 and you could spend several times that amount.

Rule #341: Instead of remolding your kitchen and spending tens of thousands of dollars, you can redo the cabinet doors and replace the hardware. Install a new kitchen counter for as little as $25 per linear foot.

Rule #342: It is not difficult to replace your toilet. However if you get a plumber to do it, the job starts at $300 and goes up from there depending on the cost of the toilet. Replacing a sink will start at $150. For a bathroom renovation, you should budget about $5,000.

Rule #343: Your return on investment for bathroom or kitchen renovations will be about 70%.

Rule #344: Good flooring sells houses. Budget $4-$12 per square foot to have hardwood flooring installed, at least $7 per square foot for ceramic floor tiles and $5 per square foot for vinyl sheet flooring. A synthetic wall to wall carpet will cost $20 per square yard whereas a wool carpet will cost $60 per square yard. Your return on investment for upgrading flooring will be about 60% of the cost.

3 Rules about Attics

Rule #345: Leave vermiculite alone. It may contain asbestos. Hundreds of other house components also contain asbestos. You could pay thousands of dollars to have it removed, but that is certainly not necessary. It is not a health risk. But if you're working in the attic, you should wear a mask. To insulate an open attic area to modern standards budget $.50-$1.25 per square foot. While the workmen are up there, get them to add roof vents ($50-$75 each) for better air circulation.

Rule #346: Converting your attic into a bedroom, media room, or playroom is a great way to gain space at significantly less cost than adding on. Add a dormer window to increase natural light, air circulation, and gain headroom. Attic bedroom conversions have a more than 70% return on investment.

Rule #347: Not every attic space can be converted into living space. Many building codes specify that finished ceilings be a height of 7 feet 6 inches over a minimum of 70 square foot of floor area. Check you local building codes.

2 Rules about Electrical Services

Rule #348: The problems with knob-and-tube wiring arise because of age and overloading. Knob-and-tube wiring was used in residential structures built prior to 1950. Insurance companies are increasingly cautious about knob-and-tube wiring. Older systems may not be inherently dangerous but problems can arise with overloading due to new appliances and other modernization within the home. To replace knob-and-tube wiring in a bungalow expect to pay $4,000-$7,000. In a two-storey, budget $10,000-$15,000.

Rule #349: A 60-amp service can be an insurance issue. Check with your insurance company before you buy a house with a 60-amp electrical service. Homebuyers usually think a 60-amp service means that the house is unsafe, of low quality, obsolete or not well maintained. But in fact, it only means that the system has been working satisfactorily for the current owners. Of course, depending on lifestyle, the new family may require a 100-amp service. You won't know for sure until the new family moves in. It will cost $1200-$2000 to upgrade your electrical service panel.

6 Rules about Fences and Decks

Rule #350: If you're hiring a fence builder to build you a five-foot high fence, you should budget $18-$22/linear foot for a pressure treated wood fence. For a similar cedar fence, budget $20-$30 linear foot and for a four-foot chain link fence, it should cost you $7-$12 linear foot.

Rule #351: The rules around fence height are a little confusing. Check with your municipality. In most municipalities, for interior lots, fences can be a maximum of 3 feet high in the front yard and 8 feet high in the side and rear yards. For corner lots, fences can be a maximum of 3 feet high in the front yard, within 5 feet of the side lot line abutting the street and within any driveway or corner visibility triangle including a neighbour's driveway, 6 feet high provided they are set back a minimum of 5 feet from the side lot line abutting the street, 8 feet high provided they are set back a minimum of 15 feet from the side lot line abutting street, in the rear yard and in the interior side yard.

Rule #352: You probably do not need a permit to build a fence unless there is a swimming pool involved or it is going to extend out to the sidewalk or roadway. However you should call your municipality just to make sure. If your fence does not comply with the municipal by-law, you can be fined for non-compliance. The fine for noncompliance can be as high as $5,000. Although many people like having a fenced yard, your return on investment will be only 25%-50%.

Rule #353: If you're hiring a professional to build a deck using pressure treated lumber or cedar, you should estimate $15-$20 square foot. Custom design and built decks start at $25 per square foot.

Rule #354: Many decks require building permits. In many municipalities, before you build a deck you'll have to receive a building permit, especially if your deck is three or more feet off the ground. Your return on investment for adding a deck is about 70%.

Rule #355: For your back patio, expect to pay $15-$20 per square foot for flagstone, $5-$8 per square foot for interlocking stones and $6-$10 per square foot for poured concrete.

6 Rules about Furnaces and Air Conditioners

Rule #356: You can tell how old a furnace is by finding the serial number, which will give you the manufacture date. You will most often find the serial number inside the removable door of your furnace. Usually the first four numbers of the serial number are the date of manufacture. The first two digits will give you the week and the second two will give you the year. (0589 = first week of February 1989). If you can't find the serial number, there will often be a gas tag hanging from the gas pipe. This tag tells you when the furnace was last serviced. Often (but not always) that's when the furnace was installed. Failing that, a date might be stamped on the fan.

Rule #357: Have your furnace and air conditioner serviced on an annual basis. It will cost $75-$100 plus parts. Change your furnace filters at least every three months to further prolong the life of your furnace.

Rule #358: Have your ducts cleaned before moving into your new home and after any major renovations.

Rule #359: Budget $3,000-$5,000 to have a high-efficiency forced air gas furnace installed. Add another $2,000- $3,500 for the air conditioner. Your return on investment is about 50%.

Rule #360: Don't buy a house with a buried oil tank. It will cost $3,000 or more to get it removed. To remove an interior oil tank budget $300-$500.

Rule #361: New homes are air-tight. With many new homes, the bathroom fan comes on periodically to expel the old air. Your home should have a carbon monoxide detector.

2 Rules about Roofs and Windows

Rule #362: Roofs are expensive. If a real estate listing does not give the roof's age, it's likely near the end of its life. A new roof can cost anywhere from $4,000- $10,000, depending on the size of the roof. Generally speaking, if you measure the size of your roof, then calculate the cost of shingles at your local Rona, Lowes or Home Depot then double it to add labour cost. That will give you a good idea of what your new roof should cost. Asphalt shingles last 12-20 years. Don't rely on manufacturers' ratings. 25 year shingles might need replacing in 12 years. 40 year shingles often need replacing in 25. Shingles wear out faster where there are lower slopes and with more sun exposure. The southwest roof will wear out faster than the northeast roof. The average roof life is 15 years. If your house is 30 years old, you're likely due for a new roof. Budget $3.50-$5.00 per square foot to strip and re-shingle your roof.

Rule #363: You can tell how old your windows are by finding the date stamped in the glass along one of the sides. Casement windows are more energy efficient than sliding or double hung windows. Your return on investment for upgrading windows and doors is about 50%.

2 Rules about Yards and Pools

Rule #364: Gardening is a hobby to some and a hassle to others. If your garden is too grand and will require too much work, some people are not going to like it. Although curb appeal is very important to selling your house in a timely fashion, you only recover about 35% of your costs put into the outside of your house and garden.

Rule #365: Swimming Pools are poor home improvements in terms of return on investment. You'll get as little as 25% back when you sell. They can lengthen the selling time as many homebuyers don't want the added cost a pool brings. If you're buying a house with a pool, have it checked out by a swimming pool expert. You don't want to buy a house with a faulty pool. Installing a pool will start at about $40,000 with the gas and electrical, the digging, grading, landscaping, and the fence. About 90% of the pools that get put in have vinyl lining.

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