

COMMON PITFALLS IN THE SALE PROCESS - VENDOR

- ▶ MISPLACED OR NOT BEING ABLE TO LOCATE THE REGISTERED TITLE
- ▶ SELLING WITHOUT SEEKING PROFESSIONAL ADVICE FROM VALUER, REALTOR, ETC.
- ▶ MODIFYING OR EXTENDING THE ORIGINAL PROPERTY WITHOUT SECURING THE RELEVANT APPROVALS AND IN VIOLATION OF THE RESTRICTIVE COVENANTS.
- ▶ IF THERE IS MORE THAN ONE OWNER, NOT SECURING CONSENT FROM ALL OWNERS BEFORE COMMENCING THE SALE PROCESS.
- ▶ NOT READING THE SALE AGREEMENT PERSONALLY.
- ▶ TAKING TOO LONG TO RESPOND TO PROSPECTS WHO SUBMITTED OFFERS.
- ▶ NOT CLEARING ANY OUTSTANDING BALANCE OWED TO NWC AND TAJ.

COMMON PITFALLS IN THE SALE PROCESS - PURCHASER

- ▶ NOT ORGANIZING THEIR FINANCIAL AFFAIRS PRIOR TO THE COMMENCEMENT OF HOUSE HUNTING I.E. SECURING THE DEPOSIT, PRE-QUALIFICATION LETTER, ETC.
- ▶ DO NOT TAKE ON ANY NEW DEBTS AFTER BEING PRE-QUALIFIED
- ▶ NOT PAYING ATTENTION TO THE EXPIRATION DATE ON THE PREQUALIFICATION LETTER.
- ▶ TAKING TOO LONG TO SUBMIT AN OFFER.
- ▶ SUBMITTING AN OFFER WITHOUT PROFESSIONAL GUIDANCE (VALUER, REALTOR, LAWYER, LAND SURVEYOR, BUILDER, ETC.)
- ▶ SUBMITTING AN OFFER ABOVE THE MARKET VALUE OF THE PROPERTY
- ▶ NOT PLANNING FOR THE CLOSING COSTS ASSOCIATED WITH THE TRANSACTION
- ▶ NOT READING THE SALE AGREEMENT PERSONALLY

FEES AND TAXES RELATING TO THE SALE OF PROPERTY - VENDOR

1. Transfer tax - 2% of sale price or the market value of the property based on the Stamp office's assessment.
2. Stamp Duty - \$5,000 to be share equally between vendor and purchaser
3. Title's Registration Fee – 0.25% of selling price
4. Attorney's Fee - 2-5% of selling price
5. Half cost for the Preparation of Sale agreement – Averaging \$100k
6. Realtor Fee – 5% of selling price

FEES AND TAXES RELATING TO THE SALE OF PROPERTY - PURCHASER

1. Stamp duty - \$2,500
2. Title Registration Fee – 0.25% of sale price
3. Attorney Fees - 2-5%
4. Half cost for the Preparation of Sale agreement – Averaging \$100k
5. Valuation cost – Usually \$3,000 per million of the market value
6. Surveyor ID report - Usually \$3,000 per million of the market value
7. Mortgage Processing Fees – this ranges between 1.5 – 3% of the loan amount.

VALUATION BASICS

- ▶ While there are various purposes for a valuation report, the most common purpose is to determine the current market value.
- ▶ Definition of Market Value - "The estimated amount for which an asset or liability should exchange on the valuation date between a **willing buyer** and a **willing seller** in an **arm's length transaction** after **proper marketing** and where the parties had each acted **knowledgeably, prudently** and **without compulsion**."
- ▶ Common Figures that will appear in Valuation Report:
 1. Market Value
 2. Forced Sale Price
 3. Replacement Cost - It should be noted that the Market Value should not be confused with an assessment for peril insurance (replacement cost). The concepts are completely different. The replacement cost calculation is based current construction cost (Labour + Materials) to replace the existing structure/s using the same or the modern equivalent materials as at the valuation date.

THREE PRIMARY VALUATION APPROACHES

- ▶ **Market Approach** - The market approach provides an indication of *value* by comparing the *asset* with identical or comparable (that is similar) *assets* for which price information is available.
- ▶ **Income Approach** - The income approach provides an indication of *value* by converting future cash flow to a single current value. Under the income approach, the *value* of an *asset* is determined by reference to the *value* of income, cash flow or cost savings generated by the *asset*.
- ▶ **Cost Approach** - The cost approach provides an indication of *value* using the economic principle that a buyer will pay no more for an *asset* than the cost to obtain an *asset* of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of *value* by calculating the current replacement or reproduction cost of an *asset* and making deductions for physical deterioration and all other relevant forms of obsolescence.

Valuation Process



CONTACT INFORMATION

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