



# WHEN BUYING DIRECTLY FROM A PRIVATE SELLER — HOW ARE YOU PROTECTED? WHAT DO YOU NEED TO KNOW?

Private Sellers, when selling their own homes, are not governed by any laws or legislation. In other words, **there is no protection for the Buyer Consumer.**

1. **A Private Seller is allowed to disclose contents of your offer to another Buyer**, ie: your offer may not be kept confidential especially in a Multiple Offer Situation where real estate agents are restricted by law from doing so.
2. **A Private Seller can have more than one offer and does not need to make disclosure to you the Buyer of the existence of any other offers.** If a real estate sales representative representing a Seller receives more than one offer they must make disclosure of this fact and must also identify the number of offers received to everyone that has submitted an offer advising them that they are in a multiple offer scenario.
3. **A Private Seller does not have to adhere to Bill 55 and can indicate there may be other offers coming in** when there are none. A real estate sales representative cannot indicate that another offer may be coming... an offer must have been received prior to communicating this fact to interested parties.
4. **A Private Seller does not have to disclose if he has a monetary gain and what the amount is if considering their own offer vs one they have received from you.** A sales representative representing a Seller must disclose any monetary gain and the amount the Seller will realize if the listing sales representative brings an offer from their own Buyer. This must be disclosed to all Buyer submitting an offer through another real estate sales representative as outlined in the Real Estate & Business Brokers Act 2002 (REBBA 2002).



5. **Fintrac Identification is not needed for a Seller selling privately other than MLS Mere Postings or Seller's Rights Reserved.** There always exists a Higher Risk of Fraud that could potentially affect the Buyer on closing.
6. **A Private Seller always wants the deposit payable to their lawyer** who then can decide unilaterally to release the monies to their Seller without any further release from the Buyer. Therefore a Buyer's deposit may not be protected and in order to get the deposit monies back, the Buyer may have to seek costly resolution through the courts. When a deposit is held in a real estate trust account it is held in a neutral position and cannot be released without the written consent and agreement by all parties to the transaction as outlined in the Real Estate & Business Brokers Act (REBBA 2002).
7. **Disclosures relating to the real property** ie: deficiencies not visual to the eye or hazardous materials or substances may not be disclosed by the Private Seller. (A licensed real estate sales representative), if they have knowledge must make disclosures of all the aforementioned or, at the very least, will recommend the appropriate inspections to ensure the Buyer is protected.
8. **Mortgage Verification: Can the Private Seller Sell?** When the private seller sells their property, will they be able to pay off all outstanding Mortgages and liens registered against the real property? If not, the Private Seller cannot close the transaction on the completion date and the Buyer does not have a home to move into.
9. **Additional Costs: In order for the Buyer to get Mortgage Approval on a private seller's property the Buyer will have to pay for an Appraisal as the Seller's Opinion of Value on their own property is a conflict of interest.** The Seller is not a professional real estate person and their price may not reflect true market value. The Mortgagee needs to ensure that their mortgage is protected. If the property appraises for a lesser amount than what is negotiated on the Agreement of Purchase and Sale, the lender will only advance funds on the appraised value and Buyer will have to make up the difference and come up with more cash on closing.
10. **Seller does not have Errors & Omission Insurance** in the event they have made a mistake