

# Home Selling Tips

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# Preparing To Sell

## Choosing The Right Time To Sell

Most people prefer the spring or summer months to move. So the market can start heating up as early as February. This is especially true of families with children, so they can move during the summer vacation and be settled before the new school year starts. The market can still be busy into the fall. But traditionally November and December have been the slow months. The holidays are the primary reasons, but also, because most people do not like showing their houses in the winter months.

If you are one of the few people that might want to get a head start on the market and put your house up for sale in the winter, keep a few things in mind.

- Showing your house can be messy with people trudging inside with their boots possibly covered with snow, mud and salt. And the salt can damage your carpet and wood floors.
- The buyer won't be able to get a totally accurate picture of the landscaping, if any. And sometimes beautiful yards help sell a home.

There might be some advantages to selling in the winter in order to be one of the first houses listed and shown for the new-year, but most buyers prefer to relocate in the warmer months.

## Getting Your Home Ready To Sell

First impressions are not just for people, they are just as important when you are trying to sell your house. You want your potential buyer to walk away with a good impression. There are several easy, quick and low cost things you can do to increase your chances of getting your asking price and selling quickly. When people make an investment commitment as big as a house, they can be picky, and seek perfection. You can be proactive and make it an enjoyable experience by being ready.

- If you are showing in the spring or summer make sure to have the lawn and landscaping looking nice. Mowing the lawn, pruning and weeding cost nothing, but can make a big difference by looking kept up and cared for. Most people assume that if you take care of the yard, chances are, you take care of the house.
- Making sure that there is no chipped paint can make a big difference too. If your house was built before 1978, there is a new federal law that requires the seller to complete a lead base paint disclosure statement. Be proactive in this area as well. Have the inspection done beforehand, it looks good to the prospective buyer, and it saves time.
- Really clean your house before you show it. It's simple and free, and it can make all the difference in the world. Cleaning windows inside and out can be one step that people forget, but after the winter months, it's imperative to make the house look as clean as possible. The bathroom is another area where people seem to make judgments, so make sure your bathrooms are spotless!
- Set an ambiance. Studies have shown that soothing smells in the house can help make a house seem more like a home. Like baking cookies, cakes or pies, and even spaghetti. People like to be reminded of good memories, and cooking and baking has shown to do that. Also think about playing some soft background music and light candles if you are present when the buyers

are viewing your house. This makes the place seem cozy and inviting. Small little touches can make all the difference on attracting a buyer!

### **What Is A House Worth?**

A home is ultimately worth what someone is willing to pay for it. Everything else beyond that is an estimate of value. There are two main ways to estimate a property's value. The first is an appraisal and the second is a comparative market analysis. It is recommended to do both and then to compare & contrast.

A certified appraiser performs an appraisal. This is an estimate of the value of a home at a given point in time. When an appraiser estimates your home's value, they base in on several items. They take into account square footage, construction quality, the year the house was built, the design and floor plan, the neighborhood, availability of transportation, local shopping, schools, lot size, topography, view, landscaping, and any additions or updates. The cost of an appraisal averages about \$300 and it usually only takes about a half an hour to an hour to complete. If you are unaware of whom to use, you can ask your mortgage lender, they usually have one to two appraisers that they work with regularly. Remember that an appraisal is only valid for one year, so if it takes you over a year to sell, or you refinance within a year, you need another appraisal done. This ensures that the appraisals remain accurate.

Your real estate agent performs a comparative market analysis. They usually provide this to you once you list your house on the market with them. They pull three to four homes with the same square footage and amenities. This compares your house to other very similar homes that sold in your neighborhood. This is usually a free service provided to you by your agent that can give you a benchmark of where your asking price should be.

### **Selling Quickly And Easily**

When you are selling a house, **price**, **condition** and **exposure** are usually the three most important factors. This is especially true in a down market.

#### **Price**

Your asking price is based on two things, an appraisal and a comparative market analysis. A certified appraiser performs the appraisal; this is an estimate of the value of your house at a given time. The real estate agent does the comparative market analysis; this is an informal estimate based on comparative homes in your neighborhood. These two sources need to be kept in mind when determining your asking price. You want to be careful not to start too high, or come down too low. Also, the market is always changing and fluctuating, so be sure that your asking price is based on the most recent appraisal and comparative market analysis. Your real estate agent can help you price your house so that it will be attractive to buyers.

#### **Condition**

Making sure that all cosmetic defects are repaired before showing your house can help you save time by not losing a buyer over a small repair that could have been easily fixed prior to the showing. This is especially important when in a buyer's market. When buyer competition is low, buyers are able to be pickier about their new home and can be easily turned off by simple repairs. The better the condition of your house in relation to your asking price, the faster it will sell.

#### **Exposure**

Once your house is priced attractively and all minor cosmetic repairs have been fixed, it is time

to talk about exposure. You could have the most beautiful home with a reasonable asking price, but if no one knows about it, neither price nor condition will matter!

Your real estate agent can expose your home through open houses; broker open houses, advertising in the newspaper, and by listing it on the multiple listing service. All of these things are part of the service of having your own personal professional real estate agent.

## Legal Issues

### *Disclosures, Disclosures!*

Sure, you've heard the old saying: "Buyer beware." But in today's litigious legal world, sellers can't afford to take a purely passive approach to real estate defects. Even an "as-is" contract won't protect you if you knowingly conceal information from a potential buyer. If you know there's a problem with your property, it's up to you to point it out -- or face a costly legal claim!

Just what kinds of problems should you disclose? Anything that's "material" -- that is, that might make a difference to the buyer. Be sure to disclose in writing such items as:

- Plumbing or electrical defects;
- Safety concerns or potentially hazardous conditions, such as an abandoned well or asbestos insulation;
- Additions or alterations made without a building permit; and
- Encroachments or fences not on the property line.

Ask your REALTOR® about other legally required disclosures in your area. In some states, you may be required to disclose the fact that a violent crime has occurred on the property, or to notify buyers about the availability of a list of registered sex offenders. Other mandated disclosures may include seismic activity reports, earthquake readiness, and other data. State law may also prevent sellers from having to disclose that a previous resident had AIDS.

Remember that your best protection against future claims is always a full and honest disclosure. If you have questions talk to your REALTOR®.

TIP: Make sure you put all disclosures in writing, even if you also discuss a matter with the buyer in person. Your REALTOR® can assist you by providing a disclosure form.

### *Selling A Home: Legal Issues*

#### **The Offer**

Once you have had a buyer make an offer and you have accepted it, you both have certain responsibilities you must live up to. There are two standard contingencies that ensure both parties are covered. There is a **financing contingency** - this makes the sale dependent upon the buyer's ability to obtain a loan. If they cannot, the seller is free to open the house back up to the market. Then there is an **Inspection contingency** - this ensures the buyer a professional inspection of the property to their satisfaction. Once a buyer has put down a deposit, they forfeit it if they back out of the deal for any reason not stipulated in the contract.

#### **The Purchase Agreement**

The **purchase agreement** must include the seller's responsibilities, such as passing a clear title, maintaining the property in its present condition until closing, and making the agreed upon repairs to the property prior to the buyer's moving in. Most sellers prefer to make all the minor repairs prior to putting their house on the market; this can help them endure their asking price. And nearly all purchase agreements include a buyer contingency called an **Inspection Clause**, whereby a buyer can back out if there are numerous defects found. It can behoove a seller to make the repairs before listing the house because a buyer can use the "needed repairs" angle to negotiate a lower price. Plus remember that once you sell, you are looking for your next house, and you do not want to have to spend all of your time fixing the house that you are moving out of.

## Tips For Every Seller

### *The Reality Of "For Sale By Owner"*

We've all heard stories about lucky homeowners placing a "for sale" sign in the yard, opening their front door on a Sunday afternoon and receiving a full-price offer at the end of the day.

If you're thinking of selling your home, you might be lured by these successful "for sale by owner" stories. After all, you reason, why pay commission to a REALTOR®, when you could keep the profits all to yourself? But the reality of FSBO listings is far less rosy than you might think:

- Advertising works best when it's run frequently over a period of time. Most FSBO sellers, however, try to cut costs by running a single ad here and there, usually not often enough to attract the attention of many buyers. The REALTOR®, on the other hand, advertises their listings often in print media, in electronic media, and in the Multiple Listing Service, which is only available to a licensed REALTOR® and broker.
- Most homeowners believe their house is worth more than it really is. Even if you study comparable homes and try to discern the value of yours, it's still a time-consuming process and an amateur's guess. If it's not competitively priced, many prospects will simply bypass your home. If you later lower the price, you'll have to advertise again, at more cost to you.
- Most of us grow accustomed to our home's imperfections over time. A REALTOR® can see a house the way a prospect would. He or she may suggest some minor improvements, like fresh paint, new vinyl flooring or furniture arrangements that could help your home sell faster and for more money.
- A REALTOR® will qualify prospects before showing them a home. A FSBO seller is at the mercy of everyone who calls or knocks on the door. You may spend valuable time giving tours to curiosity seekers or prospects that can't afford your house.
- Prospects often shy away from FSBO homes. Some fear legal problems because of the intricate paperwork involved. Some may worry the seller is not disclosing everything about the home's condition. Others may simply feel uncomfortable negotiating directly with the owner.

Many FSBO stories, unfortunately, don't have a happy ending. After a considerable outlay of time and money, sellers often list with an agent in order to get their house sold. Unless you have a sure buyer - a cousin or coworker, for instance - consider listing your house with an agent right away before it grows market-weary.

## **Selling Price And Terms**

Most buyers and sellers go through the traditional methods of getting a home mortgage loan from a financial lending institution. Most people have some money either saved or made from the sale of a prior home to use as a down payment. But most people need to borrow the amount of money it takes to buy a house. Once a buyer has made an offer that the seller has accepted, the buyer needs to get a loan for the agreed upon price of the house. One thing that a seller should ask a real estate agent who calls to make an appointment, is if the buyer had been pre-qualified to afford the house they are viewing. It's not uncommon for some potential buyers to look at houses out of their price range. This wastes the time of the real estate agent and the seller. In most cases it is not a problem, but being proactive can save a lot of time and disappointment.

There are alternative methods to homeowners who are anxious to sell, who are not in need of the money from the sale of the house, and who sometimes consider seller financing. This type of financial loan can be done by taking on a second mortgage, or even financing the entire purchase if the seller owns the house free and clear. Seller financing differs from a traditional loan in that the seller does not give the buyer cash to complete the purchase. It is in essence, a land contract. Which means the seller replaces the financial lending institution to the buyer. This loan involves extending a credit against the purchase price of the home while the buyer executes a promissory note and trust deed in the seller's favor. As in loans from lending institutions, they give you the deed to the house, but in seller financing, the seller holds on to the deed, until the buyer has made the last payment. These special circumstances must be acceptable to the seller of the property. After the terms are worked out between buyer and the seller the title or escrow company prepares the necessary paper work. The one thing the seller needs to be sure of if they choose this situation is the buyer's credit rating. The seller needs to make sure that the buyer can make the proper payments in a timely manner.

There are a myriad of loans that people can qualify for, all with different terms that suit all needs and circumstances. Make sure to speak to your mortgage lender and real estate agent about what options may best suit you.