

Copyright © 2017 by MBM, Inc.

All rights Reserved

No part of this book may be used or reproduced in any manner whatsoever without written permission of the author.

Printed in the United States of America

ISBN: 978-1543037883

Easy Read Publishers

4000 E. Bristol Street, Suite 3
Elkhart, IN 46514

What Every Person Needs to Know About Selling a House

By Ashley Leigh

*“Real estate cannot be lost or stolen,
nor can it be carried away.
Purchased with common sense and
managed with reasonable care, it is about the
safest investment in the world.”*

Franklin D. Roosevelt

Dedication

To my clients who have trusted me to help them sell and find the home of their dreams in good times and bad. It is because of you I jump out of bed every day excited about the opportunities to serve.



Table of Contents

Introduction	“Selling Requires Skill”	9
1	What This Book is NOT About	13
2	Selling Fast For Top Dollar	17
3	The Top 10 Pitfalls to Avoid	29
4	What to Expect When Selling	37
5	10 Tips For Selling Your Home	47
6	Getting Your Home Market-Ready	53
7	Staging For Top Dollar	59
8	What to Ask Potential Agents	67
9	The Team-Selling Difference	75
10	Does the MLS Really Work?	83
11	Market-Based Pricing	91
12	Pricing For Maximum Value	99
13	Setting the Right Price	105
14	Focusing On Net Proceeds	111
15	The Real Cost of Selling	117
16	Changing the Outcome	127
17	If Your Home Doesn’t Sell	135
18	Preparing For Inspections	141
19	Finalizing The Sale	151

Introduction

“Selling Requires Skill”

Welcome to what I sincerely hope is the most truthful, blunt, straight-forward, non-sugar-coated, no holds-barred, book about selling real estate ever written on the subject.

I hope to strike a chord with you: the chord of authenticity.

NO college classroom theory
or fluffy nonsense

Only real world truths from someone who succeeds day in day out running their own real estate agency.

I have written this book as if we were sitting around at the end of the day on the dock, watching the sunset, enjoying a cool beverage, and just hanging out talking candidly about real estate.

I have occasionally been described as a TOUGH, demanding, no-nonsense Realtor®.

These people would be correct in describing me that way. I believe in "accurate thinking" over positive thinking and have found I am most successful when I have a firm grip on the way things really are and least successful when caught wrestling with the way things "ought to be."

In this book I will share with you my years of real estate experience.

What has worked for my clients – and what has NOT worked.

If you are looking to sell your house...

You will find this book will help save you costly frustrations.

If You Are Just Getting Started In The home selling process...

Thank your lucky stars you got this book before making mistakes. We are not in the same real estate market as our parents once were. Times have changed and strategies that worked 30 years ago no longer work.

It is my job to help you avoid as many pitfalls as possible. I am going to be your expert guide and in the end – once you have had a chance to read this book, hopefully earn your trust and be your agent to sell your home.

This Is A No-Nonsense house-selling book...

I am going to tell you

- how to judge the skill of a Realtor® you choose
- find the newest in technology aids for home sellers
- give you money-saving tips on preparing your home for the market
- guide you through making your home better than the competition
- negotiating a win-win closing
- and a lot more

I welcome your comments, thoughts or questions.
You can communicate with me directly by email or
phone at:

Ashley Leigh

703-485-4663

sales@LintonHallRealtors.com

www.LintonHallRealtors.com

To Your Home Selling Success!



1

What This Book is NOT About

I think it's important to take a few minutes and talk about what this book is NOT about – to get some of your fears, skepticism, and doubts out of the way.

Any person can study and pass the real estate test. But it takes a true expert who has spent years in the home selling trenches and has honed their marketing skills to help you sell your home for top dollar – and FAST!

Whether this is your first home – or your 100th home – things change, laws change, neighborhoods change. Unless you're in the trenches day in and day out you probably don't have your finger on the pulse of those changes.

- This book is NOT about rehashing the stuff you can find by looking on the internet.
- It is NOT about bashing other agents, but to tell you why my proprietary home selling methods have worked so well and catapulted me to the top of all agents in this area.
- It is NOT an encyclopedia of everything you need to know about selling a home. That's where my knowledge and experience come in when we work together.

That said; let's get a few things straight right out of the gate:

1. I am not looking for half-hearted sellers. I

have been described as a tough and demanding agent. If I agree to work with a client, that client becomes my #1 priority; Not 2nd, not 3rd. That means I simply cannot agree to represent just anyone. When you list your home with me I pull out all my marketing stops. I put my entire team into action to sell your home for as much as possible and as quickly as possible.

I can't do that unless you agree to do your part. It might mean putting a fresh coat of paint in a room or two, updating the landscaping, and de cluttering your house.

We have one chance to make the first impression. And after years selling homes full time as one of the areas top agents, I can guarantee you that if you

listen and do what I suggest, you'll have the best odds of accepting an offer soon.

2. I have an entire team working for me. The only reason I could get to the top of my real estate game is because I have a whole team of professionals helping me with all the details needed to handle all the minute details in the sale of a home. I can go on vacation and you can know you're still going to be taken care of.

Let's get started....



2

Selling Fast For Top Dollar

If you are looking to sell your home fast, without having it sit on the market as countless “buyers” come to look at it, draining your energy and finances, then you have to answer this very important question:

**“*Why* am I selling
my home?”**

Motivation is a powerful weapon and you need to have it in your corner when selling your home. When you know the *why* behind the sale, then you can approach the process with laser focus - leading to a faster success rate.

Your *why* affects everything from the asking price to the amount of time, money, and effort invested to prepare your home for sale.

The list price is the number one determining factor on whether a home will sell and how fast.

Dangers of a Declining Market

Over pricing your home in a declining market can be very dangerous and extremely costly. In fact, if the market is declining in value at all, your home should be priced so it is the next home sold.

Although you know your reasons for selling, keep them to yourself. Offering too much information up front will affect the way the sale is negotiated. This could give the buyer an unfair advantage in the negotiation.

For example:

If the buyer learns you must move quickly, you could be placed at a disadvantage. They could come in with a lower initial offer knowing you need to move. If asked, deflect the question by simply stating your housing needs have changed.

The real reason should be kept between you and your real estate agent

- Make sure you do your homework before settling on a price.
- When the price is set, it will tell buyers that this is the maximum they will have to pay for the home.
- You will want to set the list price as close to the anticipated selling price as

possible. Because, the initial price is the most important step in ensuring you get the most money for your home.

- Too many days on the market make it harder to sell.

•

No matter what you do, DON'T forget these two points:

- 1. Too high of a price and you run the risk of realtors and buyers not taking your home seriously.**
- 2. Too low of a price and you could hand over your house for thousands less than you wanted.**

Location...Location...Location

There are many strategies used to estimate your homes price, but the most important is its location.

If your home is in a subdivision surrounded by other homes built in the same period with similar or identical floor plans, sellers can look at recent sales in the neighborhood.

If your home is in an older neighborhood, the process gets a bit trickier. Neighborhoods change over time, each home may be different in minor or even substantial ways, so it will be necessary to consult a Realtor®.

One useful method of determining your asking price is to put yourself in the position of the buyer by doing some “home shopping.” Think of yourself as

a buyer who is seeking out all available homes to find out what amenities they offer and how they are priced. If there are open houses in the neighborhood, check them out. If you are serious about getting your home sold fast, never price it higher than other homes in the neighborhood.

Other things to think about when selling your home

Appraisals

Sellers rarely benefit from getting an appraisal of their own home. While the appraisal is a professional opinion of value and will demonstrate the fact that the home can be financed, the problem is that there are three types of appraisals and they all expire. The appraisal is unlikely to be of any use for the buyer since banks require their own appraisal. There will be plenty of time for an appraisal once the home is under contract.

Tax Assessments

These assessments are based on criteria that may have little correlation to actual property values. Tax assessments are almost useless in determining the market value of a home.

Realtors

According to the National Association of REALTORS®, nearly two-thirds of people surveyed who sold their home themselves said that they would not do it again.

Some of the difficulties encountered when

trying to sell on your own include:

- Price-setting
- Marketing
- Liability concerns
- Safety issues
- Time constraints
- Expenses
- Contract legalities needing an attorney

When deciding on a realtor[®], choose a full-time, successful one. Not all realtors are the same. A top-performing Realtor[®] knows the market and has information on properties for sale, past sales, and pending sales. A good Realtor[®] will have:

1. A marketing plan
2. A solid presence on the Internet
3. A supporting team of professionals
4. Seasoned Experience
5. Qualifications
6. Enthusiasm (this is a BIG one)
7. Work Ethic

Before settling on an asking price, give thought to the negotiating spread. Your Realtor[®] can tell you what the selling price to asking price ratio is averaging in the area.

For example, if similar homes in the area sold for 97% of the asking price, that leaves 3% wiggle room in the pricing so the buyer can do some negotiating. In a successful sale, the buyer receives

some concessions and the seller receives what they anticipated.

More than Curb Appeal

The look and feel of your home will generate an emotional response from buyers. Prospective buyers react to their senses. They'll react to what they see, hear, feel and smell, even though you may have priced the home to sell.

**There is an old real estate adage,
“If you can *smell* it, you
can’t sell it.”**

More about Odors

If there are any odors in your home, make sure they are favorable. Fresh-baked bread or cookies work best. Our sense of smell is strongly linked with emotions and memories. With favorable odors, you can make a subtle, but powerful impression on prospective buyers.

Unpleasant odors can be absolute deal-killers. Sellers live in their home and grow accustomed to its odors to the point where they no longer notice them, but prospective buyers will notice them immediately.

If there are smokers in your home, thoroughly clean the house to rid it of any tobacco odor. Then limit smoking outside the home. Get rid of any clues of smoking, such as ashtrays, and should not be left out for buyers to see.

If you have pets, take every precaution to

prevent them from creating stains and odors. Also keep all animal feces cleaned up on a daily basis.

Cleaning and More Cleaning

One of the biggest mistakes you can make is to rely solely on your own judgment. Don't be shy about seeking the honest opinions of your realtor®. A good realtor® can provide an objective opinion and offer advice about how to make your property more marketable.

Once your home is on the market, spring cleaning comes every week. It's important to remember you're competing with both older and new homes. Visiting a few model homes to take notice of how clean and uncluttered they are is important to your success. Also, keep these two things in mind:

1. Put away the personal knick-knacks and try to make visitors imagine the home as their own
2. Decorations should be neutral in color and style to add a simple warmth and character

More to do before your home hits the market

- Make sure your home is clear and uncluttered
- Fix everything that can be fixed by oiling squeaky hinges
- Declare war on dust
- Clean hand prints off mirrors and windows
- Clean out cabinets and closets

- Replace any cracked windows or mirrors
- Tiles should be scrubbed to make sure all grout is clean

Maximizing Marketability

Obviously the more prospective buyers you have the better your position. This is why maximizing your home's marketability to as many different buyers as possible is so important. When there are multiple buyers, you are no longer forced to compete with a single buyer. Instead, you can reap the benefits of the buyers competing with each other.

When negotiating with a buyer, keep in mind that you are doing just that— negotiating. Let go of all your emotions from investing in your home over the years. Letting your emotions drive the sale could leave you holding your home longer than you want.

Buyer's Motivations

While you should never reveal your reasons for selling, do your utmost to learn about the motivations of prospective buyers. The better you know the buyers, the easier it will be to gain an advantage in negotiations. Knowing what motivates the buyers allows you to control the pace and duration of the process. This allows you to negotiate more effectively and puts you in a better position to bargain.

Keep in mind the buyer's primary motivation:

To purchase the best available property for the lowest possible price.

Since you want to sell high, and they want to buy low, information becomes leverage. Important pieces of information to obtain about a buyer are:

1. The amount of mortgage they are qualified to obtain.
2. How much they can afford as a down payment.

If a buyer is offering a very low down payment, your realtor® should contact the buyer's realtor® to determine whether the buyer really has the ability to purchase your home. The financial situation of the prospective buyer will play a significant role in the nature of the negotiation. Looking for opportunities to utilize this information to your advantage is an important part of the process.

Quite often, buyers will specify a time when they would “like” to close on the house, but in reality this is actually the point at which they *need* to close.

Knowledge of a buyer's compelling deadline can provide yet another negotiating advantage for the seller.

Unless you can afford two monthly mortgage

payments at a time, you should wait to sign any deal on your next home purchase until your current home is under sales contract. Otherwise, you may end up in a desperate position to sell your home as quickly as possible. No one likes to make payments on two homes at once. This desperation, of course, gives enormous power to buyers and can drastically lower the selling price of your home.

When to Leave

In most cases, it's better to occupy your home during the selling process. Visually, rooms appear larger and warmer with furnishings. When occupied, a home's air temperature is usually at a comfortable level when they walk in. The home will appear to be better cared for than a vacant home. Also, if the home is vacant, a buyer may suspect that you already have another home, leading them to believe that you are desperate to sell. In this situation, the buyer will make a lower than normal offer.

A staged home typically shows better and sells faster than a home that isn't staged. Ask your realtor® if they can recommend any home staging consultants. The objective opinion of a decorating professional can be very helpful to home sellers.

The Counter Offer

Remember, you must leave emotion at the door when entering the negotiating room. Although hard, this means never taking a low offer personally. You may have years of emotional investment in your home, but the buyer simply sees it as another house and is doing their best to get a good deal.

Every offer, no matter how low it may appear, should be evaluated objectively.

Work with your realtor® to formulate a reasonable and acceptable counter offer. To start the process of making a counter offer:

- Analyze the offered price
- The size of the earnest money deposit
- The closing date
- The size of the down payment
- Whether or not the buyer is making any special requests

The low offer you throw aside may be the one you end up having to accept if you fail to formulate a thoughtful counter offer. Don't forget to supply documentation that supports your position.

If you feel that the buyer may not be qualified or that their offer is inadequate, it is a good idea to find out more about their ability to carry the mortgage on your home. It is wise to ask how the buyer arrived at the amount of their offer. Then suggest they compare that price with other homes for sale in the area.

Ask for a blank copy of the sales contract. The day you put your home on the market, you should begin reading the blank form of the contract that will be used to facilitate the sale of your home. This will eliminate a lot of surprises and give you a huge head start when the time for negotiation arrives. When an offer is made, be prepared to ensure that all the terms,

costs, and responsibilities are spelled out and accurate.

Obviously, it is important to avoid deviating from the terms of the contract. For example, if the buyer requests a move-in date that comes prior to the date of closing, be extremely cautious. Complying with this request could open the door for the buyer, once moved into your home, to find something they do not like and then refuse to close. If the buyer needs a reason for the denial of their request to occupy early, simply state that you have been advised against it.

Even if you feel inclined to comply with the buyer's wishes, remember that there is no good time to take unwarranted risks that could cause the deal to fall through.

Your home will be new to the market only once, so don't waste the opportunity to gain momentum from the excitement of introducing the property to the market. You only have one chance to make a first impression. Make sure your home is looking and feeling it's sharpest.

In the next chapter we're going to talk about the pitfalls to avoid when selling and pricing it according to what the market says will sell – not what you think it should sell for.

3

The Top 10 Pitfalls to Avoid

Selling a home can be a stressful experience. Everything from low offers to the amount of time your home sits on the market can cause undue stress. But, you can increase your odds by being prepared. With that in mind, this chapter will outline the top 10 pitfalls to avoid when trying to get the best price and the fastest sale of your home.

1. Ignoring Curb Appeal

Regardless of how appealing your home may be inside, if careful attention is not paid to the exterior of the home, particularly the front, then you may lose out on selling opportunities even before viewers have opened the front door. The curb appeal – how your home looks from the street – is extremely important. If your home doesn't look good on the outside, people

won't come inside.

Many people do drive by first. Make sure to peak their interest.

Do the following prior to listing your home:

- Remove debris, leaves, and equipment from the yard
- Mow the grass regularly to keep it neat and short
- Fertilize and water the lawn to keep it looking nice
- Consider planting shrubs or flowers
- Prune back trees and bushes
- Repaint the exterior, door, and trim (if possible)
- Power wash the driveway and walkways
- Wash exterior windows
- Clean gutters
- Put down fresh mulch
- Replace any old house numbers with new ones so it's easy to see the address

Most of these exterior changes are affordable and easy to do. Improving curb appeal can boost interest and increase your chances of an offer.

2. Skipping Pre-Sale Home Inspection

If you have lived in your home for several years, then you may have familiarity blindness and be unaware of major problems with your home. These problems could cost thousands of dollars to repair and cause potential buyers to walk away. A home inspection prior to listing your home can identify major problems such as roof leaks, drainage issues,

and foundation concerns which can be addressed before the home is put up for sale.

3. Putting Off Minor Repairs

Don't just set your focus on the major repairs. Overlooking any minor repairs can be a recipe for frustration. Make sure to focus your attention on major issues (along with the minor) prior to selling.

Here is a partial list of things to go through and make any necessary repairs:

- a. Caulk around windows and doors
- b. Oil doors to prevent squeaking
- c. Patch wall holes
- d. Fix or replace leaky faucets
- e. Replace burned-out light bulbs
- f. Remove old or torn wallpaper
- g. Repair or replace damaged trim and baseboards

Basically, any repair that can enhance the look or feel of your home is a good idea, as long as it doesn't cost too much. The cost of some improvements can be offset with a higher selling price.

4. Deep clean

A clean home is much more attractive to home buyers. Plan to spend several days giving your home a thorough cleaning prior to listing it for sale. The list should include:

- a. steam cleaning carpets
- b. washing walls

- c. cleaning windows
- d. brightening tile grout
- e. and ensuring that any odors are removed

There is no such thing as “too clean” so don’t settle for a basic cleaning

5. Avoiding an Investment

Many low-cost investments can greatly improve the appearance of your home. Specific improvements can lead to a higher offer price with less time on the market. These items should be considered:

- a. Repainting bedrooms and living areas
- b. Replacing carpet with laminate or hardwood flooring
- c. Changing door knobs and hardware
- d. Updating old fixtures and faucets
- e. Adding plants to rooms
- f. Installing larger mirrors in bathrooms or bedrooms

Many of these enhancements cost very little and can be completed in a weekend, but when it comes to selling a home they can really pay off. Utilizing the services of painters, electricians, plumbers, and other professionals in advance will ensure that your home shows well and can result in a faster sale for a higher price.

Professionally staging your home can highlight its features and finishing touches, give buyers the feeling that your home is well-kept, and ensure that each room is balanced and tastefully decorated. Be

sure that furnishings are scaled to the appropriate size for the room space.

6. Eliminate Clutter

Before listing your home, carefully evaluate each room to determine what needs to be removed or relocated. A streamlined, de-cluttered home feels more spacious and is much easier for buyers to visualize as their own. This includes going through each room; including basements and closets. A de-cluttered home is more attractive and less distracting. Presenting your home in the best light will attract higher offers.

7. Multi-Tasking Rooms

Many homes have rooms that serve a double-duty: such as an office that doubles as a guest room or a family room that doubles as an exercise room. While this may work for the family who currently resides in the home, it may put off home buyers. They may find it difficult to see the room rather than the contents. Prior to selling, restore each room to its original purpose rather than trying to make the rooms into something they are not.

Be sure your master bedroom only has furnishings that make it feel serene and relaxing.

8. Rejecting Offers

Everyone has a different strategy when it comes to buying a home. Some buyers may make a very low initial offer. By carefully considering all offers and countering with a fair and reasonable amount, you are more likely to negotiate a price that suits you. Rejecting low offers without countering may

put off the potential buyer, who will simply move on to the next home on their list. By taking the time to construct a reasonable counter-offer, you can determine whether the buyer is seriously considering your home.

9. Self-Listing a Home

Some companies advocate the money you can save by selling your own home. However, they fail to mention that self-listed properties often spend more time on the market.

According to the National Association of REALTORS® (www.realtor.org) “for sale by owner” (FSBO) homes averaged a sale price of \$140,000 in 2010, while similar homes sold by a qualified real estate agent or broker sold for nearly \$60,000 more.

Many realtors® have years of experience in marketing homes. They’ve found exactly what works to sell homes and which marketing channels get the best response. A good realtor® can:

- Provide tips to make your home more appealing
- Obtain volume discounts in local newspapers and utilize various websites to maximize exposure
- Conduct open houses and home tours to attract more potential buyers to your home
- Recommend contractors, inspectors, and other reputable professionals who are reasonably priced

- Ensure that all parts of the transaction are completed accurately and effectively to reduce legal liability
- Provide detailed market analysis and pricing recommendations based on experience, not emotion
- Ensure compliance with strict federal laws

You should consider whether the short-term savings from selling your home yourself will achieve your long-term goal of selling your home for the highest price in the shortest time. Those who try to sell their home themselves have difficulty getting the price they want and find that it takes much longer than they expect. In most cases, using a qualified realtor® will provide a less stressful experience and usually more than pays for itself.

10. Pricing Too High or Too Low

Correctly pricing your home is a key element in attracting buyers and quality offers. A home priced too high will turn off most buyers. Many won't even bother to view your home because it is perceived to be over-priced or out of their price range. Nearly 90% of purchasing decisions are based on price.

A home that stays on the market 90 days or more can be much harder to sell, regardless of price.

Conversely, a home priced too low may lead buyers to believe that there is a major defect, which will cause them to stay away. Either way, if your home is not priced correctly, little can be done to get buyers to come inside or pay more than they believe it is worth.

A realtor® can provide a detailed analysis of your home, as well as a history of what other homes in the area have sold for.

These ten tips will enable you to present your home in the best possible light, and ensure that you have all the tools necessary to attract a great offer in the shortest amount of time.

4

What to Expect When Selling

When putting your home on the market, it is very important to understand the process so you can set accurate expectations. Having realistic expectations can enable you to achieve a higher price in a shorter time.

A good realtor® will conduct a market analysis using a comparison between your home, other homes currently listed for sale, and recent sales of similar homes over the past three to six months. Strategic pricing, an important step discussed later in this chapter, ties directly into this analysis. A realtor® offering a suspiciously low commission or high sale price probably won't provide such an analysis.

You should hire a realtor® based on their

marketing plan and the services they provide. Never base your decision on the amount of their commission. Some realtors® will offer their services at a low price to get your business, but will also discount what they do to sell your home.

Choose Your Realtor® Wisely

Realtors® who offer a very low commission will place your home in a Multiple Listing System (MLS), install a sign, and do little else to sell it. They may offer to sell your home at an unrealistically high price in order to win your business. You should select your realtor® by the services they provide, not the value they place on your home. Your home is worth as much as the market will allow.

The best chance of selling your home quickly is to attract as many qualified buyers as possible by pricing your home correctly.

By contrast, a good realtor® will typically sell your home quicker and at a higher price. This can result in thousands of dollars in your pocket, which easily covers the difference in cost between a full-service agent and the low-commission agent who doesn't provide the same services or exposure.

The Importance of a Plan

There are two ingredients of a marketing plan:

- 1. Exposure**
- 2. Innovation**

When properly implemented, each enables you to sell your home for top dollar in the least amount of

time. You should ask potential realtors® what they will do to maximize the exposure for your home. Just as more fishing lines in the water catch more fish, more mediums of exposure will attract more buyers to your home.

Exposure

Examples of exposure include:

- Advertisements placed in real estate or other magazines
- Print media such as a local newspapers' real estate section, or a local real estate newspaper
- The internet
- Signage and open houses

National Association of REALTORS (NAR) statistics show that more than 80% of home buyers start their search on the Internet

Buyers can now use search engines to find homes in specific areas, view virtual tours of homes, and use social media sites like:

Facebook
Instagram
Twitter
Craigslist

Clearly, the old-fashioned open house is not as effective as it once was. On average, only about one percent of homes sell due to an open house. Some traditional exposure methods like print media remain important as not all home buyers are computer-techies.

Innovation

Examples of innovation include:

- The “Tour of Homes,” which includes several homes in the same area. Each home stays open for about fifteen minutes, and buyers can come back to a home they like to compare it to others. This is a great way to show your home to several buyers without tying up an entire afternoon.
- The “Guaranteed Sale” program. A guaranteed sale usually means that the realtor® or one of their investors agrees to buy the home if it doesn’t sell after a specific period of time. This program can give you a sense of the confidence a realtor® has in selling your home at the price range in which it is listed. Few realtors® have the confidence to offer this program, but it offers both buyers and sellers a win-win deal.
- The “Trade-up” program provides the buyer with a guarantee that if they buy a new home, but cannot sell their old home, the realtor® and/or brokerage will buy it from them. Most buyers would prefer to sell their existing home before buying a new one to avoid the burden of two mortgage payments.

Individual or Team Approach

It is important to consider the services a

realtor® provides. Do they work as an individual, or as part of a team? It makes sense to hire a team rather than a single realtor®, as a single realtor® can't leverage themselves like a team. A busy individual may not have the time for extra accommodations, such as showing your home on short notice, but a team typically has the flexibility to do this.

If you choose to work with a team, find out how many assistants the team has to handle daily tasks like:

- listing the property
- creating feature sheets
- taking photographs
- generating online advertisements
- taking measurements
- handling telephone calls
- provide feedback
- coordinate showings

These are all very important aspects of selling your home. The better informed you are the better your selling experience.

When your home is listed and ready to show, pricing enters the picture. ***To be competitive in today's market, a house must stand out as the best buy in the area.*** Most buyers shop based upon price, so it is important to be priced as well or better than the competition, even if that means just a \$100 difference. When a price is selected, the home is ready for input in the Multiple Listing Service (MLS).

Pricing Your Home

After your home is listed, monitor the feedback received from buyers and realtors®. The showing activity is also important to see whether your price is on target. If you are getting lots of showings but no offers - or worse yet, no showings - the problem is probably the price. If no offers are received in the first three or four weeks, take a look at the price, comparing your home to recent sales of similar properties during the time your home was listed.

Being strategic and pro-active with the price is important. Adjusting the price can often re-energize the listing if done soon enough. Buyers who initially saw your home but didn't make an offer may be lured back by a lower price. This can attract new buyers as well. If after another three to four weeks there is still no offer, another price adjustment may be in order.

An aggressive and pro-active seller must keep adjusting the price until their home is sold, especially in a slow or declining market.

The Negotiation

This is an important process that should be guided by your realtor®. If priced right, you should receive offers close to the asking price. Often, the longer it takes to sell your home, the less you will receive, so it is important to price it right and make adjustments quickly if showing and offer activity is too low.

You should ensure that you understand the purchase contract and are aware of its key points. The most negotiated item is price, which must be acceptable to both you and the buyer. Earnest money

deposits are also important. The higher the deposit, the more financial incentive the buyers have to stay in the deal.

The date of possession is another consideration that must be agreeable to both of you. This date must be coordinated to allow a smooth transition from one resident to another.

Conditions and deadlines must also be negotiated. The two most common are:

1. Home inspection
2. Financing conditions

Home inspections are critical to thoroughly check a home before buying it. Again, the importance of repairs and touch-ups must be emphasized. You never want the issue of repairs or replacements to have a negative effect on negotiations. Buyers must be totally satisfied with the home after inspecting it. Since repair requests after an inspection change the terms of the original contract, they must be negotiated. Usually cosmetic items are not considered in the home inspection.

Financing conditions are critical because you want to know the buyers are pre-approved by a reputable lender before entering into a contract. Depending on the bank or lending institution, an appraiser may be sent to the property, or an appraisal may be done on-line.

Another major condition to consider before accepting an offer is whether the sale of your home is subject to the buyers selling their home. In this case, the sellers agree to the offer price and conditions and

go through the entire process, leaving only the sale of the buyer's home. What makes this condition interesting is that your home typically stays on the market.

In the event that another offer is received, the seller may negotiate with the second party and come to an agreement. The first party is offered a “**first right of refusal**,” which gives them the freedom to nullify their offer and walk away or drop the contingency to sell their home.

Another condition can be that the contract is subject to their **lawyer's review**. All of these conditions are negotiable at the time the offer is made and guidance from an experienced realtor® is highly advised.

The last thing to consider is the various items that will be included in the purchase price, sometimes referred to as “**chattel**.” A general list includes:

- Basic appliances such as a stove, range hood, dishwasher, and garage door opener
- Window coverings
- Washing machines
- Clothes dryers
- Refrigerators

It may be typical for a washer and dryer to be included in the sale of a condominium or townhouse but not in a home sale.

Once the conditions are negotiated or waived by the buyer, you can finish packing! From there, the real estate attorney or escrow company can help

process the deal.

Depending upon local laws, a lawyer, Title Company, or the realtor® will handle the various documents and tasks required during this final process. These include:

- Title registrations
- Couriers
- Real property reports
- Additional costs incurred in the transaction, known as disbursements.

As the possession date moves closer, you should provide notice of when you will be out of the home and make sure to leave the property in the same condition it was in when the buyers first saw it. Make sure to notify utility companies, banks, and other companies that they will no longer be living at your previous address, and provide a forwarding address for mail and deliveries.

Do not give the buyer reasons to delay the closing. In other words, don't leave junk, trash and clutter like a bad rental tenant who snuck out in the middle of the night. Leave it move in ready!

On the possession date, the buyers and their realtor® will typically walk through the home to physically inspect it to ensure that there are no problems. The buyer's funds are usually received prior to closing. If the funds are not received in time to close, the buyers may be subject to daily late fees and interest. When the funds have been received and the necessary documentation has been signed and recorded, all parties will be notified and the keys will

be released to the new owners.

There is a lot of information to understand if you are going to sell your home. So make sure you use your team of professionals in every aspect of your journey. You will be thankful in the end.



5

10 Tips For Selling Your Home

You've decided to sell your home and it's time to prepare for the sale. In this chapter you will learn 10 simple tips about what to do and what not to do when selling your home.

#1: Have Your Home Pre-Inspected

Don't wait for a potential buyer to get a home inspection. By having your home pre-inspected by a qualified engineer or a licensed home inspector, you will know up front whether repairs are necessary. Having this important information allows you to repair necessary items long before the buyer's inspector arrives. Most buyers tend to multiply the cost of repairs indicated in the home inspection report and sometimes attempt to renegotiate the

purchase price.

Having the inspection done in advance can save you a lot of cash later on

If you attempt to save money on a pre-inspection you may be blind-sided by expensive repairs.

#2: Paint = professional

Dingy paint or have radical color schemes do not make a good first impression on a buyer. The cost of neutralizing bold colors is money well-spent and gives rooms a fresh and clean appearance. If your home had a previous roof leak that was repaired, water spots on the ceiling should be painted over. If not, buyers may think your home has a bad roof; even if it is leak-free and under warranty. Remember that most home buyers automatically assume the worst- case scenario.

#3: De-Clutter

One fact about moving is that you don't realize how much "stuff" you've accumulated over the years until it's time to move. This is a great time to de-clutter.

A cluttered home will feel small and confining to prospective buyers

Imagine a buyer trying to squeeze through narrow passage ways and moving your stuff to view your home. Try to look at it from their position.

Think about how you would see your next home with stuff scattered everywhere. Buyers will remember your home as the “home with a lot of stuff,” and likely forget many of the positive features that were lost in the clutter.

If your home is cluttered, get storage containers, or better yet, an off-site storage unit to keep your stuff. This will help to sell your home and will give you a head start on packing. You should also consider having a yard sale or donating items no longer needed.

#4: Clean

No one likes a dirty house, so a little soap and water can go a long way. Here are a few things to get in order before you show your home:

- Bathrooms need to be spotless, which means hair needs to be removed from the drains, mildew needs to be removed from the shower, and the toilet needs to be scrubbed. Any bathroom items that aren't used daily should be put in a box and stored in a closet.
- Kitchen countertops should be cleared off, with unused appliances put away in a closet or cabinet. Countertops should be free of stains, the sink should not contain dirty dishes, and the cook top shouldn't have any burned food.
- Make sure that carpets are clean

and vacuumed. If you have pets or are a smoker, take extra steps to ensure that your home is free of any foul odors. A person's sense of smell is strongly tied to their memory, so offensive odors can cause a potential buyer to have a negative memory.

#5: Put Away the Pets

You may have wonderful pets, but keep in mind that other people may be afraid of your animals, especially dogs. When buyers walk through a home and there is an intimidating or overly-friendly animal, all they will remember is the animal, especially if they are scared and have small children with them. So make sure you make arrangements for your pets.

#6: Remove Sentimental Fixtures

If you have a special family heirloom chandelier hanging over a dining room table, or anything else that you intend to take with you, take it down and replace it before you begin showing your home. Many buyers want what they can't have, so if they don't *see it*, they won't want it!

#7: Curb Appeal

You need to be honest with yourself about whether your home is inviting and looks good from the street. You may consider power washing the exterior, planting flowers, trimming the hedges, weeding, rolling up the garden hose, fixing bare lawn spots, and keeping the grass neatly cut. And be sure

to clean up after your dog in the yard before any showings.

There's nothing worse than a buyer or realtor® stepping in something unpleasant and tracking it all over your home unintentionally. If you are selling in the winter and snow has covered the ground, make sure the driveway and walkways are free of snow and ice to prevent an accidental injury.

#8: Hide Valuables

It is surprising how many homeowners leave jewelry and other valuables out in the open. You probably don't know the people who walk through your home and sadly, not everyone is honest. There have been instances where other realtors® allow buyers to walk through unattended and, as a result, valuables go missing. Be smart and hide your valuables including personal papers, credit cards, and ID.

#9: Be Available

In any market, especially a slow one, you never want to miss a showing opportunity. Your home should be available to show as often as possible. At times, it may be inconvenient, but if you are serious about selling your home, make an effort to be flexible.

#10: Price Aggressively

You are not the only one trying to sell a home. Therefore, you must be very objective when pricing your home. The price should be based on similarly-styled homes that have sold within the past three to

six months or are currently under contract. Disconnect from the price. The current local market dictates the price that your home will actually sell for.

The price should be reviewed at least every 3-4 weeks and adjusted accordingly

Try to remove your sentimental attachment to your home and be as objective as possible. The price must be set below other homes offering more features or your home will sit on the market unsold. In a declining market, you need to aggressively lead the market, not follow it downward. In doing so, you will create demand and sell your home before its value drops further.

By applying these ten simple tips, you stand the best chance to sell your home fast and for top dollar.

6

Getting Your Home Market-Ready

Ask any realtor® and they will tell you there are two types of sellers.

1. Those who treat the selling process as daunting and hair-raising
2. Those who approach it with a well-thought-out plan that is executed to perfection, sending buyers scrambling for their checkbooks.

Can you guess which one has the better experience?

Every seller wants top dollar for their home and want it fast. It's not by accident that some sellers

accomplish their goal while others do not. This chapter contains a step-by-step process that, if followed, will have buyers making irresistible offers on your home.

What the Buyer Sees

The first thing to do is put yourself in the buyer's shoes. You will never get a second chance at a first impression. The exterior view of a home is where every buyer looks first. This is where you start.

- Sidewalks should be cleared and neat and the yard should be manicured to perfection, with the trees and shrubs nicely trimmed.
- Flower beds should be cleaned out with brightly colored flowers freshly planted and leaves picked up.
- Make sure that the paint is not peeling or faded and that the house number can be easily seen from the street.
- Replace any non-working lights outside and make the front door shine like a new car.

If a buyer sees a poorly-maintained lawn, paint peeling, and broken windows, you are likely to lose them. One quick and easy thing to do is to get a new “welcome” mat.

What the Buyer Smells

Imagine walking up to a beautifully manicured home. The excitement fills your body and

anticipation builds as you walk towards the front door. But once you enter the home you are greeted by a foul odor. People are sensitive to new smells and something you may not notice could prevent a buyer from making an offer.

One way to combat odor is to make sure you take out the garbage and pick up any pet waste.

Consider making small touches, such as a drop of vanilla on a light bulb, to create an inviting aroma.

Quick Sale Tips

1. To show your home at its best, you need light and lots of it. The blinds should be open and lamps should be on for a welcoming glow.
2. Carpets should be spotless and old rugs thrown out. If your furniture is chipped, frayed, or looks worn, it should be removed. You are trying to create a warm and cozy feeling, not an atmosphere more suggestive of a college dorm.
3. Many buyers will judge your home by the way the kitchen is kept; including your oven and stove. Appliances must be spotless and the sink clean—never leave dirty dishes in the sink.

The countertops and cooking areas

should be kept open and uncluttered, without small appliances scattered over them. Cabinets should be rubbed down with oil to bring out a lustrous shine.

Anything that squeaks, drips, or sticks should be repaired or replaced, as buyers often open cabinet doors and drawers. Go through the pantry, the refrigerator, and the freezer and toss unused items to help get rid of clutter.

4. Bedrooms are the most-looked-upon area of a home. The key to presenting the bedroom is to define the room by arranging the furniture, allowing buyers to see the true space of the room.

In order to showcase closet size, take out any clothing or accessories that you do not absolutely need. Overstuffed closets make them appear too small. Beds should be made, with clothes off the floor and closets spotless.

5. Bathrooms must also be attractive. Buyers love to snoop, especially in the bathroom where there is the potential for some particularly unappealing sights to turn them away. Make sure there are no toys in the bathtub, hair on the floor or in the sink, stains on the toilets, or grout on the faucets.

Everything in the bathroom should be immaculate.

6. The living room and family room should offer an atmosphere of relaxation, fun and activity. If your goal is to sell your home, take the time now to pack any unneeded items. Remember you will moving soon and this gives you a head start on packing.
7. The last piece of the puzzle is the garage, where convenience is the key. The perfect garage would feature room for two cars and a well-organized work bench with an orderly storage area. This is not the place to dump the items cleaned out of the house. The garage also needs to look clean and uncluttered. If you have nowhere to store your things, consider renting a storage unit during the few months that your home is on the market.

After making minor repairs, de-cluttering, re-arranging bedroom closets and kitchen cabinets, and renting a storage unit, your home should sparkle like a diamond on a bright sunny day.

Then, go outside and look at your home from the outside. Imagine how the house will look to a buyer. You will likely have many different emotions—relief, exhaustion, excitement and likely, a little

sadness. Be proud at how much you've accomplished. Now, it's go time! You are finished and your home is ready to be placed on the market and presented to buyers!

7

Staging For Top Dollar

Some things about buying and selling a home never change: Not even with all the multimedia technology used to market a home. No matter how a buyer first learns about your home, at some point they will need to see it in person. When buyers come to view your home, you will want to show it off to its fullest potential.

Staging can increase the appeal of almost any home being offered for sale, from modest starter homes to high-end dream homes. You've probably seen the dramatic "before" and "after" photos on popular real estate TV shows. The results can be positively amazing.

Staging your home not only improves its appeal, it can also improve its value. Home staging can make a sale, turning a skeptical buyer into a homeowner

Remember the old adage that you never get a second chance to make a first impression? It applies to homes too.

Studies show that a buyer will likely form an opinion of your home within the first three minutes.

That's not much time to make a great first impression but this is where the art of home staging can have its biggest impact.

It's not about you.

The biggest challenge for you is shifting your focus from living in your home to selling it. You must put yourself in the buyer's shoes and think about how new owners might use the space.

So what are some simple, yet effective, ways to get the most for your money from staging? First and foremost, home staging isn't as much about decorating as it is about positioning to get a buyer to say, "I love this home!"

People buy on emotion, on feelings of warmth and happiness, and when a home feels warm, cozy, and inviting, it can subtly nudge buyers toward a decision to purchase

Home stagers don't want to decorate your home; they want to give buyers ideas of the possibilities your home offers. Rooms are re-arranged to allow easy traffic flow, furniture is grouped in small and pleasing settings, and decorations are added to

provide a feeling of warmth.

To really understand what home staging is, it's helpful first to understand what it is not. Home staging is **NOT**:

- Cleaning
- Clearing away the clutter
- Making all the small repairs that have piled up over the years

One of first things a home stager will do is analyze the traffic patterns in the home. It's important to know how people move about in the house so that furniture and accessories can be arranged in ways that improve the normal flow. Furniture will be set in vignettes—small groupings that encourage people to sit and socialize.

Decorations will be used to emphasize different ways the buyer might use the space, such as a tray with a tea cup and dessert plate placed on an ottoman near the TV.

Décor can signal a warm welcome such as:

- a bowl of fresh apples and pears on the kitchen table
- fresh dishtowels in the kitchen
- fresh boxes of tissues in easy-to-find corners
- light fixtures will have new bulbs, in a soft white rather than harsh incandescent light

The attention is in the details and all of these little touches help to make prospective buyers feel at home.

The next step in good home staging is the placement of larger decorations.

Bookshelves, artwork, and knickknacks should all be arranged to draw the buyer's eyes to particular features.

If you want the buyer to focus on the brick hearth and fireplace, then small, eye-catching pieces should be placed on the mantelpiece.

A painting of a forest set between two windows will cause buyers to focus on that wall, on the windows, and on their particularly good view of the tall oak tree outside.

Most importantly, stagers will carry themes from one room to another, tying everything together with color continuity, theme, and flow. These are some of the most important components of good home staging.

How much does home staging cost?

All of this sounds impressive, and in real estate, impressive sometimes can mean expensive. Professional staging rates vary from \$500 to \$5,000 but the good news is that staging does not always need to involve spending lots of money.

Sometimes, simple techniques can turn a

modest home into a showcase. Ultimately, how much you invest will depend upon:

1. The size of your home
2. The number of rooms that need staging
3. The time required to prepare the rooms or the exterior of the home

Having a well-cleaned and neat home can help to keep staging costs down. The decision to stage your home shouldn't be made based on how much it will cost; but rather by how much it will increase your bottom line. The return on investment can be surprisingly high. Even small changes can make a big difference.

Doing it yourself? Small, inexpensive improvements and home staging can make a big difference to your bottom line. Follow these 10 simple tips for success:

1 - Create the illusion of space

The number one goal in staging your home is to make it appear open and spacious. This applies to every room, including the garage, and even to closets and cabinets. When these areas are stuffed full, buyers automatically think the spaces are smaller than they actually are. Remove unnecessary clothing from the closets, and take a cue from closet organization companies by arranging your clothes by color to give a pleasing, organized effect.

2 - Rent a storage unit

It may not be your first choice, but consider renting a storage unit. Knowing you have a place to

put things can make it easier to make decisions on what to keep in the house and what to remove. When in doubt, pack it away, so buyers will focus on the best features of the room.

3 - Bring in light and fresh air

Can you smell last night's dinner? Do you have pets? Circulate fresh air throughout your home, wash all the windows, and let in as much light as possible.

4 - Define spaces

When a larger room can be used for different functions, it helps to define specific areas of use. For example, one part of a family room may be used for TV viewing; another part may have a game table set up, while a separate corner or nook can feature a comfortable chair, colorful quilt and an open book.

5 - Use the Rule of Three

Items placed together in groups of three are pleasing to the eye.

6 - Choose neutral colors

Throughout your home, colors should be neutral so buyers can envision their furniture placed in the room. Beige is the best choice, not only for walls, but for carpets, too. Add splashes of color with accent pieces like pillows, artwork, and other decorative items, and place vases of fresh flowers wherever you can.

7 - Use scale to your advantage

Place artwork either at or just below eye level. Remove pieces of furniture if they make a room look

cramped or small.

8 - Shine a light on it

Install soft light bulbs in fixtures and turn on all the lights when showing the home.

9 - Don't forget the garage

Is there room for the car? Hang tools on the walls and place gardening implements and supplies on shelves. If your budget allows, power wash the floor and apply a coat of paint formulated for that purpose.

10 - Add curb appeal

The very first thing a buyer sees is the outside of your home. Trim overgrown plants, pull weeds, add fresh mulch, and plant inexpensive, colorful flowers. If flowerbeds aren't an option, place a pot of flowers on the front steps. Set out a new welcome mat, replace old exterior light fixtures with an attractive lantern, and install shiny new house numbers, making sure that the metals match. For example, if the lantern is made of brass, then use brass house numbers, too. Put away toys, hang up the garden hose, and clean the lawn furniture.

Where to start

Focus on the kitchen, master bedroom and bathrooms. Don't make the mistake of using the kitchen as a catch-all. Remove appliances from counter tops, take magnets off the refrigerator, and keep surfaces as clear as possible. Adding a bowl of lemons brings freshness and color.

The master bedroom should be an oasis of calm from the chaos of everyday life. Pay attention to small details. Use matching lampshades and have an attractively made bed with new comforter, shams, and throw pillows.

Bathrooms are often small, so do what you can to create the illusion of space. Use light colors on the walls, and unify the theme by coordinating the shower curtain with rugs and towels.

*Big, fluffy, white towels are especially inviting
(think luxury hotel and spa)*

Set out a display of decorative soaps and store away everything but essential toiletries.

If you have a linen closet, fold all the towels the same way so they're all the same size. Same goes for the sheets.

Getting your home ready to sell for top dollar takes some thought but doesn't have to take a lot of money. Remember that the goal is to make your home warm, cozy, and inviting. Making the *right* changes is more important than making a lot of changes! Following these simple guidelines will help your home sell faster and for more money in any market.

8

What to Ask Potential Agents

Selling your home is probably one of the most important financial decisions you will make in your life, so it should be taken seriously. Are you going to make money, lose money, or need money for repairs?

Because there is so much at stake with selling your home, you want to make sure you have the best realtor® for the job. The saying, not all things are created equal, is 100% true with realtors®. If you decide to use a real estate professional to market and sell your home, make sure to have a list of questions ready to ask them during your interview. This will help you find the best real estate agent for the job.

Choosing a realtor® is one of those big

decisions that can cost or save you thousands of dollars. Some specific questions can help to ensure that you get the best representation available. Your questions should be designed to provide a good idea of the outcome you can expect from using their services.

Hiring a realtor® is like any other hiring process, except you are on the boss's side of the desk. Prepare for the meeting by having a written list of questions to ask each of the realtors® you interview.

10 Questions to Ask Before You Hire a Realtor®:

1 - What makes you different? Why should I hire YOU?

The real estate market is ever changing. This swinging real estate pendulum moves from buyer's market to seller's market and back again. The market may be very different from when you purchased your home and technology has made it far more competitive. You will want to know the unique marketing plans and programs each realtor® has in place to ensure that your home stands out from other competing homes. It is important to know whether selling real estate is the realtor's full-time job and how experienced they are. Consider the things each realtor® offers that others don't and whether that difference could sell your home faster and for more money.

2 - What is your track record and reputation in the market?

Everywhere you look, realtors® are bragging about being #1 for one thing or another. Everyone can't be number one, so realtors® sometimes create a title for themselves. But, a realtor's recent sales are important because it can indicate how much money they have to market your home. The bottom line is that success in real estate means selling homes. If one realtor® is selling several homes every month and another is selling only a handful all year, ask why this might be. What things are they doing differently? Which do you want working for you?

3 - What are your marketing plans for my home?

Realtors® should not be in the business of *listing* homes; they should be in the business of *selling* them! Ask how much time and money each realtor® spends on marketing and compare their answer with the answers of the other realtors® you interview. Get specifics about:

- Media outlets they use (Internet, newspaper, mailers, magazine, TV, etc).
- Do they use technology?
- Can they prove the effectiveness of one advertising medium over another?

Ask for examples of their ads, web sites, and other marketing materials.

4 - How many homes have YOU sold in my area?

Realtors® should provide a detailed list of their own sales and other comparable sales in the area. This will enable you to understand how active

they are in your area and also how much similar homes have sold for in your neighborhood.

5 - Does your broker control your advertising or do you?

If the realtor® is not in control of their advertising, then your home may be competing for advertising space, not only with the realtor's other listings, but also with all of the homes listed by other realtors® in the brokerage. Those who sell a lot of homes typically have their own advertising budget and are not affected by the other realtors® in their brokerage.

6 - How close is your selling price to the asking price?

This information is available to realtors® on the local Multiple Listing Services (MLS), but make sure you ask this question. Is this realtor's® performance higher or lower than the MLS average? Their performance will help you determine whether they are trying to “buy” your business by promising a suspiciously high price that they cannot deliver.

Many sellers fall prey to this tactic because they don't want to face the truth about the true value of their home. Overpricing your home will not sell it. In fact, overpriced homes typically sell for less than if they had been priced right from the start. It is important to choose a realtor® who has a track record of performance, can back their price with data, and is willing to lose your business by being honest with you.

7 - On average, how long does it take your homes to sell?

This information, referred to as “Days on Market,” is available from the local MLS. Do properties listed with this realtor® tend to sell faster or slower than the MLS average? Their performance can help you predict how long your home will be on the market before it sells. Several factors can determine how long your home will take to sell. You will want to know each realtor’s® average time on market and their marketing plan for your home.

8 - How many buyers do you have waiting?

Realtors® who attract many buyers have a better chance of selling your home. Most buyers have specific requirements for a home. Matching the amenities of your home with the realtor’s “Buyer in Waiting” list can sometimes produce a buyer immediately. Buyers who have been waiting for a home that fits their specific criteria will typically offer more than other buyers: They know homes that fit their criteria are a scarce commodity. This can produce an “auction-like” atmosphere where many buyers bid on your home at the same time. Multiple buyers create demand which results in higher offers for your home. ***Be sure to ask the real estate professional to describe the system they use to attract buyers! If their answer is, “the MLS”, find another agent!***

9 - Do you have past clients I could contact?

References are important, so ask to see reference notes, letters, surveys, and contact

numbers from the realtor's past clients. Think back to your last interview. Did your resume provide references? Ask for references of recent clients who used the realtor® to sell their home. Contact these people to ask if the realtor® communicated well during the process and whether they followed through on their promises. The most important question to ask is, "Would you use this realtor® again?"

10 - Can I cancel my listing agreement if I'm not happy?

Be wary of realtors® who want to lock you into a lengthy listing contract. Realtors® can get out of these contracts by ceasing to effectively market your home but you can't. Within the listing agreement, there are usually penalties and protection periods to safeguard the realtor's interests, but not yours.

Questions you should be asking yourself:

1. How confident is the realtor® in the services they provide?
2. Will they allow you to cancel the contract without a penalty if you are not satisfied with their service?
3. Do they have a written cancellation guarantee?

These ten questions should help you find the best realtor® to market and sell your home. After each interview, take time to evaluate each realtor's responses carefully and objectively. Who will do the best job for you? These questions should help you

decide which candidate is best qualified to sell your home!



9

The Team-Selling Difference

“Seldom do people buy logically. They buy emotionally and then justify their decisions with logic. Find ways to get them emotionally involved with your product or service.”

- Author unknown

The anticipated outcome of a successful home sale is generally defined as “receiving the highest possible price, in the shortest possible period of time, with the least amount of inconvenience.” The practice of hiring a professional realtor® to accomplish these goals is only the beginning of selling your home.

In any market, the art of selling a home is a combined effort of both the realtor® and you. The

parties are not mutually exclusive in achieving the best possible result. Neither the realtor® nor you can easily accomplish the desired outcome without the full cooperation, involvement and team effort of the other. The realtor's task is to educate and advise, while your responsibility is to implement the suggestions in order to attain the maximum results of the sale.

Two ways to test your realtor's marketing system:

1. Are they using multiple venues for attracting the right buyer, a person who happens to be looking for a home like yours at the same time you are selling?
2. Are they attracting other realtors®?

Your realtor® serves as a consultant and team leader whose expertise, knowledge, and brilliant creativity facilitates a sale. You call the plays, makes the decisions, and responsible for staging the home to create an atmosphere for buying.

The importance of teamwork cannot be overstated because the perception of real estate twenty years ago is not the reality of real estate today. Supply and demand sometimes reverse, causing an oversupply of homes.

In some markets, there may be only one buyer for every twenty to twenty five homes for sale. How do you position yourself in the number one or

number two slots to receive an offer on your home when the market is saturated with distressed sales at rock- bottom prices?

It becomes your responsibility to distinguish your home from other homes on the market. The property that draws a buyer emotionally and holds them through the subconscious rationalization that takes place in their mind definitely has the advantage. Buyers must be able to positively experience all five senses in order to become attached to your home.

Keep in mind that selling a home is both a price war and a beauty contest.

There are several factors to consider in the buyer's rationalization process with price being the first and foremost consideration.

A good realtor® will educate you about the market you are competing in by providing information about other comparable properties for sale in order to establish the fair market value for your home. In any market, value is a moving target. It's simultaneously elusive and exclusive, which is why it is so important to hire a professional who recognizes the value a property has to specifically targeted buyers.

For instance, a two story home in a good school district may be attractive to a family with children but not to empty nesters

who don't wish to climb stairs.

The Importance of Pricing

Pricing a home is not a precise endeavor. Sellers, buyers, and realtors can use exactly the same facts to reach three entirely different opinions of fair market value. An experienced realtor offers more objectivity and can provide a substantiated price range. Overpriced homes receive few if any showings and no offers because there are other available properties priced at or below market.

The price that is recommended and agreed upon based on a complete evaluation of competing and sold properties should be aggressive from the first day on the market. Overpricing your home due to the old school belief that buyers will write a low offer is pure fiction.

First, buyers may never view your overpriced home and, second, they may not wish to negotiate with an unrealistic and uneducated seller. Making future price reductions may be futile.

A successful home sale is a value-added transaction. You and your realtor® need to become creative in your approach and craft a unique sales offer that is not available from any other seller.

This could be:

- a monetary bonus
- a service bonus
- pre-paid HOA fees
- a vacation

- tickets to a sporting event, or some other incentive.

Sometimes, a realtor® may offer to either buy the home of a potential buyer or sell it without charging a brokerage fee. This can remove a tremendous burden from the prospective buyer, enabling them to sell their existing home and purchase a new one without the stress of owning two homes. There are several real estate professionals around the county who offer this unique selling service.

Once a unique marketing system has been launched and your home is priced competitively, you must embark upon setting the stage for the buyers. Unlike any other value proposition, the goal is to under-promise and over-deliver.

When the sign is placed in the front yard, the starting whistle has blown. First impressions can rarely be changed. In a mere fifteen seconds, you can win or lose buyers during their initial response to your home. While first-time buyers might be willing to trade a little sweat equity for a lower price, move-up buyers have already experienced that and this time, their expectation is that everything should be perfect.

More About Staging Your Home

Staging a home works well to add emotional value for which a buyer is willing to pay. Your goal is to create a visual presentation of a lifestyle and the potential that lifestyle provides to the new

homeowner. The paradigm shift is recognizing that the selling point of a home is the *lifestyle* it provides to the new buyer, not the features or amenities of the home.

Buyers purchase the home that they can mentally and psychologically move into. This is why it is imperative that you pack personal effects and photos. Clutter should not just be minimized, but removed entirely from sight.

Something seemingly innocuous, such as packed and stacked boxes in the garage, could be a red flag to a buyer who sees those boxes as a sign that the home does not have sufficient storage.

Create a ritual of hospitality in a comfortable environment in which the potential buyer can relax and absorb the energy of the home. This doubles the charm and appeal they experience.

Here are ways to appeal to all five senses when staging your home:

- Soft classical music is an inviting backdrop.
- Alluring aromas can easily be concocted with a few drops of vanilla

extract in a shallow pan of water in a warm oven.

- A plate of cookies and cold bottled water is also a practical approach to keeping buyers in your home longer, envisioning how they will entertain their own family and guests.
- The lighting should be bright, including lights in every room, bathroom, closet and definitely the terrace.
- Blinds and shades should be open to let natural sunlight flow through the home.

Team-selling is the close, coordinated effort of a professional realtor® and a well educated, motivated, and cooperative homeowner. Both should be committed to the premise of selling for the highest dollar value, in a reasonable time without headaches, surprises or a breakdown in expectations.

A great realtor® will:

- provide the professional knowledge
- outline the exact process
- manage expectations
- be an educated and pro-active team leader

When you are motivated, you become the support player who is coachable and willing to put in the effort to realize your goals. If you are looking for the highest price and best terms then it would be wise to hire an experienced realtor® who doubles as a great team leader.



10

Does the MLS Really Work?

You may be asking yourself, “Does marketing really help to sell my home?” The answer is yes, marketing really does play a huge role in whether a home will sell. The first thing to understand is that there is a huge difference between marketing and *effective* marketing. This chapter will lay out an effective marketing plan using the Multiple Listing Service (MLS) to help sell a home, and why it is so important to choose the right realtor® who will position your home to receive the most attention on the MLS.

The Power of the MLS

In the past the MLS was just a tool for realtors® to find your home and show it to their buyers. While this may have been true in the past, now anybody with an Internet connection can log on and view the properties on the MLS.

Most realtors® across the country use the MLS as their primary tool to market a home. Most MLS systems are exclusive, allowing only realtor® members to market homes on their site. For you it's a different story. The MLS is syndicated across the Internet, allowing buyers from all over the world to view any property at any time from the comfort of their home.

The syndication of MLS listings is the biggest reason that your listing needs to be perfect.

Huge national and international listing services draw millions of buyers to their sites each month. The information they distribute is an exact copy of the information realtor's use to market homes locally for their sellers.

The photos, descriptions, and other details about your home (including misspellings) are available for the world-wide public to see. This is why the MLS is an important marketing tool in selling homes.

The Internet Data Exchange

Many realtors® and nationally known websites use Internet Data Exchange (IDX). Realtor.com was one of the first IDX websites, but now there are literally hundreds of companies creating personalized IDX solutions for realtors®.

This allows tech savvy realtors® to advertise every MLS listing as their own as long as some sort of credit is given to the realtor® who actually listed the

property. This means that sellers who use a tech savvy realtor® could have hundreds of realtors® advertising their property to literally thousands of buyers across the country and all over the world!

The most important thing to understand about the MLS and IDX syndication is that only your hired listing realtor® can make updates, changes, or additions to the original MLS listing. Even when other realtors® see a mistake, a poor description, or the lack of a photo, they cannot make changes to the listing.

This is why it's extremely important how the initial listing for your property appears on the MLS.

This critical information is what separates average realtors® from great real estate marketers. When looking at listings on these public sites it becomes very obvious that many realtors® don't take the time and care necessary to properly market a home on the MLS. Many only upload a front photo with a non-compelling description, and minimal information about the property.

It is often difficult to find accurate room sizes, school information, or detailed information about amenities in the home that most buyers are looking for. Shockingly, nearly one out of ten property listings do not include any photos at all!

How would prospective buyers become interested in your home if you can't show off its best features? When there are no photos, most buyers assume the worst and skip over your home, never

inquiring about or going to see it. The MLS can be either your best asset or the biggest hindrance to selling your home.

The Power of Photos

Photos are one of the most important aspects of the MLS. The right photos can intrigue buyers and leave them wanting more. When you pique their interest, buyers will want to look inside your home. An unflattering or unattractive photo can turn buyers away, even if the home is perfect for them.

Most buyers click through the MLS on the Internet, with each home appearing with a photo and a brief description. In the blink of an eye, they make the decision on whether to click to the next home or click on yours to get more information. The photo is the key to capturing or quelling the interest of a potential home buyer.

Some keys to what constitutes a bad photo in the MLS:

- Your home may have white cabinets, but there may be a recent trend that buyers no longer desire white cabinets.
- Your kitchen may also have granite countertops, which is a very desirable attribute to buyers.

If a photo is taken of the entire kitchen with the white cabinets visible, buyers may pass up your home because of the cabinets.

The solution then, is to take a photo

from the kitchen looking across the granite countertops and into the living room.

The photo prominently displays the countertops, but leaves the cabinets out of view. Seemingly minor marketing details like this can be the difference between selling and not selling your home.

Another common mistake made by many real estate agents is only using one photo of the property.

In this digital age, everything is available at the click of a button. Most MLS services can accommodate dozens of photos and a lengthy description of each. There is no reason not to have multiple photos of your property.

If the MLS listing for your property doesn't offer multiple photos, it will not receive the attention it deserves. In fact, the search function in many online MLS systems allows buyers to filter out the listings that do not feature multiple photos! In some cases, you should consider hiring a professional photographer to capture the look and feel of your home.

The photos in the MLS can attract many potential buyers to your property so this should be taken seriously. If the initial photo attracts a potential buyer, they will also view the description.

Like the photos, the description can make or break a potential buyer's interest. Truly, the skills of a

wordsmith are needed in this situation. Often, one word or letter or the lack of that word or letter can make a huge difference on how your home is portrayed on the MLS.

Take a look at the following examples:

“Beautiful Mountain view from living room of this stunning home” “Beautiful Mountain views from living room of this stunning home.”

The only difference in the second description is the addition of one little “s,” to pluralize the feature of mountain views, but that simple addition adds a great deal of power to the MLS description for this particular property.

“Gorgeous home located on the golf course. Great floor plan with kitchen opening into the living room”

“Stunning executive home located on the third fairway of Champions Golf Course. Inviting floor plan features spacious kitchen with granite counter tops, gas range, and a center island which opens to the living room with a cozy wood burning fireplace and spectacular views from floor to ceiling windows.”

The first description was taken verbatim from the local MLS. The second description is a reworked version of the very same home! Which do you think would appeal more to potential buyers?

The second version took more creative thought and a little more work, but likely would make a huge difference in selling this home.

Another huge mistake agents make is including the bedroom and bathroom count in the property description.

The phrase below is one that can be found in any MLS system across the country:

“This beautiful 3 bedroom, 2 bath home has two large living areas...”

Unfortunately, the description above is taking away precious space from the marketing of the property. Most MLS systems limit the number of characters allowed to describe a property. Being clear and concise while describing the home’s benefits—not the features—is very important.

Giving the bedroom and bathroom count only restates the obvious. Every IDX and MLS website already states the number of bedrooms and bathrooms in the home and often provides the number of living areas, garage stalls, square footage and year built. Often, these vague descriptions provide no real value to the buyer or the home owner trying to sell their home.

Describing other amenities such as;

- room sizes,
- school district,

- energy saving “green” features are more vital in selling a home.

When it comes to describing amenities and pertinent details, more is better. The points made here apply to all types of advertising, both online and in print. When done properly, MLS advertising can be a useful tool in marketing your home, and an important part of your marketing strategy.

Good realtors® use many marketing methods, but few carry the same importance as the wording in the MLS listing. Ineffective or uninspiring marketing remarks can be the sole reason a home doesn't sell, not necessarily its price or condition. Marketing is and always will be the most important part of selling a home!

11

Market-Based Pricing

The most common question asked in real estate is typically, "How is the market?" The answer is always the same, "it depends..." In order to properly answer the question I need to know:

1. **Whether you are a buyer or a seller**
2. *What it is that you anticipate buying or selling*
3. **The price range at which you will be competing**
4. *The area where the property is located.*

The media often describes a real estate market as either a "Buyer's Market" or "Seller's Market," but there are several sub-market variables which define supply and demand on a much smaller scale.

Sub-markets can be distinguished from the

overall market by isolating homes based upon property type, price range, and area. These variables can make a specific market vastly different than the overall market, so it is important to find an expert who understands your specific market and has a track record of consistent performance in it.

To better understand, let's go over a few key terms:

Market Value

In a free market economy, the "market value" of any commodity is the price a buyer is willing to pay and a seller is willing to accept. In a "arms length" transaction where the buyer and seller are unrelated and there are no other incentives other than the commodity being exchanged, price is determined by the supply and demand at the time of the sale.

Seller's Market

When there are more buyers than sellers, prices typically increase due to buyers offering a higher price to gain a competitive advantage over other buyers. This condition is referred to as a "Seller's Market" because demand is greater than the supply and sellers enjoy the luxury of having multiple buyers compete for their property.

Buyer's Market

Conversely, a "Buyer's Market" develops when more properties are offered for sale than there are buyers to purchase them. Prices typically decrease in over-supplied markets as the most desperate sellers

compete with one another in price-lowering contests to attract buyers.

Before setting a price for your home or even advertising it for sale, it is important to understand the market in which you'll be competing

The best source of this information is a realtor® who actively tracks the market. Those realtors® who sell only a few homes all year will not have their “thumb on the pulse” of the market like the realtors® who sell homes every week. Without current market information, it is difficult to know what is attracting buyers or how quickly your property type, price range, and area are selling.

Property Type

In 2012, prices in Tucson, AZ, bottomed and interest rates were at historic lows. Single family homes priced around \$100,000 were selling as fast as we could list them but condos and town homes listed at *half* the price were difficult to sell. Why? The association fees of many town homes and condos were as much or more than the mortgage payment! This effectively doubled the cost of owning the property. Why would a buyer choose to live in a condo or town home when they could have a home with more space, a garage, and a private yard for the same monthly payment?

Price Range

Market supply and demand can vary greatly at different price ranges. The balance or imbalance is another important thing to consider before deciding on a list price for your home.

For example, in February, 2012, nearly 50% of the homes priced between \$100,000 and \$120,000 were sold but only 2.5% of the homes priced over \$1,000,000 were sold.

It's safe to say that few (if any) home sellers would be satisfied with a 97.5% failure rate!

With so few buyers at this price range, these homes were actually the best "deals" on the market, but when buyers are uncertain about the economy, they often downsize instead of taking on the risk of a higher mortgage payment.

If close to a major price break, it may make sense to price your home a few thousand dollars below market value. For example:

A home valued at \$122,000 would have a much higher chance of selling if it was priced at \$119,500 due to the increased sales rate in this price range. When nearly half of the available homes are being absorbed by the market each month, the most desirable homes often create bidding wars which can drive offers much higher than the asking price. Check the demand at various price points before setting your asking price!

Area

Prices can vary by tens of thousands of dollars in a matter of a few feet when homes are located on the edge of a subdivision or near a school district boundary line. These man-made boundaries can put your next door neighbor's home in a different market area. If an adjacent subdivision is a gated community, homes could sell 10 to 15% higher, even if they have the same floor plan.

School districts can also make a big difference, especially when test scores are significantly higher or lower in an adjacent school district.

Homes in outlying areas are typically much less expensive than properties in close proximity to jobs, schools, and social activities. The lower prices are offset by longer drive times and higher fuel expenses. When gasoline prices increase, the demand for outlying properties is significantly diminished and this can severely impact home prices in these areas.

Another factor buyers consider is the orientation of your lot, especially in areas that have mountain, water, or city light views. Homes that offer the desired views from the living areas and back yard are often sold at higher prices than homes that don't offer the view.

Before selling, you need to determine the supply and demand for each property type, price

range, and area by charting the percentage of available homes being sold each month in each subtype. You also need to size up your competition.

Sizing Up Your Competition

Very few people begin their home search by choosing a certain street on which to live. Unless buyers are relocating next door to a close friend or a disabled relative, most will embark on a much wider search based on where they work, where they worship, or where they would like their children to attend school.

For this reason, you should conduct a radius search to find all of the homes for sale, under contract, and sold within a two-mile radius of your home. This will establish the overall supply and demand in your area. By filtering the data by year built, square footage, subdivision, and lot orientation where applicable, you can compare your home to others with similar amenities that are currently listed or have recently sold.

Overpricing

Unfortunately, many sellers choose the realtor® who promises them the highest sales price. Don't fall for this trick! It leads to an overpriced home that sits on the market unsold. The only showings will be from realtors® who use your overpriced home to get their clients to write an offer on another home. Don't be the *bait* that helps another home sell!

Unscrupulous realtors® use this tactic to get

your listing but you can easily catch them in the act.

When interviewing prospective realtors®, require that they provide the MLS history of the last five homes they've sold.

This sheet will show how recently the realtor's sales occurred, the number of times the sellers had to reduce their price, and the length it took to sell each property they listed.

Don't be fooled by a report showing the sales price compared to the list price. You need to see how closely the homes sold to the agent's original list price, not the last list price.

MLS history sheets are a good indicator of how well a realtor® understands the market and performs on their promises. Hire the realtor® who is honest about your home's value, not one who promises what they can't deliver and then profits from your loss.

Your initial list price has a lot to do with how fast and for how much your home will sell. Before deciding on a price for your home, hire a realtor® and assume the role of the buyer by checking out the competition. By comparing your home to others like it, you'll be able to see your home from a buyer's point of view. This can help you get past the emotional attachment you have after years of living in your home.



12

Pricing For Maximum Value

When selling your home, keep in mind there are some misconceptions about price. Often, sellers will gauge their price on how much other homes in the area sold for. This can be dangerous because you don't always know the back-story that goes along with those homes. In some cases, the home didn't sell so the owners rented it out. This happens a lot. The point is that there are tried and true methods of pricing a home to sell every time in every market.

Wise sellers think like *buyers*. How would a buyer narrow down the myriad of choices they have? In most major metropolitan areas, there are thousands of homes for sale at any time. Buyers start

out with a wide variety of options and begin narrowing their search from there.

The four most common criteria that buyers use to narrow the field are: location, property type, size, and condition.

When selling, there are five simple steps that will help you net the maximum return from your home:

1. Define the market
2. Use current market data to determine how many of the available homes are selling each month
3. Narrow choices by using the same parameters that buyers use to search for homes
4. View recently sold, pending, and active homes similar to your home to establish a price range
5. Factor in the amenities of your home to determine the price at which it is most likely to sell.

Step 1: Define the market

A market can be defined by the school district, zip code, or a specific neighborhood or subdivision. A realtor® who is an expert in that market will know how buyers define the market when they search for a home. Every home for sale within this market is your competition—not just the houses in close proximity

of your home. In terms of distance, the comparisons will depend on the nature of your home's surroundings.

Usually, when your home is appraised, it is compared to others within a half mile in a city, within one mile in a suburb, and within five miles in a rural area. This is how an appraiser thinks, but many families search by school district.

This means that you are competing with all of the other homes in the school district offering the same number of bedrooms and bathrooms, even the homes way across town.

If the property is in the same school district, it could mean that it is in direct competition with your home.

Step 2: Use market data

The best way to determine the strength of your market is to calculate the absorption rate. The absorption rate is simply the percentage of available homes being sold each month. If 10% of all the listed homes are selling, there is a 10 month supply of homes available, but if 50% of the listed homes are selling, there is only a 2 month supply of homes on the market.

This information can help you determine how aggressively to price your home in order to compete with other homes for sale. When the search is filtered to include only the homes like yours, the absorption

rate will clearly demonstrate how many buyers are looking for your type of home in your area.

To calculate the absorption rate in your area:

- First determine how many homes are currently for sale in the defined market area
- Determine how many homes in the market area have been sold in the past 30 days.

If there are 77 homes currently for sale and 7 were sold in the past 30 days, then it will take 11 months to absorb the current inventory. Put another way, there are 11 homes available for each qualified and motivated buyer. This means that your home has a 9% chance of being sold if priced the same as the other competing homes.

Step 3: Narrow choices by refining search parameters

The number of bedrooms (or square footage in urban areas) is the most common parameter buyers use to search for homes. If a family needs four bedrooms, then the homes they will consider are limited to those with four bedrooms or more. As mentioned previously, buyers also narrow their search by price, property type (single family detached, twin, townhome, condo etc), number of bathrooms, and lot size.

Step 4: Analyze the status of other homes on the market

By reviewing the homes like yours that have sold in the past three months, homes currently under contract (pending), and homes actively listed for sale, you can determine the likely price range at which your home should sell.

In an appreciating market, homes that are active and pending will be priced higher than homes than have recently sold. However, in a declining market, active sales must be priced lower than homes that sold a few months prior. This is necessary because a home sold two months ago would have gone under contract about four months earlier, and the market has declined since then.

In appreciating markets, actively listed homes are often listed considerably higher than homes recently sold.

Step 5: Determine the likely price range of your home

How do your home's condition and features fit into the range of choices available to buyers? You should seek the opinion of an objective outsider to compare the condition and features of your home to other homes currently for sale. To get insight on how buyers will compare your home, many top-selling realtors® take their seller clients in person to see four or five competing homes that are similar to theirs.

A typical Comparable Market Analysis (CMA) consists of three or four recent sales that are similar in size and location to your home. An appraisal consists of three recent sales and three actively listed

homes. Both CMAs and appraisals can fall short in accurately predicting the value of your home.

Just because there are three similar homes within a mile which were sold for \$300,000, \$310,000 and \$320,000 within the past six months doesn't mean that your home will sell between \$300,000 and \$320,000.

Based only on those three sales, it might make sense to price your home at \$309,900 or \$319,900 but in the real world, buyers have more choices than just the three examples of past sales used in the appraisal.

If there are 19 homes currently for sale in the same market area for less than \$300,000, and all have the same number of bedrooms and bathrooms as your home, why would a buyer even schedule a showing to see yours if it is priced at \$319,900?

This is how most pricing mistakes are made.

A few sales may support the academic parameters used to appraise homes, but do not provide the same view of the market from a buyer's standpoint. The appraisal is critical once a buyer chooses a home, negotiates a contract, and applies for a loan, but it doesn't help to get a buyer inside to look at your home!

13

Setting the Right Price

When it comes to selling your home, setting the right price is one of the most important decisions you will have to make. If you set the price too high, no one will come to see your home. Without getting buyers inside to even look at your home, you will not be able to sell it. Buyers will purchase other homes in the area offering similar amenities at a cheaper price because they represent a better value.

You don't want to under-price your home either. Setting your price too low can result in a sale at far lower than your home's actual value, costing you thousands of dollars. So how do you establish the right price for your home? There are a few ways that you can do this:

Option A - You can look at local home guides

and public records to see what other properties are selling for.

Option B - You can have an independent appraiser do an evaluation for you

Option C - You can have a realtor® conduct a fair market evaluation for you.

Using the home guides referenced in **Option A** is not a good way of establishing the value of your home. Here you are comparing your home to the prices that other homes are listed for instead of how much they are actually selling for.

The ads are at least a few weeks old by the time the magazines are printed and many of the homes are overpriced. By following this pricing strategy, your home will be just another overpriced home on the market.

Hiring an appraiser, as recommended in **Option B** is a good option because the appraiser has no emotional ties to your home. Appraisers are licensed with the state and have to follow a strict set of guidelines. You will receive a neutral and honest assessment of what your home is worth based upon what other homes have sold for in the area. The downside is that it will cost you hundreds of dollars to have this done.

Option C - Having a realtor® provide an opinion of value is also a good option because the realtor® will search for similar home sales just like

an appraiser would but will also take into account the supply and demand of the market. The downside is that you have to be leery of realtors® who try to buy the listing on your home by offering to sell it at an unrealistically high price.

Be Cautious of Certain Types of Realtors®

There is a breed of unscrupulous realtors® who will tell you what you want to hear so they can put their sign in your yard. They know your home won't sell for the price they've promised. So they rely on the assumption that you will lower your price several times over the term of their listing agreement.

The other reason these realtors® are willing to set an unrealistic price for your home is to get calls from interested buyers. Although the buyers will not be interested in your overpriced home, the realtor® will sell them another home which is fairly priced. Beware of realtors® who quote a suspiciously high value for your home.

If it sounds too good to be true, it probably is!

Imagine spending the time to clean and prepare your home for a showing to prospective buyers. Your hope is that they will like your home enough to make an offer, but in reality, the realtor® may only be showing your home to illustrate to their buyers how reasonably another home is priced.

Don't put yourself in this position! Buyers

make offers on the homes that represent the best value. Your home is only worth as much as a buyer is willing to pay, so it is vital that you have established a realistic market value before attempting to sell it.

Ask for a Net Sheet

When interviewing realtors®, be sure to ask whether they can provide a net sheet for you that will itemize all of your closing costs, the amount you need to pay off your mortgage, and any other fees you may owe.

It is important to understand the real estate market in your area so you can calculate whether the proceeds you'll receive from selling your home are sufficient to achieve the goals that caused you to sell.

The net sheet will provide a realistic picture of how much you will walk away with after the sale.

When you know the amount you can expect to keep, you can make an informed decision.

By choosing a reasonable price and going over the net sheet before listing your home, you will have a realistic idea of what you can expect from the sale of your home.

The market won't give some sellers what they are hoping for because they do not have realistic expectations. If that is the case, the market may be telling you to hang on to your home until prices increase. Unfortunately, your needs have no bearing on the value a buyer places on your home. Find an honest realtor® to help you determine whether

selling is the right choice for you.



14

Focusing On Net Proceeds

You've seen them before, signs that say "For Sale By Owner" (or "FSBO" pronounced *fizz-bow*) in the front yards of certain homes.

Statistics confirm that the prime motivation of FSBO sellers is the perception that they will save money by eliminating part or all of the real estate commission.

Another reason for going FSBO could be the seller's pride telling them that they can do a better job of selling their home by going it alone.

This uninformed decision is often made because sellers don't clearly understand what realtors® actually do to sell homes. In the profile of Home Buyers and Sellers released in 2011 by the National Association of REALTORS® (NAR), 37% of FSBO sellers simply did not want to pay a commission. This boils down to money, pure and

simple.

Misconceptions of Selling Yourself

While cost-saving success stories are not all fairy tales, the vast majority of FSBO sellers would have “netted” more proceeds in less time if they had utilized the experience and knowledge of a real estate professional. NAR estimates that 23% of all FSBO sellers fail to price their home correctly, which ultimately results in lower net proceeds. The study found that FSBO transactions account for only 10% of all sales and interestingly, when private sales to friends, relatives, or other acquaintances are factored in, the percentage of successful FSBO sales drops to just 6% of the open market.

By attracting only one buyer at a time, FSBO sellers effectively eliminate any competition for their home, negating the auction effect that realtors® can generate with proven selling systems and vast market exposure. Their money-saving strategy does them a huge disservice, putting less in their pocket.

**Selling a home is a full-time job,
especially if you don't already have
selling systems in place.**

Before attempting to sell on your own, ask yourself how much time, energy, and resources you are willing to commit to selling your home. The process is detailed and demanding, especially in highly competitive, oversupplied markets.

Sophisticated tools and sales techniques are required to compete in the information age. If you are considering selling your home on your own, these important questions should be answered:

- *How much money can be allocated toward marketing?*
- *Who will create marketing fliers?*
- *Do fliers really work or are they merely for nosy neighbors?*
- *What type of signage will you use?*
- *Will you use 1-800 numbers with call capture technology?*
- *How much time can you allocate for open houses?*
- *How will you orchestrate an on-line marketing strategy?*
- *How will you compel realtors® to show your home when the common perception is that they will not be compensated?*
- *What is the best way to convert on-line leads into showing appointments and, ultimately, offers?*
- *How will you handle buyers interested in touring your home?*
- *Who will expertly guide the contract negotiation process?*
- *Who will manage the appraisal and negotiate the inspections?*

Above all, who will vigilantly shepherd the executed agreement through the selling process to closing?

Clearly, there are a lot of questions that demand answers. An experienced realtor can easily out-gun a FSBO seller through greater exposure and leverage in the Multiple Listing Service (MLS), the only place many agents search for homes for their clients.

The Benefits of a Realtor®

A good realtor® utilizes an extensive marketing system which includes:

- ✓ Direct marketing
- ✓ On-line pay-per-click campaigns
- ✓ A sophisticated Internet search engine optimization (SEO) to showcase your home
- ✓ Use of syndicated websites, unleash tools to capture leads
- ✓ Manage a team of licensed realtors® to convert the leads into viable buyers
- ✓ Employ a full-time staff to manage the myriad details of each transaction

Simply put, realtors® have a much broader net to cast with hundreds of professional connections, sophisticated business systems, and powerful tools that a FSBO seller simply cannot match. If you can honestly match these qualifications, then go for it, but it is unlikely that you can.

If you still decide to sell on your own, proceed with caution. *Going FSBO could not only be an expensive decision, but possibly a litigious one.*

One of the more critical components to consider is legal exposure. Chances are that a licensed realtor® representing a buyer will ultimately sell your property. The FSBO, at this point, is negotiating with a professional agent and ultimately paying the agent to negotiate against them.

Everything favors the buyer in this case. A FSBO seller is not usually educated in contract law and is not aware of the consequences of all the terms and conditions of the contract. Knowledge of time limits, special stipulations, inclusion or exclusion of certain exhibits, and the requirements of different types of loans, are just a few areas where inexperience can be costly.

Hiring a qualified realtor® to represent you not only ensures adherence to legal requirements, but also guarantees that all aspects of the transaction are subject to a strict Code of Ethics.

In 2011, only 10% of all transactions (down from 19% in 1991) were FSBO sales. Are the shrinking numbers due to the poor success rate in an oversupplied, highly competitive market, or simply due to the increasing time, money, technical competency, and expertise required to facilitate a sale? Whatever the case may be, more sellers are

opting to place the task of selling their home in a professional's hands.



15

The Real Cost of Selling

The term “closing costs” has many different interpretations. For the sake of this chapter, closing costs will be considered any expense associated with the preparation and selling of a home. There are both fixed and variable expenses.

Fixed costs are flat fees directly related to the sale of a home, including the fees paid to the professionals involved in the transaction.

Variable costs include a myriad of items that can vary in amount based on the work involved or purchase price of the home.

Don’t be surprised at all the costs associated with selling a property. It is important for you to be aware in advance so unexpected fees don’t pop up at

the closing table. The following items are all considered normal costs of selling and must be included in calculations so you'll have a reasonably close expectation of how much you will net on the sale of your home:

- Realtors® commission
- Holding costs
- Home preparation (repairs, fix-ups, and staging)
- Tax, title, HOA, and legal fees
- Moving expenses

Realtors® Commission

Don't believe that you can save money by not using a realtor® for representation and instead try selling your home as a For Sale by Owner. Sometimes they are able to save some money, but typically there will be a much larger cost in terms of time, worry, and hassle.

Often, the first question you may want to ask a realtor® is, "How much is your commission?" When asked why that is their primary concern, they typically respond, "We want to know how much it's going to cost us to sell our home. The realtor® is our biggest expense and we want to minimize the cost as much as possible."

Realtor® commissions vary by area and can be:

- A flat fee
- A percentage of the sale price
- Or both

It's most common for realtors® to charge a

percentage of the sales price on a residential sale. The amount of commission and the services provided vary greatly among realtors®. Not all realtors® are created equal so find out what services are provided before trying to negotiate the commission.

What a Realtor® Can Offer

There are many services a realtor performs, but what differentiates a good one from great one is the education they provide to you. A great realtor® will explain all of the costs involved in selling your home and will provide you with a net sheet. This lists all of the expenses anticipated at the time the home is listed and again when an offer is received.

Upon executing a listing agreement with a realtor, you should be sure that their commission is clearly stated in the contract as well as a description of the services included in the fee.

Whether selling your home on your own or with the help of a realtor®, there are costs associated with marketing your home. When you enlist the services of a realtor® you pay a commission, but save the hassles of learning as you go by trying to sell your home on your own.

Many sellers who start out trying to sell their own home are unsuccessful and end up hiring a realtor®. This can be costly because you must pay your own marketing expenses in addition to paying a realtor®.

A knowledgeable realtor® will increase the

exposure your home receives. Often times, attracting more qualified buyers in a shorter period of time will increase your net proceeds, offsetting much or the entire realtor's fee.

Holding Costs

Holding costs are obligations paid every month that your home is unsold. These costs include:

- Mortgage payments
- Utility bills
- Property taxes
- Hazard insurance
- HOA fees
- Maintenance
- Repairs

A realtor® who exposes your home to a vast market of interested buyers typically creates a quicker sale which can save thousands of dollars in holding costs. The combined costs can exceed one percent of your home's value every month your home is not sold!

Copies of your property taxes and HOA fees should be provided to your realtor®, the Title Company, or attorney for proration at the time of closing. It is important to keep current on your bills and know the amount needed for each expense in order to calculate the amount you will keep after the sale of your home.

Preparing Your Home

Home Inspection: The cost of a home

inspection can vary widely depending on the age and size of your home and how well it has been maintained. Prior to listing your home, it makes sense to get a home inspection to identify problems that could become an issue later. Plan on paying between \$250 and \$500 for a home inspection, though the cost could be more or less depending on the size of your home and the area in which you live. A pre-listing home inspection can save a lot of money, time, and aggravation in the future.

Home Warranty: A home warranty can be a great benefit to you and your future buyer. For a nominal cost (about \$300 to \$500, paid at closing) you can buy a warranty on your home that will cover unexpected repairs while your home is on the market.

After closing, the policy will cover buyers for up to thirteen months after the sale. A home warranty can make your home more favorable than competing homes being considered, especially by first-time home buyers with limited funds and experience to make repairs. *It can lead to a faster sale and a higher offer price because buyers have the comfort of knowing that they will be covered if something unexpected occurs.*

Repairs: Repairs and/or upgrades should be considered to prepare your home for the market. Some items may be more costly than others, so you'll want to invest in improvements which yield the highest return on the eventual sale, both in terms of the sale price and the time on market. Updates may include:

- Carpeting/Flooring
- Landscape/Exterior maintenance
- Painting (inside and out)
- Remodeling (minor)
- Appliances

No matter how new your home is, repairs may be required by the buyer's lender or requested by the buyer as a condition of purchasing your home. These repairs can be very minimal or extensive. An experienced agent can guide you through the customary items required by many lenders.

Staging: Home staging can often help to achieve a faster sale and a higher price. Some sellers may choose to employ the services of a professional staging consultant. This cost can be as low as \$100 for a consultation fee to several thousand dollars for complete staging. The cost depends on the size of your home and the degree of staging you choose.

You should defer to your staging consultant for advice while keeping in mind that this service can result in a higher sales price and decreased market time.

Buyers' Closing Costs: It has become almost customary that you contribute to the buyers' closing costs in order to get their home sold. When you agree to a closing cost allowance, be sure to deduct that amount from the sale price of the home when calculating your net proceeds.

Closing costs can range from two to six percent of the purchase price, so you should discuss the costs with your realtor® or lawyer before accepting an offer.

Legal Costs

Attorney and Title Fees: Whether attorneys or title companies are used to facilitate a sale varies from state to state. Fees range from a flat fee to an hourly rate schedule. The clock starts ticking upon review of the contract, so you should be sure to ask about these fees before beginning the transaction.

Property Taxes: No matter when a home is sold, you are responsible for the taxes on the property up to the day of title transfer. Check the laws in your area. If you have pre-paid the property taxes for the year, you may be entitled to a credit instead of a bill at closing.

There may also be other refunds on pre-paid escrow accounts and hazard insurance. If there are outstanding taxes that you overlooked or were unable to pay prior to closing, the title company will take the funds directly from the proceeds at the closing to satisfy the outstanding amounts to enable a clean transfer of title.

Transfer Fees: Real estate transfer fees are state and local taxes that are assessed when real property is transferred between parties. The amount varies from state to state but the fee is usually calculated on the actual sales price of your home. An experienced realtor® will be able to provide an

estimate of your potential liability in their net sheet.

Mortgage Payoff: Any existing mortgages or liens on your property must be paid and satisfied prior to the transfer of title or the sale of your home. Ask your lender for a prorated payoff statement through the day of closing, including any pre-payment penalties and fees charged for servicing the loan.

Moving Costs

The costs of moving your belongings from one home to another should be considered when calculating the cost of selling your home. You may pay as little as \$1,000 for a cross-town move or as much as \$12,000 for a cross-country move.

It is a good idea to get two estimates from insured, reputable movers before putting your home on the market. Moving costs can vary greatly depending on how many belongings you have and whether packing and storage are included.

A mover should provide a written estimate that outlines the time, weight, number of boxes, and personnel required to complete your move.

Other Costs

There are a few miscellaneous costs associated with moving from one home to another that are not directly related to the sale itself. These expenses may include school transfer fees, gym fees, storage locker fees, and others.

All fees on the settlement statement will be explained to you at the closing table by the escrow officer or attorney. If you find anything that wasn't expected, be sure to bring it to their attention. Some fees can be waived, so be sure to bring them up!

Even without adding all of the miscellaneous costs, it is easy to see how the costs associated with selling your home can significantly reduce the amount of your proceeds.

Fortunately, some of the costs are deductible on your income taxes.

Conferring with a qualified accountant and financial advisor is always recommended, as they are familiar with the ever-changing tax and government guidelines.

16

Changing the Outcome

Selling your home is a process that you should be prepared for, sometimes months in advance. You should think of it as a challenge, with the end goal of successfully selling your home for the most money and in the shortest period of time.

There are a limited number of home buyers at any given time

Without careful planning, other home sellers might be celebrating the victory instead of you. A few things often overlooked can potentially cost thousands of dollars, in addition to lost time and a lot of frustration.

Property Taxes

Most buyers searching for a home will have a pretty good idea how much they can afford to spend each month. The monthly payment on their mortgage typically includes principal, interest, property taxes, and insurance. Many sellers believe that property taxes are what they are, and if buyers like their home enough they will buy it. While that might be true, the question is *at what price?*

Property taxes can account for a large portion of your buyer's monthly payment and if there is a big difference in the amount of property tax on similarly priced homes, buyers will definitely notice.

Homes with higher property taxes than similar homes in the area are more difficult to sell and often sell for less money

Tax laws and rates vary from one area to another, but if you live in an area with high property taxes, pay special attention to the assessment you are being taxed on.

Property Taxes in Action

Imagine that your property taxes are \$1,200 per year higher than a competing home for sale down the street. A buyer will have to pay \$100 more every month if they buy your home. Depending upon the

interest rate of their loan, \$100 per month could service the debt on \$15,000 to \$20,000. Buyers will always choose nicer amenities over higher property taxes if the payment is the same!

In addition, most buyers expect that their property taxes will go even higher over time. What can you do to change the outcome of this situation?

While you can adjust your price to compensate for the high taxes, you could potentially do better by challenging the tax and getting it reduced.

Municipalities have different rules regarding the re- assessment of properties, but it is important to know that property taxes are based on a home's assessed value. It is up to you to challenge the assessed value if it is incorrect. Unless you bring it to the tax assessor's attention, your home's valuation and taxes will very likely remain unchanged.

Home Value vs. Assessed Value

You may find that your home's value is higher than its assessed value—which means you are not paying as much as you should in property taxes, but if you find that the value of your home is lower than the assessed value, immediate action should be taken.

Contact the tax assessor to ask for tax grievance paperwork and try to arrange an informal meeting. The assistance of a realtor®, who is knowledgeable about area values, tax assessments,

and the grievance process, is recommended.

Because the grievance review is typically done only once a year during a specific period of time, you need to initiate this process well before putting your home on the market.

You can have an informal meeting with the tax assessor at any time and may be able to resolve the grievance right then and there. If not, you will have to wait for “grievance day,” the specific day of the year designated by the local government to review assessment complaints.

Once again, the assistance of a knowledgeable realtor® is strongly recommended, as the result of this meeting can affect the future marketability of your home.

Protecting Privacy While Marketing Your Home

Another aspect of selling your home is the need to protect your privacy while your home is on the market. When the topic of privacy comes up, many people think of personal documents, but the need for privacy extends beyond that.

Here are some ways to protect your privacy:

- ✓ Don't leave your bills on the kitchen table, assuming that potential buyers will not touch your personal mail. Why

take the chance?

- ✓ Any important paperwork, especially any which is related to your financial situation, should be put away out of sight as it could adversely affect the amount of a buyer's offer on your home.
- ✓ Sellers who have religious decorations in their home should probably put them away. While there is nothing wrong with displays of this type, you never know what a buyer's personal beliefs and prejudices might be. It is best to be cautious and attempt to maintain a neutral presentation of your home.
- ✓ Be careful about the answering machine attached to your home phone. Make sure that the volume is turned down or muted entirely. The last thing you want is for a potential buyer to overhear a phone message about your financial situation or other offers on your home.

Home Improvements That Don't Pay

Homes that don't require repairs or improvements will sell faster and for more money than those that do, but not all home improvements pay off. This can vary from one area to another, and also depends upon the price range of your property.

In most cases, home owners make improvements based upon their own preferences.

Most people would love to have an updated bathroom, a custom kitchen with high-end appliances, beautiful landscaping, and other amenities. While buyers might love the \$75,000 custom kitchen, they probably won't be willing to pay that much for it.

So what major improvements should a home owner consider doing first? According to Remodeling Magazine, no remodeling projects will produce a 100% return on the money invested in them, but certain projects yield a better return than others. For example:

- A major repair such as a roof replacement usually returns only 60% of its cost, but an improvement such as this is worth making as it would be difficult to sell a home with a leaky roof.
- While the returns vary from one region to another, improvements to siding, windows, kitchens, and baths seem to be consistent top performers.

Most buyers look for a home that has no deferred maintenance, newer appliances, and updated plumbing, electrical, and heating systems.

Many buyers wish to simply move in, unpack, and move on with their lives. Anything that you can do to make your home “move-in ready” will provide an advantage over competing sellers.

Your home will sell faster and for more money

if you make the transition easy for potential buyers. Nobody likes to deal with hassles.

Great Photos Attract Buyers

Do you really need the services of a professional photographer or can you just snap a few exterior photos with a point-and-shoot camera to get your home sold? Really, the question is a no-brainer. Good photos attract the attention of more buyers. When buyers go online to browse for homes on the market, many of the photos they see will be of low quality.

The importance of a good first impression cannot be overstated, and in this case, the photos that potential buyers see create their first impression of your home.

While photography is more of an art than a science, the photographer must understand what they are trying to accomplish with their photos. Your goal is not to show every corner of your home, but rather to capture your homes selling features in the best possible light.

A great photo can paint an amazing story in the potential buyer's imagination. The process of buying a home is very emotional and great photos can trigger very strong and very positive emotions in potential buyers.

Make sure that the first four photos of the

home are the most attractive pictures available. This is important because first impressions are important, but also because many marketing portals use only four photos.

You'll need to consider what impression these photos will have on potential buyers. If the photos only show the exterior of your home, buyers may assume that something is wrong with the home's interior.

Consider the best features of your home, perhaps a vaulted ceiling or a stone fireplace, and make sure to capture those amenities in the marketing photos.

Your goal is to “wow” potential buyers from the beginning to give them a reason to want to come inside your home.

Selling a home, especially in a slow market, is a fiercely competitive process. It is often the little things that can change your outcome, so if you want to be successful, do your utmost to be educated about the process and take note of the little things that will make a difference.

17

If Your Home Doesn't Sell

Trying to sell your home can be a daunting task. For those who have had their home on the market for several months with little or no activity, the notion of it actually selling may seem like a pipe dream. If this is the case, you likely need to reformulate your strategy.

The most common reason that your home will not sell is that the price is too high.

One of the best barometers in determining whether your home is priced too high is the number of showings each month.

If your home is getting only a handful of showings, it is likely that prospective buyers are finding other homes that offer more value at a lower price.

Just as will any other type of business, it's important for you to look at your home through the eyes of a buyer. If there are other homes like yours for sale in the neighborhood, you will need to price your home so that it stands apart from other competing homes.

If there are a limited number of buyers for a particular area, you need to do whatever you can to avoid pricing yourself out of the market. Markets are local, so your realtor® should have first-hand experience in knowing what home buyers value most in the area.

Be Realistic with Your Price

Objectivity is important when pricing your home. If other homes for sale are similar in size and style, it is important to find out what differentiates your home from the competition.

Here are a few examples of what can differentiate your home:

- Maybe your home has an updated kitchen and bathroom, while the competition has a finished basement
- Lot size
- Garage space
- Number of bedrooms and bathrooms

Each of these can add or subtract value when comparing one home to another. A good realtor® will take these things into consideration when

determining the fair market value of your home.

You need to realize that every buyer who comes through your home is likely to have seen other homes in the area that are also for sale. After looking at all available homes, buyers will decide which home represents the best value. If you are selling your home, you are in direct competition with other homeowners who also are selling.

It is important to be aware of the market in your local community. You will have the upper hand in markets where there are a low number of houses for sale.

This results in a limited selection of homes from which buyers have to choose. When there are many homes for sale, buyers have the advantage because sellers are forced to compete against one another. While there are national trends in the housing market, specific areas can differ tremendously due to supply and demand for certain types of homes.

Each day, more and more people utilize the Internet to search for homes. There are thousands of websites that allow buyers to gather information on homes for sale. It is vital that your agent's marketing plan includes Internet advertising.

While print ads may still serve a purpose, successful marketing plans focus on capturing buyers who are viewing homes on-line.

The Power of Signage and Technology

Another important piece of a marketing plan is signage. There are many interesting ways that prospective buyers can obtain information about the homes they drive by. Some realtors® still provide paper sheets attached to their sign for interested buyers but there are technological advancements that have made things much easier and less wasteful.

For example:

If buyers do not wish to speak with a realtor® trying to sell them a home, they now have the option to have the property information texted directly to their cellular phone.

Smartphone users can scan a QR (quick response) barcode that immediately links them to a webpage designed specifically for the property they are visiting. In our society, utilizing technology is vital to marketing a property. It is very important that your realtor® use these techniques to ensure that your home is exposed to the maximum number of buyers.

Staging

Professional staging often makes sense for both vacant and furnished properties. Those who live in their home while it is offered for sale can benefit greatly from proper staging.

Often, it can be as simple as removing or repositioning existing furniture but with vacant houses, key pieces of furniture may need to be brought in.

While buyers usually have an idea of where they would place their tables, couches, televisions etc., having those pieces in the right locations make it easier for buyers to imagine themselves living in the home. This can go a long way toward coaxing a buyer into making an offer.

Be Smart About Updates

Rather than making expensive updates, focus on the inexpensive things that can be done to make your home more attractive to buyers. Painting, de-cluttering and cleaning are the easiest. Most buyers will modify or update bathrooms, kitchens & bedrooms to fit their style, so it is not necessary to spend a lot of money in these areas.

Just because you spend \$10,000 updating your kitchen, doesn't necessarily mean that you are going to get all or even half of the money back when your home sells.

It will certainly make your home more attractive to buyers, but it will not return as much as it cost. As long as everything is in proper working order, expensive updates do not usually need to be made. Some updates, however, are much more likely to pay off in the long run.

For example, homeowners will usually get their money back on granite countertops because they hold their value over time.

If your home is not selling, the last thing you should do is panic. It is important to be as realistic as possible with the price. Don't let your emotions get involved when determining the fair market value.

While houses become homes because we raise our families in them, have weekend barbeques, and plant gardens, these sentimental values don't translate into tangible monetary value.

Be honest with yourself about your home and take note of the issues that need work. Address the obvious issues and advertise the most appealing aspects of your home. Be forthcoming with your realtor® by helping them formulate a plan of how you can sell your home fast, and for top dollar by working together.



18

Preparing For Inspections

The home-selling process can sometimes be exhausting and stressful. Here are just a few of the things you have had to endure:

1. Interviewing agents
2. Signing paperwork
3. Staging
4. Taking photos
5. Keeping your home ready to show
6. Leaving during showings
7. And endure nail-biting negotiations

Each of these can make the process seem never-ending.

When an offer is accepted and the end is almost in sight, you will be subjected to a home inspection where a qualified inspector goes through your home with a fine-toothed comb. This can be

nerve-racking, especially if you have an older home.

According to the National Association of Home Inspectors, about 85 percent of home buyers conduct a home inspection. Inspections are an important part of selling your home. This chapter will help you to prepare your home for the inspection and provide tips and hints to help put your mind at ease.

First and Foremost The Inside

Make sure your home is spotless. This shouldn't be overlooked, as it is a reflection of how well your home has been maintained. To prepare your home for buyers:

- wash the floors
- scrub the bathrooms
- get rid of any dust throughout the house
- repair leaky faucets
- re- caulk around the sinks and tubs
- have the chimney cleaned
- replace burned-out light bulbs
- install new batteries in the smoke detectors
- repair any broken windows

Be mindful of the cleanliness of the furnace room as well, especially since the home inspector will be reporting on the condition of the furnace and electrical box.

Second, The Outside

- Outside areas to keep tidy:
- clean the windows
- clear out the gutters
- remove debris from the yard
- seal cracks in the driveway
- replace any broken or damaged shingles.
- In the winter months, shovel the driveway and any pathways for easy mobility

It is important that the home inspector is unobstructed during the inspection, so keeping your home tidy and well-maintained is beneficial to both parties.

Overall, a first impression is a lasting impression. A clean home will start the home inspection off on the right track.

Inspecting Your Home

The inspector will need access to all areas of the property to provide a thorough report. This includes: access to the garage, attic, and any other buildings on the property such as sheds and outbuildings. Remember to leave any keys for buildings or rooms that are regularly locked to ensure the process goes as smoothly as possible.

It would be a waste of time for everyone if the inspection had to be rescheduled because of such an oversight. It could even delay closing.

For vacant homes, it is important to keep the utilities activated. The inspector will need to check many aspects of the home, such as testing the appliances, furnace, and electrical box. If the utilities have been disconnected, this portion of the inspection will not be possible and the inspector will have to reschedule, costing extra time and money.

If you have done major renovations, as well as maintenance and minor work on your home, make sure you have all require permits. Sometimes warranties are provided along with documentation pertaining to the work that was done.

You should have all permits, warranties, and invoices ready for the home inspector to review during the inspection. This information will help to answer the buyer's questions regarding work that was done previously.

Drainage Problems

One of the most common problems found during the home inspection is improper drainage or grading. This can cause leaks and moisture in a home's basement that could scare potential buyers away. Re-grading the soil around the home creates a gradual slope so water will flow away from the house. Re-grading can be more difficult on a flat lot, so you may want to consult a professional.

Wiring

Faulty wiring is also something that could scare away potential buyers. Often, homeowners will

perform amateur electrical work, which can lead to inadequate overload protection, open junction boxes, or mismatched wiring. This is not only dangerous, but can be quite scary for prospective buyers. Ensure that your electrical system is within code requirements before the home inspection. If you are not experienced in electrical work, hire a certified electrician to make the necessary repairs.

Roof

Next on the list of inspection issues is a damaged roof. Damaged shingles, leaks, and broken or missing flashings are a big turn-off for buyers. A new roof can be a huge expense so most homeowners avoid homes with roof issues.

Some buyers actually search only for homes with a new roof because of the peace of mind that comes with it.

Ensure that faulty shingles are replaced and flashings repaired where necessary. This will not only spruce up the exterior of your home, but also help to pass the home inspection.

Stains

A red flag for home inspectors, and many potential buyers, are water stains on the ceiling. This indicates the presence of a past leak that may or may not have been repaired.

If the leak has been fixed, take the following extra steps to treat the stain:

1. Start by dabbing the stain with bleach.
2. After the area dries, roll over it with a multipurpose sealer.
3. Next, the entire ceiling will need to be painted to ensure the color is matched properly.

If the leak has not been fixed, or the source of the problem has not been found, have the problem resolved before covering up the stains. This will save time and avoid future problems

Heating & Cooling

Heating, ventilation, and air conditioning (HVAC) is a very important component of a home. These systems are used daily to keep your home comfortable, whether heating in the winter months or cooling in the summer months.

Home owners often forget that these systems are quietly working away. Prior to listing your home, have your HVAC system checked to be sure that all components are working properly. During the inspection, the inspector will test the furnace, check the ventilation, and examine the air conditioning unit. To pass the inspection, ensure that regular maintenance and repairs have been completed.

Structural Problems

Other things that can be discovered during the home inspection include structural problems, issues

with the plumbing, faulty gutters, and poor overall maintenance.

Routine maintenance over many years can greatly improve your home's chance of passing the home inspection. If you have concerns about any of these items, deal with them before the home inspection.

Providing Full Disclosure

A very important aspect of the home selling and inspection process is disclosure. You must make buyers aware of any problems that have occurred in your home such as fire or flood damage, and any repairs you have completed or hired someone else to do.

It is important to be honest and up-front about damages or repairs to ensure that you are protected in the event that something happens after closing. You should discuss disclosure with your realtor® to better understand the information that needs to be provided to the buyers during the inspection period.

How Long Will an Inspection Take?

The home inspection generally takes several hours. You should leave the home during this time and allow the buyer, their realtor®, and the home inspector full access to your property. In most cases, it is advisable that you are not home during the inspection. This allows the inspector to get the report finished without interruptions. The buyer will feel more comfortable without you being present, as they

may be asking the inspector questions about the condition of your property.

Although you know much about the history of your home, an inspector is a qualified professional and an unbiased third party who can tell buyers much more. Many sellers who are present at the inspection volunteer unnecessarily to repair items that the home inspector finds. For these reasons, you should leave the home during this appointment.

Don't be concerned about the home inspection unless there is a major problem.

Although the home inspector's report will address everything they find throughout your home, buyers and their realtors® will know that no home is perfect.

The home inspector will make recommendations about repairs that need to be made and will identify areas that should be brought up to current building codes.

Some buyers may look past minor repairs that come along with the home and some may factor this into their negotiations. Contract adjustments could come in the form of a lower offer price or an additional clause requiring that the seller make the requested repairs prior to closing. In some instances, the buyer may walk away from the home because of repairs that concern them.

Ask your realtor® questions regarding

disclosure, the home inspection, or any other issues that might arise. Inspections are an important part of the real estate transaction but proper preparation can save you time, money, and even the sale.

19

Finalizing The Sale

Many different parties are involved in a home purchase. In addition to the buyer and seller, there may be one or more real estate professionals, a loan officer, home inspector, escrow or title officer and/or closing attorney.

The happiest moment for all parties is when confirmation is received that the sale has been recorded and escrow is closed.

That is the moment when funds are exchanged and title actually transfers from you to the buyer. At this moment, the new homeowner achieves the American dream of home ownership, you get to breathe a sigh of relief for having lost the 500 pound mortgage gorilla on your back, and the realtors® and other professionals involved in the sale are paid – lots of celebrating goes on!

Fortunately, most of the professionals involved in your transaction have been through the selling process countless times and know it inside and out, but there are some things that all parties must pay attention to. This chapter will discuss some of those important details.

Timelines in Purchase Agreements

An accepted real estate purchase offer is a binding contract. This means that there are consequences if the terms of the agreement are breached or violated by either party. According to a law known as the “statute of frauds,” real estate contracts must be written. This makes it easier to determine your duties as well as the buyers, but also makes it easier to determine whether the contract has been breached by one of the parties.

Transaction Deadlines and Common Benchmarks

Once an offer has been accepted and is executed by both you and the buyer, the selling process begins. Most real estate contracts require both of you to complete certain tasks within specific time periods. The first of these deadlines for the buyers is usually to get their earnest money deposit to the designated escrow company or closing attorney.

In some contracts, the earnest money deposit is required within 24 hours, but others allow several days. The timeline depends upon the terms agreed to in the contract.

Although simple to accomplish, the act of turning over the buyer's earnest money to a 3rd party can be a good indicator of how complication-free the rest of the transaction will be.

If the contract calls for an escrow company to receive the buyer's earnest money within 72 hours of contract acceptance, the money had better arrive at the escrow company within 72 hours!

Your realtor® needs to be committed to the transaction and on top of deadlines. They should contact the escrow officer or closing attorney to obtain written confirmation that the earnest money was received as agreed.

If it doesn't arrive on time, your realtor® should immediately contact the buyer's realtor®.

Why is this so critical?

- First, it sets the stage for the future of the transaction.
- Secondly, failing to come forward with earnest money could be a signal that the buyer is not motivated to complete the sale.

The Dark Side of Earnest Money

In recent years, some buyers have made offers on and negotiated the purchase of multiple properties at the same time, even though they will only purchase one. These buyers may have no intention of buying

your property; they just want to legally tie up several properties until they begin eliminating those that they don't really want to buy.

Most contracts have a specified inspection period that allows buyers to cancel without the loss of their earnest money if within the number of days specified. The inspection period could be 10 days, 17 days, 21 days, or more. Even though the buyers can cancel without penalty, ensuring that their earnest money is deposited will help weed out the imposters early.

It is much better that a deal fall apart after 3 days than 30 days.

The Contingency Pitfall

Many real estate contracts contain clauses that place time constraints on the buyer to obtain loan approval. They may also have clauses stating that, regardless of the inspection results, the buyer can cancel without penalty if they cannot obtain a loan.

Buyers may also be able to cancel the contract if the property doesn't appraise for at least the agreed upon purchase price. These "get out of jail free" provisions are known as "contingencies."

Buyers think of contingencies as a way to "get out of" buying your home. If the appraisal is not as high as their offer price, repair issues are found in the inspection, or the buyer cannot obtain financing, they can usually cancel the contract.

If these contingencies are not removed, the buyer's earnest money may be returned to them if the sale fails to close. A good realtor® will ensure that the contingencies are removed by the deadlines provided in the contract.

Your realtor® should also be in regular contact with the buyer's realtor®, the buyer's lender, the escrow/title officer, and possibly the closing attorney. All of these parties play an important role in moving the process from contract to closing. If any of them "drop the ball" by failing to do their job, your sale can fall apart.

For example:

Assume that the preliminary title report lists an unreleased lien on your property which will take an extra 30 days to remove. If the report is not received and read by all parties, everyone will assume that the sale will close on time. A small issue such as this could not only delay closing, it could kill the deal!

The same thing could happen if the buyer's lender drops the ball and forgets to order the appraisal.

Unfortunately, these and other issues like them occur every day. An experienced realtor® will be on top of the process to ensure that each party understands the importance of their responsibilities and completes their tasks on time throughout the transaction. Your realtor® is crucial to ensuring that

your sale closes on time without unexpected problems.

These are just a few of the many issues your realtor® must stay on top of during the sale of your home. As illustrated above, a lot of detail—much of it behind the scenes—is involved in getting from contract to closing. An experienced realtor® with a solid record of sales can mean the difference between a jubilant celebration and an emotional roller coaster that ends in heartache. Choose your realtor® wisely!

Ashley Leigh

703-485-4663

sales@LintonHallRealtors.com

www.LintonHallRealtors.com

