



## Steps to Expect When Selling Your Home

Selling your home is not on anyone's Top 10 List of fun things to do. It's time to sell, so here is a simple game plan of what you can expect during the process. First time sellers, listen up, because now it's your time to find the buyer!

First and foremost, figure out if you want to sell your home on your own or with an agent. The vast majority of people choose to sell their home with an agent, which is statistically wiser. Fewer financial results and smaller sales are produced from homeowners selling their own homes. How can this be? The simple fact is that the sale of your home depends upon what a buyer is willing to pay. If you cannot attract the right buyer, or negotiate the proper deal, then you're stuck behind the eight ball. And remember - marketing your own home can be very costly.

With an experienced agent, covering the marketing cost and applying proven plans to sell your home becomes less stressful. They are experienced with the process, which means fewer mistakes, if any at all. Is the 2.5-3% savings worth it? We suggest searching and weighing the pros and cons before making this decision, thinking you will save.

During the decision process, you want to make sure the reasons for selling your home are beneficial. Many people move to save money, finding out that close to 15% of their home sale goes to moving costs, closing costs and the agent (or marketing for FSBO). Speaking to an accountant is also beneficial to protect yourself against any tax consequences.

Once you've made the decision, you will then Prepare to Sell, Set a Price, Accept an Offer, Close the Sale, then Prepare to Move.

### **Prepare to Sell**

It is now time to look through the eyes of the buyer, transferring your home of memories into a dream house for someone else. Decide whether you want to hire an agent to handle the sale, then do whatever necessary to get your home in it's best possible condition. Take the initiative and get a pre-sale inspection, to prevent costly surprises from the buyer's inspector. Inspections usually cost between \$300 to \$400. If major damages are discovered, your decision to sell or at least the price at which you sell may be altered. Most states now require sellers and their agents to disclose issues that may affect a buyer's decision to purchase your home. This is a touchy topic, so speak with your agent to make sure you understand what you need to disclose, what repairs need to be made, or what problems can be back-ended by adjusting your asking price. This is not the time to undertake major improvements. It is generally wiser to make only necessary repairs and cosmetic improvements that will enhance your home's salability. Your taste may appeal to you, but may turn off the buyer. Decorate the home with neutral tones that will add charm. Consider replacing out-of-date carpeting, painting odd-colored rooms, and polishing your home's appearance. You may also want to kennel your pet during this time, and hire extra cleaning help while your house is on the market, especially if an odor exits throughout the home.

## **Set the Price**

Your home's value is ultimately what a buyer is willing to pay at any given time. It's dramatically affected by the strength of the market: supply versus demand. If you want to sell quickly, or you are in a buyer's market, you may decide to set your price lower than market value. On the other hand, if you're in a seller's market where multiple offers are common, you may want to set your price higher than market value.

## **Use an Agent to Set the Price**

If you plan to work with a listing agent, choose one familiar with your area that has a track record. A good agent will provide an honest assessment of your home's value. When deciding an agent and sales plan, consider the current market and your home's salable assets as well.

## **Comparative Market Analysis**

A comparative market analysis should take into account repairs, improvements, and annual costs (such as property taxes) of your home, in addition to its size, features, and amenities. Expect to get an analysis of recently comparable homes sold in the neighborhood, as well as a list of equivalent homes currently for sale. When you receive the analysis, break down the home comparisons to square footage. It will allow you to analyze how accurate the CMA estimate is.

## **One Step Further**

If you want confirmation of the list price you have in mind, get a pre-sale appraisal. Appraisers use comparable sales in addition to other information to make their determinations. The appraisal will cost between \$250 to \$500 dollars.

## **Accept an Offer**

In most cases, you will wait anywhere from 30 to 60 days for an offer, depending on the market and location of your home. This can be an emotional process, especially if offers come in far below your list price, or your home has been on the market for several months. This is why obtaining an experienced agent is essential, so you know what to anticipate and can attack the market accordingly.

Never rush. Take the time needed to make an appropriate decision and never jump at initial offers. Consider all offers carefully, and make sure that the terms are as favorable to you as they are to the buyer. Never accept an offer on the phone. Contact your agent and meet in person. This rule will prevent you from emotionally reacting.

Before you list your home, decide on the lowest acceptable offer. Keep this number to yourself; do not share with your agent, as the number may change during the time your home is on the market.

Make sure that everything is in writing. This is for your protection and the buyer's. Documenting the process helps avoid confusion and potential legal problems down the road. In most states, land transactions and their details need to be in writing to be valid.

The majority of the time, you'll want to counteroffer. Someone purchasing a home will almost always start out on the low side, so take this into consideration. Using an agent during this process will be an advantage, as they are used to this process.

## **Close the Sale**

You have identified the buyer. Now the buyer is busy with financing; until the sale closes, you are responsible for keeping your property in the same condition as when the buyer saw it last. The closing date should be clearly specified

in your sales contract, which should include deadlines for the buyer to sign off on contingencies. Make sure the buyer meets any deadlines you've set.

Be ready to deal with any problems that may crop up. For example:

Unsatisfactory home inspection - If the fix is major, you may want to split the cost of the repair with the buyer, or give the buyer a cash credit at closing to cover the repair. If the fix is minor, or you are selling in an active market, your sale might go through without any concessions on your part.

Preventive measure: Make sure that your sales contract is specific in its inspection contingency and doesn't allow for the entire transaction to be renegotiated on the basis of the inspection.

Low appraisal - Your deal could fall through if the buyer's appraisal comes in lower than the agreed-upon sales price and the lender refuses to issue a mortgage. Ask for another appraisal if you think the buyer's appraisal was wrong, or renegotiate your price. Another option is to offer seller financing for the dollar difference.

Preventive measure: Give the appraiser the most recent comparable sales from your neighborhood, and make sure your home is in top condition.

Cloud on the title - Title problems can take several forms, including unsatisfied liens against your property, delinquent taxes, and encroachments on the property line. In order to clear the title, you will have to pay any liens or delinquent taxes. Title companies are used to dealing with encroachment issues, which may be resolved with some kind of insurance policy.

Preventive measure: Check your title before you sell and make sure it is clear.

Buyer's remorse - Occasionally, an uncertain buyer will decide to pull out of the deal regardless of the consequences. Try to work with the buyer's agent to determine the problem. You may be able to suggest a solution that reassures the buyer and rescues the deal. (If not, you may be able to keep the buyer's deposit.)

Preventive measure: Learn all you can about the buyer's motivation before you accept an offer. Also, be sure the sales contract allows you to keep the security deposit.

## **Prepare to Move**

Once you've sold your home, you can proceed with your move and tie up loose ends.

Create a file in which to keep all closing and settlement papers: include receipts for any home improvements you made while you owned the house. Even though it's unlikely you will have to pay capital gains tax, you will need these figures for your next tax return.

If you are planning to buy another home, decide how much you need for a down payment and moving costs. If you made a profit on your home sale, it may be wise to make a minimal down payment on your next home, and invest the rest. This will depend on your tax situation and how the numbers evolve. Consult your financial advisor. If you aren't buying another home right away, you may want to opt for a combination of long-term and short-term savings and investment plans.

Make sure that your sales proceeds are in the right place when you issue checks at closing. Do a walk-through of the property right before closing to avoid last-minute surprises.

Avoid getting caught by late payment fees: Before you move, send change-of-address notices to creditors, professional associations, and publications to which you subscribe.

If you are closing your sale and purchasing a second home simultaneously, it's important to make sure your utilities are switched off at your previous address and switched on at your new address around the closing date.