

# Sellers

*You have made the big decision to sell your home. Now what? There are many questions you will need to ask yourself before moving ahead:*

## Before You Sell

1. **Have a pre-sale home inspection.** Arrange for a pre-sale home inspection to give you an idea of what needs to be done to your home before putting it on the market. An inspector will be able to give you a good indication of the trouble areas that will stand out to potential buyers, and you'll be able to make repairs before open houses begin.
2. **Organize and clean.** Minimize clutter and pack up your least-used items, such as large blenders and other kitchen tools, out-of-season clothes, toys and exercise equipment. Store items off-site or in boxes neatly arranged in the garage or basement. Clean the windows, carpets, walls, lighting fixtures, and baseboards to make the house shine.
3. **Get replacement estimates.** Do you have big-ticket items that are worn out or will need to be replaced soon, such as your roof or carpeting? Get estimates on how much it would cost to replace them, even if you don't plan to do it yourself. The figures will help buyers determine if they can afford the home, and will be handy when negotiations begin.
4. **Find your warranties.** Gather up the warranties, guarantees, and user manuals for the furnace, washer and dryer, dishwasher, and any other items that will remain with the house.
5. **Spruce up the curb appeal.** Pretend you're a buyer and stand outside of your home. As you approach the front door, what is your impression of the property? Do the lawn and bushes look neatly manicured? Is the address clearly visible? Are pretty flowers or plants framing the entrance? Is the walkway free from cracks and impediments?

## Understanding Appraised Value

1. Appraisals provide an objective opinion of value, but it's not an exact science so appraisals may differ.
2. For buying and selling purposes, appraisals are usually based on market value - what the property could probably be sold for. Other types of value include insurance value, replacement value, and assessed value for property tax purposes.
3. Appraised value is not a constant number. Changes in market conditions can drastically alter appraised value.
4. Appraised value doesn't take into account special considerations, like the need to sell rapidly.
5. Lenders usually use either the appraised value or the sale price, whichever is less, to determine the amount of the mortgage they will offer.

## Increase Chances of Getting An Offer

1. **Price is right.** Set a price at the lower end of your property's realistic price range.
2. **Prepare for visitors.** Get your house market ready at least two weeks before you begin showing it.

3. **Be flexible about showings.** It's often disruptive to have a house ready to show at the spur of the moment. But the more flexible you can be about letting people see your home, the sooner you'll find a buyer.
4. **Anticipate the offers.** Decide in advance what price and terms you'll find acceptable.
5. **Don't refuse to drop the price.** If your home has been on the market for more than 30 days without an offer, you should be prepared to at least consider lowering your asking price.

## Pricing Your Home

1. **Consider comparables.** What have other homes in your neighborhood sold for recently? How do they compare to yours in terms of size, upkeep, and amenities?
2. **Consider competition.** How many other houses are for sale in your area? Are you competing against new homes?
3. **Consider your contingencies.** Do you have special concerns that would affect the price you'll receive? For example, do you want to be able to move in four months?
4. **Get an appraisal.** For a few hundred dollars, a qualified appraiser can give you an estimate of your home's value. Be sure to ask for a market-value appraisal.
5. **Be accurate.** Studies show that homes priced more than 3 percent over the correct price take longer to sell.
6. **Know what you'll take.** It's critical to know what price you'll accept before beginning a negotiation with a buyer.

## Better Home Showings

1. **Remove clutter and clear off counters.** Throw out stacks of newspapers and magazines and stow away most of your small decorative items. Put excess furniture in storage, and remove out-of-season clothing items that are cramping closet space. Don't forget to clean out the garage, too.
2. **Wash your windows and screens.** This will help get more light into the interior of the home.
3. **Keep everything extra clean.** A clean house will make a strong first impression and send a message to buyers that the home has been well-cared for. Wash fingerprints from light switch plates, mop and wax floors, and clean the stove and refrigerator. Polish your doorknobs and address numbers. It's worth hiring a cleaning service if you can afford it.
4. **Get rid of smells.** Clean carpeting and drapes to eliminate cooking odors, smokes and pet smells. Open the windows to air out the house. Potpourri or scented candles will help.
5. **Brighten your rooms.** Put higher wattage bulbs in light fixtures to brighten up rooms and basements. Replace any burned-out bulbs in closets. Clean the walls, or better yet, brush on a fresh coat of neutral color paint.
6. **Don't disregard minor repairs.** Small problems such as sticky doors, torn screens, cracked caulking, or a dripping

faucet may seem trivial, but they'll give buyers the impression that the house isn't well-maintained.

7. **Tidy your yard.** Cut the grass, rake the leaves, add new mulch, trim the bushes, edge the walkways, and clean the gutters. For added curb appeal, place a pot of bright flowers near the entryway.
8. **Patch holes.** Repair any holes in your driveway and reapply sealant, if applicable.
9. **Add a touch of color in the living room.** A colored afghan or throw on the couch will jazz up a dull room. Buy new accent pillows for the sofa.
10. **Buy a flowering plant** and put it near a window you pass by frequently.
11. **Make centerpieces for your tables.** Use brightly colored fruit or flowers.
12. **Set the scene.** Set the table with fancy dishes and candles, and create other vignettes throughout the home to help buyers picture living there. For example, in the basement you might display a chess game in progress.
13. **Replace heavy curtains with sheer ones that let in more light.** Show off the view if you have one.
14. **Accentuate the fireplace.** Lay fresh logs in the fireplace or put a basket of flowers there if it's not in use.
15. **Make the bathrooms feel luxurious.** Put away those old towels and toothbrushes. When buyers enter your bathroom, they should feel pampered. Add a new shower curtain, new towels, and fancy guest soaps. Make sure your personal toiletry items are out of sight.
16. **Send your pets to a neighbor or take them outside.** If that's not possible, crate them or confine them to one room (ideally in the basement), and let the real estate broker know where they'll be to eliminate surprises.
17. **Lock up valuables, jewelry, and money.** While a real estate salesperson will be on site during the showing or open house, it's impossible to watch everyone all the time.
18. **Leave the home.** It's usually best if the sellers are not at home. It's awkward for prospective buyers to look in your closets and express their opinions of your home with you there.

## Negotiating the Contract

1. **Avoid emotional decision making.** It can sometimes be difficult to detach yourself from the process; however, you need to look at your residence as a business prospect and try not to take any offer or any comment personally.
2. **Rely on your REALTOR®.** Prospective buyers typically have a buyer's agent representing their interest and you should have a listing agent representing your interest. If you have chosen the right agent, you should feel comfortable letting him/her take the lead in negotiations to get the best possible outcome for you. Your REALTOR® will know current market conditions better than you and can negotiate with the market in mind.
3. **Always be ready to make a counteroffer.** Many sellers find a lowball offer insulting and would rather ignore it, but you are better served by acknowledging the offer and beginning the negotiating process. After all the buyers are at least

interested in purchasing your home and it is worth trying to come to a mutually acceptable agreement.

**4. It's not only about price.** It is easy for the sellers (and buyers) to fixate on the offer price, but in reality what matters more is your final profit on a completed transaction with an agreeable settlement date. You can negotiate about the price of your home, but remember that it's equally important to make sure the buyers have financing in place so they can make good on their offer. Sellers and buyers can also make agreements about repairs to the home, who will pay the closing costs and which items convey to the buyers in addition to the settlement date. If you are having trouble getting to an agreement on one issue, it's possible that a concession on another topic will help cement the deal.

**5. Determine who has the upper hand.** You and your REALTOR® can evaluate local market conditions to see whether buyers or sellers generally have more power, but you both can also make this determination based on what you learn about an individual buyer. If you are a desperate seller who has already had an offer accepted on your next home, you may need to be more lenient in negotiations; but if your buyer needs to move faster and there are few homes available for sale, you could have more power.

**6. Move quickly.** While it may be tempting to wait and see what other offers come in, REALTORS® often note that the first offer is often the best one and sometimes the only one. If the offer is close to what you had hoped for, keep the momentum going and make a counteroffer so the buyer doesn't have time to lose interest.

Note: You and your REALTOR® should work closely together to handle negotiations with potential buyers, but before you get too caught up in the process it helps to establish your priorities for your home sale. Once you know your bottom line in terms of profits from the sale and any other details, you can move forward more easily in the transaction.

## Seller Closing Costs

One of the larger costs at settlement paid the seller is the **commission** for the REALTORS® involved in the transaction. Commissions are negotiable and vary somewhat by market, but a typical commission is 6 percent of the sales price of the home split between the listing agent and the buyer's agent. For a home that sells for \$350,000, the commission would come to \$21,000.

### Other fees paid for by the seller may include:

1. **Loan payoff costs.** Your loan payoff will often be a little higher than the remaining balance on your loan because of prorated interest. In some cases, you may have to pay a prepayment penalty for paying off your loan before the end of the term. If you have a home equity loan or line of credit, this must be paid in full at settlement as well.

2. **Transfer taxes or recording fees.** These are the taxes imposed by our state or local government to transfer the title from one owner to another.

3. **Title insurance fees.** Sellers typically pay the owner's title insurance premium.

4. **Attorney fees.** Sellers will incur this cost if you decide to have your own attorney represent you at the settlement. You will also have an attorney fee for the preparation of the warranty deed for the sale of your home.
  
5. **Liens or judgements** against the property.
  
6. **Termite inspection and/or remediation.** Sellers typically pay for the termite inspection and/or remediation on the property, unless stated differently in the purchase agreement.
  
7. **Unpaid homeowner association dues,** if applicable.
  
8. **Prorated property taxes** up to the settlement date.
  
9. **Closing Fee.** Sellers and buyers typically split the closing fee that is charged by the place of settlement (ex: title company, lender) ~