

# What Every Seller Needs To Know

When is the Right Time to Sell My Home?.....This is often the first question a Seller asks him or herself. The answer depends on a number of competing factors. One may ask themselves, "Does my current home meet my functional needs?", "Do I have enough room?", "Does the floor plan fit my life style?", "Is it costing too much to maintain?", etc. These are just a few questions a Seller may ask as they begin to consider selling. The next questions the Seller has usually concerns financing. "Can I afford a bigger home?", "How much money will I need to move to a more suitable home?" Ultimately, the final answer as to when a person should sell will be decided by considering one primary factor. "Does my current financial situation allow me to make a housing transition in a comfortable manner?" Consultation with your Realtor should allow you to answer this important question. You and your Realtor will examine your current selling strengths. And, if you will be purchasing another home, you will look at your buying position once your home is sold. In both cases, your position will be determined by what your current home is worth. This is known as your home's Market Value. Your goal and your Realtor's should be to maximize your financial strengths by selling as close as possible to your Market Value.

How do I get the most for my house?.....Realizing the highest return on your home means that you can maximize your buying potential on your next home purchase. Simply put, the best way to get the most for your home, is to price it as close as possible to its true Market Value. For instance, if your home's Market Value is \$100,000, you would want to list it within a few thousand dollars of this figure. A well priced home will not only sell quicker, but also for more money. This is because your home will be competing with other homes for the buying public's dollars. The best priced home will obviously attract more buyers, many of which may fear they will lose out on your home if they do not present a reasonable offer. Realtors will also recognize that your

home is priced properly and should advise their clients that they should not waste time with low offers if they really want your home. In fact, since the inception of Buyer Agency(1993), homes are actually selling for closer to list price than before. According to MIBOR statistics, over the past year homes are selling for around 97% of their list price.

How do I determine my property's Market Value?..... Market Value can be determined in one of two primary ways. First, you can pay a professional Appraiser (\$300 -450) to do a formal appraisal. Second, you can have a Realtor perform a Competitive Market Analysis (CMA) on the property. If done properly, both approaches should result in a similar Market Value determination. The main difference in the approaches is that the Realtor should also examine and explain the overall market activity in the area and provide tips to enhance your homes salability given market customs and conditions. Another difference is that the Realtor's CMA is usually free.

What is a CMA?.....As noted above, the CMA is both a determination of your home's Market Value and an examination of the environment which produced that value. Like an appraisal, the CMA will rely on information pertaining to other properties that have sold in your home's area. From among these sold homes, the Realtor will choose several (3-6) homes that are most similar to your home to use as comparables (comps) in determining your home's value. The comps are then compared to your home on an item by item basis to determine an adjusted sale price for each property. The average of these adjusted sale prices is your current Market Value. Features such as square footage, updates, number of baths, size of garage, type of siding, etc. are considered when making these adjustments. Value is added if your home is superior on a given feature, and a deduction is made when your home is inferior. Adjustments are made in accordance with appraisal standards and based upon the Realtor's knowledge of the market place. A properly performed CMA is the most important task your Realtor can do for you. Once you know your price, you can then

examine your options as they relate to your net proceeds from the sale. A word of caution: One of the biggest obstacles a Realtor and seller may have to overcome is dealing with a faulty appraisal or CMA. Some lenders, in an effort to make healthier second mortgages, will inflate appraisals to allow for the loan. Some over zealous (or unknowledgeable) Realtors may give higher Market Value projections to enhance their chances at getting listings. You will be best served and better off financially by the person who gives you a more honest and accurate Market Value Determination. Over pricing your home initially can cost you thousands later after your home has been on the market a while and the buying public knows it. Remember, with Buyer Agency in place, they will most likely know it.

How do I choose the right Real Estate Agent and Company?..... This is a critical step in the process because you will be relying on your Realtor for a variety of information that will determine your housing transition. The wrong information at any of the stages in your transition could cost you money or prevent you from maximizing your options. Your Realtor should be knowledgeable, and should have a good reputation with former clients. Do not be afraid to ask for references. Choose a Realtor you are comfortable with. Your relationship with your Realtor should be friendly and open, as well as professional. Do not be afraid to ask questions or make suggestions, after all, you know your current home better than anyone. Your Realtor's company should be well staffed and visible within the community. Remember, your buyers will be making the biggest investment of their life, you want them to feel as comfortable as possible. Statistics show that people feel more comfortable dealing with a name they recognize. Also, smaller companies are not open on weekends, a primary shopping time for your buyers. In short, the best service to you will come from the Realtor and company equipped to give it.

What do I need to do to get my home ready to Sell?..... Obviously, a home will sell for the highest price if it is in perfect

shape. However, this is not always the most cost effective way of selling. Your home is not a new home, and the buying public will probably not expect it to be. Generally, the buyer is looking for a home that is in reasonably good condition. That is, they do not want a home that will cost them a fortune to fix up, or one that is not structural sound. You should make sure that the major components in the home are in good shape. Items such as the roof, the furnace, and air conditioning, electrical system, and plumbing system. Also, upgrades to the bath areas, kitchen and carpeting are common concerns to the buying eye. A crisp paint job is also a plus. Again, none of these items has to be perfect, but they should also not be a major detractor to the property. It should also be noted that the current trend of buyers is a lot pickier than in the past. The days of carpet or repair allowances seems to have passed. If you have an item that needs attention, you will be better off taking care of it prior to listing your home. This way you will not eliminate any finicky buyers who may otherwise be willing to give you a fair price for your home. If you are simply not in a position to do needed improvements, your Realtor and you should be able to decide on a suitable marketing solution.

What are the costs involved with selling?.....The answer to this question will vary somewhat depending on a number of factors. There will be a Brokerage Fee ( the fee charged by the Brokerage who lists your property, usually this is a percentage of the gross sales price. Also, many brokerages charge an administration fee ranging from \$175-\$500), there will be Title Insurance fees (\$250 and up, depending on the value of the home sold), recording fees ( to record mortgage payoffs, quitclaims, affidavits, etc.), you will most likely pay for the next tax installment (proration is now becoming more common in Indiana), there may or may not be fees that you pay for the buyer (this will depend on the type of financing the buyer is pursuing as well as the strength of the offer). The bottom line is that you will control the final decision. Before you list, your Realtor will go over all the costs associated with selling. Then when you receive an offer, your Realtor will provide you with a net proceeds sheet related to

that offer. Before you accept any offer, you will have a reasonable projection of what you will be putting in your pocket at the closing table.

How do Buyers actually see my home?.....Once listed with an MLS affiliated Real Estate brokerage, your home will be exposed to thousands of area Realtors working with potential buyers. When a Realtor has a buyer interested in seeing your home, the Realtor will call your listing company to schedule appointments. You will determine what is a comfortable showing situation for you, and you will relate this to your Realtor. Usually, the seller will be notified well in advance of the showing, and then can call their Real Estate Company and confirm the showing. If it is convenient, most sellers should try to be gone when the home is shown. This allows the buyers to feel more at ease when viewing the property and helps to avoid having to answer questions which could hurt your negotiating power. Remember, the agent showing your home will most likely be the Buyers Agent, meaning they are working in that buyer's best interest, not yours. This is the same situation you would be in if you were looking at homes with your Realtor, it would only be natural for you to try and assess the seller's motivation. If, however, it is simply not convenient for you to leave during a showing, just try to stay out of the buyer's way and only answer questions that specifically relate to the property itself. It is O.K. to tell the buyer the age of the appliances or condition of physical components like the roof or furnace. You should not, however, discuss your reasons for selling or other items relating to your motivation to move. Most homes will be equipped with a lock box which will allow Realtor's access to your home for showings. Again, you will determine when it is O.K. or not O.K. to show. As a rule, it is advisable to try and maintain your home in showing condition, in case of shorter notice showings. Your home will not have to be perfectly spotless, but do try and keep it as orderly as possible. When possible, it is also a good idea to leave some lights on when you know an appointment is scheduled. This will give your home a more positive first impression as well as

allow the buyer to focus more on the home, and less on trying to find light switches.

What if my home sells before I find another home?..... This, of course, only applies to sellers who will be transitioning to another home. While this is a commonly asked question, it is seldom a problem. Before you list, you will already (with the help of your Realtor) have an idea of the types of housing that will be available to you. Once you sell, it simply becomes a matter of choosing the best home from your available options. Out of the hundreds of sales that I am aware of, I have never known of a seller being unable to find suitable housing after a sale. If, however, you still are a little uncomfortable selling without knowledge of where you will be going, you can list your home "Contingent upon seller finding suitable housing". Under this option, once you accept an offer, you stipulate a number of days to allow you to find another home. If you do not find a home, you then either extend the contract or cancel it. It should be noted, however, that listing with any "Contingencies" may keep you from maximizing your selling strength as you may frighten away some motivated buyers. Remember, the buyer most likely to give you a better price is the one who needs your home the most. As you are selling your home, try to stay aware of what listings are available to you as a buyer.

Other Seller responsibilities.....Along with the items mentioned, you will be required to fill out a "Sellers Residential Disclosure" form. This form became law in Indiana a few years back. On this form you will indicate any known defects with the property or its related equipment. Your Realtor will provide this form prior to listing your home. Depending on your home's location and age, there may be inspections (well, septic, water/lead analysis, termite, etc.) that may be required or requested to be done. Your Realtor will advise you on these matters. Once your home is sold, the Buyer will probably have a Professional Home Inspector look at your home. If they find any unknown defects you may or may not be asked to address these problems prior to

closing. While some sellers may dread the Home Inspector, their work actually serves to protect you as seller. It provides the buyer the opportunity to totally evaluate your home before consummating the final sale. After closing, if the buyer finds a problem with the home or if one develops, they will be more likely to call their Inspector and not you. You should stay in contact with your Realtor should you have any changes in your selling decisions. If your financial situation changes or if a crisis arises and your selling plans need to be put on hold, just let your Realtor know.

A Final Word.....The importance of your working relationship with your Realtor can not be overemphasized. Your Realtor should give you feed back when possible after your property is shown to let you know how the buying public reacts to your home. Also, do not be afraid to ask your Realtor if you have any questions or concerns throughout the process. Try to stay open minded and patient. Remember, the people buying your home may be nervous or unknowledgeable about buying. If a buyer's first offer is not to your satisfaction, you may have to do some give and take to get them to a position you are more comfortable with. Your Realtor should be able to assist you in the art of tactful negotiation. Most importantly, keep your overall goal in mind. Your Realtor's job is to make your housing transition as easy and profitable for you as possible. This objective will be best achieved by applying the principles discussed in this pamphlet.