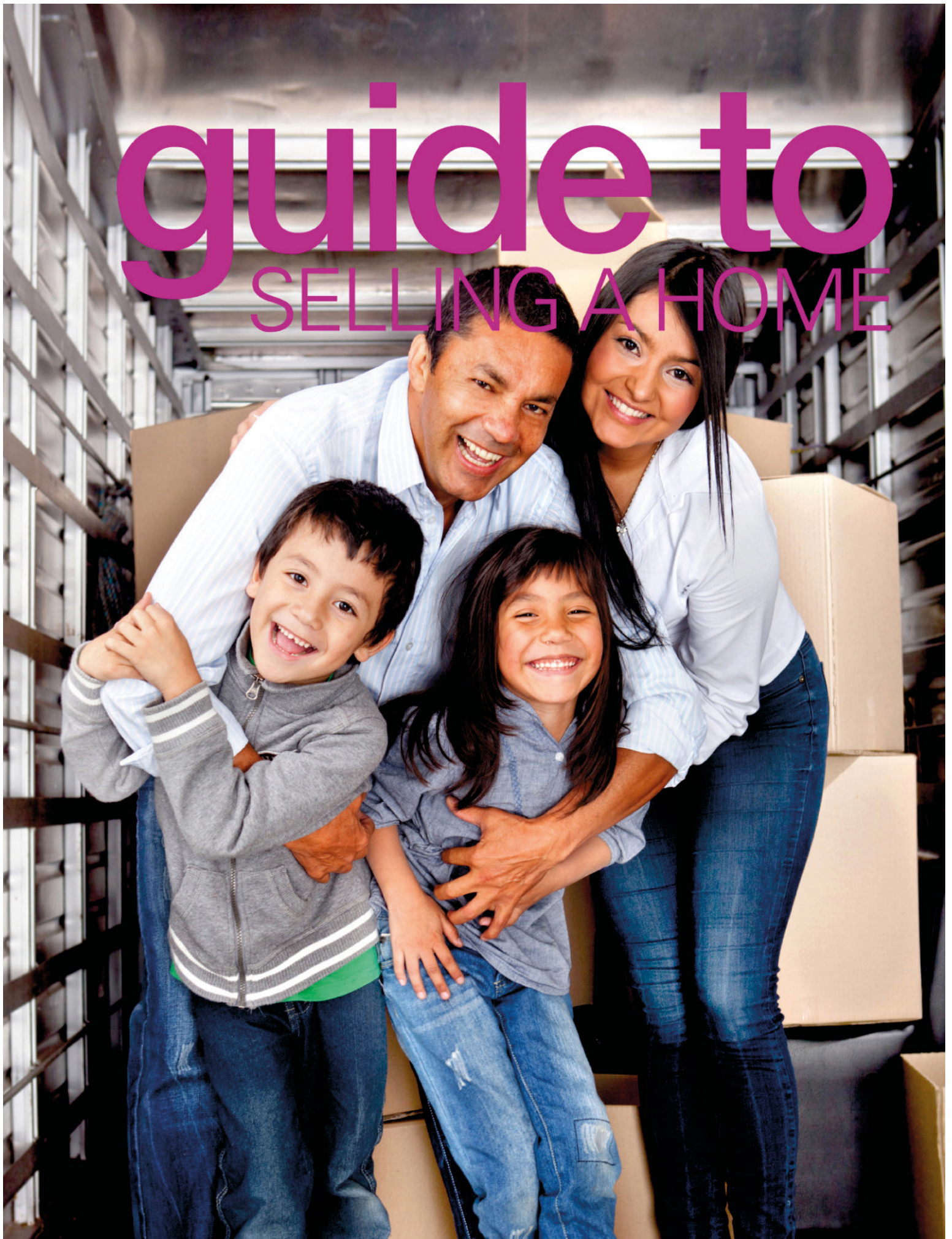


# guide to SELLING A HOME







Thank





## Thank you again for choosing me to list your home.

Today we'll begin the exciting process of preparing your property for sale and creating a complete marketing and sales plan to meet the needs of your real estate listing. It is important to keep in mind that selling real estate is a complicated process. I will be working hard to market your property both to other real estate professionals and to consumers, attract interested and qualified buyers, and negotiate the final transaction. Throughout this process, we will need to work as a team to make sure your needs and desires are met.

This guide was designed to inform you about all the steps of selling a listing so that you can feel confident, make informed decisions and act as an educated seller.

Please take some time to review carefully all of the information presented here. If you have any questions about the topics discussed, I will be glad to go over them with you in detail. Since every real estate transaction is unique, you will most likely have questions or concerns not presented here. That's what I'm for – to answer your questions, to guide you through every step of the transaction, and to make sure your home gets sold.

*Let's get started!*

# Real Estate 101

## Real Estate Transaction Refresher

This may be the first time you've ever sold a real estate property. Or, it may have been some time since you've been involved in a real estate transaction. Here's a quick refresher on some of the real estate specific terms you'll want to review.

### Real Estate Brokers and Real Estate Agents

Listing agreements are made between Real Estate Brokers and Sellers. A Real Estate Agent or Sales Person works for the licensed real estate broker. The commission for the sale of your home will be paid to the real estate broker. The real estate broker will pay a split of that commission to me, the real estate agent.

### The Fair Housing Act

The Fair Housing Act, originally passed in 1968 and amended in 1988 is a federal law in the United States that prohibits discrimination in housing.

Seven "classes" are protected under the Fair Housing Act. They are:

- Race
- Color
- Religion
- National Origin
- Sex
- Handicap
- Familial Status

As I market and sell your property, it illegal for me to use any words or phrases that would be deemed discriminatory to these groups. You can learn more about The Fair Housing Act at [www.HUD.gov](http://www.HUD.gov).

#### YOUR REAL ESTATE BROKER IS:

*Firstname Lastname*  
(000) 000-0000  
email@realestate.com

#### YOUR PROPERTY LISTING WILL BE SYNDICATED IN THE FOLLOWING ONLINE SERVICES:

MLS #1  
MLS #2  
MLS #3



## The Multiple Listing Service (MLS)

The Multiple Listing Service is a proprietary database of all properties currently under an active listing contract in a given area.

All active agents and brokers who belong to this MLS will have access to information about your property listing. Buyer's agents searching for a new home for their clients will learn about your property listing through this online database.

## Appraisal

Before you signed your listing contract with me, I offered you a competitive market analysis of your home's value. We will set the final asking price on your property based on this market value estimate.

When you receive an offer on your home, the buyer's lender will require an official appraisal of the property from a licensed appraiser. This valuation helps assure the lender that they would own a marketable property if the buyer (or the borrower in the lender's eyes) should default on their mortgage. The buyer will pay for the house appraisal, but you should know that it may be different than the market analysis that I provided you.

## Inspection

In addition to an official appraisal, most interested buyers will request a home inspection before final sale. The goal of a home inspection is to give the buyer an objective, independent and comprehensive analysis of the physical condition of your property and check for any safety issues that might otherwise be unknowable.

A professional inspector will check on the structure, construction and mechanical systems of the house. This usually includes checking:

- Electrical systems
- Plumbing and waste disposal
- Water heater
- Insulation
- Ventilation
- HVAC system
- Water source and quality
- Waste disposal
- Pests
- Foundation
- Doors
- Windows
- Ceilings
- Walls
- Floors
- Roof
- Radon gas
- Asbestos
- Lead paint

I would advise you to order an inspection of your home before we place your house on the market. Not knowing the full extent of potential problems until an offer is made by a buyer is a recipe for an ugly negotiation process.





## Showing Appointments / Open Houses

Buyers in the market for a new home will arrange showing appointments to see your property through their buyer's agent or through me. When an interested buyer is scheduled to see your property, it's best if you, your family and any pets you may own are not at home.

Buying a new home is a very emotional process, and it's sometimes hard for prospective home owners to imagine themselves living in a particular place when the current resident is still inside. I will work with you and the other real estate professionals who will be showing your home to schedule and supervise the many listing appointments that will be made when your house goes on the market.

Additionally, I may ask that we have an Open House at your property. Open Houses are usually most effective on the weekends during several hours in the afternoon.

These home showings will most likely be an inconvenience for you and your family during the home selling process. I will do everything I can to work with you to minimize the impact, but I believe that an aggressive showing schedule will help us sell your property quickly, which is our ultimate goal.

## Home Staging

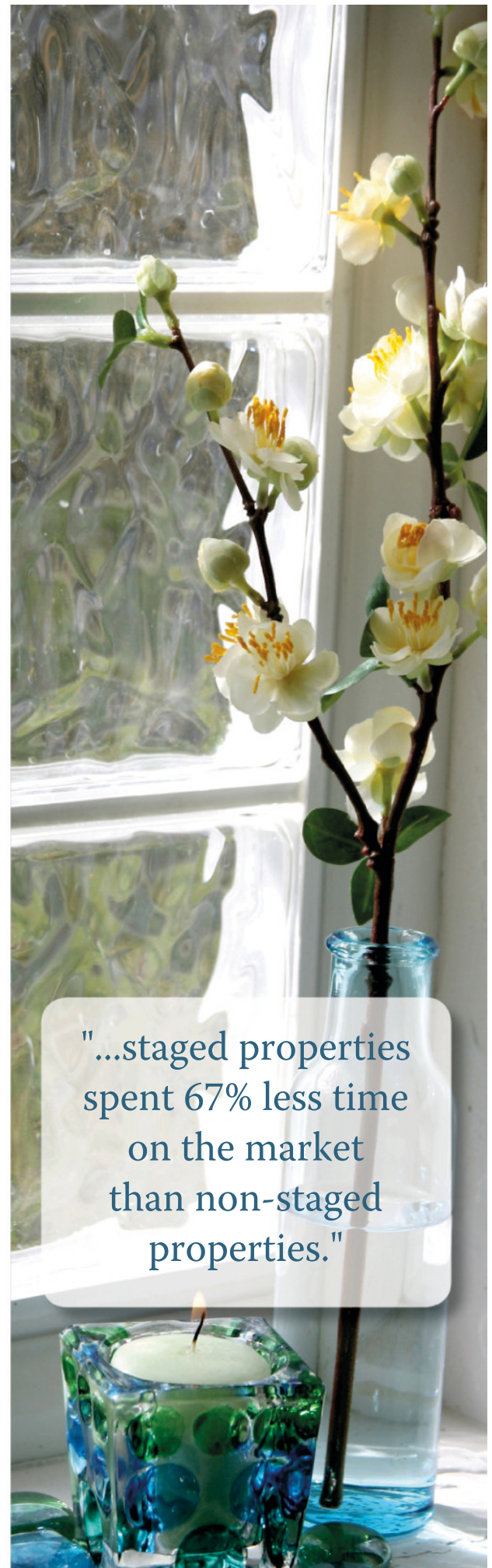
According to the Real Estate Staging Association, a properly staged home can:

- Increase a property's perceived value
- Help a listing's competitiveness in a down real estate market
- Drastically reduce the Days on Market (DOM) of a property

In fact, their 2010 study on both vacant and occupied homes showed that staged properties spent 67% less time on the market than non-staged properties.

Home staging is designed to ***market and sell your home in a way that's appealing to the largest buyer audience possible.*** Staging uses simple design principles, and may radically alter the way that your home is arranged and decorated.

It is possible to stage both a vacant and owner-occupied property. Before activating your listing, we should discuss the benefits and requirements of professionally staging your home for sale.



"...staged properties  
spent 67% less time  
on the market  
than non-staged  
properties."



# Setting Your Home's *Listing Price*

As we discussed previously, your home's listing price is based on many factors including:

- Current, local market conditions
- Comparable home sales
- Buyer availability for your property
- Proceed considerations

Setting an appropriate listing price is often times the difference between getting your property sold, and having it linger on the market, and eventually not sell. If we set a listing price that is too high, we will lack in interested buyers. If we set a listing price that is too low, we will short change your home.

What did you pay for your home?

What do you owe on your mortgage?

What is the current market value of your home?

	PRICE 1	PRICE 2	PRICE 3
LISTING PRICE			
ESTIMATED TAXES			
ESTIMATED FEES			
ESTIMATED COMMISSION			
NET PROFIT FOR YOU			



# Financial Considerations

## Costs of Selling Your Home

Selling your home is about making a profit. However, that doesn't mean that it doesn't come without costs. Here is an overview of some of the major costs you'll be responsible for paying.

### Mortgage Balance

This is the remaining balance on your original home loan. You will need to pay off your mortgage in its entirety when your home is sold.

### Home Equity Loans (2nd, 3rd Mortgages)

Any loan against the value of your home will also need to be paid in full after the sale of your home.

### Prepayment Penalties

The bank or lending institution that currently owns your mortgage title may assess a pre-payment penalty. You should speak to your lender now, ask if they plan on assessing a pre-payment penalty, and figure out exactly how much that amount is. You may be able to negotiate with your lender to reduce or waive the pre-payment penalty, if there is any.

You'll also want to submit a formal pre-payment notice to your lender.

### Pre-sale preparations

In most cases, it's not advisable to make major investments in your home right before a sale. There are however, a few things that can be done to increase your home's curb appeal, fix minor problems, and otherwise make your property more attractive. Together we can identify what items should be addressed and create a budget for these pre-sale preparations that are sure to show a significant return on investment.

### Closing Costs

All closing costs associated with the sale of your home will be listed for you and for the home buyer in the HUD-1 settlement form. The buyer is generally responsible for all of these closing costs which include:

- Loan Fees for the Buyer's home mortgage
- Insurance Premiums
- Title Costs (Examination and Insurance)
- Legal documents and services fees
- Recording/Filing Fees

In some cases, buyers make a request for you as the seller to cover their closing costs as part of their



purchase offer. We will negotiate these requests if they are made and I will help you understand why it would be advantageous to cover the buyers closing costs (if it is) and what limitations we can set to make sure we know the exact net of your home sale before closing. As the seller, you will be responsible for paying the Real Estate Broker commission fee.

### **Taxes**

The money that you make from the sale of your home is considered capital gains. The good news is that these profits can be excluded from your taxable income, up to \$250,000 for an individual or \$500,000 for a married couple, as long as your home was your principal residence.

To exclude the full portion of those gains, you will need to have lived in your house for at least 24 months in the 5 years previous to the sale date of the property.

This is considered the "2 in 5 rule."

If you do not meet the minimum occupancy requirement you still may be able to exclude a portion of your gains if you are selling your house because of circumstances related to your health or to your job. You should speak with your accountant or a certified tax specialist if you believe you fall under one of the exclusions or need help in reporting your capital gains after the sale of your home.

If this property is a real estate investment your profits will be considered taxable income and will be subject to state, federal and self-employment taxes. Again, in this circumstance you should speak to a financial specialist who can help you fully understand and minimize your tax liability.

### **Moving Costs**

Moving isn't only a hassle, it can also be very expensive. Whether you're moving to a new house in your neighborhood or across the country, it's important to estimate and plan for the full cost of moving from your home once it is sold.

# Cost Worksheet

**Mortgage Balance:**

\$

**Home Equity Loans:**

\$

**Prepayment Penalties:**

\$

**Pre-sale Penalties:**

\$

**Closing Costs:**

\$

**Taxes:**

\$

**Moving Costs:**

\$

A warm, inviting living room scene. In the foreground, a light-colored sofa is adorned with several pillows in shades of beige, cream, and light blue. A white coffee table is partially visible in front of the sofa. To the right, a glass candle holder with a white candle sits on a surface. Large windows in the background let in bright, natural light, showing a glimpse of a brick wall and greenery outside.

# Selling Shape

From the day that your house goes on the market to the day it closes, your property needs to be in "Selling Shape". It may take a little getting use-to, but you and your family will have to make the transition to thinking about your house as a property and not a home. This is certainly an inconvenience if you're still living in your house, but the effort is well worth it.

So how can we work together to get your property into selling shape? Let's just follow some simple rules.

## **First. Fix it.**

Anything that is in your house that is in disrepair and can be easily fixed should be addressed before the home goes up for sale. We'll want to pay particular attention to the front exterior and the most important rooms in the house: The master bedroom, the kitchen, and the living room.

## **Next. Clean it.**

Clean, clean and more clean. From the inside out, a clean listing is a happy listing. And remember, it's not good enough to just put things away. Potential buyers will and do open closets and drawers throughout the house when they're looking at your listing. Be sure to keep personal items that you do not want on display in drawers that are clearly your personal furniture.

The more organized you can be, the better.

## **Last. Open it.**

Making your house appear as attractive as possible is largely about allowing potential buyers the opportunity to imagine their lives in your property. As mentioned earlier in this guide, professional staging services can help in selling your listing by using design principles and tricks that emphasize space. Creating the appearance of openness and





space is key to getting your property sold. Remember, you're not selling your stuff!

Whether we choose to professionally stage your house or not, here are some simple practices that will help us keep your home looking open and appealing:

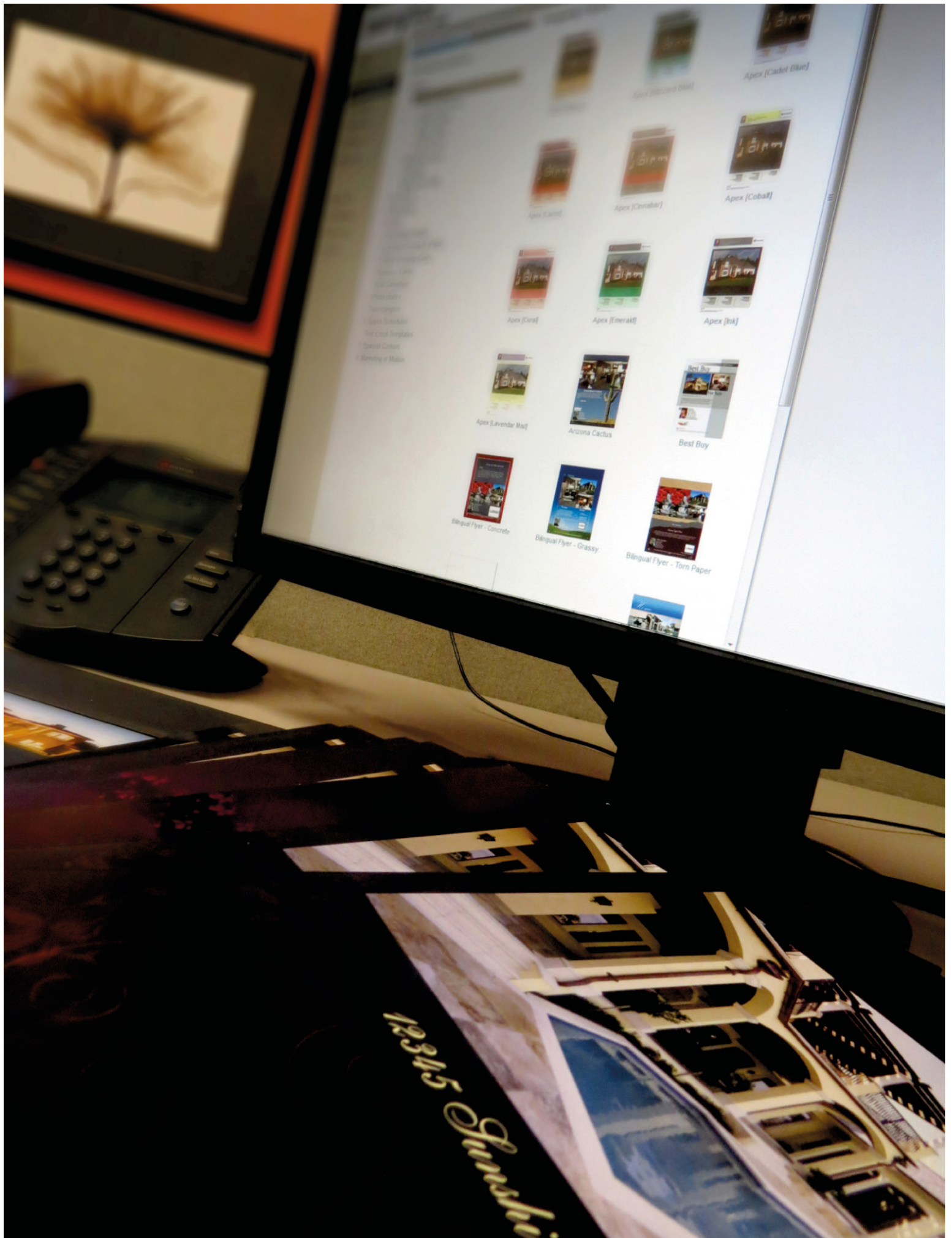
1. If it's smaller than a grapefruit, it needs to be put away. Get rid of or pack away anything that isn't essential. Everything else that is small but cannot be packed should be put away in a drawer or cabinet during showing appointments.
2. Limit the number of items on top of any surface to 3.
3. Beware of odors: Bad ones and strong ones.

It's not just the stinky stuff you need to pay attention to. There are obvious problem points that can produce bad smells like the garbage cans and the disposal, but you should consider any strong smell a bad one. Don't rely on potpourri or air fresheners to mask unpleasant odors. These can be just as offensive to some buyers. Instead, be sure to open your windows when possible to keep fresh air circulating in the house.

The only exception to the strong smells rule is chocolate. Baking sweet chocolate treats before showing appointments or open houses can help potential buyers feel at home when viewing your house.









# The Marketing Plan

To sell your home quickly and for top dollar we need to have an effective marketing plan. Here's how I will work to promote your property.

## Online Advertising Strategy:

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## Offline Advertising Strategy:

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## Promotions to Other Real Estate Professionals:

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## Open Houses:

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## Other Lead Sources:

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# The Offer is Accepted.

## Now Let's Get to Sold.

Once we've received an acceptable offer and have entered into a buying contract, there are several steps that will need to be completed before the transaction and transfer of your property is complete.

### On a typical home sale, here's how things will run:

1. The buyer submits "earnest money" that is deposited into your real estate broker's account.
2. A title policy will be ordered on your property.
3. We will set a closing date with the buyer.
4. The buyer will order an appraisal and in most cases, an independent home inspection.
5. The buyer will remove the "conditions of sale" after the appraisal and home inspection, try and renegotiate their initial offer, or remove their offer entirely.
6. You will need to complete any agreed upon requests for repair that were submitted by the buyer before the closing date.
7. The buyer will most likely schedule a walk through to verify the condition of the property and see any repairs that were made right before your closing appointment.
8. After the final offer is finalized we will submit the final legal disclosures and other material facts relevant to your property.
9. Closing is scheduled and completed. Your house is sold!

### What will happen at the closing meeting?

Closing is the legal transfer of ownership of the home from seller to buyer. It is a formal meeting that most parties involved in the transaction will attend. Closing procedures are usually held at the title company or lawyer's office. Your closing officer will coordinate the signing of documents and the collection of and disbursement of funds.

### In order to ensure a smooth closing you will need to:

Review the Settlement Statement or HUD-1 that the buyer's lender or closing agent will provide you 1 to 2 days before closing. These documents will contain a detailed description of all costs associated with the transaction, including the exact dollar amount the buyer will need to bring to closing.

Verify with your closing agent any other items that you need to bring with you such as a valid driver's license or other form of identification.

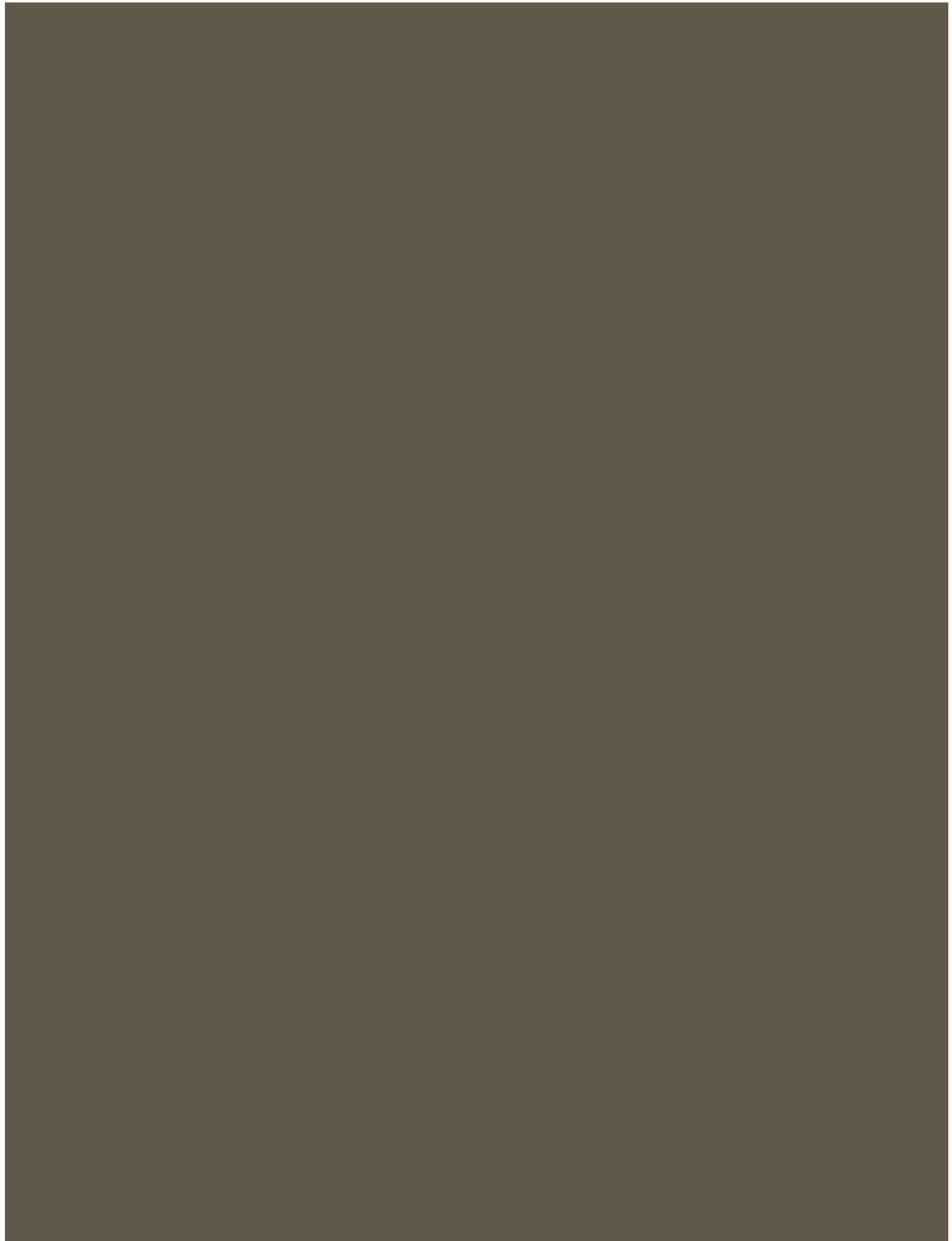
You'll also want to submit a formal pre-payment notice to your lender.





## **Common property sale disclosures**

- Lead-based paint hazards
- Radon hazards
- Mold hazards
- Asbestos on the property
- Flood zone or seismic hazards
- Other latent defects





## Notes

[illegible]



