

Vital Information for Sellers

A Truehome Special Report [v092101]

This is not intended to be a checklist of all things sellers should know. Rather, it's a list of some of the most important things you can do to put you on your way to being a *smart seller*.

Strategy:

- Make sure you want to sell. There are alternatives.
- If you are also buying a home, decide how to cover the transition.
- Avoid making urgency a top priority.
- Develop a strategy for returning calls to potential buyers without seeming overly anxious.
- Selling price is only one dimension of the sale. Look at other factors like the compatibility of move-out and move-in dates, concessions, inconveniences, and taking back a second mortgage.
- Look at the situation from a buyer's point of view. What strategy would you use if you were the buyer?
- Sellers sell "houses." Buyers buy "homes." Don't let emotion prevent you from getting the best transaction.
- Buying anything is relatively easy – selling something can be difficult.
- Don't forget tax ramifications of the sale.
- Buyers do comparison-shopping. Think about how you can help them do that and recognize that your home is what they want.

Legal:

- Abide by legal disclosure requirements regarding the condition of your property.
- Pay strict attention to federal and state anti-discrimination laws.
- Know where deposits on property should go.
- Understand what you sign. It's most likely legally binding.
- Follow local signage regulations.

The House:

- Take note that personal touches you've added to your home may not add value. They are sometimes a distraction, hindering buyers from focusing on what's important to them.
- Don't make many, unnecessary improvements. People might prefer a lower price and make the improvements differently. Of course, make cosmetic repairs and repairs required by building code.
- Get the selling price right. If your house sells the first day, or there is a "bidding war" for it, the price may have been set too low. If your house stagnates on the market, it may be overpriced. If you use an agent, you'll probably be given a Comparative Market Analysis (CMA). There's generally more emphasis on what houses are listed for, than what houses have recently sold for (that's the subject of an appraisal). Usually, a CMA is sufficient, but it is an estimate. It's better to look at it as representing a range of prices. Every situation is unique. You may need to sell quickly or you may have a lot of time. There may be extenuating circumstances, like having a super location. You may be able to identify and articulate special features of the house that people will pay more for – having a good view, the morning sun falls in the right place, etc.

The Buyer:

- Recognize that the buyer's decision will be partly emotional. Build it into your negotiation strategy.
- Don't forget to check the 'obvious' people who may be interested in purchasing your home (tenants –if it's a rental; friends who have admired your home, ...)
- Realize from the beginning that houses are bought, not sold. It's the buyer who decides. You want to help the buyer, not hinder him.
- In today's market, buyers should be pre-approved not only pre-qualified.

Agents:

- It's sometimes worthwhile to try to sell our house without an agent. This usually makes sense only in special situations.
- If you decide to have agent representation, identifying a good company/broker is important, but it's much more important to select an agent who can help you reach your goals. You and the agent need to cooperate and remove obstacles to selling your home. Mutual respect is imperative. Hire someone who is knowledgeable and who will work well with you. Make sure that your agent can devote the necessary time to the sale of YOUR house and is not overextended in servicing an excessive number of clients (both sellers and buyers).

- Consider working with a smart agent who can create opportunities for you rather than with someone who may be experienced at doing the same standard transaction over and over. Ten year's experience is not the same thing as one year's experience ten times!
- Realize that selling houses fast is not necessarily in your best interest. There are three interrelated factors that should be considered: price realized, terms, and speed of sales. It makes little sense to sell a house quickly at a low price or with unfavorable terms.
- There are several "business models" for real estate companies – straight commission, flat fee, fee for service, discount commission (perhaps for less service), facilitating, etc. It's easy to think that you get what you pay for, but like everything else, that depends on what you think is important. There are definitely some inconsistencies, like charging four times as much to sell a \$400,000 home than a \$100,000 home. It's not an easy choice. Select an agent that knows and respects your point of view.
- Some people feel that open houses for the public are more beneficial to the agent than to the seller, since agents get to meet potential buyers at the open house.
- While visitors to your open house may not buy your house, visitors to other open houses may make contact with an agent who knows that your house is exactly what they want.
- Agents sometimes have open houses to familiarize other agents with your home. No problem. However, consider the security problems public open houses present.
- Pause before you work with a "full-service, one stop" real estate company. Noted columnist and real estate attorney Benny Kass says: "I do see a dangerous, anti-competitive trend on the Internet, toward "one-stop shopping." A potential home buyer can get a mortgage loan, have the house physically inspected, get hazard insurance and go to settlement – all with the same company. In my opinion, this is not in the best interests of the consumer. Consumers should comparison – shop for everything in real estate – from mortgage loans and hazard insurance to settlement services."-Washington Post, 1/8/00.
- Real estate agents normally show houses only to people who are at least pre-qualified to buy your home. Understand that if you decide to sell the house yourself, inquiries will probably come from people who are not yet pre-qualified nor pre-approved.

Marketing:

- Recall "Why" you bought the house. Maybe potential buyers can be attracted for the same reason.
- Don't rely too much on getting accurate information pertaining to your locality through the Internet. This is especially true in rural areas. Much of what exists is woefully out of date.
- Selling a house on the Internet is not like selling a book or even a car. With real estate, there's the all-important notion of the uniqueness of location. Except in the most unusual of circumstances, buyers are not going to commit to a purchase without physical inspection. That doesn't mean that the Internet can't get you some leads. But there's a lot more to selling houses than that.
- If you decide to sell your house yourself, recognize that you'll have more than your share of bargain seekers (who'll want the price reduced by the commission you expect to save) and by people who are curious and 'just looking.' Home buyers who are in a hurry to buy or who want to buy in a systematic way, surely will work with agent representation.
- The Multiple Listing Service (MLS) is a good idea. With it, you potentially have every Realtor in the area trying to sell your home. Without it, at best you have every agent in one office trying to sell it.
- The current fad of allowing panoramic photos and even videos of the interior of homes to appear on the Internet for everyone in the entire world to see, is certainly a security risk! That may be high tech marketing but do you really want the risk of a world full of people potentially casing your home? There is a fairly obvious, simple solution to this problem, but the fact that the promoters of this don't use it shows that they apparently are not too concerned about the vulnerability of your home, let alone the personal safety of you and your family.