

Selling A Home

Learn the ins and outs of selling a property
and how to optimize your listing.



Making Preparations To Sell

Making improvements to a home before selling it may increase your chances at higher profits

You may be able to put a sign in your yard and sell your house “as is” in a hot market. Selling a home like that would be prohibitively expensive otherwise. Here’s how to get top dollar for your home when you sell it:

- Fix the obvious: If you put off maintenance or renovations, customers will wonder what’s wrong with your home that they can’t see.
- Some repairs are low cost, but they make your home look new and appealing.
- To contend with other nearby listings, you may need to renovate or fix exceptional ugliness.

Curb appeal

Your goal is to persuade customers to move beyond the first stage of the buying process. When potential buyers see a home that appears to be neglected or ugly, they’ll probably drive away. Homes that are attractive from the street entice people to enter.

Small details

Set aside a reasonable budget for minor changes that offer a lot of bang for your buck while you’re selling a home. Look for items that appear shabby, worn or dated and consider whether repairing or upgrading them would increase your selling price or help you get a faster bid.

Cleaning

If you just do one thing before selling a house, make it this. Nobody wants to purchase a filthy home. Hire a skilled crew if you don’t have the time, inclination or desire to deep clean your home yourself. And, once it’s OK, keep it that way for the duration of the home’s listing.





What is the most advantageous time to sell my home?

The right time to sell is determined by the demand you're in.

- Summer brings many rivalries, but it also brings a lot of families who need to relocate before the school year begins.
- In fall, maintenance costs are typically cheaper and there is less competition.
- Winter buyers are typically more serious and pressed for time.

Selling in summer

In certain areas, June is the busiest month for home sales. Summer is an excellent time to sell your house for many reasons. However, there are some drawbacks to listing between the middle of June and the end of August.

Selling in fall

Although the fall is not the ideal time of year to sell a house for certain customers, it is for others. It's possible that your home isn't "family friendly" or that you live along the coast where it's foggy and cold in the summer, but sunny and beautiful in the fall. If that's the case, selling now could be the ideal option.

Selling in winter

Most people shiver when they think of selling their home this time of year, much as they do when they think about cold weather. In many areas, selling a home in the winter can be a challenging task. On the other hand, winter is the busiest sale season in resort areas such as Florida, Arizona and southern Nevada as well as ski cities.

Selling in spring

Depending on your location, the first two weeks of May would be the ideal time to sell your house. You should be able to sell quicker and for more money this month than any other month. In certain areas, home sales are higher in early April or June rather than in May.

Know that even though the weather isn't ideal, people can sell a house. You could be forced to sell or purchase a home due to changes in your financial or family situation. You'll be more likely to sell your home if you understand the benefits and drawbacks of selling during each season and in your neighborhood.



What is the value of my home?

About six years ago, property prices in the U.S. began to climb out of their post-recession low and several communities experienced rapid growth. You, on the other hand, want to know, “How much is my house worth?” There are many methods for estimating the worth of your home:

- Appraisal of a house
- Option for a broker price (BPO)
- Market comparative analysis (CMA)
- Model for automated valuation (AVM)

Appraisal

Home appraisers are well-trained, certified practitioners who can give you an accurate estimate of your home’s worth. This is the tool to use if you want to know how much the house is worth and if you’re willing to pay a lot of money for it.

BPO

To conduct a BPO, the broker looks at three recent local sales of property close to yours as well as three currently listed properties, compares their condition and features to yours, adjusts the numbers using formulas and provides a value estimate.

CMA

The accuracy of the CMA is just as good as the agent’s knowledge of the region – they usually “eyeball” property variations and make decisions based on their experience.

AVM

AVMs calculate the worth of your home by reviewing neighborhood listings and public records, identifying trends and adding them to your home.



When do you sell your home and when do you not?

Now could be the right time to sell if:

- You have a lot of equity built up.
- You want to save money on your rent.
- Make life easier for yourself.

Renting or downsizing may help you save money and improve your quality of life.

Selling requires preparation

Selling a home is a significant step that cannot be treated lightly. Moving comes with expenses and inconveniences. You should even think about where you'll live next. Listing and selling your house today could be what is ideal for you. Alternatively, you might wait until the right time for your life goals.

Common reasons to sell

Many people sell their homes for a variety of reasons, including:

1. Problems of affordability.
2. Better educational opportunities.
3. Commuting is no longer feasible due to a work transfer.
4. Separation or divorce.
5. End of your working career.



The Procedure for Selling a House

Should I meet buyers alone or leave this to the agent while selling my home?

When you have a house on the market, you want to know what potential buyers think. Can they reveal this information to you?

- Most agents prefer that the owners are not present so that buyers can freely negotiate the property.
- Consider if you trust your agent to provide reliable information.
- Have a friend observe your open house to listen in if you like an unfiltered perspective.

A good agent should be able to reasonably and reliably forecast what prospective customers would like and hate about your home.

Status of observer

Some agents won't mind if you show up for an open house by yourself. However, if you agree not to intervene, yours will be more secure, and most buyers prefer the sellers to be entirely hidden.

It's usually fine if you give the viewers and their buyers' agents a warm welcome, as well as refreshments and treats. However, you can only participate in discussions or answer questions if your agent has asked them of you – or if they have permitted you to respond to someone else's query.

Take the agent to one side if they make an apparent factual mistake so they can fix it. Having them look bad serves no purpose for you. In reality, weakening them can be detrimental to your interests.



What considerations are taken into account by real estate agents when deciding the selling price of my home?

- Real estate agents equate your home to nearby homes that have recently sold.
- Agents would also understand the current market competition.
- It's possible that different agents would come up with different prices.

You may also measure the worth of your home yourself in several ways.

What is the ideal asking price for your home? It is debatable.

Recognize that there is no such thing as a standard list price. Different brokers can recommend different values based on their perspectives. The most important thing for property owners to consider is why a broker recommends a certain amount.

Presentations by CMA

They will display median and average selling rates, price changes, local minimum and maximum sale prices, time on the market, specific closing sales, homes that were advertised but did not sell, the ideal time to sell and the effects of overpricing, among other things.

Appraisals and BPOs

A lender or another party may ask a broker to provide a broker price opinion (BPO), to value a property. A BPO isn't the same as an evaluation. An appraisal, which is an objective calculation of value, may only be prepared by licensed appraisers. Brokers may be barred from selling or charging for BPOs in some jurisdictions.

What role does a real estate agent play in selling your home?

- Real estate agents will help you figure out how much to ask for your home.
- Real estate agents can create a listing for your house, advertise it and present it to potential buyers.
- Your agent will help you evaluate offers and negotiate with potential buyers.

The amount of help you get from an agent is determined by the type of service you need and the price you are willing to pay. Self-service, discount brokerages and full-service firms are all available.

A good agent knows how to sell your home correctly

Knowing how to sell a home accurately is both a science and an art. It's probably the most crucial service a real estate agent can provide.

A good agent can use technology to determine an accurate price for your house, such as comparable recent sales. They'll use art to tweak the price to make sure it's sustainable, based on their experience, instincts and local market knowledge.

A professional marketer is what makes a successful real estate agent

Homebuyers also begin (and end) their tours of your home online in today's digital world. They look at pictures and take virtual tours of your home. They won't bother to come to your house if they don't like what they see. Knowing this, a good real estate agent can take or employ a skilled photographer to take great photos and videos of your house.



When do you lower the asking price when selling a home?

When is it appropriate to reduce the asking cost?

- Does your rival have some traction? Is it possible that the whole neighborhood is experiencing a slow period?
- In comparison to other nearby listings, how inspired are you?
- Are you (or your agent) following all of the other rules?

For several consumers, price is the most crucial factor. Buyers want to feel confident about their investments and get good value for their money. And it could take a price cut to get there.

Getting the ideal deal

It's both a science and an art to price a home for sale. Real estate brokers can get a comparative market analysis when listing a property. Typically, advanced software is used to create this information. It provides a wealth of information about recent sales, assets that include such information as average days on the market, pricing patterns and so on.

When is it time to lower the selling price?

The ideal way to find out whether an offer is fair is to compare it to the market. Placing the home on the local MLS, advertising it, hosting open houses and promoting it online all offer prospective buyers a chance to look at it. The preferences of buyers and sellers are diametrically opposed. It's understandable for consumers to complain about the price being too high.

It also depends on if it is a buyer or seller market, so make sure to ask your realtor about that.



Acceptance of an Offer



Do I make repairs while selling if the buyer requests them?

Your house has a willing buyer, but it isn't entirely "clean." As part of the contract, this buyer expects you to complete repairs. Will you make repairs to a house before selling it?

- Home inspections are standard with most real estate contracts and repairs can be included.
- If an inspector discovers a major flaw, you have the option to fix the problem, renegotiate the price or cancel the contract.
- It's negotiable if a customer needs detailed fixes included in the deal (perhaps they despise your broken fixtures).

Whether you make repairs is determined by the value of the deal, the ability to pay for the repairs and the request's reasonableness.

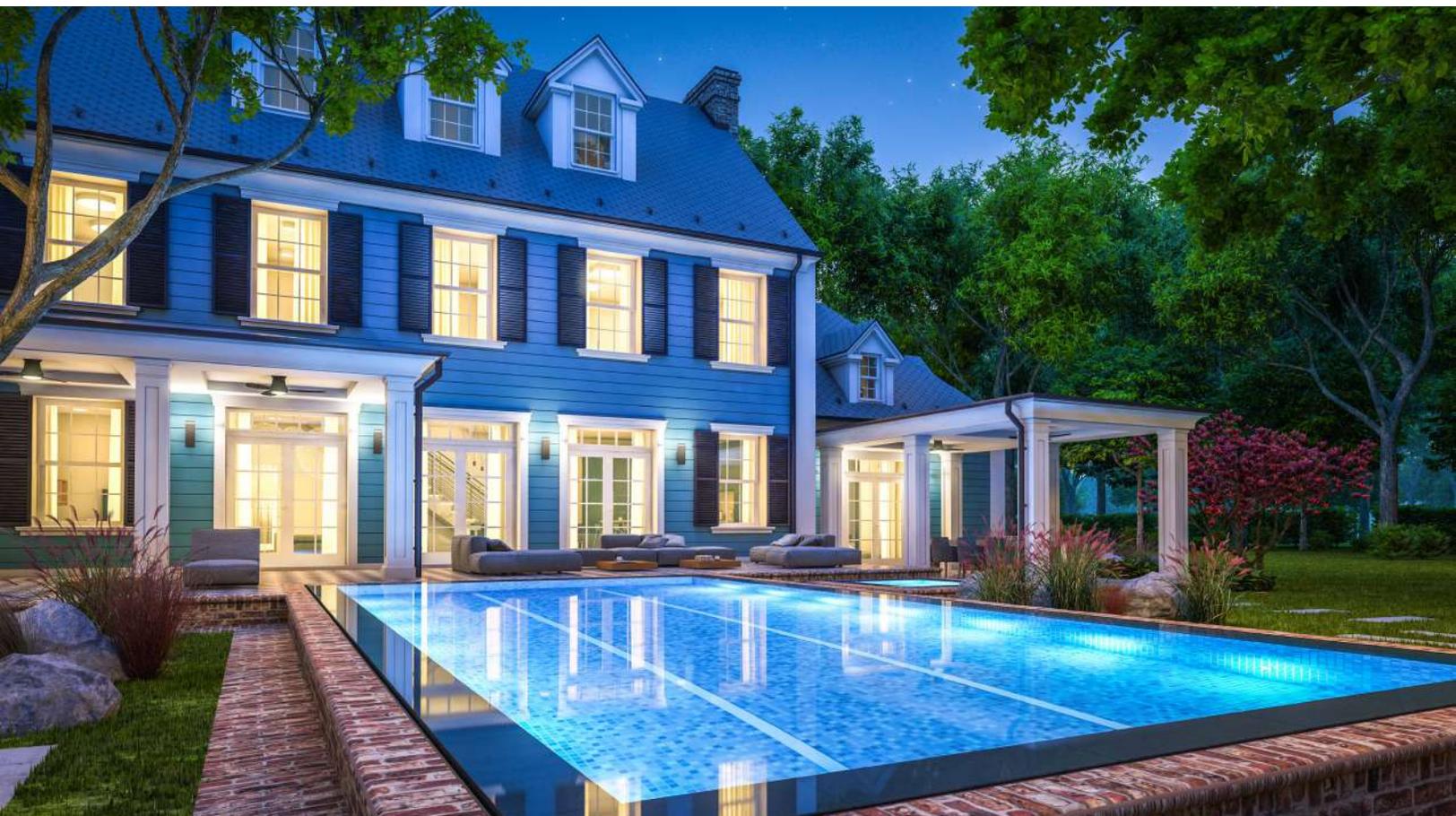
When selling a home, repairs are necessary.

The typical strategy is to sell a home in “show” condition to increase the selling price and speed up the process. This necessitates the completion of many crucial steps:

- All systems and equipment must function correctly.
- Paint areas that need it.
- Create the illusion of more room; sell, donate or throw out items you aren’t keeping.
- As required, exterior areas must be washed, painted and landscaped.

Even when a home is in show-ready condition, many buyers insist on hiring experienced home inspectors. Because houses are intricate networks of wires and pipes, they may be decades old and outdated in several respects.

A home improvement loan, 401(k) loan, personal loan or credit card can be used if a seller encounters a “must-fix” and does not have the funds to fix it. The good news is that, because the house is in escrow, the selling proceeds should be sufficient to repay the new loan easily. If the buyer is unable to do so and the seller is desperate to sell, the seller may negotiate a lower price to cover the repairs.



Is it my responsibility to cover the buyer's closing costs?

If you're ready to pay the buyer's closing expenses, you might be able to be ahead of the curve as a seller.

- Accepting a higher bid and paying closing costs has no impact on your payout, but it can give your customers an impossible bargain.
- Different mortgage programs place different restrictions on how much you can spend.
- Concessions such as paying closing costs will be noted in the property valuation, supporting the purchase price.

You should also consider the buyer's total power before making your decision. You may not want to take your home off the market or make any concessions if they can't deliver a mortgage preapproval letter.

Closing expenses are shared

In most countries, closing costs are divided between sellers and buyers. The way the split is done is determined by tradition and who has the most influence in the deal.

In general, you have no restrictions on paying a buyer's settlement fees (other than lender limits). You can draw more buyers by offering to cover a part or all of the buyer's closing costs.

The most critical factors to weigh are the quality of their bid, the likelihood of the loan closing and the amount of sacrifice you're able to handle to make the deal work.

You should ask your buyer to obtain preapproval for a mortgage before agreeing to pay closing costs. For one thing, you won't know what the payments are until you see lender disclosures. Second, a preapproval demonstrates that the buyer is serious about the transaction and capable of closing it.



Is it always easier to take the highest bid when selling a home?

Three significant factors determine this:

- What is the offer's overall strength? Is there a long list of possibilities?
- Is a higher price needed to pay off your mortgage and other expenses?
- Is the timing suitable for your requirements?

If you don't have a deadline to reach, a high price might be the most important factor to consider. However, if you need a faster close or a more secure deal, a lower offer might be the better option.

Sometimes it pays to accept the highest bid

Accepting a higher-priced bid is pointless if complying with its terms would cost you more than the price difference. One buyer, for example, offers full price, but asks for a 5% closing cost credit, while another offers 97% of the asking price and asks for no other considerations.

What if you get a fast deal out of nowhere? Perhaps you haven't found another home yet or the one you've chosen won't be available for a few months. Accepting a 10-day close bid will include paying movers rush fees and then paying for storage, hotel expenses or an apartment rental.

Even if you ignore the added tension and disruption, you may be better off accepting a lower bid that does not have these additional costs.

On the other side, maybe you've already closed or will soon on the home you're buying. The nightmare of having to pay two mortgages is now upon you or on the horizon. In the long run, a short close will save you a lot of money. Before making a decision, it's a good idea to do some math.



Should I consider a conditional bid on my house when I sell it?

This is a widespread concern among home sellers.

- What do you expect to happen if an incident occurred?
- What impact does a contingency have on your sale?
- Some contingencies should be considered red flags.

We would just like to sell our houses easily and efficiently, but that rarely happens. Sellers will almost always consider contingent offers or their property will go unsold.

Can I pursue a conditional offer?

The details and circumstances of each transaction determine whether or not a seller can consider a contingent bid. The aim is to sell the property for the ideal price and terms possible, which would almost certainly require the owners to consider such contingencies.

Offers that provide several uniform contingencies are common. Buyers can choose to adjust their interest-rate risk to the current market rate at the time of the transaction. This benefits both sellers and buyers. You don't want to spend time selling your house to a client who won't be able to afford it if you're a seller.

An offer with no mortgage pre-approval, but a funding contingency, a small down payment, and a low-interest rate cap, on the other hand, should give you pause. An offer requiring a "satisfactory" inspection without defining "satisfactory" could lead to a can of worms you don't want to open. Specifics are preferable to broad generalizations.

Contingencies are a complicated world. For more details, both buyers and sellers should contact real estate brokers. Attorneys in the area that work in real estate law may be able to help you better.



From the time of the bid to the time of the closing

After I accept the buyer's bid, what happens next?

You've worked very hard to sell your house. Now you've completed the process and reached an understanding. What happens when you accept the buyer's bid?

- Escrow can be opened by you or your agent with a title company or solicitor. They'll look over the property title, insure it and deal with the documents.
- An assessment will be ordered by the buyer or the mortgage firm.
- Before closing, the buyer will almost certainly order a home inspection and conduct a final walk through.

A timeline for these activities should be included in your purchasing agreement. To keep your sale on track, be cautious about missing deadlines.

Closing

After accepting the buyer's bid and closing the sale, you must vacate the property and leave it spotless. In most cases, sale agreements stipulate that the transaction must close on or before a specific date. This deadline must be adhered to.

If the seller takes too long to close, the buyer's interest rate lock-in will be lost. You do not have the funds necessary to buy a replacement property if your settlement is postponed. The drawback is that, if possible, you have to be able to act quickly.

The process

You begin a potentially lengthy process when you accept the buyer's bid. The signing and recording of all official papers, the transfer of money and the handing over the keys to the next owner are all part of the process. Your previous residence has been transformed into the buyer's current residence.





Closing day and financing for a home sale

When selling a house, you may be surprised to learn that the exact moment the money arrives in your account is unpredictable. If your buyer pays cash or takes out a loan, your house can't be sold until the funds are available. This is the money that is sent from the seller or customer to the escrow account.

- If the buyer has a mortgage, the down payment and closing costs will be required at closing.
- The lender's "closer" may conduct an audit of the file, prepare final documents and arrange for the funds transfer.
- The funds are distributed by the escrow representative or attorney in accordance with the lender's closing instructions.

There will be no lender audit if it's a cash offer, so closing will be quicker. You will, however, be required to sign a final collection of papers, and the title company or solicitor will be required to register the transfer with the local government. Only then will the property and funds be transferred.

Facts on funding

Congratulations if your buyer is paying in cash. You won't need to be concerned with mortgage lending regulations. You won't close until your property has been determined to be insurable and the buyer's funds have been checked. Otherwise, you'll be working with a mortgage lender for financing. Mortgage lenders do not all finance loans in the same way, and this can affect you, the seller.

Wet funding

The lender must check that all relevant documentation is submitted and accepted by the closing date if wet funding is used. The lender then notifies the title or escrow business that the funds are on their way.

Dry funding

Dry funding is used in only nine states, including California. On the day of the loan closing, you and the buyer meet to sign the mortgage forms.



What if the buyer's mortgage falls through?

The sale of your house has just fallen through. The inability of a lender to complete a mortgage transaction is often the reason. A contract can also be sabotaged by inspection problems, a low valuation or cold feet.

- Check with your title provider to see if you are entitled to retain the buyer's earnest money.
- You'll need to locate a new buyer as soon as possible.
- Now is the time to contact backup deals or those who showed interest when the house was in escrow.

After losing your customer, you may be a little gun shy. However, remarketing a home is less complicated than starting from scratch.

Make contact with other potential clients

Another door opens as one closes. But just because your first buyer cancels doesn't mean you won't find another one. Your agent should get in touch with potential buyers who saw or visited your house previously.

Obtain a loan pre-approval letter from the next buyer. This means that the buyer's mortgage application will most likely be accepted and the transaction will proceed.

How will future issues be avoided?

It's essential to keep things in perspective. It's not the end of the world if your contract falls through. Patience and optimism are crucial. If a buyer doesn't want the home, there's nothing you can do to make them continue. Move forward and work diligently to sell your house.

Because one of the leading causes of home sales failure is the buyer's inability to close on a mortgage, it's critical that you only consider, or at least give priority to, cash or preapproved mortgage offers.



When selling houses, what could go poorly with the buyer's mortgage?

Your house has been taken off the market and is now in escrow. The buyer's only remaining task is to fulfill the contract's deadlines, which include mortgage prequalification, mortgage filing, mortgage approval, property appraisals and inspections.

- Request a preapproval letter before accepting a bid from a buyer who may not be eligible.
- It's possible that the property won't appraise at the purchase price or that inspections will reveal flaws.
- It's possible that your buyer's lender could take longer than necessary to accept and finance the loan.
- By making poor decisions, your buyer could jeopardize the loan.

Unless the check or wire transfer clears, there is no deal.

During the escrow time, what should I expect?

Escrow, also known as closing, is a complicated operation. Your home has been sold, which is great news. However, there's always the risk that the deal will be terminated.

When a house is moved into escrow, there are still a lot of problems that can arise. In certain states, consumers have the right to cancel a contract at any time during this time frame for any reason. They will get a refund of their earnest money if they cancel.

Do all you can as the seller to ensure a smooth closure. You want it to go well, but you should be prepared for the worst.



Purchasing your next house

After selling your house, do you buy or rent?

Your house is for sale, and you'll most likely be moving shortly. But what happens if you haven't already signed a contract to buy your next home? After selling your house, do you buy or rent?

- When you sell your new home, how much money will you receive? What's the right way to put the money to work?
- Are you relocating to a new location? Renting can be a decent choice before you get a feel for the place.
- It's crucial to consider how long you want to reside in your next house.

Of course, because you have cash on hand, you can search existing mortgage rates. They have a significant impact on homeownership costs.



Understand the markets

You should get a feel for two markets in the area you want to relocate to before deciding whether to purchase or rent after the sale.

- The first is the residential housing market.
- Second, you must consider the rental market.

Both of these figures are extensive. However, suppose you refine them as much as possible by speaking with real estate agents and doing research online. If your decision resulted in a big defeat, you won't be around to blame yourself later. Failure to do your homework, on the other hand, means you are directly responsible for a bad judgment.

Should you rent while you look for a new place to live?

When moving a long distance, renting for six months may be a good option. You have the opportunity to visit various communities and choose one that is ideal for you. However, before you make that decision, you should consider the current state of the real estate market in your area. Renting for a bit may be a good option if house values are near stagnant.



Documents you'll need if you're buying again after selling

Although many people purchase new homes while concurrently selling their old ones, this is not always possible. If you're a home seller who plans on shopping for a new mortgage in the immediate future, keep the following documents on hand:

- The selling of your current home's closing statement.
- Proof that the proceeds from the sale of your house have been transferred to your savings or investment accounts.
- Documentation to back up your earnings and assets.

Preapproval for a mortgage

You shouldn't start looking for a house until you know how much money you have. Answering a few questions about your wages, monthly debts such as auto loans and credit cards and showing how much money you have for a down payment and closing costs are all part of the mortgage prequalification process.

Documents available for preapproval of a mortgage

Mortgage lenders are required by law to ensure that you can cover your home loan payment and other debts. The ability to repay (ATR) law governs this situation.

As a result, you'll need to come up with documentation that shows how much money you make, what you own and how much money you owe. Your monthly accounts will usually appear on your credit report.

In most cases, lenders use automated underwriting software (AUS) to process your application, which speeds up the process and informs you exactly what you will need to provide to finalize your credit approval. Before you receive your letter of preapproval, you'll get a list of documents that the human underwriter must sign.



If you don't want to make a conditional bid on a house, what do you do?

Repeat homebuyers take advantage of their previous experience to avoid many of the concerns that first-time buyers have.

They are able to use the equity of their current home as a down payment for a new one. They may opt for a conventional mortgage with a 20% down payment rather than an FHA or VA loan with a low down payment.

However, selling one home and buying another comes with its own set of issues: Repeat buyers must time the sale of their current home and the upcoming purchase correctly.

It's not an unusual problem. According to the National Association of Realtors, 68% of homebuyers were doing so for the second or third time. Many of them, without a doubt, had to sell one home to make room for a new one.

Even if their buy-and-sell timelines don't work out, repeat buyers have options; low-down-payment loans and buying two homes for a limited period will maximize flexibility. It's possible that buyers won't have to make a bid based on the selling of their current home.

Buying and selling a home at the same time is normal and possible if you have specific contingency plans in place.



When should you plan to move to your new home?

Your escrow is going swimmingly, your mortgage is in order and moving day is fast approaching. But when do you plan on relocating to your new residence?

- How much planning is required?
- Is your closing date certain; are there any contingencies?
- However, there are possible issues; just how serious might they be?

Moving a carload across town is not the same as moving a family with children and pets across the country.

Is my deadline set in stone?

It's much easier to plan a move if you know when you'll be moving out. Set your date for relocation to be out of your current home on or before closing day. Rush transfers or changing schedules will increase moving costs.

Am I ready to make a move?

Depending on the nature of your transfer, meticulous planning is needed. You'll be able to switch from one home to the next more quickly this way. It depends on whether you're downsizing or moving to a larger home as well as who and what's coming with you.

What should my moving budget be?

The most costly element is the move itself. To shape the foundation of your moving budget, get some firm, flat-fee estimates in writing from credible movers.

Make room in your budget for contingencies such as the need for storage or temporary accommodation if your closing date is pushed back. Consider the choice for temporary housing as well. Staying in a hotel or using a house-sharing website to book rooms in someone's private home does not always work out.



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