



HOME Seller's *Guide*

HOW TO GET TOP DOLLAR
IN A BUYERS' MARKET



Jim Meeks
Boulder Bay Realty Group
2211 Roosevelt Road
Valparaiso, IN 46383-2748
Cell / Direct: 219-405-0100
Office: 219-531-MOVE (6683)
Email: meeksjj@msn.com
Web: www.JimMeeksTeam.com



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HOME Seller's *Guide*

Introduction

In this *Guide*, we hope you'll find helpful material regarding all the most important aspects of selling a home, including:

- *Preparing your home so it's attractive to buyers*
- *Strategically setting an asking price*
- *Effectively marketing your home*
- *Showing your home at its best*
- *Negotiating the best possible deal*
- *Completing the transaction*

That said, with all of the complexities of the current market, this *Guide* can only supplement the help of an experienced and trusted REALTOR® who, when you decide to sell, will be able to provide you with expert consultation at each step of the sales process.



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Expect great service from your REALTOR®

In becoming a REALTOR®, an individual must complete a variety of courses and regularly update their professional education. They also have access to a wide array of optional courses, seminars and certifications. They must adhere to a strict and rigorously enforced Code of Ethics. On top of all that, through experience, they truly become local real estate market and community experts, as well as masters of property marketing, networking and negotiation.

In working for you, a REALTOR® will:

- *Outline their professional responsibilities to you, including complete Disclosure, Loyalty, Confidentiality, Obedience and Accountability.*
- *Help you determine the best asking price.*
- *Extensively market your home in order to maximize the number of buyers who know about it, request showings and make offers*
- *Offer proven advice on how to prepare and show your property so you get top market value for it*
- *Assist you, if necessary, in finding any home-related services you need.*



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- *Regularly communicate with you to keep you fully informed of everything they do to sell your home.*
- *Provide feedback from all showings and open houses.*
- *Update you on both real estate and money market changes that could affect your property's sale.*
- *Be available to help pre-qualify potential buyers.*
- *Promptly present and evaluate each offer with you.*
- *Negotiate the highest possible price and best terms for you.*
- *Manage contractual, title and transaction details and keep you informed.*
- *Ensure that important items are signed, sealed and delivered on closing day.*
- *Arrange for a moving company and relocation agent, if required.*

In short, they'll provide you with comprehensive, high-quality service. So when you decide to sell your home be sure to take advantage of the knowledge, experience and professionalism of a REALTOR®.



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Preparing your home so it's more attractive to buyers

When presenting your home to prospective buyers, first impressions are crucial. Buyers begin judging your home the moment they see it and, unless they're looking for a deal on a fixer-upper, they prefer homes that are well-maintained, clean and clutter-free. That's why home improvements, particularly if they address the anticipated needs of buyers, can boost your home's saleability and sale price.

Depending on your home's condition, there are three kinds of improvements that will impress buyers and help you sell for top market value: renovations, upgrades and repairs, reorganization and maintenance. Along these lines, what follows are a few proven, cost-effective ideas that will help your home look its best so you get top market value.

Bear in mind, an experienced REALTOR® knows what today's discerning buyers are looking for and can provide more ideas that will maximize your home's appeal. Sometimes a small investment in time and money can give you a big edge over your competition and generate a faster sale at a higher price.

Renovations – Which Ones Are Market-Smart?

Generally, few home owners renovate their homes in order to sell them because they know they won't recoup the full cost of the renovations in the sales price. However, in some cases minor renovations can really improve the overall impression of a property's character and quality and, as such, will more than pay for themselves.



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Here are a few “market-smart makeovers” you might consider:

- **Kitchen** – *New flooring, cabinets, counter tops, appliances and lighting can be costly, but buyers typically look for updated kitchens, and you’ll recover a large percentage of your expenses on resale. Even a minor facelift – for instance, new paint, floor covering, cabinet doors and hardware – can pay off in a faster sale at a better price.*
- **Bathrooms** – *As with the kitchen, renovating bathrooms can pay off in terms of both value and marketability, especially in an older house. Opt for good lighting, large mirrors, attractive fixtures and materials, plenty of storage and neutral colors.*
- **Energy-Efficient Improvements** – *With everyone “going green” these days, energy-saving upgrades and repairs that reduce fuel bills can be a selling point. For example: sought-after double or triple-pane windows and storm doors that keep indoor temperatures comfortable year round. There are many options, so do some research and talk to a home products professional to find those improvements that best fit your plans and budget.*

When considering renovations in anticipation of selling, there are two important rules: don’t over-renovate, and be careful not to make renovations which please you personally, but which might turn off otherwise interested buyers. Both scenarios will cost you. An experienced REALTOR® will be able to counsel you on which renovations are likely to be good investments in terms of your overall plan.



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Small Upgrades And Repairs Can Make A Big Difference

There are few things that put buyers off more than viewing a home that screams of being uncared for. If you want to maximize your chances for getting top dollar, you might need to make some minor upgrades, but you'll definitely need to make all necessary repairs – even those that are “out of sight, out of mind”.

Leaving aside major structural and functional matters, here are a few relatively minor upgrades and repairs that can go a long way to improving how buyers perceive your home:

Exterior

- *Fix or replace anything damaged or worn, such as patio and deck, gutters and eaves, windows, shutters, screens, storm doors, light fixtures, porches and steps, walkways and fences.*
- *Touch up all exterior paint or if needed, re-paint the house.*
- *Fix doorbells, tighten loose doorknobs and oil squeaking hinges.*
- *Clean or paint front door, polish front door hardware, replace “Welcome” mat if necessary.*
- *Green-up dry lawn patches, plant extra flowers for color, place potted plants beside the front door.*



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Interior

- *Fix or replace cracked molding or floor tiles, leaking taps and toilets, loose door knobs, squeaky door hinges, closets or screen doors that are off their tracks, bathroom lighting and hardware, toilet seats, loose caulking or grout.*
- *Fix and touch-up walls, ceilings, windows, etc.*
- *Brighten interiors with a new coat of paint in light, neutral colors.*
- *Shampoo carpets and rugs, replace if necessary.*
- *Make sure major appliances are in good working order.*
- *Replace switch and outlet plates and register vents with more elegant ones.*
- *Add closet organizers or shelving to make closets more functional and spacious looking.*
- *Add organizers or shelving for basement and garage.*
- *Clean and paint concrete floor and walls.*
- *Clean water heater and drain sediment, change furnace filter.*
- *Buy the furniture you planned for the new house to improve the look of this one.*



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Reorganization And Maintenance – The Obvious That Needs Doing

Similar to necessary repairs, basic reorganization and maintenance tasks are “must-dos”. While buyers might not notice such work when it is done, they’re sure to notice when it isn’t. This impression of neglect will make it more difficult for them to comfortably project themselves into your home’s living space.

Here are a few reorganization and maintenance tasks that can improve your home’s curb appeal and inside homeyness.

Exterior

- *Mow and rake the lawn, trim hedges and shrubs, weed and edge gardens.*
- *Clean sidewalks and driveway, remove any litter.*
- *Remove unnecessary items from the exterior of the house.*
- *Power wash the porch, siding, deck and patio.*
- *Clean off your outdoor furniture and remove any in poor repair.*
- *Clean your air conditioner.*
- *Clear out the garage of everything but cars. If yours has become a two-car attic, throw out all unnecessary items, and then thoroughly organize and clean everything that remains.*
- *If you have a pool, make sure it’s clean and functioning well or properly closed in the off-season.*



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Interior

- *Clean and tidy the entrance, clear stairs and halls.*
- *Create space by storing all excess furniture.*
- *Remove from closets, cabinets and shelves any clothes and other items you won't need until after moving. Pre-pack and store if possible.*
- *Organize kitchen counter tops, removing some appliances if necessary, to make them look as spacious as possible.*
- *Thoroughly clean everything in and out of sight.*
- *Remove all odors and add air freshener, dishes of potpourri, etc. for scent.*
- *Throw out any unnecessary items in an unfinished basement, and then thoroughly organize and clean everything that remains.*

A Few Words About Clutter

For most buyers, cluttered homes tend to appear smaller, less full of air and light, and somehow requiring of more maintenance. Conversely, clutter-free homes generally seem brighter, more open and spacious, perhaps cleaner and requiring of less work. Additionally, clutter-free homes can make it easier for buyers to visualize their own interior design ideas, as well as the placement of all their belongings.

While you may have many beautiful and meaningful belongings, they might make it more difficult for you to sell and cost you thousands of dollars when you do. Be sure to consult a REALTOR® in this regard because they'll be able to provide you impartial feedback.



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Strategically pricing your home to get top market value

Determining the best asking price for a home is one of the most challenging, and also important, aspects of selling it. In fact, it's a balancing act. You don't want to set a price that's so high that it discourages showings and serious offers from the very qualified, motivated buyers who would ultimately determine your property's top market value. On the other hand, you don't want to set a price that's so low that it attracts lots of interest, but sets the stage for offers and negotiations that could result in your getting less than the market would actually support if you were a little more aggressive.

Moreover, this balancing act is even trickier now, given that we're still in a buyers' market that is fraught with a variety of economic uncertainties. All the more reason why, when you make your decision to sell, you should do plenty of research as well as seek out the advice of one or more experienced REALTORS® and financial professionals.

So What's Your Home *Really* Worth?

In a perfect world, your home's value would be everything you think and need it to be. Perhaps you have specific financial goals or you've just made an offer on another home that's dependent on selling your home at a certain price in a given time frame. However, simply put, your home's value is not determined by you, but by what the market is willing to pay for it at a given time.

These days, the market increasingly includes home buyers who have researched property values over the internet for months, have already viewed at least 10 homes, and are not under any pressure to buy. Indeed, they may be quite hesitant in hopes of missing out on one of those unbelievable deals that continue to pop up.



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In trying to determine your home's true market value and, as such, set your expectations for what you're likely to sell it for, you should:

- 1) **Try to be impartial.** *Unfortunately, the market is not interested in what you originally paid for your home, or how much you need to sell it for to buy your next home and meet your financial goals. In addition, your home may have features that you highly value, but which might actually reduce its market value by limiting the number of potential buyers.*
- 2) **Remember why you are selling.** *Do you want to sell or do you need to sell? While in a buyers' market you'll seldom get more money than is required to meet your financial needs. Unfortunately your personal situation may dictate that you take less money than the market would otherwise be willing to give you if you had more time.*
- 3) **Research online and in person.** *You can find out a lot about your local market through research at websites like REALTOR.com®, the premier online destination for real estate information, as well as by going to open houses in your area and making comparisons with your home in terms of location, size, features and condition.*



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Get a Comparative Market Analysis (CMA) From a REALTOR®

A Comparative Market Analysis (CMA) is a document, drawn from a local Multiple Listings Service (MLS) database, that presents pricing information, property details and photos of homes similar to yours (termed “comparables”) that recently sold, failed to sell, or are currently on the market in your area.

A REALTOR® will typically provide you with a CMA as part of a listing presentation he or she delivers at your home in hopes of being able to exclusively represent your interests when you sell. This CMA will include the price or price range that the REALTOR® thinks you should list at, although the REALTOR® might adjust that figure on the spot if it's the first time he or she has been in your home and had the chance to examine its layout, quality, workmanship, condition, and so on. (It's also worth noting that REALTORS®, knowing that you don't plan to list any time soon, are also usually happy to provide you with a Free Market Evaluation or “mini-CMA” of your home).

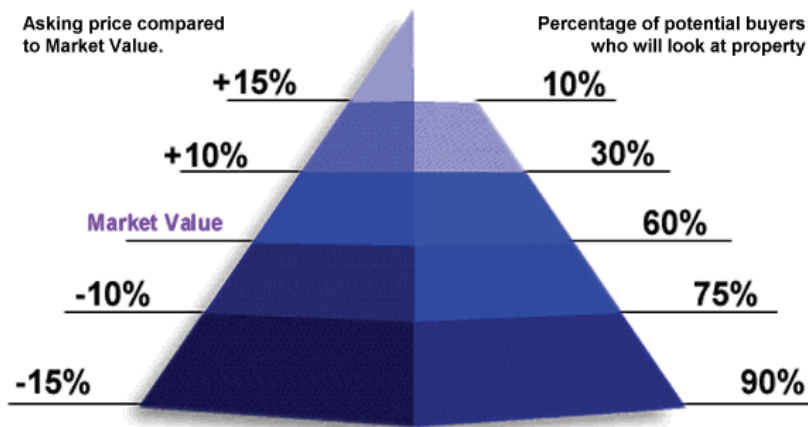
Generally, studying what has worked in your area – and what hasn't – will help you to strategically price, position and stage your property so that it sells for top dollar in a reasonable time frame, with the least inconvenience for you.



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Price Your Home To Sell When Its Market Exposure And Buyer Interest Are Highest

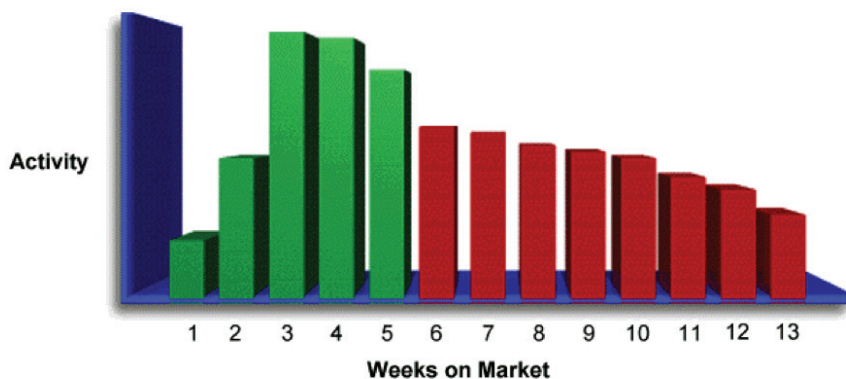
In a purely numbers sense, how you price your home will directly impact how many buyers, showings and offers you attract, as well as how easily it sells, as depicted in the *Pricing Pyramid* diagram below.



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However, the practical dynamics of attracting those qualified, motivated buyers who will pay top market value for your home is a little more complex. That's because experience shows that you're far more likely to get top market value if you sell your home during a certain "golden window of opportunity" during the listing. In short, timing is crucial.

With the exception of hot, sellers' markets, homes generally attract the most interest and activity among buyer prospects and their agents during the second to fourth or fifth weeks they're on the market.



Beyond five weeks, your home will increasingly be viewed as a stale listing – i.e. as a commodity with a history of being rejected by other buyers. Consequently, there will be less market buzz, less showings, less offers and less likelihood that you'll get your asking price.

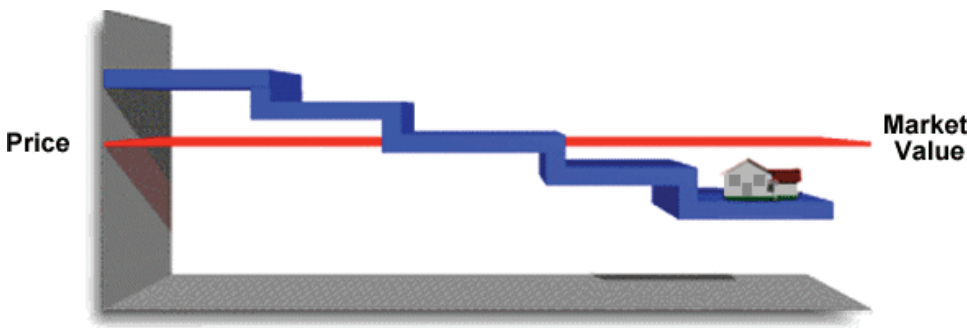
This is why it is crucial to price your home correctly right from the beginning so that you get and accept a solid offer during the three or four week "golden window".



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The Consequences of Overpricing at The Time You List

The strategy of overpricing your home when you list, knowing that you can reduce the price later, might seem to make sense at first glance. However, it seldom works. In fact, sellers who overprice their homes – even just 10% above market value – and then reduce the price one or more times often end up getting less than they would have if they'd priced it realistically from the start, as depicted in the Sale Price To Time-On-Market diagram.



Here's why:

- Fewer buyers – even if they're otherwise attracted to your home – will respond to the online and offline marketing of it if they know it's overpriced.
- Fewer agents will show your home to their buyers if they know it's overpriced.
- The right buyers – i.e. looking to buy a home like yours – may never even view it because they'll confine their search to a lesser price range where yours should be.



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- *You'll attract the wrong buyers – i.e. those looking in your price range – who won't be interested in your home, having viewed other homes truly worth what you're asking for yours.*
- *An excessive price on your property makes others more attractive – i.e. both those priced where yours is, and also those priced where yours should be.*
- *You'll get fewer – if any – serious offers overall because buyers may consider doing so a waste of time.*
- *Even if you do get a serious offer, the excessive price can lead to a mortgage rejection for the buyer once the lender has a professional appraisal done on your home. This leads to critical lost time waiting for finance approvals that never go through.*
- *Reducing the price after buyers have begun to perceive your home as a stale listing will not generate as much interest as if you'd priced it properly from the start.*

The Bottom Line: Realistic Pricing IS Strategic Pricing!

All this is why, pricing your home realistically right from the beginning – to coincide with its window of maximum market exposure so that you can best leverage buyer interest and emotions – is important, particularly in a market like this one.

If you do so, you'll not only attract more buyers, you'll attract the right buyers: qualified, motivated and willing to pay top market value for your home at the very time during the listing when you're most likely to get it.



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Effectively marketing your home for all it's worth – what you need to know

The successful marketing of a home, like that of any good or service, is a multi-faceted process that includes nearly every activity involved in getting it sold. In fact, marketing encompasses just about every topic covered in this *Guide* – home preparation, pricing, presentation and even negotiation, as well as strategic advertising and networking.

All these activities are undertaken with one aim: to maximize your home's market exposure, and with it the number of showings and offers you get so that you ultimately sell for top market value. An experienced REALTOR® has the knowledge, expertise and resources to implement a plan that will effectively coordinate all of these activities so you do just that.

How Buyers Find Out About Homes For Sale

As we've seen, strategically preparing and pricing your home are master keys to attracting serious, financially-qualified buyers. However, in order to maximize the impact of these preparation and pricing strategies, your home needs to be effectively exposed to the marketplace through a variety of advertising media.

Currently, the internet (including REALTOR.com®, REALTOR® websites, social media, blogs, etc.) and direct contact with REALTORS® are far and away the main sources of home information for buyers (at 90% and 87%, respectively)*. Other sources are yard signs, open houses, newspaper and real estate magazine ads, home builders and television.

* According to the National Association of REALTORS® Profile of Homebuyers and Sellers, 2009



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An interesting phenomenon is the yard sign's role. Buyers who call on a yard sign already have convinced themselves that they like the town, neighborhood, street - even your front yard. This same "qualification" is present when people call on your home after finding it on the REALTOR.com® iPhone® application.



Buyers Are Flocking To The Web

The internet is revolutionizing real estate advertising. Clearly, your REALTOR® needs to have an internet marketing strategy in place to target these desirable and more market-informed internet buyers.

Here's what discriminating internet buyers look for most on real estate websites*:

- 97% – *Property photos (plenty of them)*
- 97% – *Detailed information about properties for sale*
- 89% – *Virtual tours*
- 82% – *Neighborhood information*
- 75% – *Interactive maps*

* According to the National Association of REALTORS® Profile of Homebuyers and Sellers, 2009

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This means that your REALTOR® should have a compelling web presence where buyers are known to go online for real estate information. In addition, the internet marketing plan should include emphasis on information rich sites that offer lots of property details and photos, virtual tours, community and school reports, and mapping.

Also, because today's demanding internet buyers often expect a fast response to their online requests for property information (many within an hour), experienced and internet-savvy REALTORS® need an efficient system in place for managing web and email inquiries.

Particularly in this market, it's important that your home be advertised to its fullest over the internet, and that inquiries about it be handled in as close to real time as possible. Effectively reaching and responding to more of these internet buyers can increase the demand for your home and, in turn, its value.

Marketing Your Community As Well As Your Home

Real estate industry surveys have repeatedly found that neighborhood quality is the most important reason why home buyers choose where to live. In fact, experience shows that buyers usually "buy" an area first, and are often willing to pay a premium for homes there.

That's why it's crucial to highlight your community's amenities – like proximity to quality schools, restaurants and shopping, local parks and attractions, as well as other benefits that impact on lifestyle.

REALTORS® have access to the kinds of detailed community and school information that today's buyers are looking for, and they are highly capable of portraying the relationship between the value and benefits of your community and home together.



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A Comprehensive Approach To Showcasing Your Home And Community In The Marketplace

While the internet is now the real estate information source of choice, if you want to maximize the number of serious buyers, showings and offers you get it is necessary to employ a broad spectrum of advertising in a coordinated manner. REALTORS® have a wide range of options for maximizing a property's exposure to the marketplace, including:

- *Multiple Listing Service (MLS)*
- *REALTOR.com®*
- *Company website(s)*
- *Personal website(s)*
- *Social media sites like Facebook® and Twitter®*
- *Craigslist*
- *Local Real Estate paper*
- *Direct mail and email campaigns*
- *Television*
- *Notifying all potential buyers and referral sources in their database*
- *Home Highlight info to all agents in their company's local offices*
- *Notifying the area's top REALTORS®*
- *Open houses*
- *REALTOR® tours*
- *For Sale sign*
- *Networking within the local community*
- *REALTOR.com® Real Estate Search iPhone® application*

Such extensive market exposure will not only generate more interest from motivated buyers. It will also ensure that you don't sell your home to just any buyer, but to the right buyer – the one who fully appreciates what they're buying and will pay top dollar for it.



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Setting the stage to sell – aim for perfect open houses and showings

Having invested in some of the effort and expense of preparing your home to sell, you'll certainly want it to take full advantage of it when you open up your property to prospective buyers and other agents during open houses, agent tours and showings.

That's why making sure your property looks its very best can give you that little extra competitive edge that will help get it sold. Keep in mind that many REALTORS® have, through education and experience, mastered the art of home staging. Make the most of their skills – and impartiality – to create that “buying feeling” in your home.

Time-Proven Tips For Showing Your Home

Here are a few ideas that will help you maximize your home's attractiveness to buyers:

- *Ideally, you should be absent so buyers feel comfortable making comments.*
- *Make sure your home highlight sheets are easily visible.*
- *Open all drapes and shades during daylight hours to let in as much light as possible, but screen out unappealing views.*
- *Light the whole house, especially dark corners and hallways.*
- *Light (or turn on) the fireplace.*
- *Showcase your home's best features.*
- *Turn off the television. Play quiet background music.*
- *If you've repainted in neutral tones, add bold splashes of color (with throw pillows, crockery, pictures, etc.)*



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- *Place fresh flowers where they'll stand out.*
- *Open all doors between rooms to give an inviting feeling.*
- *If possible, open windows beforehand to circulate fresh air.*
- *Pick up toys, remove all clutter, ensure beds are made, clothes put away.*
- *Floors should be clean, carpets and rugs vacuumed.*
- *Trash and recycling bins should be tidy and odor-free.*
- *The kitchen & bathrooms should sparkle.*
- *If possible, bake cookies or put a pan of cinnamon in the oven to create a warm and inviting aroma.*
- *Ideally, pets should be unseen. Pet areas should be clean and odor-free. Not everyone may share your love of animals, and some may be allergic to them.*
- *Lock away and hide all cash, jewelry and small valuables.*

Important: Keep Your Home Available (And Ready) For Showings

Particularly during the first weeks after you list your property, real estate agents from many firms will want to show it to their buyer clients. It is especially important during this window of opportunity, when interest will be at its highest, that you make your home available for showings, preferably at the time requested by the buyers' agents.



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Occasionally, this may pose an inconvenience for you but, you'll certainly want to maximize the number of qualified, motivated buyers who see your home. Indeed, doing so just might make a big difference in when you sell, for how much and under what terms.

In most cases, if you're not home at the time of the showing, your REALTOR® will meet the buyer and buyer's agent at your home and tour the property with them. If, however, your REALTOR® has another appointment, you should consider allowing him or her to place a lockbox on your door. A lockbox is a device that enables the buyer's agent to enter a specified code in order to open the door, in lieu of not having a key.

Along these lines, you should do your best to ensure that your home is ALWAYS ready to be shown. You never know when the right person is going to look at it!



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Successfully negotiating the deal

With rare exception, negotiating the transaction is the most complex part of selling a home. At the same time, it's the one that can involve the most creativity. That's why it's important to have an experienced and savvy REALTOR® who has successfully worked through many different transaction scenarios.

What follows is a brief description of the negotiation process and a few strategies for negotiating the best possible deal you can. This includes: keeping in mind your situation, priorities and needs, not giving your situation away to the buyer and buyer's agent, trying to understand and respect the priorities of the buyer, being creative and, where necessary, willing to compromise to get the deal done.

The Basic Process

When a buyer, typically with the help of a REALTOR®, makes an offer on your home they'll do so using a contract that has been developed by your local real estate association in conjunction with legal counsel. These contracts enable the buyer to set a sale price, and also include many clauses for specifying various terms of purchase, such as the closing and possession dates, the deposit amount, and a variety of other conditions.

The buyer's REALTOR® will then deliver the offer to your REALTOR®, who'll present it to you. You should closely review every detail of the offer with your REALTOR®, who'll be happy to address all your questions about the offer and the process itself. You can then accept the offer, reject it, or counter it to initiate the negotiation process. Successive counter-offers, with deadlines for responding and meeting various contingencies and special conditions (e.g. a home inspection, the buyer securing financing), will be exchanged between you and the buyer until a mutually-satisfactory pending agreement is reached or the negotiations collapse.



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Don't Show Your Hand

Even in a buyers' market, it's crucial to keep certain aspects of your selling situation (e.g. your finances, why you're selling, how urgent you are) as concealed as possible from the buyer and buyer's agent. Remember, it's the job of the buyer's agent to get the best deal they can for their client, so any vulnerability you show could end up compromising your position and costing you thousands of dollars.

This is not the same, however, as expressing your priorities very clearly throughout the negotiations. Properly done, the firm statement of your priorities will strengthen your position.

It is the responsibility of your REALTOR® to make sure the buyer and buyer's agent only know what they're legally entitled to know and, beyond that, what you want them to know.

Understand And Respect The Buyer's Priorities

If, during the negotiations, you can find out more about the buyer's priorities you'll not only improve your position, but you'll also be able to resolve any obstacles more creatively and sensitively.

For instance, if a buyer is adamant about the sale price – perhaps because they love your property, but they're at the limits of their available financing – they might be more flexible about the closing date or willing to make concessions about some other terms. There are no “one size fits all” approaches to negotiating, particularly in the current market. In principle, though, the more you know about the buyer's priorities, the more you'll be able to work with them in order to achieve your own priorities.



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Have You Really Found *The Right Buyer*? If So, Make The Deal Happen

Particularly in a market where reasonable offers can be hard to come by, once a buyer makes one you should be willing to make a few compromises to seal the deal. You just never know when the next serious offer will come along – or what it will cost you to wait for it.

That said, here are a few basic principles of successful negotiation to consider if you're committed to completing your sale:

- **Remember your priorities and respect the buyer's.** *Don't let small things get in the way of your better judgment.*
- **Disclose everything.** *Smart sellers proactively go above and beyond legal necessity to disclose all known defects to their buyers. Most states have property disclosure forms. Use them. If the buyer knows about a problem, they can't sue you later.*
- **Ask questions.** *Offers may contain complicated terminology, sometimes three or more addenda. Your REALTOR® can help clarify everything for you.*
- **Respond quickly.** *When buyers make an offer, they are in the mood to buy. But moods change, and buyers are known to get buyers' remorse. Don't delay if you want the sale.*
- **Stay calm and be patient.** *At all times keep communication civil and agreeable, even if the buyer gets tense, or you might lose your sale.*



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- **If necessary, defer until later.** *If small issues get in the way of big ones, focus on and consolidate your agreement on the big issues and come back to the small ones later.*
- **Meet halfway.** *At the end of the day, if there are disagreements about relative small expenses, split the difference and smile.*
- **Take care with contingencies.** *When you've landed your buyer, your signed acceptance of a written offer becomes your sales contract. Except for removing any contingencies, this document is the binding basis for the sale.*
- **Rely on your REALTOR®.** *It's your agent's responsibility to represent your best interests every step of the way. Your success is their success.*

The reality is that most negotiations proceed without much problem. In the event that there are difficulties but you're still committed to selling, remember: where there's a will there's a way.



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Signed, sealed and delivered: closing the deal

If you and your buyer have both efficiently taken care of your respective contractual obligations associated with finalizing the sale, the process of completing the transaction – known variously as the “closing”, “escrow” or “settlement” – will go smoothly with no surprises.

Fulfilling Contingencies And Special Conditions

A pending sales agreement nearly always includes contingencies and special conditions that have to be fulfilled by the buyer and seller by the closing date, which usually falls 30 to 60 days after both parties signed the agreement.

Typical contingencies and conditions may include:

- *The buyer's securing of financing.*
- *A Title Search – an historical review of all legal documents relating to ownership of the property to ensure that there are no claims against the title of the property.*
- *The purchasing of Title Insurance in case the records contain errors or there are mistakes in the review process.*
- *A professional appraisal of the home, requested by the lender to ensure that the home's actual value justifies the loan amount.*
- *Any additional contractual promises you have made in connection with buyer incentives, home improvements, etc.*
- *An independent inspection of the home's structural and functional condition (foundation, roof, electrical, heating, plumbing, etc.).*
- *An independent termite inspection.*



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- *A final walk-through – the buyer is given the chance to look at the home to make sure that it's in the same condition as when the sale agreement was signed.*

It's important to review the sales agreement with your REALTOR® so you understand your obligations. Any shortfalls or mistakes at this point can be very costly. Your REALTOR® can discuss and remind you of these obligations, as well as help arrange for their fulfillment and prepare you for the closing.

Completing The Transaction

While different areas handle the final settlement in slightly different ways, generally the closing agent – a third-party professional, often a lawyer, who conducts the proceedings – reviews the sales agreement and does the following:

- *Determines the total amount due from the buyer and collects the check.*
- *Determines all the adjustments (e.g. seller prepayment of taxes, utilities, etc.) and ensures that they're factored into transaction.*
- *Assures that the transaction costs (closing, legal fees, etc.) are paid.*
- *Determines the seller's payments, credits and adjusted net proceeds.*
- *Witnesses the seller's signing of the property title and all other documentation associated with the transaction.*
- *Collects the keys and any other necessary items from the seller.*
- *Provides the seller with the net proceeds as well as copies of the documentation pertaining to the sale.*
- *Ensures that the buyer's title is properly recorded in the local records office along with any mortgage liens.*

In most cases, the buyer's Possession Date will fall within a couple days of the Closing Date, at which point your former beloved home will have a new occupant.



HOME Seller's Guide

A home seller's glossary:

When selling a home, it's important to understand some of the key concepts and terms. Throughout the sales process, your REALTOR® will be available to explain any unfamiliar terms you encounter. That said, here is a short list of terms you'll want to know:

Abstract Of Title – A complete historical summary of the public records relating to the legal ownership of a particular property from the time of the first transfer to the present.

Adjustable Rate Mortgage (ARM) – Also known as a variable-rate loan, an ARM is one in which the interest rate changes over time, relative to an index like the Treasury index.

Agreement of Sale – Also known as contract of purchase, purchase agreement, or sales agreement according to location or jurisdiction. A contract in which a seller and buyer agree to transact under certain terms spelled out in writing and signed by both parties.

Amortization – The process of reducing the principal debt through a schedule of fixed payments at regular intervals of time, with an interest rate specified in a loan document.

Appraisal – A professional appraiser's estimate of the market value of a property based on local market data and the recent sale prices of similar properties.

Assessed Value – The value placed on a home by municipal assessors for the purposes of determining property taxes.

Closing – The final steps in the transfer of property ownership. On the Closing Date, as specified by the sales agreement, the buyer inspects and signs all the documents relating to the transaction and the final disbursements are paid. Also referred to as the Settlement.

Closing Costs – The costs to complete a real estate transaction in addition to the price of the home, to include: points, taxes, title insurance, appraisal fees and legal fees.

Comparative Market Analysis (CMA) – A REALTOR®-prepared document, typically included in a listing presentation to a prospective seller, designed to help the seller set a strategic asking price for their home. Drawn from the local Multiple Listing Service (MLS), a CMA presents pricing and property information for homes similar to the seller's that recently sold, failed to sell, or are currently on the market.

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Contingency – A clause in the purchase contract that describes certain conditions that must be met and agreed upon by both buyer and seller before the contract is binding.

Counter-offer – An offer, made in response to a previous offer, that rejects all or part of it while enabling negotiations to continue towards a mutually-acceptable sales contract.

Conventional Mortgage – One that is not insured or guaranteed by the federal government.

Debt-to-Income Ratio – A ratio that measures total debt burden. It is calculated by dividing gross monthly debt repayments, including mortgages, by gross monthly income.

Down Payment – The money paid by the buyer to the lender at the time of the closing. The amount is the difference between the sales price and the mortgage loan. Requirements vary by loan type. Smaller down payments, less than 20%, usually requires mortgage insurance.

Earnest Money – A deposit given by the buyer to bind a purchase offer which is held in escrow. If the property sale is closed, the deposit is applied to the purchase price. If the buyer does not fulfill all contract obligations, the deposit may be forfeited.

Equity – The value of the property, less the loan balance and any outstanding liens or other debts against the property.

Easements – Legal right of access to use of a property by individuals or groups for specific purposes. Easements may affect property values and are sometimes part of the deed.

Escrow – Funds held by a neutral third party (the escrow agent) until certain conditions of a contract are met and the funds can be paid out. Escrow accounts are also used by loan servicers to pay property taxes and homeowner's insurance.

Fixed-Rate Mortgage – A type of mortgage loan in which the interest rate does not change during the entire term of the loan.

Free Market Evaluation – An offer by a REALTOR®, usually presented in marketing materials, to provide a complimentary assessment of your home's current market value.

Home Inspection – Professional inspection of a home, paid for by the buyer, to evaluate the quality and safety of its plumbing, heating, wiring, appliances, roof, foundation, etc.

Homeowner's Insurance – A policy that protects you and the lender from fire or flood, a liability such as visitor injury, or damage to your personal property.

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Lien – A claim or charge on property for payment of a debt. With a mortgage, the lender has the right to take the title to your property if you don't make the mortgage payments.

Listing Presentation – A presentation given by a REALTOR® to a prospective home seller in hopes that the seller will allow the REALTOR® to represent their interests throughout the sales process. Typically delivered in the seller's home, the presentation includes the REALTOR'S® pricing, marketing and showing strategies, as well as a suggested asking price.

Market Value – The amount a willing buyer would pay a willing seller for a home. An appraised value is an estimate of the current fair market value.

Mortgage Insurance – Purchased by the buyer to protect the lender in the event of default (typically for loans with less than 20% down. Available through a government agency like the Federal Housing Administration (FHA) or through private mortgage insurers (PMI).

Possession Date – The date, as specified by the sales agreement, that the buyer can move into the property. Generally, the it occurs within a couple days of the Closing Date.

Pre-Approval Letter – A letter from a mortgage lender indicating that a buyer qualifies for a mortgage of a specific amount.

Principal – The amount of money borrowed from a lender to buy a home, or the amount of the loan that has not yet been repaid. Does not include the interest paid to borrow.

Purchase Offer – A detailed, written document which makes an offer to purchase a property, and which may be amended several times in the process of negotiations. When signed by all parties involved in the sale, the purchase offer becomes a legally-binding sales agreement.

Title – The right to, and the ownership of, property. A Title or Deed is sometimes used as proof of ownership of land. Clear title refers to a title that has no legal defects.

Title Insurance – Insurance policy that guarantees the accuracy of the title search and protects lenders and homeowners against legal problems with the title.

Truth-In-Lending Act (TILA) – Federal law that requires disclosure of a truth-in-lending statement for consumer loans. The statement includes a summary of the total cost of credit.

Title Search – A historical review of all legal documents relating to ownership of a property to determine if there have been any flaws in prior transfers of ownership or if there are any claims or encumbrances on the title to the property.



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