

Jennifer LeBow's
Home Selling 101 ©

Goals.....1

Choosing an Agent3

Setting Price.....5

Staging.....8

Marketing11

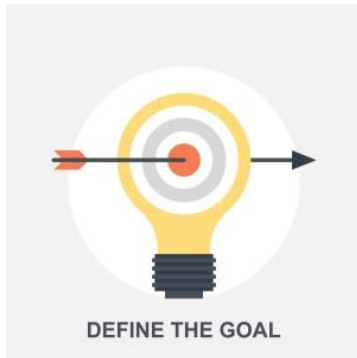
Showings14

Negotiating an Offer17

Navigating Inspections.....19

Preparing for Closing21

Goals



When you ask most sellers what their main goal is, net proceeds on their sale is the number one concern. However, I try to have sellers focus on the real goal behind that response. More accurate responses to “what is your objective” include:

- *I can't stand my commute.*

A quick sale is the primary goal here. Maybe, if the net proceeds aren't quite as high as desired, this seller would be satisfied to spend slightly less than he is currently planning if it shortens his commute appreciably.

- *We want our kids to start school next year in a better school district, so we need to be in a new house by late August.* Timing is the key here, so this seller's focus will be on settlement date—he'll want to get the house sold fast enough to meet his timetable to buy in the preferred district, but will probably also not want to settle prior to the end of this school year (so his kids can finish the year in their current district). He may have to price his property on the lower end of the value range to increase his chances for a quick sale with a buyer who is flexible enough to meet his settlement date constraints.
- *I've been here 17 years. I need to sell before I have to do any more repairs. The roof won't last much longer and it's going to need a new furnace.* This scenario speaks both to timing—a quick sale would be great—and possibly accepting a lower price to offset some of the aging systems a buyer will be concerned about, since the seller can't afford to

repair/replace anything. One option here would be to offer a seller's assist to cover some of those costs.

- *I want to buy a home currently under construction before another buyer gets it but it won't be finished for 4 months, so we can't move until then.* In this case, someone willing to do a longer settlement or possibly a lease back would be an attractive buyer, even at a slightly less than ideal price.
- *I need to walk away with at least \$___ to put a down payment on another house in this area with the amenities I want. If I can't get \$___, it doesn't make sense for me to move.*
This one is a straightforward net proceeds situation.

So understanding a seller's motivation is vital to my ability to best help him meet his goals. That information informs my pricing, marketing, and negotiating (both the offer and, potentially, the reply to inspection). The conversation can also be beneficial to a seller who isn't necessarily clear on why he is seller or what he is trying to accomplish. It forces him to think carefully about his reasons for selling, which allows us, as a team, to make decisions that best meet his needs.

Choosing an Agent



If you are considering selling your house, ask people who have recently sold whom they used and what they liked or disliked. Personal recommendations are always best. Interview a few agents and see whose credentials and personality seem the best fit for you. Obviously, when selecting an agent, you want to ask about her experience—does she sell much in your area? Do her listings sell quickly? How long has she been in business? Are you confident she is organized? Proficient at negotiating? Detail-oriented? You also need to feel as though she knows your neighborhood and can appreciate the best aspects of your property so that she can bring you the most buyers in the shortest amount of time. You’ll want to get an overview of some of her marketing strategies, as well.

- Experience—there’s no substitute, in any field
- Track record—do his listings sell quickly?
- Local knowledge—does he really know the neighborhood?
- Marketing—find out his marketing plan and ask to see examples
- Personality match—do you feel like you can communicate clearly and honestly and have a smooth working relationship? Do you trust him?

Selling a home is a process and there are questions, worries, decisions, problems and concerns that need to be discussed and dealt with along the way. The seller needs to feel comfortable with his or her agent. If the personalities clash or the two parties just aren’t “on the same wavelength”,

it's the wrong match. So, first, make sure you feel good about the connection you have with your agent. Next, consider how you will work together. Clear, honest, communication is essential in not making a potentially stressful situation any more difficult. It is imperative, as an agent, to be reachable and responsive by whatever methods are most convenient for the seller. As a seller, be sure to tell your agent what kind of expectations you have, so the agent can meet them.

Finally, while I strive to maintain professionalism from start to finish in all of my transactions (as well as in interactions after the sale) with my clients, it's almost impossible to not develop some level of personal relationship with them. I am not only in and out of their homes and among their families, but am privy to very sensitive financial and personal information of theirs. I make it a point to try to tailor my service to my sellers by paying attention to their individuality—seeing them as unique people, not generic “sellers”.

Setting the Price



Setting the right price is possibly the most important piece of selling a house. If the owners' particular circumstances dictate a quick sale above the very highest net proceeds possible, a more competitive (lower) price might be the way to go. The other advantage to that strategy is that it sometimes invites multiple bids, which encourages prospective buyers to move more quickly (so they don't lose the house to another eager buyer). Even if time is *not* of the essence, (some sellers will say, "We're not in a hurry"), overpricing a house is rarely successful. All of the data shows that houses that are priced more than about 10% above their market value end up selling for *less* than that value. Why? Because that price brings in buyers who are looking at other things in that range. If your house is priced way too high, the people who see it not only feel that they could buy a "better" house for that price (that's called higher value).

Many sellers say, "Well, tell them to make an offer!" The problem with that approach is that the buyers who can afford a house in a much lower price range (whose offer you might take) aren't even coming to see your house, because it's so much above their means. So your house sits on the market. The longer a house has been on the market, the lower the offers, because the public knows it's overpriced (or someone would have bought it). They also assume the seller is more desperate to sell as time goes on. Price reductions, while often necessary at that point, produce

the same sentiments and the house usually sells for even less than what it would have if it had been priced properly at the start.

When you are pricing your house, keep in mind:

- The price should reflect the seller's goals
- The price should not be appreciably above your agent's estimate of net value based on sold and active comps in your neighborhood
- The price should not be set in stone—if you are not getting offers, be willing to lowering it, especially before it has been on the market too long
- The price is a specific number (because you have to put a specific number on the listing), but remember that value is a range and is different to different buyers

So now you know how important it is to price it “right”. But what does that mean? Well, it means putting it in a price range that comparable sales (as well as current listings) indicate a buyer might pay. Your agent will look up recent sales and houses that are on the market at the time you're getting ready to list and that are similar to yours in area, size, amenities, condition and other factors that would matter—like school district, or being in a quiet neighborhood vs. on a busy street. These “comps” will be analyzed to see how they compare to yours.

For example, your agent will help you figure out what it means if you have 200 more square feet than a house that sold around the block two months and updated bathrooms (which it didn't), even though yours doesn't have a garage nor a finished basement like theirs. You'll also look at what is available now in your area—if there is very little and it tends to be a desirable

neighborhood, you might be able to net a slightly higher price than if there's a lot of similar inventory. Careful analysis of several sold and "for sale" properties will determine an appropriate price range for your property.

Note that I say "range" and not a specific number. Because no two properties are exactly the same and because there is not an absolute value to any part of a property (whether it's square footage, number of bedrooms, value of air conditioning or a remodeled kitchen, etc.), there is no way to come up with a single number. Furthermore, the value that any of those features has to a specific buyer is not exactly the same. Consider the value of your house to a buyer whose workplace is in walking distance—probably more than a very similar house a mile away. Let's say there's a house almost identical to yours for sale across the street which has a first floor office next to a powder room vs. one across the street who's office was made into a bedroom with a closet and direct access to that bathroom which was made into a small, but full bath with a shower. To a buyer who needs a house that can accommodate an elderly parent who lives with them and cannot climb stairs, that other house will be much more valuable. Competing inventory also affects the value—if there's a lot for buyers to choose from, your specific property won't be as valuable as if it's the only house on the market in the neighborhood. So recognize that the value of your home will always be in a range and not an exact number.

Staging



Staging is a vague word and, to some, means setting a table with elaborate place settings and turning down beds and putting breakfast trays with fake grapes and chocolate on them. That silliness is *not* what I'm talking about when I refer to staging your property. Staging, in my mind, is *highlighting the best features of your property and improving the not-so-great ones as much as possible without an excessive amount of effort or money*. For example, remodeling your kitchen for \$75,000 in order to sell it is not staging. It's not anything but foolish as the ROI is maybe 70% of the investment. Putting a huge bowl full of lemons on your dining room table is also not staging. It's a possible indication the current owners have a fear of contracting scurvy or.

- Declutter—take all the magnets and papers off the refrigerator, clean up the mud-room, organize the pantry and your closets (get rid of things you don't need that make it seem cramped or messy), box up the knickknacks, make sure shelving doesn't look crowded. Take a few pictures of the interior, even on your phone, and look at them. Do they seem well-organized with a place for everything and everything in its place or could they use a little help?
- Repair minor problems—touch up paint, fix broken screens, tighten the banister, adjust the hinges so doors all close. The phrase to keep in mind here is that you want to “remove

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objections” a prospective buyer might have in a way that your cash and time expenditure makes sense. Don’t decide to build a garage or install central air, those improvements will increase the value of your house, but will cost you much more than that increase.

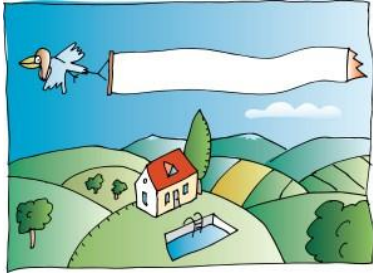
- Cleaning—have a deep clean done inside, including the carpets, but also consider having your windows washed, your siding power-washed and any exterior paint touched up. Keep the lawn mowed and tend to your trees and other landscaping.
- Lighting—lots of people miss this one and it’s easy. Make sure every lightbulb in your house works and is the highest wattage the fixture will take. Same for exterior lighting. A dark, dim house (especially in the winter months) is much less appealing than a bright, welcoming one.
- Furniture—critically examine each room and consider removing some of the furniture so it looks larger. Especially in pictures, rooms with fewer things in them look larger and neater.
- Exterior—landscaping and how your home looks from the outside creates a buyer’s first impression. You cannot underestimate how important it is to do whatever you can to make it more inviting. Plant some annuals or even buy some flowers for pots along the path or at the entry if the season is right. If it’s colder, try something seasonal like gourds or Indian corn, and, in snow, be sure to keep any paths and the driveway clear and accessible. Look for rot around windows and doors, paint that is flaking, stone work that needs pointing, etc.

The goal of staging is to make your house not only look its best but to make it as easy as possible (while still allowing for you and family to live there comfortably) to enable prospective buyers to image themselves living in the home with their furniture and style. That’s why purple walls or

other decorating choices that don't have mass appeal are targets for staging. Keep in mind that style trends affect home sales—for example, homes that have that “Pottery Barn” feel tend to sell for more because that style is very popular right now. If a buyer sees décor and furnishings that they consider attractive, (even if they don't have similar furniture), their impression is of a “nicer” house.

So, when I am preparing to list a house, I walk through the home and around the property with my clients and make notes about what I think needs to be done; if something is going to be too costly to make sense financially, I may try to suggest a mini-fix or a credit toward repair. Trying to hide something that is broken or damaged in some way is not staging. You don't need to draw attention to problem areas, but don't hide them. The seller's disclosure asks you about just about everything on the property and that form is a legal document. If a buyer thinks you've lied on it, he could sue you for fraud. So, please, don't emphasize the negatives, but don't be dishonest about them. Then the sellers need a realistic schedule to complete these improvements/changes so that staging doesn't delay listing the property. I do believe it's best to wait until the property is in the best shape before listing it, but only if it doesn't negatively affect the likelihood of a timely sale.

Marketing



Every agent has his or her own marketing methods, but be sure to discuss how they plan to showcase your home. Obviously, a very strong internet presence is your number one priority—it should be prominently displayed on several real estate sites (both the brokerages as well as sites like realtor.com, zillow.com, trulia.com, etc.). Recognize, though, that it's the quality of what is on the internet that needs the most attention.

What should you expect from your home's on line listing, other than the items required by the MLS (including price, taxes, address, school district, number of beds and baths, utilities info, etc)?

- Well-composed, clear, well-lit, high quality images of tidy spaces
- Room dimensions
- An accurate and appealing description of the house, property and neighborhood highlighting the best features
- “Extras”—video tour, mapping feature (so people can see how far their commute is, for example), walkability score, mortgage estimates, ability to share/save the listing, links to school information, community demographics, etc.
- Special incentives—a \$3000 carpet credit? offer of a lease back or very long/quick settlement date? leaving the outdoor furniture?

As far as your home's on line presence, ask the agent how/where the listing is being advertised.

Is it on all the real estate websites? Will it be showcased as a "featured" listing? Remember that marketing is an effort to notify buyers that your property is now available and to focus their attention on all of its advantages. Some agents only pay attention to the house itself. I think that's a mistake, because people aren't buying just a house, they want a new home, which is much more than the physical structure. So if you can paint them a picture of what it's like to live there (focus on the positives, obviously), you're a step ahead of your competition. Marketing should include, at least:

- On line presence on real estate sites
- Social media
- Promotion within the real estate professional community—broker's opens, electronic postcards, office meetings, direct contact with other agents looking for properties like yours
- Advertising to neighbors—just listed cards, open houses, sign
- Open houses
- Print materials left in the house providing information about the house, neighborhood, schools, community demographics
- List of improvements seller has completed (new roof, replaced windows, refinished hardwood floors)
- "Why we've loved living here" message from seller (near playground, great Halloween party, neighborhood book club)

- Table tents/signage in the house drawing buyers' attention to hidden/special features
(heated bathroom floors, electric shades for skylights, double deep pantry)

How will your agent continue to market your property once it's been on the market for a month?

How responsive is he to agents who have questions about your property or requests to show it? Is

he soliciting feedback from showing agents as well as agents attending the broker's open house

and any prospective buyers who come to a public Sunday open house? Find out what he suggests

you do if you don't get many showings, or, after a given period, you've received no offers. What

is his recommendation? Are there additional repairs/improvements he thinks you ought to make?

How will he broadcast news of a price reduction? To be honest, bringing people's attention back

around to a house that's already on the market after the initial splash it (when it first hits all of

the internet sites and pops up on people's saved searches) is difficult, at best. This fact is one of

the reasons that setting the right price at the outset is so important. You only get one shot at that

first "unveiling" of a new listing, so use it wisely!

Showings



The single most important piece of advice I have for showings is: just say yes. If an agent asks to show your property, while it's possible that the buyer and agent are flexible and can come another time, more often, it's a time that they chose because that's what works for them. If you deny the showing because it's not the most convenient time, understand that they might be seeing four other houses that day and, if you don't allow them to see yours, they might choose from one of the others on that day's tour. Even if they say they will reschedule, you don't want that buyer to have the opportunity to find something else before they circle back to your house. So, that's what I mean when I encourage you to say "yes" to showing requests. Some suggestions regarding showings:

- Just say yes
- Keep the house as show-ready as possible as you never know how much notice you'll receive prior to a showing request
- Have the house professionally cleaned more frequently during the listing period
- Encourage your kids to participate in keeping it tidy
- Be sure your agent has made table tents or signs to remind/point out any special features
- Leave out all marketing materials for the buyer

- Be out of the house for the showing—it makes buyers much more at ease
- Be hyper-aware of smells—buyers are (this goes for cooking smells and diaper pail smells as well as incense/candle smells—clean and fresh is best)
- Scoop poop—enough said

As far as how showings work, most brokers use an automated appointment center which tracks every appointment requested. It monitors when and by whom the request is approved or denied, and sends automatic requests for feedback which is stored electronically. You can choose whether to be notified by phone, text or email when someone requests an appointment and who can confirm or deny it. So the logistics of the appointments are actually pretty foolproof.

Where things can get a bit murky is when sellers want their agents present for showings—this “service” can be a double edged sword. Usually, sellers who request that their agents be present do it for one of two reasons: either they are worried about the security of their property and possessions being damaged or stolen or they think that the agent will “sell” the house to the prospective buyer. As far as the security of the property goes, while it’s possible a buyer could steal something, it’s almost unheard of. They must be accompanied by a licensed, insured agent in order to be anywhere on the property, so they are not unattended in your home. The second reason, that the listing agent can better demonstrate its appeal to another agent’s buyer has some flaws.

While it’s true that your listing agent is more familiar with the property than the showing agent is, it’s not usually the details (that the showing agent might not know) that sell the property. Furthermore, be aware that statistics show that prospective buyers spend less time in a house

during a showing in which the listing agent is present than when she is not. People want to be able to talk openly about a house with their own agent, whose loyalty and fiduciary and confidentiality responsibilities are to them, not with your agent, whose responsibilities are with you. Your agent's presence tends to infringe upon those frank conversations and those showings end up being rushed and less thorough. Honestly, it can also just be uncomfortable and even annoying when a listing agent is babbling about how "fabulous" this kitchen is or how "terrific this master bedroom layout is"—the buyer will decide how they feel about the house without that white noise.

Negotiating an Offer



It's always exciting to receive an offer on your house.

However, you don't want to appear too eager, as that method will lead to a weak negotiating position. The question of "how hard to push" is always a delicate one; you don't want to lose the buyer by not compromising enough for them to work with you to make a deal, but you don't want to settle for an offer that is less advantageous to you than you truly think you can negotiate. I think one of the wisest decisions you can make early on is that the buyer is not the enemy. Don't think of it as you against them. Frame it as two parties trying to find a compromise to get to the finish line (or settlement table, in this case). In that spirit, look at their offer, discuss where you want "more" from them, but, also, what you could do to make it more appealing for them.

- Cooperation is better than adversarial negotiating—Offer the buyers something that they want, while asking for something you want. Let's say they want you to be out in five weeks, but you need eight, to let the kids finish school. You could accept the offer price, but counter on the settlement date and shorten the inspection period from 10 to seven days. The point is that cooperative negotiating is often effective.
- Communication—between you and your agent and between agents should be quick, but also clear. Be sure you understand the offer and what your agent's suggestions are in terms of a response.

- Know your bottom line—before you get into a heated negotiation, where egos can often get in the way, be as clear as you can about your “bottom line”. Highest net proceeds are obviously what you are looking for, but how certain are you that someone else will offer you more? And what about the settlement date that this person is willing to give you so you can stay 14 more weeks to let the kids finish school? Will the next buyer be willing to wait that long?
- Your first offer is often your best—When your property is new on the market and someone sees it and likes it, that buyer will assume that other people will have a similar response, so she will likely offer a higher price than if she didn’t expect any competition. Negotiating an offer early on, especially before you’ve had an open house, gives you a bit of a boost in negotiating power. Use it, but don’t abuse it or the buyer will walk.
- Multiple bids—these can get very complicated and can include escalation clauses which your agent can explain. The hardest part about a multiple bid situation is being ethical about negotiating with several parties at once. You have to be very careful—if you counter two buyers and they both agree to the counter, what do you do? Often after receiving multiple offers, I will (according to my seller’s wishes) either begin negotiating with the offer that is best OR I will ask all agents who have submitted offers to come back with a “highest and best”. Most people believe (in a “highest and best” situation) that the seller shouldn’t then negotiate further once those highest and best offers are submitted, rather, that she should choose the best one as it stands.

All negotiating are fraught with pressure and are often very time-sensitive, particularly in a multiple bid situation. You might want to discuss with your agent, before you list, what he or she thinks is the best protocol or what you would like to do should any of these scenarios arise.

Navigating Inspections



Once inspections have been completed, the buyer will send you a reply to inspection, which enumerates repairs they would like you to make and/or a dollar amount they would like credited to them at settlement. This reply should be accompanied by the inspection report which delineates the material defects or other problems the inspector has found. A few things to keep in mind are:

- If it was disclosed, forget it. If something was noted on the seller’s disclosure, and the inspector finds it (as it was disclosed and not “worse”) and the buyer asks to have it addressed, I often respond with “well you knew that when we executed the contract.”
- It’s not new construction. Since the buyer is not purchasing new construction, I don’t believe he should expect all systems (roof, water heater, a/c units) to be new. As long as they are operating as they should, even if they are old, I don’t normally recommend sellers credit toward those things.
- Credit or repair? Sometimes, buyers use the inspection to ask for a credit back that they have no intention of using toward repairs. One way to combat this situation is to offer to have certain things repaired, as opposed to crediting money toward them. However, when a seller fixes things for a buyer, there can be some concerns. The buyer may assume that the seller is fixing it “on the cheap” so he has the smallest cash outlay possible. To

combat this argument, ensure that the work is done by a licensed, insured contractor and that receipts are provided at settlement. It can also be inconvenient for you, the seller, to repair certain things while you're still living in the house. If it will upset the household, you might be better off giving the buyer a credit.

- How strong a negotiating position are you in? Part of the negotiation strategy is to try to determine just how badly the buyer wants the house. Before I continue, I will say, at this juncture, that everybody has his or her own set of ethics. Take this example: If you think the buyer would still take the house if you didn't give any credit or repair anything, however, the inspector discovered a leaking sewer pipe that you hadn't known about, it's up to you to decide if you want to repair it or not. You might be able to sell the house as is and not be out a dime for a plumber. On the other hand, you might feel that, were you buying a house and a leaky pipe was discovered, you'd expect the owner to "do the right thing" and fix it. Your call. On that point, just as with negotiations on an offer, being able to put yourself in the other party's shoes is often the simplest way to come to terms everyone agrees on.

Preparing for Closing



- **Appraisal**—Once inspections have been satisfied, you will be awaiting the appraisal. The appraisal is important because the way the agreement of sale reads (if the buyer’s agent has filled it out properly, which is not a foregone conclusion) is that the lender will lend a certain percentage (let’s say 80%) of the “loan to value ratio”. That means that they will lend 80% of the appraised value. If the appraised value is below the agreed-to purchase price, the buyer has the right to walk away with the return of all deposit monies, or, buyer and seller can come to mutually agreeable terms. Sometimes, the buyer will agree to make up some or all of the difference out of pocket, but, often, sellers find that they will lose the deal if they don’t lower the price to the appraised value. What you offer in this scenario will probably depend on how much other interest there was/is in your house.

- **Mortgage commitment**–The mortgage commitment is a document from the bank that supersedes the pre-qualification the buyer provided with the offer. This paperwork is generated after the lender has checked all of the buyer’s financial information and verified employment, etc. It’s a commitment from the lender (barring any major change in the buyer’s financial position) to fund the loan. If the bank, upon checking the buyer’s info, discovers information that means the buyer will not meet their underwriting guidelines and, therefore, cannot issue a commitment, you as the seller can terminate the contract, return all deposit monies to the buyer and begin marketing the property again.
- **Title commitment**–The title commitment is proof that there are no filed liens against the property or claims of ownership by other parties that could possibly delay or prevent clear title from being transferred. If the IRS or a contractor who did work on the house and didn’t get paid has filed a lien, it would show up as a “cloud” on the title. These are rare, but ability to transfer clear title must be confirmed.

Once the above documentation has been received and any issues worked out, it’s a matter of preparing to move. Call the moving company, make arrangements to move yourself and your belongings to the next stop on your life’s itinerary. Call the utility companies and arrange to have utilities shut off in your name on the settlement date. Fill out a mail forwarding card at your post office. Arrange for a cleaner to come right before settlement (if you can move out more than the night before) so the buyers can move into a clean house. Be sure to gather keys, garage door openers and any instruction manuals for appliances staying with the house to

leave for the buyers. It's nice to make a list for the buyer of service people (landscaper, pool company, stone mason, plumber, electrician, painter, etc.) who have worked on the house. Also, don't make any mortgage payments the month of settlement unless otherwise instructed to do so. All of the tax credits and sewer and trash credits should be figured out by the title company. They will send you a closing disclosure a few days before settlement with these figures so you can check that they are accurate. They will call the bank for your mortgage payoff statement and will contact you if there is any other information they need.