

THE HOME SELLING PROCESS

It's complicated!

Deciding to sell your house is not a simple exercise. It requires thinking about where you will go, what your time line is, what your "bottom line" is, and understanding the possible outcomes (a sale, a price reduction, no sale).

Selling may affect your work commute (and possibly your job) and, if you have kids, it may mean moving them to a new school. If you have friends and family in your current neighborhood, selling your house might significantly impact your social life and support system.

You may be looking to "move up" or life circumstances may require downsizing. There are dozens of factors to consider.



"What are all the things I have to do? What paperwork is required? How do I know I'm doing it right?"

Selling your home can be stressful, but if you understand the process and what to expect, it will be more manageable. Don't try to do it alone! A good agent will educate and guide you so that nothing falls through the cracks.

How can you have the best home selling experience?

To increase the possibility of a positive listing experience, consider adjusting your mindset so that you can:

- See *your house objectively*. Try to view your house the way a prospective buyer will so that the list price accurately reflects the true value to the market.
- Be *financially realistic*. Don't set yourself up to expect higher net proceeds than your agent suggests you will receive. Remember the "hidden" costs, like real estate fees, transfer tax, tax reimbursements and, possibly, inspection credits.



- *Accept advice and suggestions from your agent about staging, pricing, showing and anything else.* Your Realtor is the best person to determine the value of your property and how to market it to bring top dollar (including making repairs or offering credits for things like old carpet).
- Have a plan B. What if you can't get as much for your house as you'd wanted to? What if it doesn't sell in the amount of time you'd hoped? Think about the "what ifs" before you list.



You don't do this everyday--but some people do.

Selling a home is something most people do only a few times in their lives. It's definitely not something YOU do everyday. It is, though, something real estate agents do everyday. And, keep in mind, thousands of other home sellers are selling their homes everyday. So while can be, understandably, overwhelming, realize that there is a road map for the process and that smooth transactions are happening around the globe on every day of the year. So breathe.

- Ask questions.
- Do research.
- Visit other houses for sale.
- Interview agents.
- Start looking at your home from the viewpoint of a buyer.

STEPS IN THE HOME SELLING PROCESS

1 Defining Your Goals

2 Choosing an Agent

3 Pricing a House

4 Marketing

5 Showing Your Property

6 Negotiating an Offer

7 Navigating Inspections

8 Preparing for Closing



DEFINING YOUR GOALS

When I 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 objective behind that response. If I can get to the heart of WHY a family is moving, it can help me represent them more effectively. I also think that sellers who are clear on their “why” find it easier to make decisions as they can weigh their options in light of whatever their goal is.

I can't stand my commute anymore.

When a seller says this to me, I identify a quick sale as a primary goal. Maybe, if the net proceeds aren't quite as high as desired, this seller might be satisfied to receive slightly less if it shortens her commute appreciably.



I've been here 17 years. I need to sell before I have to do any more repairs.

I have heard comments like these, often from sellers on a fixed income. They realize that the roof won't last much longer and that they are 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. A home warranty might also help.

I need to walk away with a certain amount of money or I can't buy something that makes moving worthwhile.

This one is a straightforward net proceeds situation. When marketing the house as well as negotiating offers, convenience will take a back seat to dollars. So even if the seller prefers, for example, a cash offer, if a different offer with a mortgage contingency is higher, the seller will probably choose that one. I can guide buyer agents to focus more heavily on price than some other terms.

I'm building a new house and don't know exactly when it will be done.

This seller probably values flexibility in closing date, and even the possibility of a lease back. Furthermore, he already has money out of his pocket paying for the new build, so he needs a low-risk offer that is most likely to close.

TAKEAWAY

The clearer you are on the most critical factors in the sale of your house—flexibility of timing, net proceeds, lowest possible risk of fall through—the easier it will be for me to market and negotiate for you.

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 a good place to start. Interview a few agents and see whose credentials and personality seem the best fit for you. Don't be afraid to ask questions about experience, commission, marketing strategy, communication and anything else that matters to you. Go on line and read reviews as well.

Experience:

There's no substitute, in any field. How long has an agent been in business and how many properties does she sell a year? Do those homes languish on the market with price reductions or sell quickly? Try to determine if you think the agent would be a strong negotiator. Ask for examples from their transactions.



Local market knowledge: Does the agent sell in your area and price point? Agents who sell outside of your neighborhood or price range may not suggest the wisest price, nor market the right attributes for your home. How about recent trends? Do you believe the agent knows if things are cooling or if there's likely to be a lot of competition for your property?

Marketing strategy: Will the agent make suggestions about staging and repairs? Ask for examples of marketing materials (print, digital, etc.) the agent will use as well as strategies and points she will focus on to create "buzz" around your property and increase the likelihood of multiple bids.

Personality and style:

While the agent-client relationship is a professional one, you will be working very closely together in what can be a stressful situation that involves money and your most personal haven (your home) over what may be several months. You need to have a certain comfort level with whomever you choose.

Aside from a personality that meshes with yours, you'll want someone who is responsive and communicates clearly. You should feel like your questions will be answered fully and respectfully and that you won't be "bothering" your agent if you want to have a conversation. You also want to know that the agent you hire is the agent you will work with, not a team member you are passed off to.

TAKEAWAY

When choosing a listing agent, determine whether he/she:

- Has current experience selling in your neighborhood and price range
- Can articulate how and with what marketing methods your home will be marketed
- Has a personality and work style that fit your needs

PRICING A HOUSE

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. Alternatively, some sellers choose what we call a "make me move" price, which is a price high enough that it would convince an owner (who does NOT need to move) to sell. Pricing strategies are varied and not all are equally successful.

Pricing lower vs higher usually yields higher net proceeds. While the state of the market does affect pricing strategy, in general, when there is high demand, pricing at or slightly below market value is usually considered the best plan. The idea is that the more attractive the price, the more competition will grow between buyers, resulting in multiple, over-asking bids. Overpriced houses usually bring low bids, or worse, no bids. Then, when they are reduced, people usually offer even below that new price because they know the seller hasn't had acceptable offers.



Using comps to set the price: Let your agent help you interpret the comps. You may think that your wallpaper and dated kitchen are balanced by the fact that your house is 200 square feet larger than another one, but your agent will probably disagree. And even if you think your 3-car garage is much more valuable than a 2-car, the difference to the average buyer may be very little. Your agent should be attuned to the features that attract buyers as well as those that tend to be obstacles.

While it can be hard to hear that your property is worth less than you thought, understand that you are not objective.

Price is really a range. While you have to identify a single number as list price, recognize that a house has a value in a certain range. Different buyers will be willing to pay more or less for it. Consider a buyer whose best friend or workplace is a two-minute walk. Now think about someone who likes the layout but has three small children who have nowhere to play outside because the yard is steeply sloped.

Listen when the market speaks. In almost 100% of cases, if you are not getting showings or offers, your home is overpriced. When that happens, it's a direct reflection of what the buying public thinks. Be prepared to adjust the price accordingly.

TAKEAWAY

When pricing your house, remember:

- Slightly below market value usually works best when there is a lot of buyer demand.
- Trust your agent to help you interpret comps to help set price.
- Recognize that value is a range.
- Listen when the market speaks.

MARKETING

Every agent has his or her own marketing methods, but be sure to discuss how the agent plans 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 to be the focus.

Pre-marketing: Before any pictures are taken or any advertising is done, you'll want to get your property in "show condition". These preparations include deep cleaning (including windows and carpet, if appropriate), decluttering, tidying closets, making sure the exterior is in good shape and paying attention to landscaping. You'll also want to listen to your agent's suggestions on repair or improvements that will provide good ROI.



On line listing: The primary method of marketing your home will be the MLS listing. It will be seen by agents and will syndicate to all the public-facing sites. It is the main opportunity to reach prospective buyers. It should include several high quality images of the property as well as a description highlighting its best features (don't forget things like a neighborhood book club or access to public transportation). Room dimensions, floor plans, videos and info about local schools, mortgage estimates, a map and community details should also be provided. If you are offering special financing or other incentives (like a credit toward painting) be sure to say so.

Where and how else will it be marketed?

Ask whether your property will be featured on any websites or if your agent plans to pay for targeted marketing on social media sites. Will the agent disseminate it to the brokerage community through email? Personal social media? Ask your agent about hosting an open house. Request copies of previous printed marketing materials and evaluate how they look.

I like to include a list of home owner improvements as well as a brief summary about why the sellers have enjoyed living there. I also add table tents or signs at the property to draw attention to special features (like heated bathroom floors, electric car chargers, etc.). Be sure to ask how your agent plans to make your listing stand out.

TAKEAWAY

- Your on line listing is what buyers are looking at--make sure to showcase your property well.
- Find out what, besides listing it on the MLS, your agent will do.
- Highlight improvements, special things about the house, property and larger neighborhood.

SHOWING YOUR PROPERTY

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 just say yes.

What should you do ahead of showings?

- Make sure the house is clean and as tidy as possible. Clearly, this feat is much easier if you are not living in the house during showings, but do the best you can. No one wants to see dishes in the sink or laundry on the floor.
- Ensure any printed marketing materials (flyers, MLS sheets, Seller's Disclosure, table tents highlighting hidden features, list of improvements) are prominently displayed.



- Remove as much evidence as possible that you have pets. If you have dog beds, bowls, litter boxes etc., try to put them away or even throw them in the car with you. Not only do they make the house look messier; they may also have odors or even turn off people who have allergies or think pets mean a house isn't clean. Scoop poop, too.
- Leave. No buyers prefer to have the owner present as it inhibits them from talking openly with their agent.

What you shouldn't do:

- Don't leave the house smelling--like anything. While most people assume this suggestion only refers to cooking, diaper pail, pet or other "unpleasant" odors, once you've cleaned the litter box, taken out the trash with last night's shrimp in it, etc. *don't spray air freshener or install plug ins or light candles.* They only make people think you're covering up smells.
- Don't put on music. Lots of people put background music on, but it can be distracting for buyers who are trying to concentrate and talk with their agents. Furthermore, it may seem like a ploy to cover up highway or other noise.

TAKEAWAY

- Say yes to appointment requests if at all possible.
- Keep the house clean and tidy--not simple, but critical.
- Remove pet smells and other evidence as well as possible.
- Don't add scents or sounds.
- Leave for showings.

NEGOTIATING OFFERS

One of the wisest decisions you can make early on in the sales process 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. Cooperative negotiating is more effective than adversarial negotiating.

Understand your position. Negotiating strategy depends heavily on whether the seller or buyer is in a stronger position. If there are multiple, over-asking bids, you can better afford to push back on price/terms. However, if your house has been on the market for several weeks and someone finally makes an offer, you will want not want to risk losing that buyer. From a negotiating standpoint, you'll want to tread more carefully and focus more on compromise and mutual accommodation.



Know what is most important to you. While price is often the key component of an offer, be sure to take the time to consider what other conditions and terms might be valuable to you. Is flexibility of settlement date something that would make the sale much less stressful? Is the idea of having an inspection something that you want to avoid at all costs? Are you skittish about whether the property will appraise and, therefore, would prefer a cash offer vs. one with a mortgage?

Find out what's important to the buyer.

If you can relieve a pain point for the buyer, that buyer might be more willing to be flexible on other terms. For example, if a buyer needs a very specific settlement date, you might be able to push back on price a little if you can honor that settlement date. Similarly, if that buyer can afford to mortgage more, but is short on cash, you could suggest increasing the purchase price and offer him a credit.

Be realistic. While not always, usually, your first offer is your best. There tends to be more "buzz" around new properties and more competition from other buyers. Whether it is or is not your first offer, recognize that market value is based on what someone else will pay for it, vs. what you would like to get for it. Holding out too long for a "satisfactory" offer may leave you with an unsold property.

TAKEAWAY

- Negotiate cooperatively.
- Identify what's most important to you *and* to the buyer to produce the most workable compromise.
- Be realistic about what the market is saying about value.

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.

interpreting the report: When you look through the report, you are bound to feel like the inspector was nitpicky. The inspector's job is to be nitpicky. He is supposed to identify material defects and safety issues. He will also mention systems or areas to be monitored.



How should you determine which items are significant? First of all, if you disclosed any of the them in the Seller's Disclosure, the buyer is less likely to actually expect them to be addressed. Their offer was made with the knowledge of those particular defects.

A phrase you are likely to see is "toward end of useful life". That language means a system is old, but still operating within acceptable limits. In a sellers' market, most owners will balk at requests to replace those. In more of a buyers' market, a seller may offer a partial credit toward a new one.

Should you offer repairs or a credit? In the event a buyer asks for you to repair certain problems found by the inspector should you do the repairs or offer a credit? There are pros and cons to both options.

If you offer to do the repair work, it means:

- You have the responsibility to coordinate and complete the repair. With a credit, it's the buyer's job.
- If expenses for a repair go over budget, you are expected to absorb the cost. If you offer a credit, the buyer has to cover any shortfall.
- You can't be sure the buyer will accept the seller's repair. If the buyer coordinates his own repair post-settlement, any dissatisfaction does not affect the seller.
- You may spend less on repairs than a credit, depending on cost estimates and actual repair costs. Similarly, since some buyers ask for credits toward repairs *that they don't intend to make* (they just want a cash credit), offering to make the repairs is a way of calling their bluff. You might be able to compromise using a cash credit of less than what the repair would have cost.

TAKEAWAY

- Understand the report and which things are "reasonable".
- Navigating inspections can be complicated and you need to understand the pros and cons of offering a repair vs. a credit in each individual scenario.

PREPARING FOR CLOSING

Once any inspections have been negotiated and other contingencies, like the mortgage contingency, have been met, the bulk of the work for the seller is done. You might be required to submit a few forms or answer a few questions, but the buyer's title company will be managing most of the rest of the transaction. They are responsible for handling and disseminating all the money and conducting the closing.

Use and Occupancy Certificate: Locally, most of our townships require sellers of residential real estate to fill out a form that they use to ensure the property is safe. It asks about smoke detectors and whether the house numbers are visible as well as whether any sidewalks in front of the house are tripping hazards. If they require any repairs, the seller is responsible for them.



Miscellaneous paperwork: Usually, at this time, your agent will send you a mortgage payoff form to fill out. You may also be asked for your social security information so that they can confirm you have no unpaid child support, alimony, etc. If you are not attending closing and are signing a deed package, you will do so now.

Title company tasks: Behind the scenes, the title company is performing a title search, to ensure they can convey the deed free and clear to the buyer. They are also confirming the status of taxes--which ones have or haven't been paid, so that they can balance all the money coming in from and going out to all parties.

What should you be doing?

At this stage, you should be focusing on your actual move. You will need to be packing up and arranging for movers and someone to clean the property prior to closing. Be sure to cancel your home owner's insurance as of the date of closing. Additionally, contact the utilities (including trash pickup, if it's not municipal in your area) to coordinate moving them out of your name the day after settlement. It is the buyer's responsibility to contact them as well to set up new accounts.

Any other deliveries, like the newspaper, or auto-shipped items should be diverted to your new address. Be sure to file a change of address card at your post office.

Finally, I think it's nice to gather together all owner's manuals you have for appliances, etc. as well as a list of service providers (electrician, landscaper, plumber) for the new buyers as a courtesy. It is always greatly appreciated.

TAKEAWAY

There are a few stray papers for you to sign, but the title company is handling most of the rest of the paperwork now. You should be concentrating on your move!