

FAQ'S FOR SELLERS

How Much is Your Home Worth?

In today's fluctuating real estate market, answering that question can be extremely complex. Generally, there are four criteria that can help homeowners determine an accurate as well as maximum selling price for their home.

The first: investigate area trends. Check with a real estate agent to determine the current selling price of homes in your area. Real estate firms generally survey properties in the surrounding areas and translate that to computerized reports divided into specific communities. Compare your home with similar homes that have sold. This should provide you with an idea of what homes are being sold for as opposed to what they are listed for.

Next, pay attention to "migration" trends and see if people (and businesses) are moving in-or out-of the area. One of the best ways to track movement is to read the business section of the local newspaper or talk to the Chamber of Commerce. If there is a lot of movement into the community, chances are home prices will be going up at a relatively rapid rate. Obviously, if there is heavy migration out, prices will be flat or could even drop.

Remember, too, that two side-by-side homes can command radically different prices. Part of the reason can be attributed to certain features that may enhance the value of the home in the buyer's eyes. For instance, older homes that have been upgraded with new fixtures, windows or room additions command higher prices than homes that remain unchanged. In many cases, with minimal expenditure, these price-enhancing features can be added and sellers can often increase the property's value by thousands of dollars. Unchangeable elements such as lot size, or single story versus two-story can, of course, impact the value of adjoining homes.

Perhaps one of the most critical elements in selling a home, is pricing.

By carefully following the local real estate market, or contacting a real estate professional, not only can sellers determine the right time to sell but, most importantly, they can also ascertain the correct price to list the property at to get it sold.

Why Do Some Homes Sell Quicker than Others?

They are priced right. Pricing is usually the number one determinant as to how short or how long a home will be on the market.

Obviously, the property has to be priced competitively, but do not set the price based upon what you heard a neighbor received for their home.

Adjacent homes can be radically different. They both may have the same floor plans, but improvements, a more desirable location in the tract, and other seemingly small variations can make a significant difference when it comes to price.

In determining the right price, one of the most important traits you need is objectivity. Homeowners, naturally, have an emotional attachment to their home, and because of their feelings they oftentimes overestimate what their home is worth.

Despite the attachment, try to be practical and logical. Make a competitive study of recent sales that are comparable to your home. Evaluate price per square foot, age, condition, location, schools, and extras.

Remember, that the value of your home can be impacted by developments that are not yet in place. Is there vacant land nearby? If so, what businesses, or structures will be erected there in the future? Is it a desirable addition to the neighborhood? If there is vacant land, visit the local planning and zoning commissions to see what might be built or, check with a local real estate professional to help you find out what development plans might be in the offing. He or she should also explain the elements that go into pricing and why. And, ask the associate about a CMA (Comparative Market Analysis) and what it means.

Remember, too, that little things can make a big difference once the home has been priced. Cosmetics are crucial. Spruce up the property as much as possible.

A little exterior paint, some new shrubbery, and making sure that the house is always neat and clean can make a tremendous difference. The most important impression is the first-and the first thing buyers see is the exterior. It should look good.

To get an idea as to how price is determined, contact a local real estate professional. Ask them to carefully choose an associate who knows your neighborhood.

In today's market, there are buyers-for homes that are priced competitively.

A lack of "action," usually indicates that your property is one of those that has been priced incorrectly. Most important, be objective. Try to look at your property as if you were a buyer going through it. What do you like? Dislike? How does it compare to other properties in the area? Is it worth more? Less?

Answer those questions objectively and you will not only be on the way to pricing your home correctly . . . but to selling it too.

Thinking About Selling Your Home?

Selling a house in today's market is not like it was a decade ago.

The market, as well as consumers, are much more astute and the laws more complex. Liability and disclosure can complicate the sale.

Perhaps the biggest obstacle a seller faces when they decide to market their own property is emotional attachment. Many owners are blind to flaws that a real estate professional can see. And, a good Realtor goes further and recommends steps the homeowner can take to make the property more appealing-a fresh coat of paint in the kitchen, replacing a rusty mailbox, or

removing clutter to make the home appear more open. The objective view can be the difference in making a sale.

An experienced Realtor can also provide a seller with a Comparative Market Analysis, so the owner knows what the home is actually worth, instead of what they feel it's worth.

Which Home Improvements Add?

While some home improvements can add significant dollars to the resale value of a residence, others are barely worth the investment. So how can homeowners decide which improvements will add significant value and which won't?

Here's a few tips on cost-effective improvement; upgrades that can make the difference in the sale price and add value to your property.

As a rule, kitchens and baths are the two areas that most often make the difference in a sale. They make the most impact on buyers, and definitely impact what buyers perceive the property is worth. But, kitchens and baths are not inexpensive to upgrade.

The national average for remodeling an entire kitchen is more than \$20,000 with some running upwards of \$30,000. Complete remodeling can include cabinets, floors, counters, sinks, appliances, lighting fixtures and new windows.

But, there's a way to put a new look on this important area without spending significant moneys. For a relatively low cost, homeowners can make spot improvements. For example, for as low as \$1,000 the existing countertop can be replaced with a Formica top. For \$2,500 to \$3,000, the existing cabinet faces can be replaced with solid oak faces. Homeowners can buy a new sink at a home furnishing store and have a contractor install it for approximately \$300 - \$400. The end result is improved appearance-and usually a higher selling price for relatively minimal expenditure.

Other areas that influence price: Room additions, on the other hand, may add value, but may not end up paying for themselves. Upgraded carpeting, top-of-the-line windows and vaulted ceilings can command higher resale prices, but it is unlikely that the seller will be able to recoup their original investment.

Existing features that have diminished with age can usually be repaired without a lot of added expense. Hardwood floors, for instance, cost \$1.50 - \$2.00 per square foot to refurbish, but it is a good investment because buyers are willing to pay more for the refinished appearance.

For older homes, people are more energy conscious, so improvements in the insulation of windows, doors and storm doors are smart investments.

In general, neutral, light and bright are the best rules to follow-a neutral decor, freshly painted walls and clean carpeting also help to sell a home faster.

Over Pricing Property?

A high price conveys the message that the seller may not really be interested in selling. And, when a home is priced too high, agents and buyers usually just cross it off their list and move on. After all, there are plenty of other listings.

Of course, deciding the value of a home isn't an exact science, so it's understandable that a seller might put their home on the market with an asking price that is on the high side.

Additionally, most of us believe that our homes are really "worth more" than the one down the block, around the corner or the one next door that was just sold. And, if we are wrong, we can always drop the price later, can't we? Yes, but by then, the seller may have not only lost potential buyers, but they may have also driven off interested Realtors-and Realtors are the prime source of buyers. Generally, they bring the buyers.

When a property is put up for sale, the first 30 days are the most critical. Statistics show that's when most buyers (and Realtors) see the property. Interest is highest at this time. But, the higher price the property is on the market, the fewer the prospects (and Realtors) will view it. Thus, the initial period is critical with the proper pricing.

Some sellers, however, believe that if someone is really interested they will counter-offer. Some will, some won't. Some well-qualified buyers may just walk away. The bottom line is a high priced listing will turn many buyers off.

Still, a seller wants to be confident he or she is getting the best price for their home. The way to accomplish this is by talking to a real estate agent before listing the property. Ask for a comparative market analysis-that is, research what similar homes in the area have sold for recently. Compare your property to those, and have the agent help you calculate a fair market value. Be objective-even though it is your home.

Remember, an over-priced listing will usually result in an unsold property.

How to Make a House Look "Bigger and Better".

One sure way for you house to appear larger-and more appealing-is if clutter is eliminated and furniture and household goods are reorganized.

In fact, the time to have a garage sale is before you put your house on the market, not after it is sold! When you decide to sell, start going through your closets and cupboards, eliminating items you don't want to keep.

Do the same in the garage and backyard.

Get rid of, or store, the odds and ends. It's interesting to note that the more someone lives in a home, the more used to the clutter they become.

Unfortunately, closets, cupboards and garages brimming with "old treasures" make a home look small and cramped to a prospective buyer. Sellers should also carefully examine their furniture, and consign items that are not needed to the storage or the garage sale. Most homes occupied by the same owner for several years tend to be somewhat over-furnished. Erring on the side of space, not clutter, makes for a more marketable home.

Another "item" that adds to the clutter of a home are excess knickknacks. Scrutinize the kitchen for rarely used utensils/gadgets; miscellaneous items in closets and cupboards, even small furniture and throw rugs, that can be neatly stored.

Pack or give away clothing that will not be worn as well.

Rearrange and organize. Remove as many articles as possible from the kitchen and bathroom countertops to the cupboards below-they'll still be within handy reach in the newly created space. Organize closets. Clear off your night stands and bureaus.

Size up the arrangement of your furniture-any room for improvement there? Examine the walls and windows. Do they need repainting or new window coverings? For some expert, objective advice, have your real estate professional go through the home. Realtors know what enhances a property's appearance -- and what hinders it.

One last hint -- don't forget the outside. Sweep the garage and sidewalks, trim the lawn and bushes, wash all the windows, inside and out. It all helps to make your home look fresher, lighter-and larger.

How Can Two Similar Homes Vary in Price by So Much?

Forgetting, for a moment, the interior improvements that set one home apart from another, there are exterior factors that also influence price. For instance, homes on primary ingress and egress streets-(that is, the main streets that lead in and out of a tract)-generally appreciate more slowly than those within the tract that are not on primary streets.

Primary ingress/egress streets generate more traffic and are therefore, generally less desirable. Thus, they have lower prices.

Within a tract, a home on a cul-de-sac may generate a higher price for the same reason-less traffic. Cul-de-sacs are frequently like a maze and they discourage drive-throughs, which is, of course, a definite benefit to residential privacy.

Even properties on one side of a street can be worth more than a similar property across from it. Why? Certain communities, because of their name, are more prestigious than others.

Existing homes may differ radically in price for another reason-one homeowner wants to sell, and the other has to sell. The motivation for each is quite different, and so may be the pricing strategies.

Some other factors that influence price: What commercial developments are adjacent to the tract? How (un)desirable are they? And, don't forget supply and demand.

The wise buyer checks one other thing-a community's master plan. This is a must, especially if a tract (or home) is surrounded by vacant land. Most communities have one. It is usually drawn up by planners within the city or county and approved by a local planning commission. Find out what is going to be built nearby and determine how it might impact the value of the tract. All this, of course, takes time and homework. But, it is well worth it, especially when you consider that the purchase of a home is usually going to be the largest, single financial investment most people make in a lifetime.

What is the MLS?

MLS stands for "Multiple Listing Service," which is usually a computerized listing of virtually all the homes that are for sale in a specific area.

When a Realtor lists your property for sale, they pay a fee and your home is placed on the MLS system. The big advantage to sellers is that the MLS is the #1 resource used by buyers (and agents) to locate homes.

Properties that are not listed (usually those being sold by their owners) are not on the MLS-thus there are many buyers and Realtors who will not be exposed to the home.

The MLS has become such a standard in real estate that no serious broker would think of trying to sell real estate without it. It would be like an accountant trying to work without a calculator. About the only residential brokers who might not use the MLS are those who exclusively handle foreclosed properties, or high-end homes owned by celebrities and the like.

The MLS provides a surprising amount of detail, depending upon the area of the country it may include the location (by zip code); size of the home (square footage); size of the lot; number of bedrooms and bathrooms; extra rooms such as a den, family room, formal dining room, or enclosed patio; amenities such as a backyard, fireplace, hot tub, pool, kitchen features, new carpet and drapes; capacity of garage; age of home; and, of course, the selling price and terms. Buyers can narrow their house-hunting searches dramatically by using the MLS. For instance, their real estate professional can do a computer search and ask for a listing of all homes within a certain location and price range that have two or three bedrooms and that are not more than ten years old. Not only will this request generate a brief list of viable possibilities, it also helps buyers gauge, roughly, what they can expect to get for their money, and to compare the value of the homes listed.

Thus, the MLS is more than a system that lists properties. It's an aid to both buyers and sellers, and is a definite asset to consumers when it comes to real estate.

What is Escrow?

Escrow is a process that begins when the purchase offer papers are signed by both parties, and ends when the loan is approved and all the necessary requirements have been fulfilled by both the buyer and the seller.

The escrow holder is an intermediary, and an agent of both the buyer and seller. The escrow holder is given the buyer's deposit, and holds onto all funds until the agreement is finalized. They notify the seller when the deposit has been received and if the check has cleared the bank.

The escrow holder also draws up a set of instructions, itemizing things that have to be done to the property before it is sold and the title is transferred.

For example, if the seller is required to supply a termite inspection, the escrow holder would track this obligation and make it is fulfilled before any funds are transferred to the seller. Findings in the termite inspection report must be corrected on or before the close of escrow. If the report calls for a plumber, roofer or other contractor, the agent would advise the seller and get authorization for work to be done.

The escrow company is typically the title company (in California)..

The escrow/title company provides a complete ownership history of the property and any liens on record in the preliminary title report. Anything that is out of the ordinary, such as condo liens, judgments, etc. against the buyer and the seller must be clarified prior to the close of escrow. The escrow process can be any number of days depending on what is agreed upon between the buyer and seller. To assure a timely closing, the buyer should do things like inform, the escrow holder of the name and phone number of their insurance agent as soon as possible. The homeowner insurance policy needs to be ordered early, so verification can be made with the lender. The lender will not fund a new loan without a homeowner policy. If there is a delay, the escrow process may be held up.

What are Closing Costs?

First, the responsibility of who pays for closing costs is always negotiable. Local custom may dictate which fees the buyer will pay and those the seller pays.

Typically, the buyer pays for home inspection services and escrow, deed preparation and recording fees, depending upon what is customary for the county the property is located in. He or she may also pay for title insurance, since this is required by the lender. The buyer is also responsible for any fees or costs associated with obtaining the purchase loan.

The seller customarily pays the real estate agent's commission, as well as costs associated with transferring an unencumbered title, such as a title search, reconveyance deed and documentary transfer tax.

Often, a seller will sweeten the deal by offering a one-year home warranty.

Who will pay for what closing costs customarily differs from county to county and should always be clearly spelled out in the purchase offer. A creative sales associate will consider the cash, income and tax situation of the home seller and the buyer when constructing an offer. For instance, if the buyer is short of cash, the agent may ask the seller to pay the buyer's loan points up front in exchange for some other concessions from the buyer. In this scenario, the buyer and seller benefit and both get what they want.

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