SELLER'S SECRETS

PREMIERE ONLINE REAL ESTATE SECRETS FOR THE HOMEOWNER!

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Picking the Wrong Realtor could cost you Thousands of Dollars.

95% of sellers who sell their house are involved in one of the largest financial decisions they'll make in their lifetime; therefore experience is a must.

Dear Home Seller,

This booklet will help you learn the ins-and-outs of selling your home and what it takes to achieve top dollar with minimal risk.

I am selective with my clients. The fact that you're downloading this booklet shows you are someone who cares about the process and wants to be educated. If you need an agent, or further advice, call me anytime and I will be more than happy to work with you. The majority of my clients are referred, because I meet my clients' needs and make their home selling process run smoothly.

The content of this booklet contains a vast amount of knowledge - from basic terms to steps in achieving top dollar for your home. The information is compiled for successful technique agents to use and obtain results. I'm sure you'll find the book informative**,** and I'm always available to answer your questions.

Why Am I Willing to Give This Information Away for Free?

I want my clients to feel comfortable in the process. The reality is that many people try to sell their home on their own. This booklet will help. Although I risk the loss of a client, most homeowners, who sell their home, find the process not to be worth their time or risk, so they end up hiring an agent.

If you are someone who already has an agent in mind, please use this information to ensure you obtain proper service. If you have *not* made up your mind, then I encourage you to compare that agent to what I have to offer. Although most people choose their agents based upon referrals, statistics show that most homeowners are not satisfied with their agent by the end of the process. The lesson here is to do your homework and make sure the person you are looking to use is more qualified than me. Otherwise the end result could cost you dramatically.

My website is one of my powerful tools to get my homeowners homes sold for top dollar. Few agents fail to learn the ins and outs of marketing a home sufficiently and instead ride the wave. My interest in being a leading agent allows me to help increase the size of the waves others enjoy riding.

My focus as an agent is to provide you with the utmost attention and ensure that my staff or me is meeting your needs on a consistent basis. As you review this booklet, you'll find key tools that will allow you to find success in selling your home.

SHOULD I SELL MY OWN HOME?

You are ready to sell your house and want to know if selling your home on your own is the best solution. The truth to this question can come with a bias, so I will provide both sides.

If you do sell your own home (known as a FSBO – for sale by owner), you're incurring a lot of responsibility, but can save a fair amount of money. Generally**,** the seller pays between 5-8 percent of the sale, to the agents. Selling your home without an agent will save you that 5-8 percent. And since the majority of buyers have an agent, you will have to cover the 2-3 percent for the buyer's agent, meaning you save around 2-3 percent on average. This is around $4,000 - $6,000 dollars on a $200,000 home. You can only speak to buyers that do not have an agent, but then you are quickly limiting your potential customer base. If you do find an unrepresented buyer though, immediately your savings rise dramatically! This is the juicy part of being a FSBO. But let's examine the reality of selling your own home.

First and foremost, let's stand in the corner of common sense. Being an FSBO can save you money. But, if this approach saves significant cash, why do only a small percentage of FSBO's exist? There are many reasons.

If you sell your home, you're responsible for learning everything. However, learning is only the first stage; you also have to do everything, including taking the responsibility for marketing your home. The marketing classes you took in college will now pay off. The downside, as you may have guessed, are cost options of advertising funds. Plus, your competition consists of experienced agents who are adept at catching the attention of buyers. To get around this issue, I suggest you mimic ads that catch your eye - and learn from their experience. Depending on the market, you could easily spend anywhere between $100- $200 advertising per week.

***A note to remember -** when advertising, you have to abide by certain state laws. Be sure to speak with an attorney or an experienced agent who is willing to give you free assistance.

Lets not jump the gun here, though. First, you need to price your home. You can do this with a pre-appraisal or by paying for a Comparative Market Analysis, called a CMA. Although the CMA will not provide the exact amount you should charge, it will give you a ballpark price. We always suggest starting slightly above your ideal target, because the buyer will try to negotiate and get you to lower your asking price.

Here is where agents can practically pay for themselves. Agents have access to key data for identifying market trends and experience in pricing your home properly. Over or under pricing can have a devastating affect on your result as a FSBO. This is why most people use an agent. Those who fail to properly price may end up getting less than possible (even after commissions) if they had used an agent.

As a FSBO, though, you'll find that you will get less traffic walking through your home, especially if you have not paid to be included in your local MLS (multiple listing service). You can do this for an inclusion fee, which varies with MLS. The fee will range between $300-$500.

If you fail to get good results from the MLS and advertising, the risk of lack of potential buyers looms**.** This means your odds of getting a strong asking price are reduced. If you have an agent, the agent will do the majority of negotiating for you. This is where their experience shines: They know how to deal with the other buyer's agent, as well as any concerns arising from the transaction. If you are a FSBO, you have to deal with this process and we warn you, a seasoned agent might take advantage of your lack of knowledge and pressure you into doing more than you need too.

To combat this, we suggest hiring an attorney. Let him or her look over the paperwork and ask for his/her presence at the closing. Without an attorney, you're really taking the risk of missing something. Therefore, if you sidestep an agent, make sure your attorney becomes your friend. Depending on their involvement, their cost will run a couple hundred dollars (to look over the contract), to a thousand dollars (being involved during

each step to the closing). If you take the FSBO approach, be careful to find an attorney that peruses the documents.

Another aspect you will need (as a FSBO) is flexible time. When someone wants to look at your home, you need to be ready to show it and be there! This means you have to meet the buyer's needs. Whereas working with an agent, he or she will take care of this and will work with the buyer's agent, reducing your involvement dramatically.

Once again, we run into another legal issue. When you work and show your home with the buyer, by law you are required to take certain steps and provide the buyer with specific disclosers. Again, we recommend that you find a good real estate attorney to tell you what things, by law, have to be disclosed to the buyer prior to a sale. It's imperative that they read any contracts, and ensure you do not inadvertently discriminate against potential buyers.

These are some plus and minuses in entering the FSBO world. Although we are obviously biased to using an agent, there have been many successful FSBO's transactions. Therefore, if you take this approach, just be sure to hire legal advice to keep you on the right track.

If you are going to sell your own home, still feel free to contact my office. I can assist you in some areas. Here are some other facts about FSBO's to take into consideration.

For Sale By Owner (FSBO) Statistics

Did you know?
The typical FSBO home sold for $145,000, compared to $175,000 for agent-assisted home sales.

FSBO Methods Used to Market Home
Yard sign 72%
Friends/neighbors 27%
Newspaper ad 61%
Open House 41%
Internet 20%

Most Difficult Tasks for FSBO Sellers
Getting the right price 19%
Understanding paperwork 30%
Preparing / fixing up home for sale 26%
Attracting potential buyers 7%
Having enough time to devote to all aspects of the sale

STEPS TO EXPECT WHEN SELLING YOUR HOME

Selling your home is not on anyone's top 10 list of fun things to do.

It's time to sell, so here is a simple game plan of what you can expect during the process. First time sellers, listen up, because now it's your time to find the buyer!

First and foremost, figure out if you want to sell your home on your own or with an agent. The vast majority of people choose to sell their home with an agent, which is statistically wiser. Fewer financial results and smaller sales are produced from homeowners selling their own homes. How can this be? The simple fact is that the sale of your home depends upon what a buyer is willing to pay. If you cannot attract the right buyer, or negotiate the proper deal, then you're stuck behind the eight ball. And remember - marketing your own home can be very costly.

With an experienced agent, covering the marketing cost and applying proven plans to sell your home becomes less stressful. They are experienced with the process, which means fewer mistakes, if any at all. **Is the 2.5-3% savings worth it?** We suggest searching and weighing the pros and cons before making this decision, thinking you will save.

During the decision process, you want to make sure the reasons for selling your home are beneficial. Many people move to save money, finding out that close to 15% of their home sale goes to moving costs, closing costs and the agent (or marketing for FSBO). Speaking to an accountant is also beneficial to protect yourself against any tax consequences.

Once you've made the decision, you will then Prepare to Sell, Set a Price, Accept an Offer, Close the Sale, and then Prepare to Move.

Prepare to Sell

It is now time to look through the eyes of the buyer, transferring your home of memories into a dream house for someone else. Decide whether you want to hire an agent to handle the sale, then do whatever necessary to get your home in it's best possible condition.

Take the initiative and get a pre-sale inspection, to prevent costly surprises from the buyer's inspector. Inspections usually cost between $300 to $400. If major damages are discovered, your decision to sell or at least the price at which you sell may be altered.

Most states now require sellers and their agents to disclose issues that may affect a buyer's decision to purchase your home. This is a touchy topic, so speak with your agent to make sure you understand what you need to disclose, what repairs need to be made, or what problems can be back-ended by adjusting your asking price.

This is not the time to undertake major improvements. It is generally wiser to make only necessary repairs and cosmetic improvements that will enhance your home's salability.

Your taste may appeal to you, but may turn off the buyer. Decorate the home with neutral tones that will add charm. Consider replacing out-of-date carpeting, painting odd-colored rooms, and polishing your home's appearance. You may also want to kennel your pet during this time, and hire extra cleaning help while your house is on the market, especially if an odor exits throughout the home.

Set the Price

Your home's value is ultimately what a buyer is willing to pay at any given time. It's dramatically affected by the strength of the market: supply verses demand. If you want to sell quickly, or you are in a buyer's market, you may decide to set your price lower than market value. On the other hand, if you're in a seller's market where multiple offers are common, you may want to set your price higher than market value.

Use an Agent to Set the Price

If you plan to work with a listing agent, chose one familiar with your area that has a track record. A good agent will provide an honest assessment of your home's value. When deciding an agent and sales plan, consider the current market and your home's salable assets as well.

Comparative Market Analysis

A comparative market analysis should take into account repairs, improvements, and annual costs (such as property taxes) of your home, in addition to its size, features, and amenities. Expect to get an analysis of recently comparable homes sold in the neighborhood, as well as a list of equivalent homes currently for sale. When you receive the analysis, break down the home comparisons to square footage. It will allow you to analyze how accurate the CMA estimate is.

One Step Further

If you want confirmation of the list price you have in mind, get a pre-sale appraisal. Appraisers use comparable sales in addition to other information to make their determinations. The appraisal will cost between $250 to $500 dollars.

Accept an Offer

In most cases, you will wait anywhere from 30 to 60 days for an offer, depending on the market and location of your home. This can be an emotional process, especially if offers come in far below your list price, or your home has been on the market for several months. This is why obtaining an experienced agent is essential, so you know what to anticipate and can attack the market accordingly.

Never rush. Take the time needed to make an appropriate decision and never jump at initial offers. Consider all offers carefully, and make sure that the terms are as favorable to you as they are to the buyer. Never accept an offer on the phone. Contact your agent and meet in person. This rule will prevent you from emotionally reacting.

Before you list your home, decide on the lowest acceptable offer. Keep this number to yourself; do not share with your agent, as the number may change during the time your home is on the market.

Make sure that everything is in writing. This is for your protection and the buyer's. Documenting the process helps avoid confusion and potential legal problems down the road. In most states, land transitions and their details need to be in writing to be valid.

The majority of the time, you'll want to counteroffer. Someone purchasing a home will almost always start out on the low side, so take this into consideration. Using an agent during this process will be an advantage, as they are use to this process.

Close the Sale

You have identified the buyer. Now the buyer is busy with financing; until the sale closes, you are responsible for keeping your property in the same condition as when the buyer saw it last. The closing date should be clearly specified in your sales contract, which should include deadlines for the buyer to sign off on contingencies. Make sure the buyer meets any deadlines you've set.

Be ready to deal with any problems that may crop up. **For example:**

Unsatisfactory home inspection - If the fix is major, you may want to split the cost of the repair with the buyer, or give the buyer a cash credit at closing to cover the repair. If the fix is minor, or you are selling in an active market, your sale might go through without any concessions on your part.

> **Preventive measure:** Make sure that your sales contract is specific in its inspection contingency and doesn't allow for the entire transaction to be renegotiated on the basis of the inspection.

Low appraisal - Your deal could fall through if the buyer's appraisal comes in lower than the agreed-upon sales price and the lender refuses to issue a mortgage. Ask for another appraisal if you think the buyer's appraisal was wrong, or renegotiate your price. Another option is to offer seller financing for the dollar difference.

> **Preventive measure:** Give the appraiser the most recent comparable sales from your neighborhood, and make sure your home is in top condition.

Cloud on the title - Title problems can take several forms, including unsatisfied liens against your property, delinquent taxes, and encroachments on the property line. In order to clear the title, you will have to pay any liens or delinquent taxes. Title companies are used to dealing with encroachment issues, which may be resolved with some kind of insurance policy.

> **Preventive measure:** Check your title before you sell and make sure it is clear.

Buyer's remorse - Occasionally, an uncertain buyer will decide to pull out of the deal regardless of the consequences. Try to work with the buyer's agent to determine the problem. You may be able to suggest a solution that reassures the buyer and rescues the deal. (If not, you may be able to keep the buyer's deposit.)

> **Preventive measure:** Learn all you can about the buyer's motivation before you accept an offer. Also, be sure the sales contract allows you to keep the security deposit.

Prepare to Move

Once you've sold your home, you can proceed with your move and tie up loose ends.

Create a file in which to keep all closing and settlement papers: include receipts for any home improvements you made while you owned the house. Even though it's unlikely you will have to pay capital gains tax, you will need these figures for your next tax return.

If you are planning to buy another home, decide how much you need for a down payment and moving costs. If you made a profit on your home sale, it may be wise to make a minimal down payment on your next home, and invest the rest. This will depend on your tax situation and how the numbers evolve. Consult your financial advisor. If you aren't buying another home right away, you may want to opt for a combination of long-term and short-term savings and investment plans.

Make sure that your sales proceeds are in the right place when you issue checks at closing. Do a walk-through of the property right before closing to avoid last-minute surprises.

Avoid getting caught by late payment fees: Before you move, send change-of-address notices to creditors, professional associations, and publications to which you subscribe.

If you are closing your sale and purchasing a second home simultaneously, it's important to make sure your utilities are switched off at your previous address and switched on at your new address around the closing date.

SHOWING YOUR HOME

When you have your home on the market, it needs to be ready to show at all times. Of course you won't have someone showing up at 7:00 a.m. or 10:00 p.m., but during reasonable hours, your home could be shown multiple times throughout the day and evening.

Have your agent put a lock box outside. This will allow them easy access without bothering you. Lock boxes contain a house key, are completely secure, and only licensed agents will have access.

If you have indoor pets or some other situation where a lock box wouldn't work, agents can schedule appointments, which give you advanced notice. Keep in mind that they could call 10 minutes before a showing, although usually you will get an hour or two notice. Therefore, the best plan of action is to be prepared at all times. If an agent requests a showing and you refuse, instead of rescheduling, more than likely the potential buyers will just move on to the next house, meaning you've lost a possible sale. You never know what showing will turn into a contract.

Stay away
If possible, don't be home when agents show your home. This allows the prospective buyer to look around at leisure and ask questions without pressure. If you're home, for example, in the middle of cooking dinner, stay out of the way and don't volunteer any information unless directly asked a question. Otherwise, let the agent do the talking.
Environment

If your home is being shown in the summer, make sure your home is cool on the inside - just as you would keep it warm in the winter. You want to do everything possible to make your home feel like a home, which is what appeals to potential buyers and leaves a lasting memory.

Cleanliness
Your home doesn't have to look like it was just featured on the cover of *Better Homes and Gardens*, but do your best to have it clean and tidy. Make sure there are not papers scattered about, the sink is empty of dirty dishes, toys are picked up and put away, furniture and items are dusted, and rugs are vacuumed.

Lighting
When you know someone is coming, ensure appropriate lighting. At night, this would include flipping on front and backyard lights. This provides a cozy feeling and makes your home more inviting.
Repairs

If you notice rooms or areas that need paint touch-up or complete repainting, this is the time to do it. Make sure there is no torn wallpaper, gouges in the wall, etc. These types of things should all be fixed prior to your home going on the market.

Fragrances
Try to avoid scented sprays such as room fresheners or carpet deodorizers. Even if you use these products on a normal basis, to the buyer, it might appear as though you're trying to mask some other type of odor. If you do want to have a nice fresh fragrance, consider fresh cut flowers, potpourri, or a soft-scented candle. A great home remedy is to mix one tablespoon of each - nutmeg, cinnamon, ginger, and pumpkin spice. Pour all into a small saucepan filled with one cup of water, blend well, and simmer. Another option is to place a couple drops of vanilla extract directly onto the stove burner and heat quickly. The aroma is wonderful. Either option will give your home the fragrance of a nice home-cooked meal. Don't use anything too overpowering; the potential buyers might have allergies.
Visuals

Set a bowl of colorful, fresh fruit out on the kitchen table. Drape a soft throw blanket over the back of a recliner, fan magazines neatly on the coffee table, or light candles that glow in the bathroom. These charming touches make your home more cozy and inviting. Take a quick look around each room and see if there are things you can do to add a nice, finished touch. If you need more ideas, look through some home decorating magazines for quick tips.

Trash
Make sure all trashcans are kept emptied, especially in the kitchen where food items are thrown. Check bathroom trashcans that might contain personal items. When people look at your home, you want to leave a positive impression. Seeing overflowing trash is derogative to a sale.
Don't forget the garage

Make sure you don't forget the garage. Keep your tools and storage items neatly arranged. If there are oil stains on the garage floor, use sand and newspaper to wipe it up. This is **considered** another room of the house and should get the same level of attention.

Pets
This can be a little tricky. Make sure your listing mentions that you have pets. First, you don't want them to accidentally escape and second, you want people who might have allergies or are fearful of pets to be aware they're in the home. If possible, remove your pets prior to the showing. If you can't do this, try to put them in a kennel, the backyard, or garage where they will be out of the way.

LOOKING FOR LOCAL AREA PRICES

You are curious about how much your home is worth and want to find out what the market value is for homes in your area. There are numerous ways to accomplish this, but the most accurate way is to contact a local agent and ask them to do a CMA report for you. A CMA is a comparative market analysis, which most agents will do for free.

A CMA (Comparative Market Analysis) is a service normally provided by real estate agents prior to either listing a property or making an offer to purchase a property on the behalf of a purchaser. The true purpose of a CMA is to establish a current estimated market price of a property. This is accomplished by researching both: the currently listed properties and the most recently sold properties, in the same area, with similar characteristics as the property in question. This information is usually provided to the homeowner to help them establish a fair market-selling price, or it may be presented to a prospective purchaser to help guide them with a proper offer to the homeowners. Some real estate agents perform this service for free. Others may charge as much as $300 for this information. **Circumstances depend on who is doing the CMA and the extent of detailed information.**

Can you do a CMA? There are some services that provide it, but to execute a proper CMA you need access to your local MLS **(**multiple listing service**)**. This is generally not available to the public, but **to** agents and brokers. For that reason we recommend calling reputable contacts for a free CMA report completed by an agent.

Be aware there can be half**-**hearted CMA reports done, so be sure you do not get what you pay for! When you receive your CMA, make sure the properties located on the sheet are local and similar to yours. Read the sale dates of the homes used thoroughly - the older ones can be less accurate due to ever changing market conditions.

THE KITCHEN - HOW IT CAN HELP SELL YOUR HOME

Someone in the group of people looking at your home will be or live with a cook. Therefore, the kitchen, more than any other room, is closely scrutinized. It's the one room that has triple uses **-** the hub of activity in preparing meals, dining, and even sorting mail. The kitchen has long been a place for people to just "hang out." This important room has been referred to as the heart of the home.

A recent study shows that as high as 85% of buyers consider the kitchen to be a huge deciding factor in their buying decision.

Even if you don't have the time or finances to complete a kitchen overhaul with custom cabinets, ceramic tiles, and granite or marble countertops, there are some things you can do to spruce up the kitchen that won't cost you a bundle of money. These changes will greatly add value to your kitchen and to the sale of your home.

- Roll on a fresh coat of paint. Stay with neutral colors and use a satin or semi-gloss finish for easy clean up.
- Consider new counter tops. You'd be surprised from how many quality and inexpensive materials there are to choose. If you have a harvest gold or avocado green countertop from the 1970's, this small investment will make a huge difference.
- Create a backsplash. Use tile or even Stone It (a product sold at most home improvement or retail chains. This is a spray stone-like material that's available in colors and can easily be sprayed on for a wonderful effect). It changes the entire appearance of the areas above the stove and sink.
- Sinks and faucets. Now is a great time to trade in the chipped or stained sink for a new one, complete with new faucets, which come in a wide variety of materials and colors. Stainless steel sinks are highly recommended for two reasons. First, they look great, and second, they are the best choice for keeping bacteria down.
- Don't be afraid to accessorize. If you have a small wall area above the countertops, add some nice wallpaper. If the hardware on your cabinets is old and dingy, replace it. If your curtains are outdated, hang a fresh, fun pair of curtains to allow sunlight into the room.
- Remove the clutter. Although empty counters aren't very attractive, neither are countertops that are so crowded with all the latest technology that the buyer can't envision their own things in the kitchen. Keep it neat and organized.
- Let as much light into the room as possible to provide a nice cheery atmosphere. If your kitchen juts out onto a patio or deck, make sure the outdoor area is also neat. A nice view from the kitchen to the outside can cheer up a room, bringing the outdoors in.
- Show off functionality. For example, if your kitchen has a nice desk for paying bills, show it off. If there are other special features such as a trash compactor, or chilled wine rack, make sure **to** point those out as well.
- Keep your appliances clean and in good working order. Don't think someone will bypass looking in the oven, because they won't.
- If someone is getting ready to come through your house, or if your agent is getting ready to host an open house, start baking. The fragrance of fresh baked bread or goodies will add a nice homey feel to your home the minute buyers walk through your door.

Before you put your home on the market, look around the kitchen and make sure it's what you would look for in a home. If not, make appropriate changes.

A hot item in kitchens today is stainless steel. The gourmet look of stainless steel stoves, refrigerators, and sinks is appealing to many homebuyers. Now you probably can't go out and buy all new appliances, but if you have other type appliances, then consider changing your hardware with stainless steel or even use stainless

steel accessories. If you are in the market for new appliances, you can buy new stainless steel models but make sure the buyers know they are coming with you. This will, at least**,** show the potential buyer what the kitchen could look like if they wanted to add stainless steel themselves.

If you own an older home, you probably have one of three designs:

· The Galley · The L-Shaped · The U-Shaped

These designs were all created from the "work triangle" concept where all appliances are positioned within steps from each other. This idea was first conceived back in the 1950s based on information from stay-at-home moms.

By 1990, the designs of kitchens started to change based on lifestyle change**s**. More and more couples starting sharing cooking duties, families started eating more pre-packaged or frozen foods, and people needed better storage and space.

Because of these changes, multiple workstations are now being incorporated in kitchen layouts, **moving** away from the traditional triangle. This new design allows people to work **together** efficiently in the kitchen.

Keep in mind that there are still things you can do to make your kitchen more functional. You can add a center island for more counter space, have shelves built on the wall, install under-counter lighting, etc.

To bring life into your kitchen, you should avoid certain things such as:

· Dark corners in cabinets. To avoid this, add glide-out shelving or Lazy-Susans.

· Obstructive doors. This would include cabinets, refrigerators, stoves, and dishwashers where**,** if the door is open, another area or cabinet is blocked.

· Poor lighting. Bright lighting is a huge selling point. If you have limited, natural lighting in your kitchen, you can add fluorescent or recessed lighting.

All rooms in your home are important when you decide to sell. However, the kitchen is, **by far**, the most important room. It definitely deserves extra attention.

REAL ESTATE SALES COMMISSIONS EXPLAINED

Real estate agents are paid on commission. A majority of the time, both the buyers and sellers commission are paid from the selling price of the home. Commissions are calculated from the percentage that averages between 5-8 percent of the home sold. However, there are some firms that charge a flat rate.

The reason for the difference in rates charges is generally tied to the type of marketing done for the home. If the rate is low, less capital will be placed into advertising the home. If the rate is higher, more marketing will generally be done. This should be worked out before hand with the buyer's agent. In essence, though, you will often times get what you paid for. The average rate is 6%.

Explanation of Commissions
Using an example of 6% total commission:

In general, the buyer's agent will get 3% and the seller's agent will receive 3%. In greater detail, the 3% Listing Commission is to be divided between the listing agent and his/her broker usually at a 50:50 basis. This means the broker gets 1 1/2% and the listing agent gets 1 1/2%.

The 3% Selling Commission paid to the selling agent is to be divided between the selling agent and his/her broker again at a 50:50 basis. The broker gets 1 1/2% and the selling agent gets 1 1/2%.

The 3% Listing Commission + the 3% Selling Commission = **6% Total Commission**

For Sale By Owners are still required to pay the buyer's agent a fee. This fee is generally around 3%.

YOU ARE GETTING READY TO SELL YOUR HOME, WHAT ARE THE ADVANTAGES OF USING A REAL ESTATE AGENT?

When selling a home, you want to use the experience of an agent to prevent issues (lawsuits), sell your home for top dollar, and enter into a smooth transaction that does not flip your normal daily routines upside-down.

A real estate transaction is complicated. Buying or selling a home requires disclosure forms, inspection reports, mortgage documents, insurance policies, deeds, and multi-page government-mandated settlement statements. An agent acts as your educated guide through this complexity, which helps you avoid delays or costly mistakes that can turn into tremendous headaches.

The process of selling a home is time consuming. National averages show that homes stay on the market for an average of 60 days. Once off the market, the closing can take another 60 days to finalize, which means during this time-frame, your undivided time is needed if an agent is not utilized.

Real estate terms and processes are unique. Like anything else, if you do not know the language or the lingo, you place yourself at a disadvantage. Experienced agents - that you will face on the other side of the transaction - will also recognize this. That fact becomes a major disadvantage to someone who does not know the laws and requirements thoroughly.

An agent is aware of buyers' taste during current market conditions. This means their evaluation of a marketing plan and solutions to enhance the value of your home come with experience. This could amount **to** thousands of dollars of lost profits, *if* you fail to understand the buyer's needs and how to increase the homes perceived value before it hits the market.

Real Estate Agents provide objectivity. Since a home often symbolizes family, rest, and security, not just four walls and roof, home selling or buying is often a very emotional undertaking. For most people, a home is the biggest purchase they'll ever acquire. Having a concerned, but objective, third party helps you keep focused on both the business and emotional issues most important to you.

An agent is familiar with writing the detailed contracts involved in a transaction and ensures that they are valid and legal.

The buyer is often reluctant to share their financial status with the homeowner. Using an agent allows the buyers to be more relaxed and upfront, preventing the homeowner from wasting their time with buyers who will not qualify.

You don't have time to leave your job during the middle of the day to help the buyers arrange financing, nor do you have expert knowledge of the current loan market. The time and experience needed for a smooth transaction can be demanding, which is why having a full time agent working for you is ideal.

Negotiations of price can make or break a deal. If you are not confident in negotiating or familiar with the actual process, then you could easily under-price your home or are taken advantaged of by a smooth talker. This could cost you thousands!

When people view your home, their level of honesty with the homeowner will not be pure. Instead they will hold back comments and opinions. This means if a solution could easily be found for their underlying dislike, you'll never get to present it because they fail to share it with you. Human nature does not like to offend people, especially when taste levels differ dramatically, so the interested buyer will remain silent.

You cannot "follow-up" as this will be interpreted as “you must be in a hurry to sell". By keeping out of the negotiations or follow-up process, your emotions and desire to sell are never seen. If they are seen and anxiousness is present, then the buyer has the upper hand during the process, *especially* if there are only a handful of offers on the table.

Many times homeowners make needless outlays to improve the property for selling. An agent's experience can save capital and reduce expenses by improving only key facets they know affect the buyer. This can easily save you thousands.

An agent can successfully screen potential buyers. If this is not done, you can waste tremendous amounts of time showing a home to everyone interested. Also, when the agent shows your home, rather than you, the amount of time and energy you save by not being involved in the stressful process is worth its weight in gold!

You may accept an insincere offer and then spend months in litigation, to free your property in order to put it on the market again. You may find buyer and seller personality conflict, thereby losing a good sale. The agent, as a third party, can diplomatically negotiate and consummate the sale.

The agent will enlist the services of fellow real estate sales people, giving the owner the advantage of his entire local and national sales market.

An agent has the ability to sell your home with comparison factors. By knowing the market and what homes in the area have sold for, he or she can use this towards your advantage. Also, when a buyer comes to look at your house and mentions the other homes they have already looked at or plan to look over, the agent can easily give them a comparison and educate the buyer on what makes your home ideal.

The agent will price the property to sell at a fair market figure, using figures that agents can only get their hands on easily. The average owner overprices when they initially place their home on the market, then after failure to sell, they accept a price far below the market value.

UNDERSTANDING WHAT AN AGENT DOES FOR YOU

Before you can answer the question do you need an agent, let's place, in detail, what one does for you. In most states an agent can represent both a buyer and seller as a dual agent and can individually represent the buyer or seller. Generally, to represent both parties in a single transaction, written consent is needed to be a dual agent. To be involved with an agent as a buyer or seller, most states require signed consent, otherwise known as a contract between the agent and buyer/seller. This helps avoid issues in the future. But, be careful. When a contract is signed, you are usually obligated to use that broker.

A Seller's Agent
A seller's agent is called the listing agent and is responsible for selling the homeowner's property during a given time period, identified in the contract. The seller's agent will represent the homeowner through the whole process from listing to closing.

Breakdown of Seller's Agent Participation

- Represents seller
- The home seller is responsible for paying the Seller's Agent commission and in most cases the Buyer's Agent
- Agent will market the home under the terms outlined in the listing contract
- Agent will negotiate terms of the sale on behalf of the seller
- Agent will assist with escrow requirements

Cautions

- Examine contract terms closely
- Long term contracts, over 90-120 days, can backfire if the market turns south
- Try to keep contract in 60-90 day timeframe
- Make sure agents have a solid marketing plan
- Make sure you are using an experienced successful agent and not a "friend" or "family member"

A Buyer's Agent
A buyer's agent will search the local MLS and will help find the ideal property for the buyer. This process can be drawn out and take awhile, depending on how particular the buyer is about the property they desire, how much they can afford, and overall market conditions.

Breakdown of Buyer's Agent Participation

- Represents the buyer
- Locates properties to view
- Places bid on property and negotiates terms on behalf of buyer
- Assist with escrow requirements
- Ensures buyer takes proper steps to getting a loan and ensuring quality of purchase

Cautions

- If you sign a contract, be sure to outline terms and identify expiration
- If contract is signed, do not use another agent without the other agent being aware

DO YOU REALLY NEED A REALTOR?

You are selling your home, and you want to get the best price you can to maximize your profit. Do you need a Realtor? Can't you sell it yourself and save on the commission?

It's best to have an agent on your side who will coach you through the process, be your advocate in negotiations, advise you on preparing your home for sale - and provide access to the most powerful home-selling tool of all. That tool is the database of homes for sale, locally called the MLS.

What's an MLS? When you hire a Realtor to sell your house you sign a contract to sell the home, and your home is "listed." Locally, most of these are exclusive arrangements, meaning the sale of the home will result in the Realtor getting paid.

A multiple listing service (MLS) is what it sounds like - a collection of thousands of listings in one database. The service allows Realtors to see what's available throughout a region. Moreover, such Internet sites as Realtor.com offer nationwide listings, exploding the power of the MLS.

How can a sign in your yard and some ads in the newspaper compare with thousands of Realtors seeing your house in that database? How are all the potential buyers working with buyer's agents going to find out about your house?

Today's market is very hot, and it does favor sellers because of the low number of listings and the large number of monthly sales. You *might* be able to sell on your own, but for how much and after how long?

The advantage of the MLS is exposure. By letting a large number of people know about your home, you are more likely to get a good price for it in a reasonable amount of time.

But is it worth 6 percent? Sellers pay the entire 6 percent commission on the sale of a home, which consumes $12,000 of the profit on the sale of a $200,000 home. So, is it worth it?

Well, what if you didn't sell the house at all? You might try, in vain, month after month to sell, and miss out on that great home you wanted to move up into, just so you could save a bit. Worse yet, you might buy that perfect house assuming you would sell yours soon and wind up paying two mortgages for a while.

Who pays the commission? The commission is really paid by the buyer. How can that be possible? It winds up in the seller's column on the settlement sheet, but buyers pay commissions in a certain sense.

Consider this: An automotive manufacturer sells cars to dealers, who then sell them to consumers. Consumers pay for the car, plus they pay the dealer. The dealer's profit is built into the price listed on the window. This practice is so common; we don't think we are paying the cost of the car plus the dealer's profit. We just consider the price vs. the vehicle value, and after a little negotiating, pay for it.

In a similar way, the 6 percent or 7 percent commission is really built into the price of the home. Because Realtors' fees are such standard practice, a 6 percent commission was probably included in the price of your house when you bought it 10 years ago. Now you are selling it, more than likely**,** for a fair bit more. That 6 percent is still built into the home's value and price. And it’s the buyer who pays that price, which includes the Realtor's fee.

Finally, if you want to sell your home quickly, safely, and for a good price, nothing beats listing it with a Realtor.

HOW TO FIND AN AGENT

You are ready to sell your home or purchase your dream home – now how do you find an agent?

Most people go by word of mouth or referrals, while others chose someone who sold a home near them or an agent they saw in the local paper. In this article, we're going to challenge you with some thoughts and equip you with questions to ask that will help ensure that you've chosen an ideal agent.

When you receive a referral or select the agent you want to use, be sure that you are not using them for any other reason then they are your best solution. A friend, family member or a trusted referral can cost you thousands, if the agent does not fit your needs. With the majority of people using an agent and not being 100% satisfied, this means you must dig harder than you normally desire and make sure you hire the right person for the job.

We suggest identifying three to six agents in your area. Ask them similar questions. Listen to their responses and compare them. Then add in other factors, such as experience, time they took to return a call, how thoroughly they answered your questions, how intuitive they were to your needs, how attentive their office was towards your needs and how well they communicated. Don't be afraid to ask for referrals. Although an agent would likely never give you a negative referral, you can find out the strengths of the agent by talking to their past clients.

Here are some questions you want to ask:

1. Do you work full time or part time as a real estate agent?
    a. An agent who cannot focus on your needs during the week will not make an ideal agent. Most people assume their agent is fulltime, but quickly find out they are hard to reach because they work a second job!
2. Is your license in good standing?
    a. You assume it is, but this is not always the case. Obvious questions can be a life savor; so ask them!
3. How many years of experience do you have?
    a. Experience is key, but even more important are results. A young agent does not mean fewer results, but be careful. If the agent has less experience, then make sure you do more research before choosing them.
4. How would you assess the current market for selling/buying?
    a. An agent that inflates the appearance of the market conditions is a sales person, so be careful. You want an honest opinion and not one that is full of hot air.
5. How long have you sold homes in this area?
    a. An established agent in a specific area is ideal, because they know the market and the needs of the buyers. This does not means someone with less experience in the area means fewer results, but an agent who has sold many homes in your area is a plus.
6. How many other clients (sellers and buyers) do you represent?
    a. An agent who is swamped with clients will give you less time. If their number is excessive, then ask details about their office, if they use assistants and how they can meet your needs with excessive clients. Also, watch closely, because many agents are well organized and this will show by calls being returned quickly and consistently, which means the amount of clients they have can be handled easily. Note: An agent with few clients or none is likely to represent a problem and not an ideal scenario for you.
7. Will you handle all aspects of my transaction or will you delegate some tasks to a sales associate or administrative assistant?
    a. If you work with a busy agent, a knowledgeable assistant can be invaluable when you have questions. Busy agents also are often the top producers in an area, but you may not get as much personal attention as you want.

8. Will you give me a list of homes you sold in the last 12 months?
    a. The list should contain addresses, property types, names of sellers or buyers, list prices, sale dates, and sale prices. If you're undecided about an agent, contact the agent's former clients and ask whether the agent was easy to work with, whether they feel they got a good price and a good contract, and whether they would use the agent again.
9. Do you require a contract, if so terms?
    a. Contracts are required by most states, so this answer is surely to be yes. What you want to find out are the terms in detail, when the contract ends, option to cancel and requirements of both parties.
10. How much commission do you charge? What other fees are attached?
    a. Find out the commission the agent is willing to negotiate. The seller pays a majority of commissions, but occasions exist where the buyer will charge. The average commission is around 6% of the total sale price. Find out if the agent charges additional fees or charges and what they are for.

WORKING WITH A REPUTABLE COMPANY

You're ready to buy or sell a home. Now you are looking to select a company and agent to work with. Finding the right company to help you sell or find your next home is imperative to making the process smooth. A reputable company with a well-known name in the area will give both solutions *and* credibility.

A company that has a track record means they have systems. Their experience has allowed them to do the fine tuning in the home buying and selling process that many younger firms lack. As a result, the transaction time is reduced, a greater product is released and more clients are happy with the end result.

For home sellers, the credibility of the company selling their home is essential. When someone drives by or sees the listing in the paper, they know that the attached company to your house being sold has a track record, which means they will find greater comfort in buying your home, rather than ACME Real Estate company. This will allow you to find more quality buyers in less time.

Larger firms that are established tend to have more resources. This is a benefit, because if you are a homeowner, you have more access to homes and other agents. If you are a home seller, then your marketing is likely to be more efficient and obtain greater results. Therefore, when you're ready to shop around for an agent, we encourage you to select one that has the credentials you desire and a popular track record.

HOW TO SELL YOUR HOME

"No matter what I do, I just can't sell my home," you exclaim!

Most homes can be sold in today's market in a reasonable amount of time, generally within two or three months. And most sellers receive their asking price.

There are nine steps in selling a home. If you're having trouble, review the following. Perhaps, it will assist you in identifying the problem correctly.

* **STEP 1 - ANALYSIS**: The critical element is to correctly predict the price that your home is worth in current market conditions. When the expected value of your home is wrong, you're asking for trouble right from the start. The typical problem is that a home is priced too high for the market. This is the case for the majority of homes currently for sale. It is either the fault of the agent, the seller or both. You decide.

* **STEP 2 - MULTIPLE LISTING SERVICE WORDS AND PRICE:** The data entered into the Multiple Listing Service computer will affect the number of times your home's information appears in other agents' computer searches of properties to consider. It will also determine whether your home will be shown to a prospective buyer. Carefully review the words and the price.

* **STEP 3 - TRAFFIC:** A home needs at least three or four showings weekly in order to confirm that it is "in tune" with the market. If few agents call to show your home, the problem is certainly in steps 1 or 2 above.

* **STEP 4 - REMEMBERING:** It is important that the buyer is able to remember your home. The brochure he or she has picked up in your home will help. It is critical at this stage for the buyer to rank your home among the best of the 30, 40 or 50 he or she has seen and to keep it under active consideration. Be sure your home's brochure is well prepared.

***STEP 5 - RETURN FOR A SECOND VISIT:** If the buyer decides to return for a second visit, either he or she has forgotten some detail or, more likely, your home is on his or her "short list." It is most important to alert your agent promptly and to put your home's best foot forward at such a critical time.

* **STEP 6 - THE OFFER:** When you receive a written offer, your home is almost sold: At this point most buyers have decided your home is the one. But be careful: Many will have a second choice, and a good buyer-broker will not forget to mention this when the contract is presented.

* **STEP 7 - AGREEMENT:** Assuming you have a serious buyer and you have avoided an emotional confrontation, you will come to an agreement. What is said during negotiations is often less important than how it is said. What is *not* said can be critical.

* **STEP 8 - REMOVAL OF CONTINGENCIES:** Although you can hit a bump or two at this stage, they normally are not fatal. Possible problems that can surface very late in the game are a low appraisal or lack of loan approval. While these are serious problems indeed, especially in the week or two before settlement, they can usually be resolved with the help of experienced agents.

* **STEP 9 - FINAL INSPECTION AND SETTLEMENT:** When you get to the settlement table, the only issue remaining is usually the result of the buyer's final inspection. Any findings are customarily minor. At this point significant problems are unthinkable, so relax and keep signing.

There's no excuse for not selling your home. You and your agent should be able to pinpoint and resolve any problem. Save time and fix the problem *today*.

ADVERTISING YOUR HOME

So, you've decided it's time to sell your home. There are many reasons for wanting to sell a home. Maybe your spouse's company is relocating, or your spouse received that well-deserved promotion. However, that means moving to another part of the state or the country. Perhaps your kids have grown and moved away, and you find that the house you bought ten or fifteen years ago, when your kids were young, is now too big for just you and your spouse. Or, maybe you're a young couple who needs to sell your smaller home and move up a larger one to accommodate your growing family's needs. The reasons for selling a home are endless.

What's your next step? Do you try to advertise the home yourself or should you go through a realtor? The most common reason people give for selling their home themselves is because they're either unwilling or unable to pay a real estate agent a commission for selling their home. Whatever your reasons for selling your home by yourself, you first need to understand how the market works.

You're about to do something that many people think they can do**.** Alas! After just a few weeks most people give up. They didn't consider the extent and complexity of the task ahead.

Here are several sobering statistics of which you should be aware:

The vast majority of For-Sale-By-Owners (over 67%) will list with a real estate broker within the first 6-8 weeks.

- Over 12% of For-Sale-By-Owners will never sell at all.
- Less than 8% of all For-Sale-By-Owners will sell their houses without outside help, in most cases this means a real estate agent's help.

Whether you are selling your home yourself or are teaming up with a real estate professional, a home-selling experience should be quick, smooth and profitable. If you're thinking of selling your house yourself, take a moment to be realistic. Ask yourself the following questions:

1. Can I afford the time it could take to sell my house with only a sign in the yard and an ad in the local paper?

Consider that most buyers learn about a house through an agent, not the newspaper.

2. Am I able to stay home to take calls and conduct tours?

This is very important and a sure way to lose possible buyers if you're not at home when they call.

3. Do I know how to screen inquiries so as not to waste precious time showing my house to unqualified buyers?

Most agents pre-qualify a buyer before showing a home.

4. Do I know what to do before putting a house on the market?

5. Am I familiar with disclosure laws or local inspection regulations?

6. Am I familiar with the necessary legal and financial knowledge to answer buyer's questions, negotiate a contract and close a sale?

The reason a listing agent is brought into the picture for someone selling their home is to be assured that their home is being marketed correctly in magazine ads, newspapers, and real estate listings.

Although these listings will help to sell your home, they accomplish more. This type of advertising creates phone calls, which in turn becomes clients. This cycle helps build a pool of homebuyers looking for property, all represented by a selling agent. As you start to multiply this by all the agents and all the companies who advertise homes, you will find a large pool of homebuyers at any given time, all represented by selling agents.

Because your home is listed in the Multiple Listing Service, or MLS, these agents are aware that your home is for sale.

Agents then match up clients with homes on the market, one of which might be yours. This is when agents start showing homes to buyers. Before long, you receive a contract.

Remember ***- ads create buyers - they don't sell homes.***

You can almost guarantee that the person who buys your home has seen it advertised in a flyer, newspaper listing, or the MLS. Even though you know there are pools of buyers out there, it’s still important that your agent list your home to keep that building

Because listings are often created to make an agent look more impressive, don't make the mistake of basing your choice for an agent on the number of listings they have. Instead, determine how hard they work and the level of their buyer pool.

Even with all the advertis**ing** media, word of mouth is still the best type of advertisement. Friends, family, and neighbors will always be your best sources.

Another tool your agent should use is hosting an open house. In this situation, your house is advertised as an open house, usually on a Saturday or Sunday, when most people are available to search for homes. Your agent will be at your home all day, greeting visitors who are interested in your home. Some agents serve cookies and coffee, and the agent provides a guest book to keep track of names as another method of networking and building the buyer's pool.

If someone walks through your home during an open house and it’s not the right home for them, they may know other people who may be interested - again, another way for word of mouth advertising to work for you.

Finally, open houses can be used at the inception of your home going on the market as way of introduction and then again after your home has been listed for awhile to hopefully start movement if showings have slowed.

No matter what type of advertisement is used, ensure that your agent keeps it fresh and noticeable. The more your home is advertised, the more people will know it's for sale. This increases a quick sale.

SELLING MISTAKES TO AVOID

Some houses on the market sell before a sign is posted in the front yard. Others don't show any action.

You've had your house on the market and right now, the market is hot. Why isn't your home selling? There could be several reasons that a house doesn't sell quickly. Here are some considerations:

- When you're ready to hire an agent, interview several before making your final decision. If one agent thinks your house can sell **for** $20,000 more than the others, stay clear. More than likely, that agent just wants your business, will wait a few months for the house not to sell, then, convince you to lower the asking price to what you probably should have asked for in the first place.
- Make sure your seller's agent is working with a realistic figure. If they have the home overpriced, it won't sell.
- Be aware that you may need to upgrade for a quicker sale. Perhaps the interior needs a fresh coat of paint or some of the carpet needs to be replaced. Although you might have to invest a small amount of money, it will peak buyer's interest, resulting in a quick sale.
- Another reason a house doesn't sell is location. Unfortunately, there isn't anything you can do about that. However, you *can* ensure that your home is in good condition, neat, clean, and presentable, and work with the price. If you're working with a good realtor, hopefully you won't have to lower the price too much. However, if the location isn't good, dropping the price should be a consideration.
- If you are working with an agent with a bad reputation, you could have trouble selling your home. As in any industry, agents communicate and network. Therefore, if one agent causes problems, others will stay away. That means if your home is listed with a "bad" agent, other agents are less likely to show your home to their buyers. This is why it's so important to do your homework at the beginning and find a good, reputable agent.
- Make sure your agent does more than just hang a sign in your yard. Part of the agent's responsibility is to market your home. This means good advertising, open houses, MLS listings, and flyers - whatever it takes to get the word about your home out to the public.
- Have an appraisal done on your home and have the agent do a competitive analysis of other homes similar to yours in your geographical location. Make sure you are working with Fair Market Value for your home and not an over inflated value.
- When people are looking at your home, and you happen to be there, don't try to help sell the house. Be polite, stay out of their way, and expect that they will look in every closet and under every sink. If asked a question, answer honestly.
- If you are working through an agent but have someone show up at the door wanting to look at your house, this is a tough one. Remember, you are under contract with the agent and therefore, are required to have the agent show the house. Contact the agent immediately to see if they can come over quickly. If not, get the name, contact information of the interested party, and call or send that information to your agent. Showing your home on your own could void your contract with the agent and end up costing you their fee.
- It is imperative to know and understand your rights and responsibilities. Understanding your contract and knowing the terms could save you a lot of money in inspections, repair, or maintenance.

If at any time you are not happy with the way things are progressing, sit down and talk to your agent. Explain what your concerns are. If they are a reputable agent, they will listen and make the appropriate adjustment.

WHICH IS THE BEST SEASON TO SELL YOUR HOME?

Selling your home can create mass confusion. Timing is everything in real estate; however, some also believe one season is better than another**.**

If you ask a real estate professional when you should sell your home, most will say, "*Now* is the best time." Real estate today is a year-round business, and most agents will agree that they do nearly as much business in December as in June.

If that is the case, then how do you decide which is the best time of year to list your home? Each season has it's own characteristics. Let's review each one.

According to most real estate professionals, spring is the busiest time of the year for buyers and sellers -- spring offers the opportunity to showcase their home at its best. There's always something nice about listing your home when it's not too hot or too cold, and the air is fresh.

If you have a green thumb, summer might prove to be the best time to show off your garden. Potential buyers walk through houses looking for such amenities as a well-cared-for garden. Also, if your kids are away for the summer, you might be able to keep their rooms clean from one showing to another. If you have central air, this season is also a great time to show it off. You can boast about access to summer recreational activities such as a beach, a lake, community tennis courts or swimming pools.

A possible downside to showing a house in the summer is that most kids are home, and you'll have to work harder to ensure their rooms are maintained clean enough for buyers to get through them.

Even though falling leaves could make for extra work in the fall, with children back at school, daytime showings might be easier to accommodate. The tax benefits of home ownership can be a push for homebuyers to get into a new home by December 31.

Fall is historically a shorter selling season. A home that doesn't sell in the fall can be stigmatized as being held over on the market until the New Year. An old listing number in the MLS can give buyers the misleading impression that a home has been on the market for a long time and the seller might be willing to accept a lower offer.

Real estate professionals agree that only the most motivated buyers and sellers are active in the market during the winter season.

If you decide to sell your home in the winter, expect the unexpected. You will come across buyers who want showings at odd hours, or during your family holiday parties. At this time of year, you can expect potential buyers to track mud, snow, and salt through your home

In conclusion, how do you decide which is the best season to sell? As discussed, every season offers plusses and minuses. If you want to sell your home in the spring, you might want to list in mid-January, rather than waiting for February or March. However, you might attract more attention if you wait until mid-March, when many of the springhouses have already arrived on the market and buyers are hungry for something new.

Real estate is an industry of immediacy. It's always a good time to sell your home if the price is right, no matter what the season.

SETTING AN APPROPRIATE PRICE

At any given time, three general factors affect the sale of your house: the current real estate market, conditions, the location of your property, and the competition. These three factors are always in flux. Interest rates rise and fall; neighborhoods lose or gain cachet; similar houses suddenly arrive on the market; and the pool of active buyers changes. No one can control these factors, and you can't wait until all the conditions are absolutely perfect to sell your home. Smart sellers don't put themselves at the mercy of these factors - they maximize conditions to their advantage.

Let's review the three factors mentioned above: market, location and competition.

Market

Packaging will make your property stand out from the competition whether the market is booming or not. In a buyer's market (where there are more houses than buyers), preparing your home is the best way to make it memorable and easy for buyers to recall at the end of a long day of house hunting.

Location

We've all heard it before, "location, location, location" is important. If your house is in a less-than-ideal location, you can't move it. If that's the case, make the most of it. Turn your house into the most appealing house in that location. Remember**,** if your house doesn't stand out, another will, and it will get top dollar.

Competition

When a number of houses with similar features are on the market, yours needs to shine. If two houses are similar in structure or layout, buyers will choose the one that feels as if it could be a home.

Now that you have considered the above factors, how do you decide how to price your house?

Well, there isn't an exact formula to arrive at the magic number, only a price range. Why? Because houses are a commodity and are subject to laws of supply and demand, plus market conditions keep changing. Prices rise when there are more buyers than sellers; they decline when more houses exceed buyers. The availability of mortgage money also affects sales, but ultimately what the buyers feels about a house is what determines the price he'll pay. While the buyer determines the selling price, you establish the listing price of your home.

When you put a house up for sale, there is a high probability that the asking price will be lowered. The key is knowing when to lower the amount. Keep in mind that timing is everything. If you have had your house on the market for some time and, as a last minute effort, decide to lower the price, it may not bring you the desired results.

It is during the first two weeks that your home will bring the most traffic. This is when the home is fresh on the market and in its peak sale time. If you wait too long to bring down the price, the current buyers will have already seen the house and won't necessarily show new interest.

That doesn't mean that another group of buyers won't come along, but buyers are bunched in price ranges. Therefore, in order to grab the attention of the next price range of buyers, you would probably have to make a significant reduction.

To arrive at a realistic listing price, research the competition. Learn what similar houses have recently sold for as well as what "comparables" haven't sold. This will provide a good idea of the price buyers are and are not willing to pay for houses similar to yours. Remember, a buyer will be looking at a number of houses with similar features and amenities.

Usually specific features in your house will determine its price range. For example, a three-bedroom, one-bath house in a certain neighborhood will sell for less than a three-bedroom, two-bath house in the same neighborhood because buyers are willing to pay more for a second bathroom.

Pricing your home can be very emotional for the entire family. How do you put a dollar amount on memories? Many sellers are offended if the market value of their house does not reflect their emotional attachment. However, you need to consider that your memories won't qualify as a feature to strangers.

Don't overprice your house - that usually backfires. As mentioned above, the most serious pool of buyers arrive ready to buy within the first two weeks a house is on the market. They've done their homework. They won't buy a house that's overpriced. If a buyer is interested in your home, they still have to secure a mortgage. In order to obtain that mortgage, your home has to come back appraised at the asking price. For example, if you were selling your home for $100,000 but the appraisal came back at $95,000. Mostly likely, the deal would fall through or you would have to lower the asking price to match the appraisal.

If the deal falls through and your home has come out of escrow or, it stays for sale on the market for a while, the chance of it taking longer to sell has greatly increased. So, if you're the seller of a house, it's imperative to procure an appraisal first, or work with a qualified real estate agent who can guide you into an appropriate asking price.

Finally, it's your responsibility to price your house so that it will sell quickly and profitability.

LISTING CONTRACT DETAILS

In addition to the obvious things in a listing contract such as seller name and property address, there are other factors to consider.

Terms of Sale and Price

When you determine the terms of a sale, you will, of course, be concerned with price. You'll probably have a basic idea of what your home is worth by researching other sales in your area or talking to various real estate agents. However, in addition to price, you'll need to disclose what personal property will go with the house when you sell it. Personal property is considered anything that is not attached such as washer, dryer, refrigerator, microwave, etc. You aren't required to include any of these items but if you do, list what will be included.

Some items are called "real property", which includes anything attached to the house. This could include something like a chandelier that's actually a family heirloom. However, since this lighting fixture is attached to the house, it's considered "real property" and any reasonable buyer would expect it stay with the house when you move. If you don't want that particular piece to stay, you need to very clearly state in the MLS that it will not stay when the house is sold.

It's important to know that there are several different types of listing contracts although few are used. The most common is the "Exclusive Right to Sell." Others include "Open Listing" and "One-time Show."

Open Listing

People trying to do a For Sale by Owner but who are also willing to work with a licensed real estate agent primarily use this listing contract. This contract allows the agent to show your home to potential buyers. If the buyer puts a contract on your home, the agent earns a commission.

One-time Show

This listing contract is similar to an Open Listing but is most often used by real estate agents who are showing a For Sale by Owner home to one of their clients. In this case, the seller would sign the agreement identifying the potential buyer and guarantees the agent a commission should the purchase go through. The purpose is that it prevents the buyer and seller from negotiating directly later as a way of avoiding the agent's commission.

Understanding the Real Estate Contract

Most contracts can make our head spin by looking at them, much less trying to read and understand them.

Because contracts are very important when it comes to buying or selling a home, I'm going to list some of the most common legal word listed on a real estate contract, or during a real estate transaction, including their definition. It's a good idea to have a copy of this list with you and review it carefully before you sign a real estate contract.

Abstract
A summary; an abridgment. Before the use of photo static copying public records were kept by abstracts of recorded documents.

Abstract of Title
A compilation of the recorded documents relating to a parcel of land, from which an attorney may give an option as to the condition of title. Still in use in some states, but giving way to the use of title insurance.

Acre
A measure, usually of land, equal to 160 sq. rods (43,560 sq. ft.) in any shape.

Action to Quiet Title
A court action to establish ownership to real property. Although technically not an action to remove a cloud on a title, the two actions are usually referred to as "Quiet Title" actions.

Adjustable Rate Mortgage (ARM)
A mortgage where the interest rate is not fixed, but changes during the life of the loan in line with movements in an index rate. You may also see ARM's referred to as AML's or VRM's.

Agency
An Agency relationship is one in which one person is empowered to act on behalf of another, subject to the control and consent of the person being represented.

Agent
The person who is acting on behalf of the principal or client.

Agreement of Sale
In some states it is synonymous with a purchase agreement (Purchase Agreement). In other states, it is synonymous with a land contract (Land Contract).

Alienation Clause
A clause calling for a debt under a mortgage or deed of trust to be due in its entirety upon transfer of ownership of the secured property.

Amortize
To reduce a debt by regular payments of both principal and interest, as opposed to interest only payment.

Annual Percentage Rate (APR)
A measure of the cost of credit, expressed as a yearly rate. It includes interest as well as other charges. Because all lenders follow the same rules to ensure the accuracy of the annual percentage rate, it provides consumers with a good basis for comparing the cost of loans, including mortgage plans.

Appraised Value
An option of the value of a property at a given time, based on facts regarding the location, improvements, etc., of the property and surroundings.

Arrears
Payment made after its due is in arrears. Interest is said to be paid in arrears since it is paid to the date of payment rather than in advance.

Assumability
When a home is sold, the seller may be able to transfer the mortgage to the new buyer. This means the mortgage is assumable. Lenders generally require credit review of the new borrower and may charge a fee for the assumption. Some mortgages contain a due-on-sale clause, which means that the mortgage may not be transferable to the new buyer. Instead, the lender may make you pay the entire balance that is due when you sell the home. Assumability can help you attract buyers if you sell your home.

Assumption of Mortgage
Agreement by a buyer to assume the liability under an existing note secured by a mortgage or deed of trust.

Balloon Note
A note calling for periodic payments, which are insufficient to fully amortize the face amount of the note prior to maturity, so that a principal sum known as a "Balloon" is due at maturity.

Balloon Payment
The final payment of a mortgage which is larger than the regular payment; it usually extinguishes the debt.

Binder
A report issued by a title insurance company setting forth the condition of title and setting forth conditions, which, if satisfied, will cause a policy of title insurance to be issued.

Blanket Mortgage
A mortgage covering more than one property of the mortgage.

Bridge Financing
A form of interim loan, generally made between a short-term loan and a long-term loan, when the borrower needs to have more time before taking on long term financing.

British Thermal Unit (B.T.U.)
Unit of heat required to raise one pound of water one degree Fahrenheit.

Buy-down
With a buy-down, the seller pays an amount to the lender so that the lender can give you a lower rate and lower payments, usually for an early period of a loan. The seller may increase the sales price to cover the cost of the buy-down.

Cap
A limit on how much the interest rate or monthly payment of an ARM can change, either at each adjustment or during the life of the mortgage. Payment CAP's don't limit the amount of interest the lender is earning so the may cause negative amortization.

Certificate of Eligibility
A certificate obtained by a veteran from a Veteran's Administration office that states that the veteran is eligible for a V.A. insured loan.

Certified Copy
A true copy, attested to be true by the officer holding the original.

Cestui que trust
One having an equitable interest in property, legal title being vested in trustee.

Chain of Title
The chronological order of conveyance of a parcel of land, from the original owner to the present owner.

Chattel
Personal property.

Closing Statement
The statement that lists the financial settlement between buyer and seller, and also the costs each must pay. A separate statement for buyer and seller is sometimes prepared.

Cloud on Title
An invalid encumbrance on real property, which if valid, would affect the rights of the owner.

Co-Maker
Equally responsible for repayment as the borrower.

Commitment A written promise to make or insure a loan for a specified amount and on specified items.

Comparables
Properties used as comparisons to determine the value of a specified property.

Condominium
A structure of two or more units, the interior space of which are individually owned.

Construction Loan
Short term financing of real estate construction. Generally followed by the long term financing called a "take out" loan, issued upon completion of improvements.

Contingency
The dependence upon a stated event, which must occur before a contract, is binding.

Contract of Sale
Depending on area of country it may be a Land Contract or a Purchase Agreement.

Closing Cost
Expenses incurred in the closing of a real estate or mortgage transaction.

Conventional Mortgage
A loan neither insure by the FHA nor guaranteed by the VA.

Conversion Clause
A provision in some ARMs that allows you to change the ARM to a fixed-rate loan at some point during the term. Usually the conversion is allowed at the end of the first adjustment period. At the time of the conversion, the new fixed rate is generally set at one of the rate then prevailing for fixed-rate mortgages. The conversion feature may be available at extra cost.

Cost Plus Contract
A building contract setting the builder's profit at a set percentage of actual cost of labor and materials.

Contract Sales Price
The full purchase price as stated in the contract.

County
A division within a state, usually encompassing one or more cities or towns.

Certificate of Reasonable Value (CRV)
An appraisal of property for the purpose of insurance by the Veteran's Administration.

Declaration of Restrictions
A set of restrictions filed by a sub-divider to cover an entire tract or subdivision.

Defective Title
Title to a negotiable instrument obtained by fraud. Title to real property, which lacks some of the elements necessary to transfer good title.

Depreciation
Decrease in value to real property improvements caused by deterioration or obsolescence.

Devise
Real estate left by will.

Devisee
One to whom real estate is given by will.

Devisor
A testator who leaves real estate.

Direct Reduction Mortgage
An amortized mortgage. One on which principal and interest being computed on the remaining balance.

Disbursements
Payments made during the course of an escrow or at closing.

Discount
Is an ARM with an initial discount, the lender gives up a number of percentage points of interest to give you a lower rate and lower payments for part of the mortgage term. After the discount period, the ARM rate will probably go up depending on the index rate.

Documentary Tax Stamps
Stamps, affixed to a deed, showing the amount of transfer tax.

Dragnet Clause
A clause in a mortgage or deed or trust, which places the real estate as security for existing debts between the parties.

Easement
A right created by grant, reservation, agreement, prescription, or necessary implication, which one has in the land of another.

Eminent Domain
A Government right to acquire private property for public use by condemnation, and the payment of just compensation.

Encroachment
Construction onto the property of another, wall, fence, etc.

Encumbrance
A claim, line charge, attached to and binding real property.

Equity
The difference between the market value of the property and the homeowners mortgage debt.

Escrow
Delivery of a deed by a grantor to a third party for delivery to the grantee upon the happening of a contingent event.

Escrow Payment
That portion of a mortgagor's monthly payment held in trust by the lender to pay for taxes mortgage insurance, hazard insurance, lease payments, and other items as they become due, also know as "impounds" in some states.

Escrow Reimbursement
An assumptions or wrap loan transactions, the buyer reimburses the seller for the current balance of his escrow (or impounded) funds.

Federal Home Board
The board that charters and regulates federal savings and loan associations, as well as controlling the system of Federal Home Loan Banks.

Federal Tax Lien
A lien attached to property for nonpayment of a federal tax.

Fee Simple
An estate under which the owner is entitled to unrestricted powers to dispose of the property, and which can be left by will or inherited.

Federal Home Loan Board
The board that charters and forbids discrimination in the sale.

Federal Housing Administration
A federal Agency that insures first mortgages, enabling lenders to loan a very high percentage of the sale price.

Freddie Mac (FHLMC)
Federal Home Loan Mortgage Corporation. A federal Agency purchasing first mortgages, both conventional and federally insured, from members of the Federal Reserve System, and the Federal Home Loan Bank System.

Foreclosure
A proceeding in or out of court, to extinguish all rights, title, and interest, of the owner(s) of property in order to sell the property to satisfy a lien against it.

Full Disclosure
Revealing all the known facts that may affect the decision of a buyer or tenant.

General Lien
A lien such as a tax lien or judgment lien which attaches to all property of the debtor rather than the lien of, for example, a trust deed, which attaches only to a specific property.

Ginnie Mac (GNMA)
Government National Mortgage Association. A federal association working with FHA that offers special assistance in obtaining mortgages, and purchases mortgages in a secondary capacity.

Grandfather Clause
The clause in a law permitting the continuation of a use, business, etc., which, when was permissible but, because of a change in the law is now not permissible.

Ground Rent
Rent paid for vacant land. If the property is improved, ground rent is the portion attributable to the land only.

Heir and Assigns
Words usually found in a deed, showing the interest the grantee is receiving.

Home Owner Association
An association of people who own homes in a given area for the purpose of improving or maintaining the quality of the area.

Impound Account
Account held by a lender for payment of taxes, insurance, or other

Index
The index if the measure of interest rate changes that the lender uses to decide how much the interest rate on an ARM will change over time. You should ask your lender how the index for any ARM you are considering has change in recent years, and where it is reported.

Independent Contractor
The term is most important as used to describe the relationship of broker and salesperson, employee or independent contractor. If employee, the broker must withhold income tax and pay social security, provide workmen's compensation, and may be liable for some negligent acts of the salesperson while on the job. The broker avoids all of this if salesperson is an independent contractor.

Installment Sale
A tax term used to describe a sale, which is usually accomplished, by use of a land contract.

Insured Mortgage
A mortgage insured against loss to the mortgagee in the event of default and failure of the mortgaged property to satisfy the balance owing plus costs of foreclosure.

Interest Rate
The percentage of an amount of money that is paid for its use for a specified time.

Joint and Several
A liability that allows the creditor to sue any one of the debtors or sue all together.

Joint Tenancy
An undivided interest in property, taken by two or more joint tenants. The interests must equal, accruing under the same conveyance, and beginning at the same time. Upon death of a joint tenant the interest passes to the surviving joint tenants, rather than to the heirs of the deceased.

Judgment
The decision of a court of law. Money judgments, when recorded, become a lien on real property of the defendant.

Late Charge
A penalty for failure to pay an installment on time.

Legal Description
A description by which property can be definitely located by reference to surveys or recorded maps. Sometimes referred to simply as the legal.

Lease with Option to Purchase
A lease under which the lessee has the right to purchase the property. The option may run for the length of the lease or only for a portion of the lease period.

Lender
A general term encompassing all mortgages, and beneficiaries under deeds of trust.

Letter of Intent
A formal method of stating that a prospective developer, buyer or lessee, is interested in property.

Liber
A Latin word for book.

Lien
An encumbrance against property for money, either voluntary or involuntary.

Life Estate
An estate in real property for the life of a living person. The estate then reverts back to the grantor or on to a third party.

Limited Partnership
A partnership consisting of one or more general partners who conduct the business and are responsible for losses, and one or more special partners, contributing capital and liable only to the amount contributed.

Lis Pendens
A legal notice recorded to show pending litigation relating to real property and giving notice that anyone acquiring an interest in said property subsequent to the date of the notice may be bound by the outcome of the litigation.

Loan Package
The information given to the lender regarding the borrower and the property necessary to decide to give or not to give the loan.

Loan Ratio
The amount of a loan to the value or selling price of real property.

Loan-to-Value Ratio
The ratio of the mortgage loan amount to the properties appraised value (or the selling price whichever is less).

Margin
The number of percentage points the lender adds to the index rate to calculate the ARM interest rate at each adjustment.

Marketable Title
Title that can be readily marketed to a reasonably prudent purchaser aware of the facts and their legal meaning concerning liens and encumbrances.

Mechanics Lien
A lien created by statue for the purpose of securing priority of payment for the price of value of work performed and materials furnished in construction of repair of improvements to land, and which attached to the land as well as the improvements.

Mortgage Broker
One who for a fee, brings together a borrower and lender, and handles the necessary applications for the borrower to obtain a loan against real property by giving a mortgage or deed of trust as security. Also known as a loan broker.

Mortgage Guaranty Insurance Corporation (MGIC)
A private corporation which, for a fee, insures mortgage loans similar to FHA and VA insurance, although not insuring as great a percentage of the loan.

Mortgage or Deed of Trust
Written pledge of real property given by the mortgagor to secure a debt. Should be recorded in the County Recorders Office.

Mortgagee
The lender of money or the receiver of the mortgage document.

Mortgagor
The borrower of money or the giver of the mortgage document.

Mortgage Insurance
Insurance required for loans with a loan above 80.01%.

Mortgage Warehousing
A system whereby a mortgage company will hold loans, which would ordinarily be sold, in order to sell later at a lower discount. These are used as collateral security with a bank to borrow new money to loan.

Negative Amortization
Amortization means that monthly payments are large enough to pay the interest and reduce the principal on your mortgage. Negative amortization occurs when the monthly payments do not cover all of the interest cost. The interest cost that is not covered by the payment is added to the unpaid principal balance. This means that even after making many payments, you could owe more than you did at the beginning of the loan. Negative amortization can occur when an ARM has a payment cap that results if monthly payments not high enough to cover the interest due.

Nonconforming
Use A property that does not conform to the zoning of an area.

Note
A written promise to repay a certain sum of money on specified terms.

Open End Mortgage
A mortgage permitting the mortgagor to borrow additional money under the same mortgage, with certain conditions, usually, as to the assets of the mortgage.

Origination Fee
A fee or charge for work involved in the evaluation, preparation and submission of a proposed mortgage loan.

Owners Policy
Title insurance for the owner of property, rather than a lien holder.

Package Mortgage
Mortgage covering both real and personal property.

Paper
A mortgage, deed of trust, or land contract, which is given instead of cash. Partial Release A release of a portion of property covered by a mortgage.

Perc Test (Percolation)
The test to determine the capability of the soil to absorb liquid, both for construction and septic systems.

Permanent Mortgage
A mortgage on completed construction on the same property under one mortgage or trust deed.

PMI Private Mortgage Insurance
Insurance similar to FHA or VA insurance, insuring part of the first mortgage or deed of trust, enabling a lender to make a conventional loan of a higher percentage of the property value.

Points
A point is equal to one percent of the principal amount of your mortgage. For example, if you get a mortgage for $100,000, one point is means you pay $1000 to the lender. Lenders frequently charge points in both fixed-rate and adjustable-rate mortgages in order to increase the yield of the mortgage and to cover loan closing costs. These points are usually collected at closing and may be paid by the borrower or the home seller, or may be split between them.

Property
Tax Generally, tax levied on both real and personal property.

Prorate
To divide in proportionate shares, such as taxes, insurance, rent, or other items.

Purchase Money Mortgage
A Mortgage given by the buyer to the seller as part of the purchase consideration, as opposed to a hard money mortgage.

Quit Claim Deed
A deed operating as a release; intended to pass any title, interest, or claim that the grantor may have in the property.

Real Estate
Land and anything permanently affixed to the land, and those things attached to the building.

Recital
Setting forth in a deed or other writing some explanation for the transaction.

Recourse
The right of the holder of a note secured by a mortgage or deed of trust to look personally to the borrower or endorser for payment.

Refinancing
The repayment of a debt from the proceeds of a new loan using the same property as security.

Reissue rate
A charge for a title insurance policy if a previous policy on the same property was issued within a specified period. Reissue is less than the original charge.

REIT (Real Estate Investment Trusts)
A method in investing in real estate in a group, with certain tax advantages.

Release
An instrument releasing property from the lien of the mortgage, judgment, etc.

Recision of Contract
Annulling a contract and placing the parties to it in a position as if there had not been a contract.

RESPA (Real Estate Settlement Procedures Act)
A federal statute requiring disclosure of certain costs in the sale of residential improved property, which is to be financed by a federally insured lender.

Revenue Stamps
Formerly federal tax on a sale of real property. Canceled and replaced by state tax stamps.

Secondary Financing
A loan secured by a mortgage or trust deed, which lien is junior to another mortgage or trust deed.

Secondary Mortgage
The buying and selling of first mortgages of trust deeds by banks, insurance companies, government agencies, and other mortgagees.

Security
Real or personal property pledged by a borrower, as additional protection for the lender's interest.

Septic System
A sewage system, whereby waste is drained through pipes and a tile field into a septic tank.

Set Back Ordinance
Regulates the distance from the lot line to the point where improvements may be constructed.

Settlement Statement
A statement prepared by broker, escrow, or lender, giving a complete breakdown of costs involved in a real estate sale.

Sheriff's Deed
Deed given at sheriff's sale in foreclosure of mortgage.

Signed Sealed and Delivered
A phrase indicating that everything necessary to convey has been done by the grantor.

Specific Performance
An action to compel the performance of a contract, when money damages for breach would not be satisfactory.

Statutory Lien
An involuntary lien, includes tax liens, judgment liens, mechanic liens, etc.

Substitute of Trustee
A document that is recorded to change the trustee under the deed of trust.

Tax Lien
Lien for nonpayment of taxes.

Tax Sale
Public sale of property at auction by governmental authority, after a period of nonpayment of property taxes.

Tenancy by the Entiret
A form of ownership by husband and wife whereby each owns the entire property. In event of death of one, the survivor owns the property without probate.

Title
Often used interchangeably with the work ownership. It indicates the accumulation of all rights in property, the owner and others.

Title Insurance
An insurance policy that protects the insured (purchaser and lender) against loss arising from defects in title

Vesting
Denotes the manner in which title is held. Examples of common vesting are: Community Property, Joint Tenancy and Tenancy in Common.

UNDERSTANDING CLOSING COSTS

Let's clarify what closing costs are and what to expect. Print this out and hand it to your agent, then ask them what exactly you will have to pay at closing.

A common mistake that causes a tremendous amount of frustration by new homebuyers is underestimating the amount of cash (closing costs) needed to move into the home. Most people either wrongly assume that all they need is a down payment, or they become confused by what actually occurs during closing, failing to ask for specifics from their agent. They overlook the hard and soft closing costs of the services required throughout the home buying and mortgage qualifying process. These items quickly add up to a substantial amount and can devastate the transaction if not properly planned. While each deal is unique, homebuyers should be aware of and plan for the following cash outlay items when purchasing a home:

First are Non-Recurring Closing Costs
Non-recurring closing costs are one time costs associated with the home buying and mortgage qualifying process. These closing costs occur once - at the close of the transaction. Typical non-recurring closing costs include Mortgage Points, Title, Escrow, Appraisal, Credit Report, Document Preparation, Property Inspection, Termite Inspection, Underwriting and other miscellaneous charges.

Except for title and escrow, these charges are fixed and will not vary with the size of the transaction. For a typical $200,000 purchase price, you should expect to spend between $1,700 and $2,000 for non-recurring closing costs PLUS any mortgage points you choose to pay.

Application Fee & Credit Report
The application fee will often times range between $400 and $550. If the credit report is run at a separate time, you could pay a anywhere from $25 to $150. For those self employed, you will need a business report that costs between $40 and $100. These fees are often non-negotiable by the lender, so shop around to find the best price – but do not let it take precedence over the actual loan specifics!

Appraisal Fee
The appraisal is for a precise estimate of the home value, similar to a CMA (comparative market analysis). This fee covers an independent appraisal of the home you want to purchase. This is required by the lender for an estimated market value of the house in order to make the loan. The appraisal fee varies depending on the purchase price and size of the home. The fee can range between $300 and $800.

Documentation Fees
Some lenders charge miscellaneous fees for various services, such as underwriting, processing and documentation preparation, which usually totals below 1 percent of the loan amount.

Home & Pest Inspections
The home and pest inspection ensures that you are buying a structurally sound home, free of any unwanted pets like termites. These costs will vary, depending on the size of your home and location. Anticipate paying between $300-$700 for these services. Shop around, but remember that these inspections are for your benefit. Cheaper is not always better!

Loan Origination Fees & Discount Points
The origination fee is the payment to the lender for their efforts in the transaction. Discount points are prepaid finance charges imposed by the lender at the closing, which often helps you get a better rate. Paying points can save thousands over the long term. Have the lender break down the payments and cost, so you can see which loan is best for your situation. One point equals one percent of the loan total. For example, one point on a $100,000 loan would be $1,000.

Survey
The lender will require verification from a surveying firm that the home remains the same as its last survey and that no additional structures have been added. Sometimes the lender will require a complete survey to make sure all legal codes and regulations are met. This service can range from $250 to $450.

Title Fees
In order to purchase a property, you must establish the seller's ownership and transfer ownership from seller to buyer. As a result, you'll be responsible for Document Preparation, Title Search, and Title Insurance. The fee for Document Preparation ranges from $50 to $200.

The title search is carried out to prove to the lender that the seller owns the property. This process involves reviewing public records in local government offices, such as recorders of deeds, county courts, tax assessors and surveyors. Within these offices, records of deaths, divorces, court judgments, liens and contests over wills must also be examined. Once the search is done, the service then assures the lender that there are not claims against the property. The cost is based upon the purchase price and can range from between $400 and $800.

Title Insurance is another fee that is incurred, which protects the lender from any errors within the search. An error may result in the lender giving you money for a home that was actually never owned by the seller. Lenders Title Insurance runs about .2 percent to .5 percent of the loan amount and is paid by the purchaser. Owners Title Insurance protects title search errors and ranges between .3 to .6 percent of the purchase price of the home. Speak to your agent for further details and recommendations on title insurance.

Government Fees
Government-imposed fees include city, county and state transfer taxes, recording fees, and prepaid property taxes.

Recording Fee
This fee is paid to the title company and involves recording the transfer of title with the county clerk's office. Recording fees vary from state to state and county-to-county; however, each county sets a fixed price per page, which is usually about $50.

Taxes
Generally four to eight months' of taxes are collected at closing and held in an escrow account, setup by the lender. This will cover the first few months of mortgage insurance, hazard insurance, and property taxes. The escrow account ensures that sufficient funds are available for these expenses after the home purchase is made.

Recurring Costs
We just covered non-recurring charges; now, let's examine recurring costs. Recurring Closing Costs are those costs of homeownership that will recur over time, after the initial upfront charge is paid at closing. Generally, what you can expect in this category are continual payments for interest on the mortgage, homeowners Insurance policy, real estate tax & homeowner's fee, and mortgage insurance premiums. Recurring Closing Costs vary widely depending on the size and timing of the transaction. Typical costs on a $200,000 purchase with a $180,000 loan would run between $500 and $2,500.

Homeowner's & Hazard Insurance
Homeowner's and hazard insurance offer protection against fire, wind, vandalism, and other causes. The majority of states require that the annual premium on your homeowner's insurance needs to be paid in advance, put into effect at closing. Homeowner's insurance varies: a $200,000 property could cost anywhere between $600 to $700 annually.

Interim Interest or Daily Rate of Interest
This cost is based upon your closing date. It covers loan interest from the day you close through the end of the month. Therefore, it can range from 0-30 days' of interest and is then payable to the lender.

Mortgage Insurance (PMI)
Buyers who make down payments that equal less than 20 percent of the value of the house may be required by lenders to take out mortgage insurance. The policy protects the lender's risk in the event that the buyer fails to make loan payments. Premiums are generally either paid annually from an escrow account or in a lump sum at closing. A buyer whose mortgage is insured by FHA or guaranteed by VA will have to pay FHA mortgage insurance premiums or VA guarantee fees.

Move In Costs
Move-in costs cover the fee incurred for moving your belongings out of the home and into the new home. These fees can range dramatically, depending on who does the moving, the distance, and amount of items needed to move.

Closing Comments
There are many ways you can reduce these cost and the amount of cash needed at closing. This is why it's important to hire an experienced or well-trained agent and lender. Their qualifications and education will help make this process easier and eliminate mistakes or unwise decision-making.

TIPS FOR MOVING

Once you have located your new home, you can begin the fun part - moving. Whether you're moving two streets away from your current home, from one side of town to the other, or clear across the country, you have two options – either professional movers or doing it yourself.

There are pros and cons of both choices. You must decide how much you can afford to spend, and what option you feel works best for you. Let's review the options.

Professional Movers

- Professional movers costs and experience vary. There are those on the less expensive end of the system, consisting of two to four people with a truck, up to the executive level of packing and using a huge semi-truck to delivery your belongings. Usually, what you pay for is what you get.
- Most moving companies provide sturdy, reinforced boxes. The cost of these boxes is included in the amount quoted for the move.
- Professional movers use padded blankets to protect your furniture. These blankets are secured with rope or bungee cords so no damage occurs.
- If you are doing the packing, make sure each box is carefully marked for the movers, indicating which boxes contain fragile items. In most cases, when using professional movers, you don't have to worry about the weight of the boxes. They know how much to pack and have the correct equipment to handle large boxes.
- If working with professional movers, one semi-truck may contain several households so your belongings may not be the first on their route. Talk to the movers and determine when they are expecting to arrive at your new home. Keep in mind that traffic, construction, and weather, can all create delays. For this reason, it's important to have phone numbers and e-mail addresses of the movers along with the main office just in case your belongings do not arrive on time. In addition, make sure they have a phone number to reach you. If the schedule denotes a 5 p.m. arrival, have someone at the house from 4:00 p.m. until the truck arrives: one hour before.

Self-Moving

- Your local grocery or business dumpster will has all the boxes you need. Many businesses throw out industrial strength boxes in all sizes, costing you nothing. Use old blankets, pillows, or towels for minimal damage. Some rental companies will rent padded blankets for a very small fee. Just be sure that you wrap breakable items carefully and don't stack boxes of breakables on top of each other.
- Mark all boxes carefully. Separate breakable items. Consider moving those in your car instead of loading them into trucks with your other items.
- When packing your boxes, keep the weight of the box reasonable. If you can't pick it up, it's too heavy.

Basic Guidelines

- Before moving, consider having a garage or yard sale. This is the perfect opportunity to eliminate unwanted items from being packed and moved
- Carefully mark the boxes containing towels, toiletries, sheets, etc., so you can unpack those first and at least be able to make your bed and take a shower.
- Other boxes that you want to open as soon as you arrive at your new home can simply be marked with **"Open me first."** This might include a coffee pot, eating utensils, or clothing that you've packed separately to get you through the first few days.
- If you have children, let them help in writing out the labels. This will free you up to do other things and it will help them get used to their new address.

- **If** you have cats, or other animals, make sure you keep them closed off from packing as well as the moving day activity. Pets can easily get into boxes without anyone knowing, or they can quickly run out a door and be lost. Consider boarding them for a day or two.
- Allow anything electrical to return to room temperature before plugging it in. If it's frigid outside, condensation could develop, and shock could occur when you plug them in.
- Inform old neighbors and friends of your new address and phone number.
- Don't pack food that could spoil. Refrigerator items such as mayonnaise, butter, milk, etc. should be placed on ice in a cooler and then moved or given away. If you're moving across the country where boxes will take days to arrive, don't pack any perishable foods at all.

THE ART OF REFINANCING

With interest rates being at their lowest in over 35 years, many homeowners are exploring the option of refinancing their current home mortgage loan.

Whether you secure a loan with a new mortgage company or the same lender who has your current loan, you have to start all over again. This means that you will have to fill out an application, get your home appraised, get an updated title report, and pay closing costs. Refinancing is a brand new loan and therefore will be treated as one. The only difference is that there won't be a buyer/seller situation.

Just as you did with your original mortgage, you need to shop around for the best rate. Determine what your finances can handle - a 15-year or 30-year loan.

When many people start out in a home, they go with an **Adjustable Rate Mortgage (ARM**), which most often changes annually; although, some only change every three years. When you look at refinancing, you should look into getting a **Fixed Rate Mortgage (FRM)** that will lock you into a non-changing loan. In other words, your payments will remain the same over the life of the loan.

Make sure you look at all the costs involved with refinancing. There could be additional fees for underwriter fees, title search, title insurance, etc.

Find out if your lender will be charging you any up-front points. Remember that each point is equal to one percent of the loan amount. If you were to borrow $100,000, each point would cost you $1,000.

Work with your lender to determine the amortization that way you know exactly your monthly payments. You can always go to any of the main search engines such as google.com or lycos.com and in the search field, type in mortgage loan calculator. These are free and allow you to calculate your down payment, monthly payment, payoff, etc.

If you plan to stay in the house for some time, it makes more sense to go with a lower interest rate and add the point or points you need to pay on the new loan. Keep in mind that points on refinance loans are usually not tax deductible unless the purpose of the loan is to pay off improvements made to the house.

Although there is no guarantee as to what the future will bring, analysts are predicting that interest rates will start to creep back up. As the economy starts to recover, interest rates will also re-establish higher rates.

Locking into a 30-year fixed rate at a lower interest rate has a lot of merit and is a great strategy.

On the other hand, if you don't plan to stay in your home more than three years, and you can lock into an adjustable rate for less than 6%, it would make more sense to follow this route. The reason for this is that over the three-year period, the rising interest rate from the ARM are not worth worrying about losing.

If you're not sure which way to go, sit down with several lenders as well as a financial advisor and have them look over the figures with you. Keep in mind that not all refinance programs are the same. They will vary from one lender to the next so look around.

It's never too late to refinance. However, a standard rule is that anytime the interest rates drops 2% or more from your original interest rate, you should refinance. A difference of 2% could save you around $200 a month, or $2,400 a year. That's definitely worth considering.

There are many different reasons for refinancing a house. Lower interest rates are just one of them. Other reasons might include going through a divorce, education needs, debt consolidation (getting credit cards and other bills paid off). No matter what your reason, this is a great time.

Just as with your first mortgage, when you refinance, you need to stay in your home long enough to pay off the new mortgage up-front costs to process the refinance. This would include settlement charges, application fees, points, credit report fees, title insurance, etc. All these costs would be added into the new loan so determine how long it will take to pay off all of these fees.

Beginning February 1, 2002, Fannie Mae made changes to refinancing rules. Since they are the largest mortgage buyer in the country, this is important.

There are two types of residential refinancing: Rate-and-term and cash-out. For the **rate-and-term**, the borrower wants to lock into a lower rate and a short repayment schedule, such as 15 years opposed to 30. In this case, the borrower is trying to avoid more debt other than closing costs of settling the loan. For the second option, the **cash-out**, the borrower might want to obtain a lower rate, shorter payment term, and lower monthly payments. In this situation, the borrower also wants to finance more than the remaining loan amount. For example, if the remaining figure is $150,000 they may want to secure $200,000. With the additional money, they will pay off credit cards and other debt.

The changes in February will divide the cash-out option into two categories - cash-out refinancing and limited cash-out refinancing.

The **limited cash-out** refinancing allows the homeowner to refinance current debt in order to get a lower rate, smaller payment, and shorter loan term. This change also means that Fannie Mae will now be defining current debt as the original financing used to acquire the property.

The limited cash-out will include only loans that involve the pay-off of the outstanding principal balance in an existing first mortgage, the pay-off of the outstanding principal balance in an existing subordinate mortgage used in whole to acquire the property, the financing of closing costs (including prepaid expenses), and cash back to the borrower in an amount no more than the lesser of 2% in the balance of the new refinance mortgage, or $2,000.

This means that Fannie Mae is looking for more compensation when there is greater risk.

Refinancing always includes some costs. To determine if refinancing will work for you, search overall expenses as well as monthly savings. You need to know the full package price as well. Shop around, look at all the numbers and, if possible, consider refinancing before rates increase.