

Life Advice

About...

Selling A Home

This **Life Advice** section about *Home Improvement* was produced by the **MetLife Consumer Education Center** reviewed by the Real Estate Educators Association and the U.S.D.A. Cooperative Research, Education and Extension Service.

If you've decided to sell your home, chances are you're caught up in a host of emotions. You may be looking forward to moving up to a new dream house or facing the uncertainty of a major move across country. You may be reluctant to leave your memories behind or eager to start new adventures. Whatever turbulent feelings you're experiencing right now, there are plenty of practical matters that need your attention. Keep in mind the following considerations to help the whole process go more smoothly.

Time Becomes Money

It's a good idea to place your home on the market as far in advance as possible of purchasing a new one. If you find a new home first and then try to sell your present home, you may wind up with two mortgages. If this does happen, ask your real estate agent or banker about a bridge loan to help you make the double payments. Lenders use the same criteria for offering bridge loans as they use for mortgages. Should you qualify for a bridge loan, beware of the expense; during the term of the loan you must continue to pay both mortgages. Shop around for the best terms.

Keep in mind that when people move, sell and buy, there usually is a domino effect. Closing and moving dates have to be coordinated, and the more firmly everyone commits to a window of dates and sticks to them, the better for all

involved. Put all agreements about dates in writing, and protect yourself by negotiating financial penalties for failure to comply.

Check Your Curb Appeal

A home that's visually appealing and in good condition will attract potential buyers driving down the street. Use this checklist to view your property through an outsider's eyes.

- Are the lawn and shrubs well maintained?
- Are there cracks in the foundation or walkways?
- Does the driveway need resurfacing?
- Are the gutters, chimney and walls in good condition?
- Do the window casings, shutters, siding or doors need painting?
- Are garbage and debris stored out of sight?
- Are lawn mowers and hoses properly stored?
- Is the garage door closed?

On the Inside

Strong curb appeal will lure potential buyers inside, where you have to live up to their expectations. Fortunately, there are plenty of easy improvements you can make to your home's interior without spending a lot of money. Cleaning is No. 1. Your windows, floors and bathroom tiles should sparkle. Make sure you have clean heating and air conditioning filters. Shampoo dirty carpets, clean tubs and showers, repair dripping faucets and oil squeaky doors. Keep your home neat, clean and picked-up at all times. It may not seem fair, but a peek in the oven may be the hallmark by which a buyer judges how well you have kept up your home. Remove unnecessary clutter from the garage, basement, attic, closets and straighten stored items. Also remove any items that might make a statement that would be offensive to others who may not share your same views, beliefs or sense of humor. If your home is crowded with too much furniture, consider putting some things into storage. If a room needs a fresh coat of paint, use a neutral off-white. Think, too, about how your home smells. You may be used to the smell of a pet or cigarettes, but such odors can be a strong turn-off to others. Be certain to remove valuables such as jewelry and other items from view. It

might be wise to put these items in a safe deposit box before showing your home. Finally, set a mood for the buyer. Make your house homey with live flowers and fresh guest towels in the bathroom. Place scented potpourri around the house or, on the day you're expecting a potential buyer, pop a batch of frozen cinnamon rolls into the oven for a welcoming aroma.

Remember, cosmetic changes do not have to be expensive. In fact, costly home improvements do not necessarily offer a good return on your investment when you sell. It's attention to the basics—anything that says “this home has been carefully maintained”—that will help you get the price you want.

Go It Alone--or Choose an Agent?

Some homeowners decide to sell their homes themselves in order to save the commission charged by a real estate agent. The commission rate may vary, depending on where you live or what agency you choose, but it is generally upwards of 5%. However, handling your own sale means you will be responsible for placing ads, answering phones and showing your home to strangers. What's more, buyers who know you are saving on an agent's commission may offer less for your home, wiping out the financial incentive to do it all yourself.

You may decide an agent's commission is a bargain the first time that a would-be buyer shows up unannounced at dinnertime. Also, be aware that a real estate agent probably knows a lot more about the business of selling a home than you do. Here are some of the advantages professional agents offer:

- They will help you establish a fair asking price for your home.
- They will promote your home to other agents and list your property in multiple listing services. A multiple listing service is a book or computer database that all real estate agents who subscribe to the service can access. Your home will get exposure to all those agents, one of whom may have the perfect buyer.
- They will create, pay for and place advertising for you.
- They will schedule appointments to show your home to prospective buyers even when you are not there.
- They can weed out buyers who will not qualify for a mortgage.
- They can refer you to sources for insurance, inspections, legal counsel and financing.
- They will help you negotiate with the buyer.
- They can make suggestions to help make your home more attractive to a potential buyer.

If you decide to sell through an agent, ask friends and neighbors for recommendations. Talk to several agents before picking the one you want to work with. Taking a walk through your home with an agent should give you a feel for how that person will handle prospective buyers. Ask prospective agents how they plan to market your home. Don't sign with an agent just because he or she suggests the highest asking price. Negotiate the broker's commission prior to listing your home, and sign for a limited period of time—usually three to six months.

Setting a Fair Price

Naturally, you want to get top dollar for your home. But, at the same time, you don't want to scare off potential buyers with a price tag that's too high. Setting an artificially high price may cause your property to languish on the market for months. Reducing your asking price later on may lead buyers to wonder if there is something wrong with your home. Here are some of the factors to consider in pricing your home.

- Your location
- Economic conditions
- Supply and demand in the local housing market
- Seasonal influences
- Local schools
- Average home prices in the neighborhood
- Your home's extras -- pool, fireplace, central air, etc.

To determine the value of your home, you probably will want the advice of a real estate agent or appraiser. Ask an agent to prepare a market analysis for you, showing the recent selling prices of three neighborhood properties comparable to your own. The agent can help you adjust for the unique features of your own property.

Qualifying a Buyer

Either you or your agent will want to quickly weed out potential buyers who cannot really afford to purchase your home. A number of factors will help determine whether or not you are wasting your time negotiating a sale.

- The buyer's debt and credit history
- The buyer's current income and employment
- The buyer's cash position and availability of a down payment
- The length of time the buyer needs before closing on your home
- How interested the buyer appears to be in your home versus others

Seek Legal Representation

When selling your home—particularly if you are selling on your own—it's a good idea to be represented by an attorney. Look for an attorney with expertise in real estate transactions. When a potential buyer puts an offer in writing and you accept it, the signed acceptance becomes the sales contract. Your attorney will be present at the actual closing to protect your interests and can assist you with the following elements of a sales contract:

- The sale price
- What is included in the sale price -- draperies, carpeting, light fixtures, heating oil, etc.
- The amount of the down payment
- The date of settlement and possession date
- Contingencies to the sale--inspections (e.g. structural, lead-based paint, radon), required improvements, legal review of the contract by the buyer's or seller's attorney, etc.
- The amount and length of the mortgage loan, interest rate and time limits to secure the loan
- Determining which closing costs are to be paid by the buyer and which by the seller

Tax Implications

Selling a home can have a major impact on your federal and state tax returns. Check with your tax consultant on the factors that may affect taxes resulting from the sale of your home. For example:

- Whether you purchased the home or acquired it by gift or inheritance
- Whether you used your home partly for business or rental
- Costs associated with selling your home
- Home improvements or additions, which may help to offset capital gains
- The sale of your home. In certain cases you can exclude up to \$250,000 in gain (\$500,000 for married couples filing a joint return) on the sale of property that

was your principle residence for at least two years. Generally, you can use this exclusion every two years.

Congratulations!

You've successfully weathered the logistics of selling your current home, and you're ready to move on to a new and exciting chapter in your life. As you prepare for the coming changes, check out the [Life Advice](#) sections Moving and Buying a Home to aid you in this transition.

For More Information

100 Questions Every Home Seller Should Ask

Ilyce R. Glink, Times Books \$14

[Life Advice price \\$11.20](#)

Call 1-800-793-2665 to order and mention reference number 032-02. Price and availability subject to change without notice.

The American Bar Association Family Legal Guide

Times Books \$34.50

[Life Advice price \\$28](#)

Call 1-800-793-2665 to order and mention reference number 032-04. Price and availability subject to change without notice.

How to Sell Your Home in 5 Days

William G. Effros, Workman Publishing \$14.95

[Life Advice price \\$8.97](#)

The Consumer Bible, 1001 Ways to Shop Smart

Mark Green, Workman Publishing \$14.95

[Life Advice price \\$8.97](#)

To order any of the Workman Publication Co. books listed above, send your check or money order payable to Packaging Fulfillment Specialists to: Life Advice® Offer, Packaging Fulfillment Specialists, 1077 Prospect Lane, Kaukauna, WI 54130. Add \$3.00 postage and handling for the first copy ordered and 75 cents for each additional copy. New York and North Carolina residents add applicable sales tax. Please be sure to include you name, address and

phone number and indicate the book you are ordering. Allow 6-8 weeks for delivery.

Tips and Traps When Selling a Home

Robert Irwin, McGraw-Hill \$12.95

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A Home for You and Your Family Publication Series, North Carolina Cooperative Extension Service, Housing & House Furnishings, Box 7605, Raleigh, NC, 27695-7605 (single copies free). Also contact the Extension Service office listed in the white pages of your phone book.

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