

FSBO It: A Real Estate Broker's Guide to Selling Your Own Home

The down-to-earth, no BS real life strategies, tactics, and tricks that will get your home sold with the least amount of stress, effort and risk and for the highest price available in your market place.

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About the Author:

Rick Sheppard is a licensed real estate broker in the Commonwealth of Pennsylvania and has been conducting real estate transactions since 1988. His father had his own real estate business for 40 years so Rick literally grew up with real estate and was able to “hit the deck running” after graduating from college.

In his vast experience, Rick has successfully closed many hundreds of transactions and worked with thousands of buyers, sellers, landlords, tenants, loan officers, title agents, home inspectors, real estate agents, municipal authorities and other industry representatives.

Selling a home can be a daunting task and is often the biggest financial activity a person undertakes in their lives. Rick decided to write this book to help do it yourself homeowners sell their home as efficiently and as stress-free as possible. His down-to-earth insider tips, techniques and wisdom – fined tuned over 30 plus years in the business and presented with light hearted humor – are available here... in this book... for your use.

Since his boyhood days in the Pennsylvania suburbs of Philadelphia, Rick has enjoyed learning, leading, competitive sports, and interacting with others. The oldest of 4 children... a patrol leader in boy scouts... a team captain on his high school track and cross country teams... a husband... a father... a son... a brother... a little league baseball coach... a life member of the Schwenksville Fire Company... a business person. Rick likes things done right. It's in that spirit that he shares his experiences with you and wishes you all the best. And if you have real estate questions or could use a little help, Rick asks that you contact him at www.RickSheppard.com. Lastly, he encourages you to contact an attorney, an accountant, a financial advisor if you have legal, accounting, tax, or financial related questions.

A special thank you to my beautiful and loving wife, Ginny, who works with me in the real estate business and provided thoughtful input for this book. Her gentle prodding and kind words of encouragement to “get off your tail and get that book written already!” were

key in keeping me focused on the task at hand. Without her, I wouldn't be the man I am, and this book wouldn't be the book it is.

CHAPTER 1 So You've Decided to Sell Your Home

Something's changed in your life and you've made a decision to sell your home. And you're thinking about selling it yourself – no real estate agents or attorneys. OK, now what?

Two important upfront matters:

- Where are you going? Do you have a home to go to when you get there? Or will you need to find that next home before or during the sale of your current home?
- What is the timing of your move? Put another way, did that change in your life cause you to need to move somewhat quickly or can you spread the process out over time?

Like a lot of things in life, when selling your home, you'll need to "go back to school" and do some homework on your home. First, everyone who is a titled owner must agree to sell. If 3 brothers, Tom, Dick, and Harry, own a property, there's no point in Tom jumping the gun and putting a FOR SALE sign in the front yard if Dick hasn't agreed to sell and no one has heard from Harry in years.

There's other homework, too. You'll need to do some math. Can you afford to sell your home? If you have mortgages and judgments (collectively called liens) attached to your property and recorded in your county's courthouse, these will need to be paid, or satisfied, at your closing.

Here's a simple example:

Sale price	\$150,000
Mortgage balance	144,500
Credit card judgment	8,000
Negative proceeds	2,500

You'll need to bring \$2500 in bank certified funds to the closing table.

There's more. Most states charge a tax when a property's title is transferred – a "transfer tax". If it's 1%, our example now looks like this:

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I think the 1st chapter or intro should be about what to expect from the book. If tend to be timid and not one to negotiate then fsbo may not be their thing

Negative proceeds = Bring cash to the table

Abstract attachments – Other words

Made a decision to sell home vs you're thinking about selling your home

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Sale price	\$150,000
Mortgage balance	144,500
Credit card judgment	8,000
transfer tax	1,500
Negative proceeds	4,000

Now it's \$4,000 in bank certified funds.

We're not quite done yet. Any lienable expenses such as current and delinquent water, sewer, real estate taxes, homeowner association fees, etc. will need to be paid at closing.

Sale price	\$150,000
Mortgage balance	144,500
Credit card judgment	8,000
transfer tax	1,500
water/sewer	260
real estate taxes	3,400
Negative proceeds	7,660

We're now at \$7,660 in bank certified funds.

Throw in miscellaneous closing costs like notary fees, payoff wire fees, courthouse recording fees, utility certification fees, etc. and you may need to bring somewhere around \$8,000 to closing. So, do you have it?

Next up – what's on your deed? Real estate is not just the physical sticks and bricks that make up your house. It's also abstract attachments to your property, spelled out on your deed and recorded in your county's courthouse. Examples are things like shared driveways and instructions for maintaining them, easements, and rights that others have to enter your property, recorded limitations for selling your property. The possibilities are endless.

And if you're a landlord who rents your home to a tenant, the lease that spells out the terms of your arrangement will need to be shared with prospective buyers and made part of an agreement of sale, or contract.

Lastly, contact your local governing body, or municipality, and find out if they require anything as part of your home sale. Do the same thing if you live in a condominium or townhome community. Ask the management company what they require you to do when selling your home. Municipalities and home owner associations often require interior and exterior property inspections, documents, permits and related fees in order for you to transfer title (sell) your home.

It's best to think of it this way: selling a home, even if it's your own home, is work. And if you are going to do it yourself, you should accept and embrace that fact. Prepare yourself mentally, emotionally and even physically. You're about to get busy.

CHAPTER 2 Preparing for the Sale

Commented [RS3]: Need specifics on decluttering

If, after you've done all your homework, you're still ready to sell your home, let's take a look at the next step – getting started.

Unless there's urgency, or worse, desperation motivating you to sell, you'll want to take some time to properly prepare.

Look around. No, really look around – not just in the rooms of your house but in the nooks and crannies, too. Check the attic, the basement, closets, the exterior of the house, any sheds or garages, the grounds. Ask a friend or family member (who doesn't live in the house) to help you – an unbiased eye will go a long way toward seeing problem areas that you may have long ago tuned out.

Before we go any further, it's important to note that not all home renovations make sense in the home selling process. Let's say you have a modest, structurally sound deck off your kitchen. While a slightly larger, newly built deck may look nicer, the cost to demolish the old one and build the new one may not be the best use of your money. Don't be that person who spends \$10,000 to increase the value of their home by \$2,000.

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Quick tip: generally speaking, replacing an old and worn out garage door with a new, automatic opening door is a good financial investment when you prepare to sell your home.

Let's get back to looking around. Home repairs (vs renovations as discussed earlier in this chapter) are a different story. Your old and modest, structurally sound deck did not need replacement... or even repairs, for that matter. But things that are broken – not working as designed – are usually worth repairing, especially if the repair is simple and low cost.

Examples:

- A squeaky door hinge might just need a squirt of WD40.
- Then there's the door knob that works, but only if you turn it just so... with both hands... and sort of push on the door with your hip at the same time. Prospective buyers won't know how to perform this acrobatic move! Replace or repair the door knob!
- Here are two common plumbing problems: A slow leak from a trap under one of your sinks... and you've had a pan under the sink collecting water for the past 6 months. Or,

one or more of your faucets has a slow drip. A plumber (and maybe even you) can make these easy fixes in no time.

- Chirping or missing smoke detector batteries – install new ones.
- Loose handrails – tighten brackets.
- Broken, or just plain nasty, toilet seats – replace them.
- Old water stains on walls and ceilings – touch up with stain blocking paint. Same thing with scuff marks on walls and baseboard.

You get the idea. Stuff that you've been comfortably living with for maybe years will look and feel like major problems to prospective buyers. And if one does end up submitting an offer, their price will be reduced by much more than the actual repair costs. Don't be that person who, in true penny wise and dollar foolish fashion, avoids a \$90 repair expense only to have their home price reduced by \$4000.

Property Disclosure.

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Most states have some sort of seller property disclosure law that requires a residential property seller to complete a document spelling out what they know about various areas of their home. Has the roof ever leaked? Are you aware of radon gas? Any electrical or plumbing problems? Property line disputes with neighbors? And so on and so on. Contact your state's real estate commission to get more details on this matter and to obtain a disclosure form commonly used in your particular state.

Please don't dismiss this obligation to be truthful about your knowledge of your home. Here are 3 reasons why:

1. If it's a state law, you don't want to be a criminal.
2. Your buyer will be given this document to read prior to submitting an offer. He'll have a chance to ask questions and will then sign the document as part of the sales contract. This is your protection should something happen after the sale. Example: you disclose that your basement takes on water occasionally after it has rained. The buyer accepts this as part of the sales contract. Six months after settlement, when the basement gets some water, the buyer has no claim against you. Of course, the reverse is true if you state (untruthfully) in your disclosure that your basement has always been bone dry. If the buyer can prove after settlement that you lied, you'll likely find yourself needing an attorney.
3. Sharing information and being honest is the right thing to do.

Pricing.

We're getting close to putting your house on the market but there's one more thing, a very important thing, you need to research and decide on. What is your home worth? Put another way, what asking price should you advertise and what final price should you expect?

The first number is easy – pick one and write it down or type it on your computer screen. The second requires looking into the future and without the aid of a crystal ball, this can be difficult.

The textbook definition of what a home is worth is “what a ready, willing and able buyer will pay.” Let’s break that down by asking:

Ready – is your prospective buyer prepared to purchase your home **NOW**?

Willing – does your prospective buyer **WANT** to purchase your home?

Able – is your prospective buyer **CAPABLE** (physically, financially, etc.) of purchasing your home?

Using recent real estate market sales data of homes *similar to yours*, you should be able to “guestimate” what a ready, willing, and able buyer will pay for your home. That data is available in places like your local courthouse (most are online) and consumer sites like Zillow.com and Realtor.com. And there is no cost to obtain this data. This may help, too - being honest and objective, ask yourself, “*What would I pay today for my house?*”

Here’s another way to get some market data, also at no cost to you. Look online for real estate agents who have activity (homes for sale and homes sold) in your general neighborhood. Do some additional vetting. Then choose 3 or 4 who seem to have their act together, call them up, tell them you are thinking of selling your home, and schedule visits at your home. For your own convenience, set them up for the same day, 90 minutes apart, in an assembly line fashion. When each one arrives, tell them you are thinking of selling your home yourself, but you’d like to hear what they can do for you. Give a tour of your home. Then sit down and take in their listing presentations. Pay attention and gather all the information you can... and do not let them leave without sharing their candid thoughts on asking price and expected final sale price!

Know this: it’s ok to end up with a final sale price lower than your asking price. In fact, this happens most of the time. Think of it this way, if you put your home on the market and someone promptly offers to pay your full asking price, how do you know you didn’t leave money on the table? The key is to start with a number that’s low enough to attract buyer inquiries and foot traffic but high enough to allow for negotiating. Then allow the transaction to sort of ease into a price and terms that both you and the buyer are pleased with – the often quoted “win-win” situation.

Know this, too: if you happen to sell your home for what you owe against it, that’s just a coincidence. Don’t price your home by starting with your mortgage balance, adding other liens, then adding closing costs, then putting a little extra on top to allow for negotiating. The asking price you end up with may be way out of line with true market values and therefore your home will not sell. This is an example of being over leveraged, or under water, or having no equity. Price your home based on true market data, then do the math from there (refer to Chapter 1).

CHAPTER 3 Marketing Your Home

Commented [RS6]: Listing on websites like for sale by owner, Zillow etc.

In the previous chapter we spoke of inquiries and foot traffic. Once you're on the market, if these two things are not happening, either your asking price is ridiculously high, your marketing is not reaching prospective buyers, or there's some combination of both at work.

Let's assume you've done your research effectively and your asking price is realistic. It's time to get serious about marketing your home and finding a buyer. I say "a buyer" because you can only sell your home to one buyer. You want to generate inquiries and foot traffic from ready, willing and able buyers – as many as possible. But ultimately you will only sell to one of them. So, do your best to find "the one", then work with them to naturally ease into a transaction acceptable to everyone. When someone starts "forcing" a transaction, things usually go sideways... if they go at all. The perfect buyer: someone who wants to buy your home at least as much as you want to sell it. Remember that.

Finding the perfect buyer.

First, think about why you bought your home. Maybe it's close to a train station and you commute on the train into center city. So, look for a center city commuter. Or, you own a 1 story home – perfect for someone who doesn't want steps – perhaps a senior citizen or a physically handicapped person. You have a large, 4-bedroom home in a well-respected school district? There's a good chance someone with children will be attracted to your home.

Next, assuming you've completed repairs and maybe some painting and renovations, get your home ready for photos. Gussy it up, so to speak. Remove clutter, de-personalize, create space by taking away extra, unneeded furniture. Let buyers see and focus on your home, not your personal belongings. And give the place a real good cleaning, including the windows, too – inside and out. Be sure to give plenty of attention to the exterior – power wash siding and decks, trim trees and bushes, mulch, plant flowers, cut the lawn. Don't skimp here, folks. There really is such a thing as "curb appeal".

Note on clutter: clutter can be somewhat of a vague term. One man's clutter is another man's decorating. That sort of thing. But you'll be ok if you proceed with the idea that less is better. If your refrigerator has pictures, notes, a calendar, and a wedding invitation attached to it, remove everything but the calendar. And if you can do without the calendar, remove that, too. If your dining room table has 6 chairs squeezed in around it, put 2 in your garage and leave 4. If there are candles, plants, a toaster, and a coffee maker on your kitchen counter, leave one plant and lose the other items. Just remember, less is better.

More on cleaning: “a real good cleaning” means just that. “Ok cleaning”, “average cleaning”, even “good cleaning” aren’t good enough. It needs to be “real good.” And don’t forget these sometimes-overlooked areas of your home – ceiling fans, air duct covers, doorway thresholds, tub and floor grout, light switch covers, faucets, inside sink vanities, floor behind toilets, inside closets, dust and cobwebs at hot water heaters and home heating units, window sills, floor baseboard. Know this: buyers, as they scrutinize your home, will miss none of these areas.

Back to photos. If your budget allows, hire a professional photographer (unless you have professional photography skills yourself.) There’s a good chance a photographer’s camera and equipment will be superior to yours, plus he or she will likely have great suggestions based on their experience photographing homes. Costs can range from \$100 to \$500 or more depending on the size and layout of your home and grounds.

Whether you do it yourself or hire a pro, here are some photo tips:

Commented [RS7]: Add the cost of hiring a pro and the benefits

1. Emphasize the positives. If your yard is especially nice, showcase the landscaping and outdoor living features, etc. and de-emphasize any negatives.
2. Exterior shots of the front and rear of the house are a must.
3. For inside shots, don’t show a straight on photo of a wall. Give a 3D feel by angling the shot to show 2 or more walls, windows and doors.
4. If you have a 4-bedroom home, be sure to include a photo of all 4 bedrooms, even if one is especially small or unimpressive. Label each bedroom as master, BR2, BR3, BR4. A 4-bedroom home with only 3 bedroom shots will be remembered by a buyer as a 3-bedroom home.
5. Show potential use of an empty area by staging with a table and chairs, a television and couch, a bed and dresser, etc.
6. Splash things up a bit by adding color – towels and soap in bathrooms, a center piece on the dining room table, nick knacks in the kitchen, flowers and fruit, etc.

There’s a lot of technology available to aid with photo quality including overhead drone photography. Use as much as your budget will allow. Know this: people like photos and more is better than less.

What’d you say?

Yes, photos are very important, but you’ll also need to write some copy to describe what you are offering. Give important facts – house size, room sizes, lot size, location, price, etc. but don’t oversell. Give enough to generate that all important foot traffic but leave a few pleasant surprises. Put another way, under promise in your marketing, then overdeliver at the visit. Better to have a prospective buyer leave your home smiling with unexpected joy than frowning with unexpected disappointment. People buy homes that they feel good about.

Another tip for copy and photos: do something a little unusual or quirky. Better chance that a buyer, who may be researching dozens of homes for sale and viewing hundreds of photos, will

remember yours. Find a way to stand out in what can be an overwhelming amount of online data.

If you have an old outhouse on your grounds, take a photo and label it “library”. A modest looking shed in the back yard? Call it the “mother-in-law suite”. Laundry room – “domestic engineer station”. You get the idea.

As for copy quirkiness, how about a Limerick in the body of your description?

***Here’s a fine home for sale in Cleveland.
With amenities you can surely believe in.
New heat and A/C
plus 2 places to pee.
If I get a fair price, I’ll be leavin’!***

Quirkiness increases the chance that a reader will remember your home. They may not end up buying it, but they’ll likely remember it. And maybe tell a friend or co-worker, who may just end up buying it!

Of course, your copy will need to provide a way for a buyer to contact you. Instead of phone calls, voicemails, return calls, more voicemails, etc., you may just want to have people send you an email. Ask them to attach a mortgage pre-approval letter and/or proof of their cash funds. Email will allow you to better control the appointment setting process.

A quick note on mortgage pre-approvals and proof of cash funds:

A mortgage pre-approval is a letter from a lender stating that based on some degree of preliminary research (viewing pay stubs, checking credit scores, etc.) the lender feels they’ll be able to process, formally approve and fund a loan for a home purchase. It is not a guarantee! But it is better than not having a pre-approval, so be sure to request this document from any prospective buyer. And also, be sure it’s current – dated within 15 days of you receiving it.

Proof of cash funds is simply a bank statement or similar type of document that shows the buyer’s name, a dollar balance showing sufficient liquid funds and a current date (within 15 days). Be sure it has the financial institution’s name on it – preferably a reputable name that you recognize. Keystone Cops Credit Union or 3 Stooges Savings & Loan should be a concern to you. One more thing: tell the buyer that he can black out the account number before sending the document to you. That’s a bit of information you don’t need.

Commented [RS8]: Current date on proof of funds letter and pre approval

Back to copy for your advertisement. Educate yourself on fair housing laws and know your rights and responsibilities. Discrimination is permitted in one instance only – financially. If someone can’t show you their financial ability to purchase your home, you don’t need to consider them.

Marketing Mediums.

Of course, you'll want to use digital technology. It's the 21st century, man! But don't ignore old school methods such as:

1. FSBO (For Sale By Owner) sign(s) on your front lawn. Be sure to include your phone number and/or email address. Someone driving by or one of your neighbors may just know someone looking for a home. Oh, and make the sign very readable, please.
2. Simple, one-page flyers with a front photo of your home. Place these on community bulletin boards at grocery stores, places of worship, community centers, etc.
3. Print up business card size ads showing address, price, your contact information, and a link to a website. Give these out as part of your word-of-mouth efforts. Hey, you're selling your home! Don't be shy about it. Let people know!
4. Hard copy print in your local newspaper might make sense if the cost is negligible – be sure to include your website information.

Digital Technology.

As we get deeper and deeper into the 21st century, the technology available to us for marketing and communicating with each other has become vast – readily accessible to people from all walks of life.

Just about every household has a personal computer and most are lap top computers – easily used at the kitchen table, living room couch or while relaxing on the back deck.

Internet speeds and wireless connections provide access to unlimited information and in real time.

And who doesn't have their own smart phone – a mini computer, really. Messages, photos, videos, and detailed information can be exchanged via social media sites like Facebook, Twitter, YouTube, and Instagram with the press of a button.

The point is this: be sure to use all of these digital technology options when marketing your home for sale. Design a website and use your address as a domain name. Post your property in online sites like Craigslist and FSBO sites such as Zillow.com and Trulia.com. Send photos, videos, and messages out on all of the social media sites. Let the world know that your home is for sale. While your buyer may come from around the corner, she may also come from the other side of the country after first seeing your home on the internet!

Commented [RS9]: Post your property not place ads

CHAPTER 4 The Showing Process.

Naturally, you'll want your home to look especially nice for a scheduled buyer visit – a "showing". No dirty dishes piled in the sink. All clothes put away. The yard spruced up. Valuables locked away. Etc., etc., etc. All common-sense stuff, really.

Some additional suggestions:

- More lighting is better than less. Open blinds and curtains. Turn on lights, especially for evening and cloudy day showings.
- Calming "elevator" music in the main living area is a nice touch. Keep the volume low.
- Eliminate bad smells while adding pleasant ones. Use a few air fresheners or diffuse essential oils like lavender, peppermint, or lemon. But don't overdo it – a buyer may wonder what you're trying to cover up.
- Have shoe covers available inside the front door for visitors to use. Even if you don't particularly care about the possibility of dirt from visitors' shoes, the covers will give the impression that "this home is special."
- Prepare a welcome flyer with pertinent property details and your contact information. Include a copy of your property disclosure statement.
- Regarding audio and video cameras, it's my opinion that if your home has such equipment set up, you should let your visitors know that upon their arrival. Check with your local law enforcement officials on this.
- Secure pets, or better yet, remove them from your home during showings. Barking dogs are not a plus. And speaking of dogs, be sure to pick up any waste in your yard – no one wants to discover landmines the hard way. As for cat litter boxes, if you have them in your house, move them to the basement or garage for showings. And keep them clean.

Commented [RS10]: Bake a batch of cookies or lightly scented candle air or diffuse essential oils like lavender, peppermint lemon etc won't overdo it freshners are kind of old school

Commented [RS11]: Litter boxes

Scheduling and handling showings.

Of course, you or someone on your behalf should be at your home for showings. Be sure to have at least 2 adults welcoming your visitors. And be smart – you are allowing strangers into your home! For added security, let a third person (family member or friend) know of showings in advance, including the visitor's name and contact information.

Set dates and times that suit you but be flexible as well. If you only allow visitors on Tuesdays and Thursdays from 2pm - 3pm, you'll surely limit foot traffic. Find ways to remove hurdles, not increase them.

Commented [RS12]: List more potential hurdles

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Commented [RS14R12]:

In an effort to be as efficient as possible, welcome visitors at just about any time, but encourage them to visit during a scheduled open house – say on a Saturday from 10am – 2pm. This will make things easier for you and potentially create an "auction" style environment. Let buyers see other buyers. You can also bake a batch of cookies that morning and offer them to your visitors. Include coffee, iced tea, bottled water, candies, etc. Create a party environment. People buy homes that they feel good about (refer to Chapter 3), and who doesn't feel good at a party!

When visitors arrive, ask that they add their name, email address and phone number to a sign-in sheet. Explain that this will allow you to reach out to them when an offer to buy is received. As an added precaution, you might also ask them to show a photo ID. If someone isn't willing to do this, you may not want them to enter your home. It's your call – while it's important to not create hurdles, it's even more important to be safe.

More thoughts on precaution and safety at showings.

- Before showings, remove all photos and knick knacks that could identify someone. This is especially important in children's bedrooms.
- Ask that adults keep their children with them during the showing.
- Have your cell phone on your person at all times during showings.
- If you live alone, NEVER let anyone know that.
- And you may want one of your representatives to casually walk outside while visitors are viewing your home and make a note of car descriptions and license plate numbers. Then hope you never need to give that information to the local police department!

While visitors are touring your home, place one of your representatives on each level to answer questions and oversee the process... without being overbearing. It's important that buyers can comfortably view all areas of your home – rooms, closets, bathrooms, etc. People need to see a home... really see a home... before they'll buy a home.

When a showing is about to end, be sure your visitor has a flyer with pertinent information, including your contact information. And a copy of the property disclosure statement. See them to the door and thank them for their interest in your home. You may want to send them an email (from the sign-in sheet) a day or two after their visit asking for their candid feedback. And hopefully the feedback is an offer to purchase!

Working with real estate agents.

Wait a second! You're selling your home yourself, meaning you don't want to work with an agent, right? Yes, you haven't hired a "listing agent" to offer advice, market your home, handle showings, offers, the closing process, etc. But you may decide to work with a "buyer agent". That is, an agent who has a buyer client with interest in your home.

When you begin to market your FSBO home, even if you only place a sign in the yard and key in some copy with a photo onto Craigslist, you will be approached by real estate agents. Let me say that again. You will be approached by real estate agents. Don't panic or get annoyed. If you absolutely, positively will not consider working with an agent, then simply say that to an agent when he calls and also tell him not to contact you again. You can also proactively state that agent calls are not welcome in your online posts. Most agents will honor such a request.

But before you ban all agents from your home sale, consider this: when someone hires an agent – a listing agent – to sell their home, a commission is established. Let's say it's in the 5% - 7%

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Commented [RS16R15]: Ask for contact info so they can follow up and feed back with like email address. They may not get it but never hurts to ask

Commented [RS17]:

Commented [RS18R17]: Should this be discussed earlier in the book. Another benefit of working with buyers agent is that agent will do much of the work

range. That listing agent will tell the homeowner how much of that commission is being offered to buyer agents to incent them to promote the property to their buyers. Let's say half, or 2.5% - 3.5%, is the incentive. A sale successfully closes, the seller pays a commission at that time, and the commission is split between the two agents. Seller, buyer, and both agents walk away from the settlement table happy.

If you are contacted by an agent, listen to him for a minute or so. If it becomes clear to you that he is simply trying to make an appointment to get you to sign a listing contract, politely tell him where to get off the bus. But if he's calling because he's a buyer's agent representing a buyer who has sincere interest in your home, you may want to consider offering compensation if he and his buyer client successfully close. Of course, your payment to that agent will happen at the closing, not before. If your home is newly on the market and the market is active – homes selling fairly quickly – you may want to offer something like a 2% buyer agent commission. If your home has been on the market for some time and the market is slow – you may want to offer something like a 3% buyer agent commission. The point is this: for about half of a normal commission, you may be able to get your home sold – the very result you are looking for! And that buyer agent will do much of the work necessary for a successful closing – things like coordinating inspections, working with the appraiser, ordering a title report, title insurance and settlement.

A quick tip: If an agent calls and says that he's a buyer agent and that he'd like to "preview" your home before making an appointment to bring his buyer, pass on that. Tell him to bring his buyer on the first visit and to bring the buyer's mortgage pre-approval letter to that visit. If the agent can't or won't honor your request, you don't want to work with that agent.

CHAPTER 5 The Offer.

Your efforts have paid off – a buyer, either directly or through a real estate agent, has provided you with a contract to buy your home. So, what's next?

Relax. Pick a quiet place and time. Read the entire contract thoroughly. And make sure you clearly understand all terms, timing, contingencies, etc. Do not sign anything until you've done this! And there's no shame in seeking help – hire a real estate agent or an attorney to look over the paperwork. At the very least, ask the smartest member of your family to read and discuss the contract with you. To be clear, at least for the purpose of selling your home, let's assume you are NOT the smartest member of your family!

Obviously, price is an important term in any offer. But don't forget that there's a difference between gross and net price (refer to Chapter 1). In addition to paying off any liens attached to your home, you'll also have some closing costs.

Commented [RS19]: You're using closing and settlement should you define both or just use one of them

Example:

Gross sale price	\$200,000
Transfer tax and miscellaneous closing costs	2,600
Adjusted gross sale price	197,400
Mortgage balance	144,500
Net proceeds	52,900

But what if an offer includes a clause requiring you to pay a seller assist toward buyer closing costs, a common mortgage technique where the seller uses some of their sale proceeds to pay some of the buyer's costs? Often this amount is 1% - 3% of the price.

You may receive an offer like this:

Gross sale price	\$202,000
Transfer tax and miscellaneous closing costs	2,620
Seller assist	4,040
Adjusted gross sale price	195,340
Mortgage balance	144,500
Net proceeds	50,840

A \$200,000 price generated a higher net proceeds amount to you than a \$202,000 price!

One more example: what if a buyer agent (refer to Chapter 4) brings you an offer and requests that you pay a 3% commission at settlement? That's another cost to you, plus you weren't planning to have a real estate agent involved in your home sale. But look at the contract closely:

Gross sale price	\$207,500
Transfer tax and miscellaneous closing costs	2,675
No seller assist	0
Real estate commission	6,225
Adjusted gross sale price	198,600
Mortgage balance	144,500
Net proceeds	54,100

Unless you previously committed to a 3% commission, tell the buyer's agent you'll pay her 2.5%. That move will adjust the commission expense from \$6,225 to \$5,187.50, adding

\$1,037.50 to your net proceeds! Either way, the offer from the buyer's agent generated the highest net proceeds to you in these 3 examples.

You showed me the money. Now what?

Timeframes spelled out in a contract are also very important. A legal phrase that emphasizes the importance of dates, timeframes and deadlines is "time is of the essence". This phrase appears as boilerplate language in contracts of just about any type. Look for it in your contract.

The Big 3 timeframes:

- **Settlement date.** The day when cash is exchanged for keys and ownership is transferred from seller to buyer. Generally, this will need to be on a weekday. The exact time and location can be stated in the contract but often is worked out closer to the date.
- **Mortgage application and mortgage approval dates.** The mortgage process takes some time, generally 30-60 days. The contract will require the buyer to apply for their loan promptly so there's enough time for their lender to issue a formal approval and fund the transaction.
- **Inspections.** Your buyer may want to invest some money in a home inspection, radon test, wood infestation inspection, mold test, etc. You may agree to allow these inspections and tests, but the contract will need to spell out the exact timing, including a deadline for the buyer to decide if she wishes to cancel the contract. Put another way, if settlement is 45 days from signed contract, you don't want the buyer to have the right to cancel it anytime up to day 40. Tighten that up and give her 8-10 days. Lose 10 days of marketing your home, not 40, if things go badly and the buyer decides to back out of the sale.

Other timeframes to consider:

- **Contract execution date.** When a buyer submits an offer, it'll show a specific date by which they'd like you to respond. If you sign and return the contract by that date, it's "executed", or fully agreed upon. But if you make any changes, or counter offer, the buyer's offer, you'll need to show a date by which the buyer will need to respond. The bottom line: dates and timeframes shouldn't be left open ended.
- **Earnest money deposit.** You'll want the buyer to submit some amount of money as part of the contract execution. Get as much as you can – 3% to 5% of the sale price is reasonable. Insist that it be in the form of a certified bank check and payable to your escrow agent, generally a title company, real estate company or an attorney. The contract should clearly spell out when this check(s) is due. And that due date should be a tight timeline – at contract execution or just a few days after.
- **Municipal and Homeowner Association (HOA) timelines.** Depending on where your home is located, you may need to order municipal inspections and HOA documents, inspections, etc. (refer to Chapter 1). Be sure to understand and follow the dates noted in your contract for these matters. For instance, let's say you are late in ordering your

municipal inspection and as a result, the required title transfer permit isn't available on the day of settlement. The closing agent will be frustrated, the buyer will be upset, and you'll be upset, too. And possibly facing a lawsuit.

Additional Documents.

You've read and completely understand all aspects of the buyer's offer. You know the gross price and what your net proceeds will be... and the date you'll receive those proceeds. You understand all your responsibilities, all the buyer's responsibilities and the timelines with each. You know the details of the buyer's financing and the contingency wording in the contract. Same thing with the buyer's inspection wording and any other contingencies built into the offer.

But before we talk negotiating, there's one more thing to nail down and that's additional, or supporting, documentation. If the buyer requires financing, did he include a mortgage pre-approval letter from a reputable lender? Is it detailed and current? A letter dated in the past 30 days is reasonable. One dated 6 months ago is not. In addition to the name of the company, you want an individual mortgage company representative's name (the letter's author) and his contact information. Call him and ask some questions. If he doesn't make you feel comfortable about his buyer's ability to get the mortgage noted in the offer, then you probably don't want this buyer. At the very least, you should request that the buyer contact other lenders and obtain another pre-approval or two.

The buyer should also provide a current bank statement in her name that shows she has the liquid funds required to close.

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Other supporting documentation: if the offer is contingent upon the sale of the buyer's current home, was that home's listing contract attached? Better yet, was a sale contract attached? If that transaction contains inspection contingencies, have they been met? Is there financing? If so, has the appraisal been completed?

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If the buyer listed in your offer is a company, ask that articles of incorporation be included so you can check to see if the person signing has authority to do so.

And regardless of who the buyer is, you'll want some sort of buyer's financial information form completed, signed, dated, and included with the offer. This form should contain information such as the buyer's employment status and details, including income (base pay plus bonuses, overtime, etc.). It should also show liabilities that his lender will count against his income such as credit card debt, school loans, auto loans, mortgages on other properties in his name, child support, etc.

Once you've determined that 1) you have a complete, buyer signed offer with proper supporting documentation, 2) you understand all aspects and terms in the offer, and 3) you

have a sense as to the buyer's motivation to buy (namely, does he want to buy your house at least as much as you want to sell it?) then it's time to negotiate.

CHAPTER 6 Negotiating the Offer.

First off, it's possible that you are agreeable to the offer just the way it was submitted to you. If so, then sign, date and return it to the buyer within the timeline noted in the contract and PRESTO – you have an executed contract. No negotiating necessary.

This is rare, though, so it's best to be prepared for some degree of negotiating.

Many books, CDs, seminars, and webinars are available to teach you all kinds of techniques, strategies, skills, and tricks on how to get what you want out of a transaction or interaction of some type.

Mostly, though, it's all about simply asking. Then listening closely. We have two ears and one mouth. Let's go ahead and assume that means we should listen twice as much as we speak. As infants, we learn quickly that if we cry, we'll get fed. As children, we learn that if we just keep asking (nagging?) either mom or dad, someone will eventually cave in and give us that candy bar or toy. As teenagers and adults, we learn that the "pretty girl" or "cute guy" won't know we're interested unless we speak up and ask them to the dance, out for dinner, or to join us for a cup of coffee.

For the purposes of this book, we're going to keep things simple and specific to negotiating the sale of your home. Feel free to check out other publications and resources for more advanced material on negotiating if you'd like.

In any negotiation, **information is king**. That's why reading and understanding the buyer's offer and collecting all pertinent documentation and information (see Chapter 5) is so important.

Step out of your shoes and into the buyer's shoes as best you can. If you can figure out what the buyer wants, you may be able to give it to him. And perhaps without having to give up something that you want.

Example: a typical transaction requires 60 days from contract to settlement. The buyer's offer includes a 60-day settlement because he thinks you need 60 days to move out. You learn, though, that he must be out of his apartment in 45 days and will need to arrange temporary housing and storage until the closing occurs in 60 days. You know you can be out in 30 days and his loan will be ready in 40 days. Counteroffer the buyer with a 40-day settlement for a slightly higher price. He agrees because he now doesn't need to incur the expense of

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temporary housing and storage. You get more money for your home. You both win and you didn't have to give up anything for your share of the win.

Another example: You learn that the buyer, a first-time homebuyer, is interested in buying a home in one of two condominium communities, yours and another community on the other side of town. Individual condo units in the two communities are comparable and sell for about the same price. The buyer has the income to qualify for a mortgage but doesn't have much savings for a down payment and closing costs. In your research, you've learned that while your community qualifies for a US Department of Housing and Urban Development (HUD) FHA mortgage, the other community does not. The buyer will need a 5%-10% down conventional loan to buy a unit in the cross-town community, while a HUD FHA loan requires just 3.5% down. You point this out to him and structure a contract for your unit at slightly above your asking price. You give the difference back to the buyer at settlement to help with his closing costs. The buyer gets his condo and gets to become a homeowner. You get your home sold. And both of you are satisfied.

The 3 most important words in real estate.

Everyone knows that the 3 most important words in real estate are location, location, location – right? Wrong! The 3 most important words in real estate are price, price, price! I have seen properties in what anyone would call a beautiful and perfect location not sell. Why? They were overpriced! I have seen properties in horrible locations – virtual war zones – that successfully sold. Why? They were dirt cheap! Of course, all else being equal, a home in a nice location will sell before one in a poor location. But price, not location, is what will ultimately drive a sale.

Having said all that, don't let your negotiating ever come down to just price. If that happens – your absolute bottom line is, say, \$325,000 and the buyer's absolute highest is, say, \$310,000 then that particular sale will not happen. Which happens sometimes. To avoid this, work hard to keep a few variables open during your negotiating. You can go to \$310,000 but only if the buyer will let you rent back from her after settlement for, say, 3 months until you find and close on your next home. That might work for the buyer. Or, if she will come to your \$325,000, you will make the repairs to the home that you had previously requested she handle after closing. You are willing to do this, for a \$325,000 price, because you have handyman skills and your good friend is a contractor. Together you can do the repair work for a fraction of the retail price the buyer would pay after settlement.

Another way to keep from locking in on just price (or any negotiable term) is to have a plausible explanation for your request. Most people understand logic. They may not like it, but they understand it.

Consider this: The buyer asks you to mill and resurface your asphalt driveway before settlement. Cost estimates range from \$5000-\$7000. You agree that your driveway could use

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some attention and you have estimates from 4 blacktop contractors who would all be happy to do the full resurface for \$5000-\$7000. But all 4 also said that they could make some spot repairs and then re-seal the entire driveway for under \$1500. And each will provide a written warranty that you can transfer to your buyer. You show the 4 estimates to the buyer, tell her to pick the contractor she'd like you to use, and you'll have the spot repairs and re-seal done before closing. And at your expense. The buyer would surely prefer the brand-new driveway, at your expense, of course. But she agrees to accept the spot repairs, re-seal and transferrable warranty and agrees to pay your \$325,000.

Now consider this: The buyer says to you *"My agent and I have researched comparable home sales in the past 3 months – here's a copy of our report. There's just no way that your home will appraise at \$325,000. \$310,000 is the market price and that's what I'll pay."* You don't like it, but you know the report is accurate. You accept the logic and agree to \$310,000.

In the first case, the negotiations never locked in on just one term. By establishing a friendly, give and take dialogue, and by using written facts and figures, you were able to reach an agreement and create a win-win outcome for you and the buyer.

In the second case, logic prevailed. You didn't like settling for \$310,000 but you accepted that your \$325,000 was not a true market price – no buyer would pay it and no appraisal would support it.

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So, if **information is king** when it comes to negotiating, who, or what, is queen? Why, time, of course! If the buyer's offer gives you 3 days to consider and respond, don't counteroffer back to her 3 hours after receiving the offer. And definitely don't get back to her with your fully signed approval of her offer in 3 hours! Even if you're thrilled to death with the offer, at least act a bit hard to get. Let the buyer think you needed to sleep on it... consult with friends and family... consider other offers.

Think of the psychology here: if the buyer gets the sense that you jumped on her offer, she may just draw the conclusion that she overpaid for your home. That'll make her nervous. And perhaps upset. And maybe she'll come at you that much harder after she gets the results of her home inspection. And maybe she just plain wants out of the deal. Remove hurdles, don't increase them (Chapter 4). And the perfect buyer? Someone who wants to buy your home at least as much as you want to sell it (Chapter 3). So, take your time when communicating during negotiations – **time is queen**.

Conversely, if you get the sense that your buyer "just has to have your home", then naturally you'll want to use that to your advantage. One way to get that sense – she responds quickly and eagerly to your communications during negotiations!

In summary:

- Ask questions and gather information. Put yourself in the buyer's shoes.

- Information is king, and time is queen.
- Don't overthink it – keep things as simple as possible. And as friendly as possible. “Ease into” an agreement (refer to Chapter 2).
- Don't expect to always just “get”. And if you position things correctly, you may be able to give something that wasn't all that painful to give. Negotiating is a give and take process – a 2-way street.
- Don't be afraid to simply ask for something. Sometimes that's all it takes.
- Make every effort to keep a few variables in play. Don't lock in on just one, especially price.
- And use logic to your advantage – in writing whenever possible. People may not like it, but they will generally accept it, allowing your transaction to move forward.

CHAPTER 7 The Deal has been Struck.

The negotiations were successful and both you and the buyer have agreed to all terms, dates, contingencies, etc. and fully understand each of your contractual responsibilities. All documents are properly signed and dated. Congratulations, you now have a fully executed contract. But don't break out the bubbly just yet! You're still a long way from the settlement table!

Next up: if there are buyer inspection contingencies in the contract, you and the buyer should get them set up right away. And if the buyer will be obtaining a mortgage, he should complete his application and his lender should be contacting you to schedule an appraisal.

Contact the closing agent – title company, attorney or real estate company – and have them start the title search process. They'll need a copy of the executed contract. Also, be sure to collect the agreed upon earnest monies from the buyer and give them to the closing company's escrow agent.

A quick note: the closing agent is generally chosen by the buyer, but you could insist on using a particular agent. Either way, the details should be spelled out clearly in the contract. As for the title search, a check of publicly recorded mortgages and judgments (collectively called liens) will be done to determine your required payoff figures at closing. Refer to Chapter 1.

Other tasks that might need to be completed between executed contract and settlement day:

- Contact all your lienholders and request formal payoff statements. Be sure to ask that they include a per diem charge, so the closing agent can adjust the figure if closing ends up being a day or two earlier or later than originally planned.

- Contact your municipality (refer to Chapter 1) and order any inspections and permits that they require.
- Contact your condominium or townhome management company (refer to Chapter 1) and arrange for a resale package.
- You or the closing agent should contact pertinent utility companies to get final meter readings, payoff figures and certifications.
- Be mindful of unique contract contingency requirements. Did you agree to install a new well before settlement? Plant a tree? Dig up and remove a prized rose bush? Shave your dog's back? Shave your husband's back? You get the idea – whatever was agreed to in your contract needs to be handled now.

A word on the buyers' inspections and their lender's appraisal.

Generally, the wording with these two contingencies comes down to this: the buyer doesn't have to follow through with the purchase of the home and you don't have to fix any problems in order to get to settlement.

Example: the buyers' inspection finds high levels of radon. The buyer may still want to buy the home as long as you install a radon remediation system before closing. The cost is about \$950, and you refuse to install the system.

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Another example: the agreed upon price is \$370,000. The appraisal comes back at \$355,000 and the buyer asks that the price be amended to that number. You refuse and suggest that the mortgage financing be based on \$355,000 and the buyer brings the additional \$15,000 (\$370,000 minus \$355,000) in cash to closing.

When these sorts of situations come up, and they almost always do, you and the buyer are at an impasse and will need to get back into negotiations (refer to Chapter 6). If you can work things out, you'll continue on the path to closing. If you can't, your agreement dies, your contract becomes null and void, you return the earnest money to the buyer, and you put your house back on the market. And remember to update your property disclosure document with any matters you discovered as a result of the buyers' inspections. By the way, these situations are one of the reasons why it's so important to find a buyer who wants to buy your house at least as much as you want to sell it (refer to Chapter 3).

The squeaky wheel gets the oil.

During this period from contract execution to settlement, there's a lot of work to be done by many people. Make sure you're doing your part and don't assume others are doing theirs. Take notes, mark your calendar, follow up with people – phone calls, emails, singing telegrams – whatever it takes. Be a pest. Selling AND settling on your home is too important to sit back and be Mr. Nice Guy!

One more tip: you are selling one home. but the closing agent may be juggling a dozen or more property settlements at any given time. So be the biggest pest possible with the closing agent and any other closing company people involved in your settlement. Leave nothing to chance. Ask, multiple times, what they need in order to successfully close on your home sale. Then make sure that they get whatever they need!

Ok, so the appraisal and mortgage have been processed, all inspection matters have been cleared, you have the municipal permit, you've ordered your mortgage payoff statement and title report, and all other contingencies have been met. It's time to set up the closing.

CHAPTER 8 Settlement.

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You and your buyer will need to schedule your settlement to accommodate numerous people's schedules. And you should do this as early in the process as possible, at least 3 weeks before the settlement date agreed to in the contract.

Some important tips (hopefully you factored these into the settlement date in the contract):

- **Settlements are generally conducted Monday through Friday during normal business hours – say 9am to 4pm.** And they are scheduled on the hour as a typical settlement is expected to take about 1 hour.
- **It's best to have them handled at the closing company's office** – home field for the closing agent and very helpful if something is needed last minute.
- **But they can be handled at just about any site suitable for a business meeting.** Think conference room, tables and chairs, internet access, printing and copying capability, rest rooms, etc. Other commonly used locations – real estate offices, attorney offices, lender locations. Don't plan to have your closing at a Starbucks or in someone's home.
- **Time of month** – closings tend to be scheduled toward the end of a month, often the last non-weekend day of the month. Try to schedule yours in the beginning or middle of a month to avoid scheduling conflicts.
- **Time of day** – stay away from early morning (9am-11am) and late afternoon (after 3pm) if possible. Best times are 11am, noon, 1pm. Why? Because if something wasn't handled the prior afternoon, it won't get handled at sunrise on your settlement day. In other words, your 9am will get delayed and you may end up in a room with 5-8 other people trying to make small talk for an hour or two. What about late afternoons? It's true that you'll have the entire business day to fix any last-minute problems. But sometimes the buyer's lender needs to review settlement papers and send a wire to fund the transaction AFTER everything has been signed at the table. This can create a delay after you think everything is done. And if the delay goes past standard banking

hours – say 5pm – then the wire won't clear in the closing company's account. Everyone will need to reconvene the next day for distribution of funds. Not fun.

- **Day of the week-** this may have become obvious after reading the previous section. Don't schedule your closing on a Monday or a Friday. No one will be able to fix a last-minute problem over a weekend for a Monday closing and no one wants to wait 3 days until the next Monday if a Friday closing doesn't quite close. The same logic applies to holidays. Don't schedule a closing on December 26th even if it is a regular business day.

Armed with these tips, first contact the closing agent to check her schedule. Get a few dates and times that work for both of you. Then contact your buyers and find out which date and time works for them. Next, contact any real estate agent(s) involved and the lender and tell them when and where to show up for closing. Once you've locked in a date, time, and location, prepare a simple settlement notice with those particulars, and email it to all parties. Include in the notice the contact information of each party involved. Resend that email two more times as settlement day approaches. As noted in Chapter 7, be a pest and leave nothing to chance.

Be sure to contact the US postal service with your change of address and close out accounts such as your electric and gas service, cable, internet, telephone, and homeowner's insurance. One more thing: if you have an automatic delivery set up with your heating oil supplier, be sure to close that out well before settlement day. The buyer will likely appreciate your supplier topping off the oil tank at your home on the day of settlement, but your supplier will be looking at you to get paid.

CHAPTER 9 At the Table.

View the closing agent as the keeper of a big, empty pot. All monies needed for the transaction will be placed into the pot and all expenses related to the transaction will be paid out of the pot. At the end of settlement, the pot will once again be empty.

So where does the money come from? The 3 main sources are: the buyer, the escrow account containing the buyer's earnest money deposit and of course, the lender if there's a mortgage involved. Work with all parties to ensure that any checks brought to settlement are for the proper amount, payable to the closing company and in certified funds.

And how does the pot get emptied? Or, where does all the money go?

- First, your liens are paid in order of public recording date. That means that the balance of your mortgage from 10 years ago is paid, then your home equity balance from 4 years ago is paid.
- Then any transfer tax required with your sale will be paid.

- Next comes lienable expenses such as final water and sewer charges, real estate taxes, condominium and homeowner association fees, etc. These charges will be prorated based on the settlement date. If, for instance, you haven't paid your \$60 sewer bill for the month of settlement, and settlement is on the 20th of that month, you'll need to pay 2/3 (\$40) and the buyer will need to pay 1/3 (\$20).
- The pot then pays the rest of your closing costs, which could include a real estate broker commission, notary fees, courthouse recording fees, etc.
- If what's left is a positive number, the closing agent will cut you a check in that amount – your proceeds from the sale. Go forth and prosper.
- If what's left is a negative number, you'll need to have a certified check made payable to the closing company in that amount. Refer to Chapter 1 for examples of this.

Also needed at the table are all individuals who will need to sign the various closing documents. If brothers Tom, Dick and Harry from our Chapter 1 managed to get their act together and sell their property, all three will need to grace the closing agent with their presence at the table. And with government issued photo identification, by the way. That means a valid driver's license or a valid passport. Bring at least one more form of ID, too. The buyer(s) has the same ID requirements.

It's also a good idea for you to bring a complete set of all papers you've accumulated before and after the execution of your contract. None of these papers may end up being needed at the table, but if, let's say, the closing agent didn't get (or did but misplaced) a copy of your municipal permit, you'll be able to provide one on the spot. I proudly served in the Boy Scouts and while not everyone did, that doesn't mean we can't all follow their motto – *"Be Prepared!"* Here's another motto, one I coined during my career in the real estate industry – *"The best way to solve a problem is to prevent it in the first place."*

You'll also need to give the buyer items related to the house such as owner manuals and warranties to appliances, garage door transmitters, and of course, keys. But there's no need to lug all these items to the closing. Just bring a couple of keys to at least one of the house doors. Leave all those other items on the kitchen counter.

Pre-settlement inspection or walk through.

An important note: there may well be a clause in your contract that allows the buyer to have a pre-settlement inspection, or final walk through, of your home. That's reasonable. It may have been a month or two since the buyer last entered your home... and it was full of your things then. The buyer simply wants to know now, at settlement, that no negative changes have occurred since their last visit. I suggest you schedule this final look-see a day or two before settlement and be sure you are there with the buyer. If any problems come up, negotiate the solutions then, not at the settlement table. Close out the final walk through process with a simple form that states the buyer inspected the home on such and such date and is satisfied with his inspection. Have all parties sign it at or before closing.

Back at the settlement table, we're almost finished selling your house. You and the buyer need to sign some final papers. The one that shows where all the money came from and went to is called various names, but you can generically call it the "settlement sheet". It will show all the figures related to the sale and you likely had a chance to preview it a day or two before closing day. But whether you did or not, be sure you (or your settlement representative) read and understand it now... before you sign. Making changes afterward can be difficult and maybe even impossible.

Loose lips sink ships.

Another important note: don't do a lot of talking at the settlement table. Be cordial – say hello – that sort of thing. But let the closing agent be the master of ceremonies. Make no mistake, this is a business meeting – keep it that way. Here's another way to think about it – have you ever heard the expression *"Give a man a long enough rope and he'll end up hanging himself with it"*? Don't be that guy – the guy who says so much at the table that he puts concerns in the buyer's mind. Worse, the buyer hears so much that she decides this home isn't for her. From Chapter 6, we have two ears and one mouth... so we should listen twice as much as we speak!

A final note about settlement: if you (and all the other parties in the transaction) have done everything correctly from marketing your home to offer to negotiation to contract execution to settlement day, then nothing should need to be "settled" at settlement. Consider everything leading up to settlement day as a dress rehearsal. Settlement (closing) day is simply the flawless final stage performance.

Another benefit to doing everything correctly: you will have minimized the risk of liability after settlement. The last thing you want is someone coming back to you (at you) 10 days, 10 months or 10 years later trying to settle something after you thought everything was already settled!

Well, you did it! The closing agent announces that everything is complete, and settlement is over. Pass the keys to the buyer (now new owner of your former home), graciously grab your set of papers and your proceeds check, wish everyone well, and don't let the door hit you in the tail as you make your exit. Best wishes with the next chapter in your life!

CHAPTER 10 Finishing the cake with a little icing.

This wasn't what I meant by "next chapter in your life" but I realized that this book did need one more chapter – a summary of sorts. So here goes.

Chapter 1, So You've Decided to Sell Your Home. *Do your homework.*

Chapter 2, Preparing for the Sale. *Home repairs vs home renovations.*

Chapter 3, Marketing Your Home. *Inquiries and foot traffic.*

Chapter 4, The Showing Process. *Decrease hurdles and increase safety.*

Chapter 5, The Offer. *Read AND understand... before you sign!*

Chapter 6, Negotiating the Offer. *Information is King, and Time is Queen.*

Chapter 7, The Deal has been Struck. *Be a pest and leave nothing to chance.*

Chapter 8, Settlement. *Tuesday, Wednesday, or Thursday... 11am to 1pm... early or mid month.*

Chapter 9, At the Table. *The closing agent is the master of ceremonies so sit back and quietly enjoy the show!*

And a little icing on the cake. In no particular order:

I use the words "closing" and "settlement" quite a bit throughout this book. These words are synonymous and can be used interchangeably in the home selling process. Another term often used is "escrow". That is, when a contract is executed, "escrow is opened" and when final settlement occurs, "escrow is closed."

Contracts. There are various words to describe the paperwork involved in a real estate transaction. In addition to "contract", there is "agreement of sale". And from the seller's perspective – "sale contract". From the buyer's perspective – "purchase contract". And of course, there are often attachments which can also be called "addenda". The actual paperwork you use in the sale of your home can come from standard forms available from your state's Association of Realtors, from a real estate attorney, or from a document source available via the internet or a retail store. You could also custom design your own contract. Whatever you use, just be sure it's something you and the buyer are comfortable with and that it has the design and strength to serve as a legal contract.

Selling a home is work.

The perfect buyer is a buyer who wants to buy your house at least as much as you want to sell it. And is ready, willing and able.

The best way to solve a problem is to prevent it in the first place.

We have two ears and one mouth... so we should listen twice as much as we speak!

More on the appraisal process. The buyer's lender will finance the loan based on their appraiser's opinion of price, which might not be the amount that you and the buyer agreed on in the sale contract. In other words, you want the appraised amount to be at or above your sale amount.

In an effort to help that happen, just like with the buyer showing process, you'll want to be at your home to meet the appraiser. All your utilities will need to be functional – that means water, electric, oil, gas, etc. Make sure lights are on (replace burned out bulbs, if necessary) and steps and walk ways are clear. Have all rooms, garages, sheds, etc. unlocked and opened. And pets secured.

Greet the appraiser at the door, be polite and be helpful... without being overbearing. And being helpful does not mean doing the appraiser's job! You can offer her a copy of the contract and maybe mention how strong the market is and how many interested buyers you had. Point out anything that may not be obvious – the 1-year old roof, the high efficiency HVAC system, the permit you obtained for the finished basement, etc. Say that you'll be available for any questions, then get out of her way. Do not follow her around your property!

More on the inspection process. Most buyers will want some amount of inspections/testing performed on your house before they will commit to the purchase. Common items include lead-based paint, water quality, on-site septic, radon, mold, wood infestation (termites and other wood chomping critters), and a full-blown home inspection. Sometimes a lender will require certain inspections, as well. The buyer generally pays the cost of the inspections and you will be required to make your home accessible and have all utilities on (electricity, running water, etc.) Bottom line: if you don't agree to inspections, you'll limit your buyer pool and limit your ability to sell your house.

When it comes to the inspection and test results, be prepared to put your negotiating cap back on. Negative results don't automatically mean the buyer will want to terminate the contract. She may still want to purchase your home... with some changes in the terms. Work with the results and the buyer's new demands as best you can.

Here's an important negotiating tip: if the buyer wants you to, say, have a licensed roofer repair a roof leak before settlement. And you are willing to do it. And the cost will be \$600. Offer to the buyer that you will give her \$600 at settlement so she can choose her own roofer and have the work done after settlement. And maybe she can get it done for \$500 and have a nice dinner out with the \$100 savings. But here's the real reason **why you** want to do it this way: if you hire a roofer and get the work done **before** settlement, and the roof is still leaking **after** settlement, **you'll get an angry call from the buyer.** If she hires a roofer **after** settlement, and the roof is still leaking after the repair, **the roofer will get that angry call.**

Lead-Based Paint. For years, lead was added to paint to accelerate drying, increase durability, maintain a fresh appearance, and resist moisture that causes corrosion. But it is also one of the main health and environmental hazards associated with paint. Lead can cause damage to humans in the brain and other vital organs, like the kidneys, nerves, and blood. The U.S. eventually banned lead from paint manufacturing in 1978, meaning paint manufactured and purchased after that time is free of lead.

If your home was built after 1978, there is no action needed by you as you sell your home. But if your home was built prior to 1978, you'll need to disclose any knowledge you have of lead-based paint in your home. If you have no knowledge, that is, you are truly ignorant as to whether or not there is lead-based paint in your home, then you should say as much on your property disclosure statement. But if you know from a past inspection report that your home contains some amount of lead-based paint, you'll need to disclose that and provide a copy of said report. In addition to individual state property disclosure laws, lead-based paint disclosure also falls under federal regulations.

Proper remediation falls under federal regulations, as well. If you have lead-based paint in your home and you decide to have it remove, be sure to seek a properly licensed contractor for the job.

Radon. Radon is a colorless, odorless, and tasteless gas and therefore is not detectable by human senses alone. It occurs naturally as a byproduct of radioactive mineral decay below the earth's surface and rises to the surface randomly. Because it is a relatively dense gas, it can accumulate in low areas of buildings like basements and crawl spaces. And because we can easily breath in radon, it is a health risk to humans and is the second leading cause of lung cancer after cigarette smoking. Radon concentration is measured in the U.S. as picocuries per liter (pCi/L) and the federal threshold of acceptability is up to but not more than 4.0 pCi/L.

As with lead-based paint, if you have no knowledge of radon in your home, then you should say so on your property disclosure statement. But if you know from a past inspection report that your home contains or did contain radon at or above 4.0 pCi/L, you'll need to disclose that and provide a copy of said report.

Note: radon remediation is fairly simple and inexpensive. Costs range from \$700-\$1200. The work involves drilling a hole (sometimes a few holes) into your basement floor and installing a PVC pipe that vents outside and straight up against an exterior wall of your house. A low voltage fan mounted on the outside is also installed. The fan runs continuously and directs the air from below your basement floor, through the PVC pipe, to exhaust above your house's roof line. The bottom line: radon gas is remove from your home before it can accumulate in high (above 4.0 pCi/L) concentrations.

Keep your eye on the big picture. Don't let a \$25 carbon monoxide detector derail your \$400,000 home sale. Now that's just plain dumb.

Sometimes good enough is good enough.

Real vs personal property. It's very important that you and your buyer clearly understand the distinction here. **Real property is real estate** – permanent aspects to your home and grounds. Examples: your house and anything attached to it such as a door, a sink, drywall walls and ceilings, shingles on the roof, etc.; a garage; a shed; the ground itself including soil, trees, flowers, etc. Real property is also the air above your ground and the earth below your ground.

Personal property are things not attached to your real estate such as a television, a refrigerator, a coffee pot, towels and bed linens, etc. If you plan to remove and take the dining room chandelier with you, then that should be noted in the contract. And if the buyer expects the kitchen refrigerator to stay with the house, then that should be noted in the contract. Best advice here: don't make assumptions.

Real Estate Agent. Many consumers don't understand how one becomes a real estate agent or what exactly it means to be an agent. Know this: each state has a mandatory licensing process that generally requires schooling, the passing of an exam, the payment of fees, and some sort of continuing education. Someone who has met these requirements must work under the guidance of a more advanced licensed broker. If someone hasn't met these licensing requirements and is performing real estate agent services, they risk fines, possible jail time, and lawsuits.

If you find yourself working with someone who says they are a licensed agent, feel free to verify that by asking for a copy of their current license. You can also contact your state's real estate licensing board. If that person is not licensed, it's best that you not work with them.

Real Estate Broker. A broker is generally someone who has been a properly licensed real estate agent and, with advanced experience and education, has passed the state exam to be a broker – someone who can guide real estate agents and operate their own real estate practice. But, as noted above, if you find yourself working with someone who says they are a licensed broker, be sure to verify that.

Real Estate Agent/Broker vs REALTOR®. These terms are not automatically interchangeable. A realtor is an agent or broker, but an agent or broker is not necessarily a realtor. Here's how that works. There is a national trade association called the National Association of Realtors (NAR). It has associations at the state and local levels, as well.

Directly from NAR's website:

The National Association of REALTORS® is America's largest trade association, representing 1.3 million members, including NAR's institutes, societies, and councils, involved in all aspects of the residential and commercial real estate industries.

Our membership is composed of residential and commercial brokers, salespeople, property managers, appraisers, counselors, and others engaged in the real estate industry. Members belong to one or more of approximately 1,200 local associations/boards and 54 state and territory associations of REALTORS®.

The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics.

Mission

The core purpose of the National Association of REALTORS® is to help its members become more profitable and successful.

Vision

The National Association of REALTORS® strives to be the collective force influencing and shaping the real estate industry. It seeks to be the leading advocate of the right to own, use, and transfer real property; the acknowledged leader in developing standards for efficient, effective, and ethical real estate business practices; and valued by highly skilled real estate professionals and viewed by them as crucial to their success.

Working for America's property owners, the National Association of REALTORS® provides a facility for professional development, research, and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system and the right to own real property.

So, what does all this mean? All else being equal, if you end up working with an agent or broker, verify that they are properly licensed. But then go the extra step and verify that they are properly licensed AND members in good standing with NAR.

No two transactions are alike. In preparing to sell your home, you may have touched base with a few friends or co-workers who recently sold their home, either as a FSBO or by hiring a real estate agent. But be careful. Every transaction is unique – different people and personalities, differences in homes, costs, timing, contracts, etc. Getting some general information and tips is a good idea. Just be sure to customize that information to fit your particular situation. Don't attempt to force a square peg into a round hole!

That's all folks. Now go get that home of yours sold!