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A Guide for Home Vendors

ESSENTIAL HOME SELLING TIPS

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Selling a home is one of the most important things people do in life. In fact, for most, it means cashing in their biggest asset. Hence, know-how in this area is vital because even a small error could result in the loss of thousands of dollars—and maybe more!

The goal of *Essential Home Selling Tips* is to give you insights on how to maximize your profits, maintain control and reduce (or eliminate) the stress that's associated with the home selling process.

So here goes...

Tip No. 1 - Determine why you're selling

The underlying reason why you're selling is really important because motivation plays a critical role in determining what course of action you need to take. For example, if your goal is to maximize your profit, that may dictate a strategy of investing a little time, energy and money towards enhancing your home before placing it on the market whereas a quick sale would undoubtedly require an entirely different approach altogether.

Tip No. 2 - Don't give away your game plan

The way you negotiate the sale of your home will depend largely on your reasons for selling it in the first place. Therefore don't ever make the mistake of passing on this information to a prospective buyer because this can really compromise you. For example, if the buyer knows you must relocate to another city quickly, you may be forced to take a large hit on your asking price. So if your motives are ever questioned, simply say your housing requirements have changed.

Tip No. 3 - Get your home ready for viewing

Home buyers look for homes—not house, townhouses or condos—and they buy homes in which they would like to live. An owner who fails to make necessary repairs or who doesn't spruce up the interior and exterior (such as touching up the walls with paint and landscaping the surrounding grounds) or doesn't keep things neat and tidy chases buyers away as quickly as a realtor brings them in. So go through your home very carefully and decide what needs to be eliminated, straightened and repair. Then, just do it. (For ideas and suggestions on what to do or look for, refer to *51 Low & No Cost Home Improvement Tips*. If you don't have a copy, ask your realtor to provide you with one.)

Two items you should pay particular close attention to are clutter and scents because they kill deals very quickly. If some of your home's rooms feel crowded, remove as many sticks of furniture you possibly can get way with along with unnecessary objects (put them away at public storage facilities if need be). By doing so, you'll make them seem more open and bigger than they really are. Next, bring in a friend and ask him or her to check around for odd scents (you do

this because people usually get used to their odors and can't tell the difference). Afterwards, remove all traces of the offending smells, including food, pet and smoking odors—without exception! And if you can, smoke outside and arrange for a relative, friend or neighbor to take care of your family pets until your home is sold.

Think of selling your home as somewhat like selling your car. If you don't wash it or have it detailed properly, can you expect to get the best price? Homes are no different. Make sure yours is in tip top shape before you place it on the market!

Tip No. 4 - Don't try to cash in on the wrong kinds of home improvements

While all home improvements have the effect of raising the overall value of a home, not all of them are 100% recoverable at the time of sale. Therefore, it's imperative to do careful research before embarking on renovation work for the purpose of profit.

Here's a sample list of home improvements with their cost recovery percentage range:

Adding a pool.....	75 to 100%
Adding a new room	40 to 75%
Remodelling a kitchen	75 to 125%
Adding a new bathroom.....	70 to 125%
Building a garage	75 to 100%
Adding a patio	50 to 75%
Adding a deck	40 to 80%
Upgrading the attic.....	100 to 125%
Enclosing a porch	40 to 70%
Adding a fireplace	75 to 160%
Upgrading the basement	100 to 125%
Minor energy upgrade	75 to 100%
Most other common improvements	60 to 90%

If you decide to proceed with improvements, avoid extremes in architectural styles and colors. Instead, use neutral, soothing ones—they're usually the best as tastes vary considerable among buyers.

Tip No. 5 - Do some homework before setting your asking price

When it comes to selling homes, a lot of sellers want more money than what their homes are actually worth, but they rarely get what they desire because a listing price set too high usually results in few takers, if any. In fact, sometimes, it even fetches less than the actual market value—here's why: When a home isn't priced competitively, buyers looking at product with the same price will reject it in favour of other larger or better appointed alternatives. Moreover, people who should be looking at the home—won't because it'll be priced over their heads! As a result, the listing price will have to be lowered and, should this transpire during a declining market, the new price will have to be set even lower than what the vendor could have had at the outset. Plus, if all this wasn't bad enough, the over-pricing will end up lengthening the selling period, and in some circumstances, this could result in higher carrying costs!

Research conducted by a national real estate association indicates that if a home is priced at market value, it has a 95% chance of selling. However, this plummets to 50% and 35% or less when the price is set at 10% and 15% above market value respectively. Bottom line: A buyer typically looks at ten homes before making a final decision. By listing close to the market value range, a home-owner stands a better chance of having his or her home viewed seriously by many potential buyers, thus increasing the likelihood of an offer surfacing in a relatively short period of time (experience indicates that the best offer usually arrives within the first initial 45 days of the listing period). Therefore, if you're selling, price accordingly.

The most common way to set a value on a home is to look at similar homes that have sold in your neighborhood and surrounding community within the past six to twelve months. This information can usually be obtained through your realtor or City Hall.

Tip No. 6 - Hire the right realtor

The outcome of your home selling experience will depend upon your skill to select the individual best qualified to market your home. The right choice could mean a higher selling price, a shorter selling time and a minimum amount of hassles.

Unfortunately, the world is filled with realtors who are wrong for you. The housewife who sells an occasional house because she needs a bit of spending money, an insurance salesman who believes he can handle two careers at the same time or a family relative who really needs your business.

A good realtor will know your local market well, supply you with information on past sales, current listings and his/her background with references from past clients. Furthermore, he/she will also provide you with a solid, proven marketing plan which should indicate how much your home should go for and, more importantly, why it should go for that price!

When choosing a realtor, contact at least three or four possible candidates. Carefully evaluate each one of them on the basis of qualifications, experience, enthusiasm and personality. After all that, if none of them gives you full confidence, call another batch of realtors. (Interestingly, an agent with several successfully closed transactions usually costs the same as someone who is inexperienced.)

Remember, selling your home will probably be one of the most important financial transactions you will ever make. The realtor you choose can make the process very satisfying and profitable or terrible and costly, so use good judgment in making your choice because... it's your home and... it's your money!

Tip No. 7 - Don't sign a listing contract with no way out

Generally, a real estate agent will have good intentions about marketing your home, but occasionally, circumstances may change. For example, there might be a death in the agent's family or he/she may decide to quit the business. At any rate, when these types of situations arise, the agent may not be able or willing to perform to your expectations. If your listing contract doesn't have a provision that allows you to fire your agent, you may get something you didn't

bargain for.

In some real estate organizations, if your agent leaves the business, the managing broker will assign your listing to someone else in the office who may be new to real estate. So always protect yourself by ensuring the real estate contract you sign has a cancellation clause tied to performance written in—a credible agent should have no problem with this.

Tip No. 8 - Disclose everything

If your home has defects and you want to avoid a big financial disaster, disclose all of this information in writing to all prospective buyers. (A buyer who knows about the problems can't come back with a lawsuit later on.) In some regions, this is the law.

Tip No. 9 - Don't hard sell during showings

For most people, buying a home is an emotional decision. They like to "try on" a home and see if it's comfortable for them. However, this is really difficult to do if the home-owner follows them around, pointing out every improvement that was made. What's more, the distraction may even produce the opposite effect desired by making the prospective buyers feel they are intruding on private spaces or worse—they may feel the home-owner is trying to divert attention away from a defect! Either way, it's a really bad idea for a home-owner to talk to a potential buyer directly during a showing.

The best course of action is to resist the temptation to talk the entire time buyers are in your home and let them discover things on their own. Chances are... your realtor will have already informed the buyers' realtors about important highlights anyway. But if you're still fearful of a critical item being missed, a tasteful sign pointing out an inconspicuous amenity might be an appropriate alternative.

Tip No. 10 - Guard your feelings

Never let a prospective buyer know how badly you want to sell your home because as soon as you've done so, you've reduced your power to bargain a good deal. Therefore, Keep a low, conservative profile—let him/her guess where you're coming from.

Tip No. 11 - Find out all you can about the buyer

If possible, try to find out as much as you can about the buyer, including the mortgage amount he/she qualifies for, the size of the down payment and the desired closing time. By doing this, you'll be in a better position to negotiate.

Tip No. 12 - Don't buy a new one without using an escape clause if you haven't sold your old one

If you close on a new home while you're still making mortgage payments on the old one, you might end up turning yourself into a seller who is eager (or desperate) for the first deal that comes along. To avoid this potential problem, make sure the purchase agreement states that the

new acquisition is subject to the sale of your current home.

Tip No. 13 - Avoid artificial deadlines

Forcing yourself to sell by a certain date adds unnecessary pressure during the negotiation process.

Tip No. 14 - Don't move out 'til you've sold

Experience clearly indicates that it's more difficult to sell a vacant home because it looks abandoned, unappealing and forgotten. What's more, if you move out before you sell your home, buyers have the tendency to believe that you're probably motivated to sell, and chances are—you are! (This could cost you thousands of dollars during negotiations.)

Tip No. 15 - Don't take a low offer personally

The first offer you get will invariably be well below your asking price, but don't let this ruffle your feathers. Instead, evaluate it for what it's worth and counter back with a slight reduction in your asking price. When the buyer receives your reply, he/she will know that the first offering wasn't taken very seriously by you, and the real negotiating process will undoubtedly ensue shortly afterwards if he/she really wants your home.

Tip No. 16 - Know your rights and obligations

The laws governing real estate are extensive and complex. An improperly completed contract can cause a sale to fall through or cost you a bundle in repairs, inspections and remedies for title defects. You must be certain which repair and closing costs are your responsibility and which ones are the buyer's. Furthermore, you must also know whether the property can legally be sold "as is" and how deed restrictions and local zoning will affect the transaction. If there are defects in question or the property is in conflict with any local restriction, you or your realtor must remedy them or else you might have to suffer the consequences.

In short. Before signing any document, read it and, if you're not totally certain about the meaning of some the wording, ask your realtor or seek the advice of a lawyer. Don't take anything for granted!

If you need further explanation on the foregoing or have any question regarding real estate, please feel free to call me for assistance.

