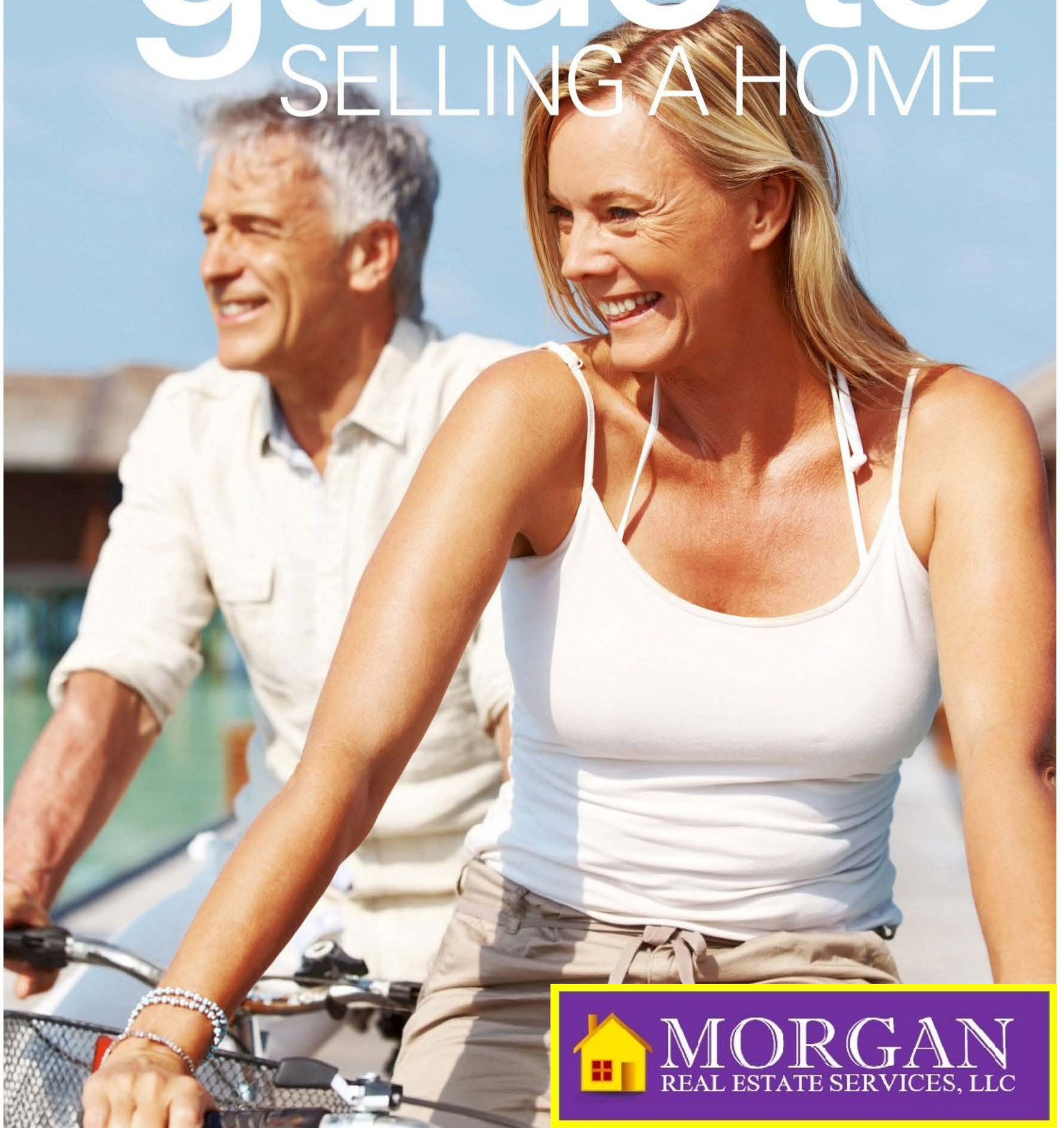


# guide to SELLING A HOME



**MORGAN**  
REAL ESTATE SERVICES, LLC



# THANK YOU AGAIN

*For choosing me to list your home*

Today we'll begin the exciting process of preparing your property for sale and creating a complete marketing and sales plan to meet the needs of your real estate listing. It is important to keep in mind that selling real estate is a complicated process. I will be working hard to market your property both to other real estate professionals and to consumers, attract interested and qualified buyers, and negotiate the final transaction. Throughout this process, we will need to work as a team to make sure your needs and desires are met.

This guide was designed to inform you about all the steps of selling a listing so that you can feel confident, make informed decisions, and act as an educated seller.

Please take some time to review carefully all of the information presented here. If you have any questions about the topics discussed, I will be glad to go over them with you in detail. Since every real estate transaction is unique, you will most likely have questions or concerns not presented here. That's what I'm for – to answer your questions, to guide you through every step of the transaction, and to make sure your home gets sold.

*Let's get started!*

# REAL ESTATE 101

## REAL ESTATE TRANSACTIONS REFRESHER

This may be the first time you've ever sold a real estate property or it may have been some time since you've been involved in a real estate transaction. Here's a quick refresher on some of the real estate specific terms you'll want to know.

### Real Estate Brokers and Real Estate Agents

Listing agreements are made between real estate brokers and you, the seller. A real estate agent works for the licensed real estate broker. The commission for the sale of your home will be paid to the real estate broker. The real estate broker will pay a split of that commission to the seller and buyer agents where applicable.

### The Fair Housing Act

The Fair Housing Act, originally passed in 1968 and amended in 1988, is a federal law in the United States that prohibits discrimination in housing.

#### Seven "classes" are protected under the Fair Housing Act:

- Race
- Color
- Religion
- National Origin
- Sex
- Handicap
- Familial Status

You can learn more about  
The Fair Housing Act at  
[www.HUD.gov](http://www.HUD.gov).

### The Multiple Listing Service (MLS)

The Multiple Listing Service is a proprietary database of all properties currently under an active listing contract in a given area.

All active agents and brokers who belong to this MLS will have access to information about your property listing. Buyer's agents searching for a new home for their clients will learn about your property listing through this online database.

## Real Estate Portals

Real estate portal websites like Trulia or Zillow are data aggregators on listing information. The marketing information on your listing will be syndicated to real estate listing portals in order to draw in the largest possible market of interested buyers.

## Appraisal

Before you signed your listing contract with me, I offered you a competitive market analysis of your home's value. We will set the final asking price on your property based on this market value estimate.

When you receive an offer on your home, the buyer's lender will require an official appraisal of the property from a licensed appraiser. This valuation helps assure the lender that they would own a marketable property if the buyer (or the borrower in the lender's eyes) should default on their mortgage. The buyer will pay for the house appraisal, but you should know that it may be different than the market analysis that I provided you.

## Inspection

In addition to an official appraisal, most interested buyers will request a home inspection before final sale. The goal of a home inspection is to give the buyer an objective, independent and comprehensive analysis of the physical condition of your property and check for any safety issues that might otherwise be unknowable.

A professional inspector will check on the structure, construction and mechanical systems of the house. This usually includes checking:

- |                               |                  |              |
|-------------------------------|------------------|--------------|
| • Electrical systems          | • Waste disposal | • Walls      |
| • Plumbing and waste disposal | • Pests          | • Floors     |
| • Water heater                | • Foundation     | • Roof       |
| • Insulation                  | • Doors          | • Radon gas  |
| • Ventilation                 | • Windows        | • Asbestos   |
| • HVAC system                 | • Ceilings       | • Lead paint |
| • Water source and quality    |                  |              |

You may be considering ordering an inspection of your home before we place your house on the market. Not knowing the full extent of potential problems until an offer is made by a buyer is a recipe for an ugly negotiation process.

## Showing Appointments

When an interested buyer is scheduled to see your property, it's best if you, your family and any pets you may own are not in the property.

Buying a new home is a very emotional process, and it's sometimes hard for prospective home owners to imagine themselves living in a particular place when the current resident is still inside. I will work with you and the other real estate professionals who will be showing your home to schedule and supervise listing appointments.

These home showings will most likely be an inconvenience for you and your family. I will do everything I can to work with you to minimize the impact, but an aggressive showing schedule will help us sell your property quickly, which is our ultimate goal.

# COSTS OF SELLING YOUR HOME

Selling your home is typically about making a profit. However, that doesn't mean that it doesn't come without costs. Here is an overview of some of the major costs you'll be responsible for paying.

## Mortgage Balance

This is the remaining balance on your original home loan. You will need to pay off your mortgage in its entirety when your home is sold.

## Home Equity Loans (2nd, 3rd Mortgages)

Any loan against the value of your home will also need to be paid in full after the sale of your home.

## Prepayment Penalties

The bank or lending institution that currently owns your mortgage title may assess a pre-payment penalty. You should speak to your lender now, ask if they plan on assessing a pre-payment penalty, and figure out exactly how much that amount is. You may be able to negotiate with your lender to reduce or waive the pre-payment penalty, if there is any.

You'll also want to submit a formal pre-payment notice to your lender.

## Pre-sale Preparations

In most cases, it's not advisable to make major investments in your home right before a sale. There are however, a few things that can be done to increase your home's curb appeal, fix minor problems, and otherwise make your property more attractive. Together we can identify what items should be addressed and create a budget for these pre-sale preparations that are sure to show a significant return on investment.

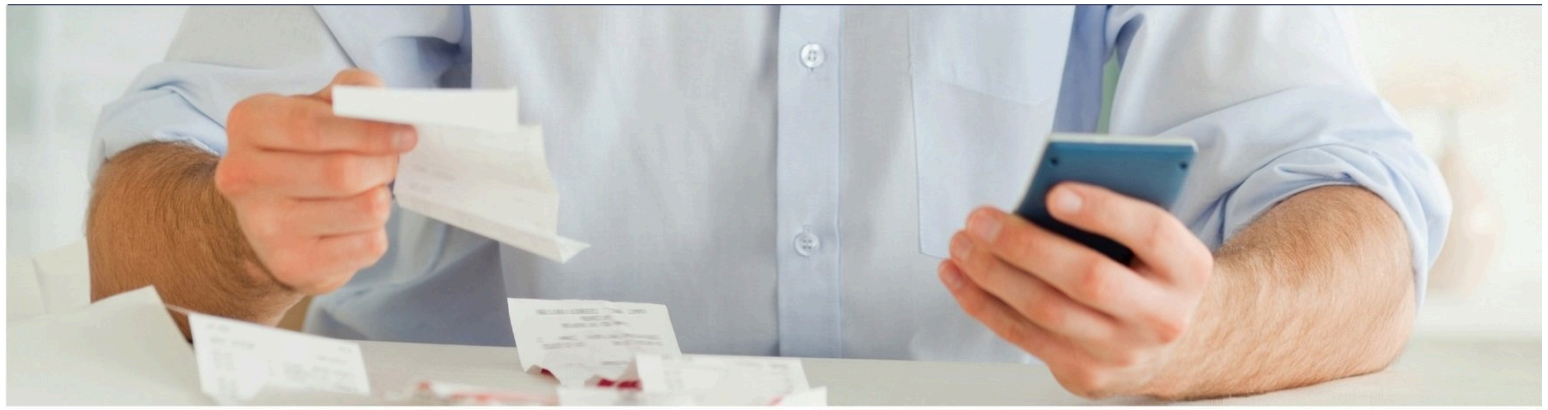
## Closing Costs

All closing costs associated with the sale of your home will be listed for you and for the home buyer in the HUD-1 settlement form. The buyer is generally responsible for all of these closing costs which include:

- Loan fees for the buyer's home mortgage
- Title costs (examination and insurance)
- Insurance premiums
- Legal documents and services fees
- Recording/filing fees

In some cases, buyers make a request for you as the seller to cover their closing costs as a part their purchase offer. We will negotiate these requests if they are made and I will help you understand why it would be advantageous to cover the buyers closing costs (if it is) and what limitations we can set to make sure we know the exact net of your home sale before closing.





## Taxes

The money that you make from the sale of your home is considered capital gains. The good news is that these profits can be excluded from your taxable income, up to \$250,000 for an individual or \$500,000 for a married couple, as long as your home was your principal residence.

To exclude the full portion of those gains, you will need to have lived in your house for at least 24 months in the 5 years previous to the sale date of the property. This is considered the 2 in 5 rule.

If you do not meet the minimum occupancy requirement you still may be able to exclude a portion of your gains if you are selling your house because of circumstances related to your health or to your job. You should speak with your accountant or a certified tax specialist if you believe you fall under one of the exclusions or need help in reporting your capital gains after the sale of your home.

If this property is a real estate investment your profits will be considered taxable income and will be subject to state, federal and self-employment taxes. You can defer all capital gains taxes in a 1031 exchange if you are planning to reinvest the proceeds of your real estate sale into a new property.

Again, in this circumstance you should speak to a financial specialist who can help you fully understand and minimize your tax liability.

## Moving Costs

Moving isn't only a hassle, it can also be very expensive. Whether you're moving to a new house in your neighborhood or across the country, it's important to estimate and plan for the full cost of moving from your home once it is sold.

If you're working with a moving company, you'll want to get a full idea of what you'll be charged for what services. If you're moving yourself, you'll most likely need to rent a van. And don't forget the packing materials including boxes and tape.

The more preparation you do in your move planning, the less likely you are to avoid overpaying for your move expenses.

# SETTING YOUR HOME'S LISTING PRICE

## Setting Your Home's Listing Price

As we discussed previously, your home's listing price is based on many factors including:

- Current, local market conditions
- Buyer availability for your property
- Comparable home sales
- Proceed considerations

Setting an appropriate listing price is often times the difference between getting your property sold, and having it linger on the market, and eventually not sell. In fact, according to the National Association of REALTORS® Profile of Home Buyers and Sellers 2014, the median purchase price of all properties sold in the United States is within 98% of the seller's asking price.

When it comes to wondering how much you can get for your home, the key factor is not what you paid or owe on it, but what another person will pay for your house in the current market.

If we set a listing price that is too high, we will lack in interested buyers.

If we set a listing price that is too low, we will short change your home.

Below is a chart that can help you explore the financial impact of various listing prices.

|                            | PRICE 1 | PRICE 2 | PRICE 3 |
|----------------------------|---------|---------|---------|
| Listing Price              |         |         |         |
| Estimated Taxes            |         |         |         |
| Estimated Fees             |         |         |         |
| Estimated Commission       |         |         |         |
| Estimated Selling Costs    |         |         |         |
| Total Owed on the Property |         |         |         |
| Net Profit for You         |         |         |         |



# PROPERTY IMPROVEMENTS

When it comes to listing your home, there's no single set of black-and-white rules regarding potential property improvements that apply to every property and every seller. Any upgrade or change you make should only be considered if the change is likely to have an appreciable effect on the market value of your property in the minds of most buyers.

Below are some common suggestions on Do's and Don'ts on property improvements for your listing:

## The Do's

**Painting** - A fresh coat of a neutral-toned paint could make the sale easier. Let's face it – we all like things fresh-looking.

**Minor kitchen issues** - Things like plumbing leaks should be fixed, and small updates like swapping out light fixtures can make a big difference. You might even consider sanding, staining or painting worn-looking cabinets. Replacing old cabinet hardware is a low-cost improvement that makes a big difference in appearance.

**Floors** - From fixing scratched wood floors, to replacing cracked tile, to cleaning dirty carpet, a little money spent on sprucing up floors can be well worth the investment.

## The Don'ts

**Major kitchen upgrades** - Unless there are major structural issues, most new buyers would prefer to do something to their own taste.

**Energy efficient windows** - While adding new windows can be a major selling point, it's also a project that can quickly snowball in time and cost.

**New gardens or ornamental landscaping** – It's always a good idea to spruce up your outdoor space and make sure everything is orderly, but don't waste your time adding anything new. If the potential buyer is not horticulturally inclined, new plants and flowers won't add to the offering price. The same can be said for expensive fences and stone walls – they look nice, but buyers don't pay up for them.

# 2

other things you should keep in mind when you're selling your property!

## 1. Stay neutral in style:

No one wants to rip out home improvements that are obviously recent but don't meet their personal tastes. Any changes you make should play to the largest possible audience.

## 2. Consider your neighbors:

Keep in mind that your property is going to be judged directly to other comparable homes in your area. Take a look at homes near you that are listed around the same price as your property whenever you considering making changes to your home.

# HOME STAGING

From the day that your house goes on the market to the day it closes, your property needs to be in "Selling Shape". Whether you decide to hire a professional home stager or do it yourself, you and your family will have to cope with some inconveniences and make the transition to thinking about your house as a property and not a home. This can be frustrating if you're still living in your house, but the effort is well worth it.

According to the Real Estate Staging Association, a properly staged home can:

- Increase a property's perceived value
- Help a listing's competitiveness in a down real estate market
- Drastically reduce the Days on Market (DOM) of a property

In fact, their 2013 study on both vacant and occupied homes showed that staged properties spent 72% less time on the market than non-staged properties.

**So how can we work together to get your property into selling shape? Let's just follow some simple rules.**

## **First. Fix it.**

Anything that is in your house that is in disrepair and can be easily fixed should be addressed before the home goes up for sale. We'll want to pay particular attention to the front exterior and the most important rooms in the house: The master bedroom, the kitchen, and the living room.

Having a property that looks well maintained is a huge advantage with motivated buyers.

## **Next. Clean it.**

Clean, clean and more clean. From the inside out, a clean listing is a happy listing. This principle is about generally cleanliness but it also requires you to de-clutter your house as much as possible.

If it's smaller than a grapefruit, it needs to be put away. Get rid of or pack away anything that isn't essential. Everything else that is small but cannot be packed should be put away in a drawer or cabinet during showing appointments. This also applies to things that are accumulated on a regular basis like the mail, or your dirty clothes.

And remember, it's not good enough to just put things away. Potential buyers will and do open closets and drawers throughout the house when they're looking at your listing. Be sure to keep personal items that you do not want on display in drawers that are clearly your personal furniture. The more organized you can be, the better.

## **Last. Stage it.**

Making your house appear as attractive as possible is largely about allowing potential buyers the opportunity to imagine their lives in your property.

Home staging is essentially the process of using design principles and tricks that emphasize space. Creating the appearance of openness and space is key to getting your property sold. Remember, you're not selling your stuff!

### **Furniture**

Great staging, either DIY or by a professional, includes choosing furniture that shows the room in its best light. Minimize the amount of furniture you have in each room. If it's staying in the house, it needs to be in good shape and be visually appealing.

### **Décor**

It's time to remove anything that could be considered distracting decoration from your home. Importantly, this includes any personal items like family photos or mementos. Any décor that does stay up and visible in your home should be as neutral as possible.

If you have hanging mirrors in the house, these can be positioned to emphasize and reflect key areas in the home like a nice sunny window.

### **Beware odors**

It's not just the stinky stuff you need to pay attention to. There are obvious problem points in a home that can produce bad smells like the garbage cans and the disposal, but you should consider any strong smell a bad one. Don't rely on potpourri or air fresheners to mask unpleasant odors. These can be just as offensive to some buyers. Instead, be sure to open your windows when possible to keep fresh air circulating in the house.

The only exception to the strong smells rule is chocolate. Baking sweet chocolate treats before showing appointments or open houses can help potential buyers feel at home when viewing your house.

A good rule to follow? Limit the number of items on top of any surface to

3

# COPING WITH SELLER STRESS

Moving is an emotional process. It can represent growth and new beginnings, but the strain of making a life changing decision is often fraught with mixed emotions. This is especially true if you're moving as a family with younger children, or moving a long distance.

## Here are a few ideas on how you and your family can help mitigate the stress of your move.

### **Understand that the jitters are normal.**

You've just made a major commitment. Ask questions throughout the process. Part of my job is to provide you with information and keep you informed so that you are confident about your decisions.

### **Get better acquainted with the new place.**

Let me help you ease the transition to your new environment. I can provide you with information on your new neighborhood, school districts, and more.

If you're moving with children, it's always a great idea to familiarize your kids with the new neighborhood a few times before moving day. Be sure to emphasize the positive aspects of the move and explain your reasons for relocating. You can also contact the school your child will be attending and arrange a time to visit.

### **Don't get blindsided by expenses.**

The more you plan for your move, the less likely it is that you'll encounter unexpected and unbudgeted expenses. That being said, it's always a good idea to be ready for the unexpected. Keep an emergency fund for unexpected costs that may crop up during the move or as you set up your new household.

### **Don't wait until the last minute to pack.**

Whether you're hiring a moving company or planning to do it all on your own, you should start to plan and pack for your move now.

You should look to book a moving company six to eight weeks before your move if at all possible. You'll also want to interview a few moving companies and ask lots of questions to make sure you understand all the potential costs.

As you're working on packing up your stuff, remember that one of the best ways to save your time and your money is to bring less. Remember that moving is a great opportunity to clear through the clutter, and anything that you don't need or don't want should be donated or disposed of now.

### **Make a moving plan for kids and/or pets.**

Plan to have a friend or family member take care of younger children and/or pets on moving day. It will make the day much easier!



# THE MARKETING PLAN

To sell your home quickly and for top dollar we need to have an effective marketing plan. Here's how I will work to promote your property.

| FEATURE                                       |  |
|-----------------------------------------------|--|
| Online advertising strategy                   |  |
| Offline advertising strategy                  |  |
| Promotions to other real estate professionals |  |
| Open Houses                                   |  |
| Other lead sources                            |  |

# THE WHOLE DEAL: FROM OFFER TO CLOSING

It would be great if closing a real estate transaction was like buying a new bike or TV, just cruise through the aisles, pick your favorite model and head for the register. But this just isn't the case. Real estate transactions are complex and involve as many as twenty different players including real estate brokers, buyers, sellers, attorneys, inspectors, appraisers, lenders, and often contractors. Because of this, even the simplest transaction today typically takes between 30 and 45 days to close.

Here's an overview of how the process will typically work once an interested buyer has submitted an offer.

## Dealing with Offers

When a buyer or a buyer's agent makes a formal offer we will review the offer in its entirety together. It will include the offer price, as well as the terms and conditions of the offer.

Offers will come on a legal form, and if accepted, you will be entering into a legal contract with the buyer. (Keep in mind that there are still lots of ways 'out' for both you and the buyer at this point.)

### **When we evaluate offers we'll of course consider the offer price, but we also need to review:**

- All of the terms and conditions of the offer. Home buying offers regularly include terms such as what should be included in the sale of the home.
- Anything that is an unusual request or requirement of the purchase offer. We'll want to explore the full implications of anything odd that the buyer is including in a purchase offer.
- Whether or not there are other offers on the table that are a better fit for you.

After a buyer submits an offer you can accept, reject, or counter offer. We will prepare any counter offers together, and I will submit that to the buyer's agent or the buyer and guide you through the negotiations.



## The Offer is Accepted. Now Let's Get to Sold.

Once we've received an acceptable offer and entered into a buying contract, there are several steps that will need to be completed before the transaction and transfer of your property is complete.

### On a typical home sale, here's how things will run:

1. The buyer submits "earnest money" that is deposited into your real estate broker's account. This is typically 1%-3% of the agreed purchase price.
2. A title policy will be ordered on your property.
3. We will set a closing date with the buyer.
4. The buyer will order an appraisal and in most cases, an independent home inspection.
5. The buyer will remove the "conditions of sale" after the appraisal and home inspection, try and renegotiate their initial offer, or remove their offer entirely.
6. After the final offer is finalized we will submit the final legal disclosures and other material facts relevant to your property.
7. You will need to complete any agreed upon requests for repair that were submitted by the buyer before the closing date.
8. The buyer will most likely schedule a walk through to verify the condition of the property and see any repairs that were made right before your closing appointment.
9. Closing is scheduled and completed. Your house is sold!

## Understanding Property Disclosures

Before final closing, you will be asked to fill out a disclosure statement that will list "material facts" about problems you are aware of regarding the condition and history of your home. Both federal and state laws govern what must be disclosed during a property sale and as the homeowner you must be the person to complete these disclosure forms. By law your real estate agent cannot complete these forms for you.

**Yes – you must disclose!**

### The general rule of thumb is that you must disclose anything that would:

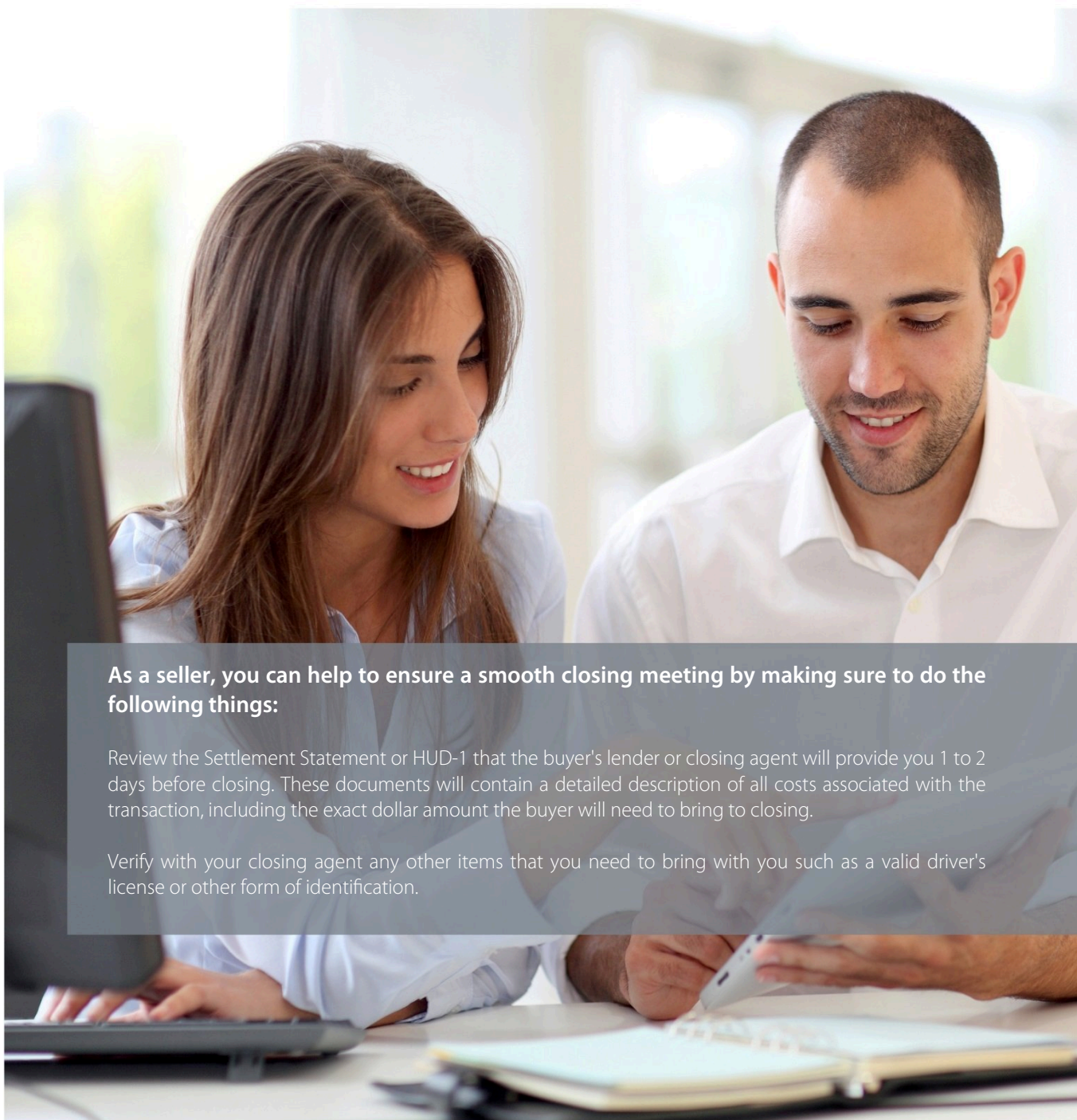
- Lower the perceived value of the property
- Affect the buyer's decision to purchase
- Change the price and/or terms the buyer offers

As you fill out these forms just remember, you should strive to answer all of the questions to the best of your ability. Don't sweat the small stuff, but make sure you disclose everything that you'd want disclosed to you if you were the buyer. If you don't know the answer to a question (such as exact age of the roof if you're not the original owner or the like), answer "Do Not Know." But not having precise facts about defects you know exist does not permit you to answer "Do Not Know" to every question. This will always raise a red flag.

If you feel like you don't properly understand the disclosure requirements, you should consult a real estate attorney who knows the local disclosure laws.

## What Will Happen at the Closing Meeting?

Closing is the legal transfer of ownership of the home from seller to buyer. It is a formal meeting that most parties involved in the transaction will attend. Closing procedures are usually held at the title company or lawyer's office. Your closing officer will coordinate the signing of documents and the collection and of disbursement of funds.



**As a seller, you can help to ensure a smooth closing meeting by making sure to do the following things:**

Review the Settlement Statement or HUD-1 that the buyer's lender or closing agent will provide you 1 to 2 days before closing. These documents will contain a detailed description of all costs associated with the transaction, including the exact dollar amount the buyer will need to bring to closing.

Verify with your closing agent any other items that you need to bring with you such as a valid driver's license or other form of identification.

# MOVING CHECKLIST

There are so many details to handle as you prepare for a move. It can seem like a daunting task. This checklist will help you manage the process and not forget anything.

## Packing and Moving

- If you're hiring a moving company, get a firm bid in writing.
- Try and consume canned food and frozen items before the move.
- Drain gasoline from your lawnmower. Drain any water from your garden hoses.
- Dispose of any flammable or hazardous items. Do not move these if they can be easily replaced.
- Moisten plants before moving.
- Pack a "first night" box with coffee, bedding, household cleaners, toothpaste and toothbrush, pet food, and other essentials that you expect to need upon arrival.

## The Important Stuff

- Call utility companies (electric, water, cable) to cancel your current services and sign up for services in your new home.
- Collect all of your important documents – birth certificates, passports, medical records, and carry these with you instead of packing them.
- Have any necessary prescriptions filled and carry the medication with you.
- Precious items such as jewelry or your family photo albums should also be carried with you instead of packed along with other household items.

## Before You Leave

- Conduct a last-minute walk-through. Check drawers, closets, the basement, and the garage.
- Make sure everything is turned off and locked up.

## Packing Smart

The more organized you can be in your packing, the easier it will be to unpack and settle into your new home. It's also the best way to make sure you don't lose or break anything during the process. Here are some basic reminders on how to pack well.

Don't use damaged boxes.

Use quality movers tape to secure items properly.

Don't put heavy items in large boxes.

Put heavier items at the bottom of a box and label these boxes as heavy.

# AFTER THE SALE

Moving is often a chaotic yet exciting event in your life. After the big moving day, you've got a lot of work ahead of you. Unpacking is just the first part of the battle. Next you'll need to get your regular routines sorted out and make sure everyone in the family feels comfortable in the new home.

With all of the changes and the responsibilities of a big move, it's easy to misplace important items and make mistakes. To help keep your life in order, be sure to keep these things on your to-do list!

## **Securely store these records:**

- Your closing statement
- Property deed
- Receipts for home improvements
- Warranty information
- Loan papers
- Insurance policies

## **Change your address**

Start with USPS to make sure that all your mail is getting forwarded and you don't miss any important mail or bills. You can do this online at [moversguide.usps.com](http://moversguide.usps.com).

## **Once this is done you'll also want to update your address with:**

- Banks
- Credit Cards
- Insurance Providers
- Work
- Department of Motor Vehicles (Driver's License and Car Registration)
- Voter Registration
- Online Vendors (Especially with automated payments)



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