

8 Reasons Why You Should Work With a REALTOR®

Not all real estate practitioners are REALTORS®. The term REALTOR® is a registered trademark that identifies a real estate professional who is a member of the NATIONAL ASSOCIATION of REALTORS® and subscribes to its strict Code of Ethics. Here are five reasons why it pays to work with a REALTOR®.

1. Navigate a complicated process. Buying or selling a home usually requires disclosure forms, inspection reports, mortgage documents, insurance policies, deeds, and multipage settlement statements. A knowledgeable expert will help you prepare the best deal, and avoid delays or costly mistakes.

2. Information and opinions. REALTORS® can provide local community information on utilities, zoning, schools, and more. They'll also be able to provide objective information about each property. A professional will be able to help you answer these two important questions: Will the property provide the environment I want for a home or investment? Second, will the property have resale value when I am ready to sell?

3. Help finding the best property out there. Sometimes the property you are seeking is available but not actively advertised in the market, and it will take some investigation by your REALTOR® to find all available properties.

4. Negotiating skills. There are many negotiating factors, including but not limited to price, financing, terms, date of possession, and inclusion or exclusion of repairs, furnishings, or equipment. In addition, the purchase agreement should provide a period of time for you to complete appropriate inspections and investigations of the property before you are bound to complete the purchase. Your agent can advise you as to which investigations and inspections are recommended or required.

5. Property marketing power. Real estate doesn't sell due to advertising alone. In fact, a large share of real estate sales comes as the result of a practitioner's contacts through previous clients, referrals, friends, and family. When a property is marketed with the help of a REALTOR®, you do not have to allow strangers into your home. Your REALTOR® will generally prescreen and accompany qualified prospects through your property.

6. Someone who speaks the language. If you don't know a CMA from a PUD, you can understand why it's important to work with a professional who is immersed in the industry and knows the real estate language.

7. Experience. Most people buy and sell only a few homes in a lifetime, usually with quite a few years in between each purchase. Even if you have done it before, laws and regulations change. REALTORS®, on the other hand, handle hundreds of real estate transactions over the course of their career. Having an expert on your side is critical.

8. Objective voice. A home often symbolizes family, rest, and security — it's not just four walls and a roof. Because of this, homebuying and selling can be an emotional undertaking. And for most people, a home is the biggest purchase they'll ever make. Having a concerned, but objective, third party helps you stay focused on both the emotional and financial issues most important to you.

5 Things to do Before Putting Your Home on the Market

1. Have a pre-sale home inspection. Be proactive by arranging for a pre-sale home inspection. An inspector will be able to give you a good indication of the trouble areas that will stand out to potential buyers, and you'll be able to make repairs before open houses begin.

2. Organize and clean. Pare down clutter and pack up your least-used items, such as large blenders and other kitchen tools, out-of-season clothes, toys, and exercise equipment. Store items off-site or in boxes neatly arranged in the garage or basement. Clean the windows, carpets, walls, lighting fixtures, and baseboards to make the house shine.

3. Get replacement estimates. Do you have big-ticket items that are worn out or will need to be replaced soon, such as your roof or carpeting? Get estimates on how much it would cost to replace them, even if you don't plan to do it yourself. The figures will help buyers determine if they can afford the home, and will be handy when negotiations begin.

4. Find your warranties. Gather up the warranties, guarantees, and user manuals for the furnace, washer and dryer, dishwasher, and any other items that will remain with the house.

5. Spruce up the curb appeal. Pretend you're a buyer and stand outside of your home. As you approach the front door, what is your impression of the property? Do the lawn and bushes look neatly manicured? Is the address clearly visible? Are pretty flowers or plants framing the entrance? Is the walkway free from cracks and impediments?

Simple Tips for Better Home Showings

- 1. Remove clutter and clear off counters.** Throw out stacks of newspapers and magazines and stow away most of your small decorative items. Put excess furniture in storage, and remove out-of-season clothing items that are cramping closet space. Don't forget to clean out the garage, too.
- 2. Wash your windows and screens.** This will help get more light into the interior of the home.
- 3. Keep everything extra clean.** A clean house will make a strong first impression and send a message to buyers that the home has been well-cared for. Wash fingerprints from light switch plates, mop and wax floors, and clean the stove and refrigerator. Polish your doorknobs and address numbers. It's worth hiring a cleaning service if you can afford it.
- 4. Get rid of smells.** Clean carpeting and drapes to eliminate cooking odors, smoke, and pet smells. Open the windows to air out the house. Potpourri or scented candles will help.
- 5. Brighten your rooms.** Put higher wattage bulbs in light fixtures to brighten up rooms and basements. Replace any burned-out bulbs in closets. Clean the walls, or better yet, brush on a fresh coat of neutral color paint.
- 6. Don't disregard minor repairs.** Small problems such as sticky doors, torn screens, cracked caulking, or a dripping faucet may seem trivial, but they'll give buyers the impression that the house isn't well-maintained.
- 7. Tidy your yard.** Cut the grass, rake the leaves, add new mulch, trim the bushes, edge the walkways, and clean the gutters. For added curb appeal, place a pot of bright flowers near the entryway.
- 8. Patch holes.** Repair any holes in your driveway and reapply sealant, if applicable.
- 9. Add a touch of color in the living room.** A colored afghan or throw on the couch will jazz up a dull room. Buy new accent pillows for the sofa.
- 10. Buy a flowering plant and put it near a window you pass by frequently.**
- 11. Make centerpieces for your tables.** Use brightly colored fruit or flowers.
- 12. Set the scene.** Set the table with fancy dishes and candles, and create other vignettes throughout the home to help buyers picture living there. For example, in the basement you might display a chess game in progress.
- 13. Replace heavy curtains with sheer ones that let in more light.** Show off the view if you have one.
- 14. Accentuate the fireplace.** Lay fresh logs in the fireplace or put a basket of flowers there if it's not in use.
- 15. Make the bathrooms feel luxurious.** Put away those old towels and toothbrushes. When buyers enter your bathroom, they should feel pampered. Add a new shower curtain, new towels, and fancy guest soaps. Make sure your personal toiletry items are out of sight.
- 16. Send your pets to a neighbor or take them outside.** If that's not possible, crate them or confine them to one room (ideally in the basement), and let the real estate practitioner know where they'll be to eliminate surprises.
- 17. Lock up valuables, jewelry, and money.** While a real estate salesperson will be on site during the showing or open house, it's impossible to watch everyone all the time.
- 18. Leave the home.** It's usually best if the sellers are not at home. It's awkward for prospective buyers to look in your closets and express their opinions of your home with you there.

Low-Cost Ways to Spruce Up Your Home's Exterior

Make your home more appealing for yourself and potential buyers with these quick and easy tips:

1. Trim bushes so they don't block windows or architectural details.
2. Mow your lawn, and turn on the sprinklers for 30 minutes before the showing to make the lawn sparkle.
3. Put a pot of bright flowers (or a small evergreen in winter) on your porch.
4. Install new doorknobs on your front door.
5. Repair any cracks in the driveway.
6. Edge the grass around walkways and trees.
7. Keep your garden tools and hoses out of sight.
8. Clear toys from the lawn.
9. Buy a new mailbox.
10. Upgrade your outside lighting.
11. Buy a new doormat for the outside of your front door.
12. Clean your windows, inside and outside.
13. Polish or replace your house numbers.
14. Place a seasonal wreath on your door.

Prepare Your Home for a Virtual Tour

With more buyers shopping for homes on the Web, photos and virtual tours are a must. There are many things you can do to make your home shine on camera.

- 1. Understand the camera's perspective.** The camera's eye is very different from the human eye. It magnifies clutter and poor furniture arrangement. To make a home shine in a virtual tour or video presentation, cater to the lens.
- 2. Make the home "Q-tip clean."** Because the camera magnifies grime, each room must be spotless. Don't forget floor coverings and walls; a discolored spot on the rug might be overlooked by prospects during a regular home showing, but that stain becomes a focal point for online viewers.
- 3. Pack up the clutter.** But leave three items of varying heights on each surface. For example, on an end table you can place a lamp (high), a small plant (medium), and a book (low).
- 4. Snap pictures.** This will give you an idea of what the home will look like on camera. Closely examine the photos and list changes that would improve each room's appearance: opening blinds to let in natural light, removing magnets from the refrigerator, or taking down distracting art.
- 5. Pare down furniture.** Identify one or two pieces of furniture that can be removed from each room to make the space appear larger.
- 6. Rearrange.** Spotlight the flow of a space by creating a focal point on the furthest wall from the doorway and arranging the other pieces of furniture to make a triangle shape. The focal point may be a bed in a bedroom or a china cabinet in a dining room.
- 7. Reaccessorize.** Include a healthy plant in every room; the camera loves green. Energize bland decor by placing a bright vase on a mantle or draping an afghan over a couch.
- 8. Keep the home in shape.** You want buyers who liked what they saw online to encounter the same home in person.

Source: Barb Schwarz, www.StagedHomes.com, Concord, Pa.

5 Feng Shui Concepts to Help a Home Sell

To put the best face on a listing and appeal to buyers who follow feng shui principles, keep these tips in mind.

1. Pay special attention to the front door, which is considered the “mouth of chi” (chi is the “life force” of all things) and one of the most powerful aspects of the entire property. Abundance, blessings, opportunities, and good fortune enter through the front door. It’s also the first impression buyers have of how well the sellers have taken care of the rest of the property. Make sure the area around the front door is swept clean, free of cobwebs and clutter. Make sure all lighting is straight and properly hung. Better yet, light the path leading up to the front door to create an inviting atmosphere.
2. Chi energy can be flushed away wherever there are drains in the home. To keep the good forces of a home in, always keep the toilet seats down and close the doors to bathrooms.
3. The master bed should be in a place of honor, power, and protection, which is farthest from and facing toward the entryway of the room. It’s even better if you can place the bed diagonally in the farthest corner. Paint the room in colors that promote serenity, relaxation, and romance, such as soft tones of green, blue, and lavender.
4. The dining room symbolizes the energy and power of family togetherness. Make sure the table is clear and uncluttered during showings. Use an attractive tablecloth to enhance the look of the table while also softening sharp corners.
5. The windows are considered to be the eyes of the home. Getting the windows professionally cleaned will make the home sparkle and ensure that the view will be optimally displayed.

Source: Sell Your Home Faster With Feng Shui by Holly Ziegler (Dragon Chi Publications, 2001)

Tips for Pricing Your Home

- **Consider comparables.** What have other homes in your neighborhood sold for recently? How do they compare to yours in terms of size, upkeep, and amenities?
- **Consider competition.** How many other houses are for sale in your area? Are you competing against new homes?
- **Consider your contingencies.** Do you have special concerns that would affect the price you'll receive? For example, do you want to be able to move in four months?
- **Get an appraisal.** For a few hundred dollars, a qualified appraiser can give you an estimate of your home's value. Be sure to ask for a market-value appraisal. To locate appraisers in your area, contact The Appraisal Institute (www.appraisalinstitute.org) or ask your REALTOR® for some recommendations.
- **Ask a lender.** Since most buyers will need a mortgage, it's important that a home's sale price be in line with a lender's estimate of its value.
- **Be accurate.** Studies show that homes priced more than 3 percent over the correct price take longer to sell.
- **Know what you'll take. It's critical to know what price you'll accept before beginning a negotiation with a buyer.**

Understanding Capital Gains in Real Estate

When you sell a stock, you owe taxes on your gain — the difference between what you paid for the stock and what you sold it for. The same holds true when selling a home (or a second home), but there are some special considerations.

How to Calculate Gain

In real estate, capital gains are based not on what you paid for the home, but on its adjusted cost basis. To calculate, follow these steps:

1. Purchase price: _____

The purchase price of the home is the sale price, not the amount of money you actually contributed at closing.

2. Total adjustments: _____

To calculate this, add the following:

- Cost of the purchase — including transfer fees, attorney fees, and inspections, but not points you paid on your mortgage.
- Cost of sale — including inspections, attorney fees, real estate commission, and money you spent to fix up your home just prior to sale.
- Cost of improvements — including room additions, deck, etc. Note here that improvements do not include repairing or replacing something already there, such as putting on a new roof or buying a new furnace.

3. Your home's adjusted cost basis: _____

The total of your purchase price and adjustments is the adjusted cost basis of your home.

4. Your capital gain: _____

Subtract the adjusted cost basis from the amount your home sells for to get your capital gain.

A Special Real Estate Exemption for Capital Gains

Since 1997, up to \$250,000 in capital gains (\$500,000 for a married couple) on the sale of a home is exempt from taxation if you meet the following criteria:

- You have lived in the home as your principal residence for two out of the last five years.
- You have not sold or exchanged another home during the two years preceding the sale.
- You meet what the IRS calls “unforeseen circumstances,” such as job loss, divorce, or family medical emergency.

What is Appraised Value?

- Appraisals provide an objective opinion of value, but it's not an exact science so appraisals may differ.
- For buying and selling purposes, appraisals are usually based on market value — what the property could probably be sold for. Other types of value include insurance value, replacement value, and assessed value for property tax purposes.
- Appraised value is not a constant number. Changes in market conditions can dramatically alter appraised value.
- Appraised value doesn't take into account special considerations, like the need to sell rapidly.
- Lenders usually use either the appraised value or the sale price, whichever is less, to determine the amount of the mortgage they will offer.

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