

Selling Your Home

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Your home is one of the biggest investments you'll ever make. So it stands to reason that when you're selling it, you want to get the highest return possible. There are many things – from major decisions to the littlest things – that can affect the profitability of the sale of your home.

You have certain things you have to consider, including who will be responsible for selling your home for you? Will it be a real estate agent or you? Many homeowners are taking the For Sale by Owner route, but for others, it's a burden that isn't worth the commission they save.

You need to be willing to take a look at the current housing market to determine if it's a good time to sell. It may not be, but you may not have a choice depending on the situation you're in, such as making a move to another community for a new job.

Even in a bad market, there are ways you can increase the value of your home so that you get the most possible money out of the transaction. You'll be hosting open houses or readying your home for a showing if you have an agent.

And in the end, what will you do to find the new home of your dreams? You'll want to know how to scout out a home you can move into and get the best mortgage rate for your new purchase.

Once you make the firm decision to sell your home, you want the best price you can get for it, but you're not sure if you should try using an agent to sell it for you or try to sell it on your own. Here are some advantages and disadvantages of both.

Choosing and Using an Agent

A real estate agent can be an asset to you when selling your home. They take care of all the aspects of selling for you. They deal with and essentially screen the buyers to get you the best possible deal.

They have more connections with other agents who have buyers that are looking for a home. If time is a factor in selling your home, then a real estate agent can handle many tasks that free you up to get ready for your pending move.

They have knowledge of the real estate market and know how to get your home out there through the networks to get more interested buyers. They take the headaches away from you, so you have more time to spend on other things.

Their expertise in the real estate market, however, comes at a price. Their commission can be high, and you may not want to give up a \$25,000 piece of your profit pie. Some agents can earn around 3-5%. Some could be more than that, depending on the agent you choose.

However, unless you know how to navigate the For Sale By Owner process, your agent might be able to negotiate a better sale price for your home than you would, which might cover the cost of their commission and allow you to unload some tasks you'd rather not handle.

Don't choose a real estate agent based on just a recommendation. Many people have friends in the industry, but that doesn't mean they work hard for you. Sometimes an agency can let you know which of their agents have the best performance rate.

A real estate agent and a realtor are not the same thing. While both have the responsibility to disclose all of the facts of the process to you, Realtors abide by a Code of Ethics that is unique to them.

Realtors also have access to the Multiple Listing Services (MLS) where they can share listings and access more properties than non-Realtors. You want a realtor who handles properties of the same value of your house.

Don't get someone used to selling \$100,000 homes if you live in a property valued at 2.5 million. You want someone whose personality meshes well with your own – an agent who will answer questions and take time to explain things properly to you.

If you go the agent route, then you want them to perform as many tasks as possible for their commission, such as arranging inspections, knowing which lenders the buyers can approach for their mortgage, and other specifics. The more they leave up to you, the less their commission should be.

Interview the agents until you find someone you feel will work hard to sell your home and get you a good price for it. You want to know their marketing plans, their time availability for showings, closings, etc.

Find out how good their level of experience is. Have they sold many homes in the last year? Are they just a part-time agent who dabbles in the market from time to time? You want someone dedicated to the industry.

FSBO (For Sale By Owner)

Selling your home without the use of a real estate agent is obviously cheaper because there won't be any commission to pay. This gives the homeowner more control over the sale. You have to bear in mind that real estate agents want your home to sell so that they get their commission.

This *could* cause some of them to price the home lower than what it *could* sell for, just so they ensure their hard work isn't for nothing. The disadvantage to selling on your own is that your time will be consumed by marketing the house and showing the house to prospective buyers.

Some buyers who might be interested in the house, may not want to deal with you, but would rather go through an agent instead. This could lose an owner a sale. In order to be successful in selling a home on your own, you need to have some knowledge of the necessary contracts that need to be signed by all parties, plus all of the other paperwork like titles and deeds, etc.

There are many real estate lawyers who handle just such tasks for homeowners selling their home by themselves. It's a small investment, much less than what you'd pay for the commission of a real estate agent, and it takes the worry out of having to shoulder the legal burden on your own.

To decide which option is best for you, you'll need to figure out how much time you have to devote to the selling process. Many marketing methods are free. If you're not intimidated by the process, then try to sell it on your own without having to give up a percentage of the selling price to an agent.

The Real Estate Market: How It Affects You

Whether someone is looking to buy or sell a home, most people rely on the real estate market to get the best deal on a home. The market revolves in three cycles, which determines whether you should buy or sell at that time.

Here are the three different cycles and why they're prime for you get a good deal:

One is the buyer's market. This is the best time to buy a home in the marketplace. The prices for the homes are generally lower than at other times of the year. The sellers are more likely to accept lower bids from the buyers and they're more negotiable for repairs done to the home prior to possession being turned over.

The buyers are more apt to take the upper hand in the deal and control the transaction to the point of gaining earlier possession, because sellers are more interested in unloading the home to get rid of it versus holding out longer and selling it for a higher profit. Buyers can take advantage of these situations and buy low to sell high at a later date.

Another cycle is the seller's market. The seller's market is best for those who are interested in selling their home. A seller looking to gain a

profit from the sale of their home will wait until this time of year to place their home on the market.

Buyers are more apt to pay the listed price of the home to gain possession. The sellers have the upper hand here and usually won't pay for any inspection costs, repair costs or closing costs.

Contingent offers of waiting for the buyer's home to sell are rarely accepted at this time in the marketplace. Sellers generally have multiple offers, so there's no need to bend on their offers to get the sale.

Buyers become more competitive and aggressive in their bidding to get the home, so sellers sit back and wait for the right offer to come through. This is the best case scenario for you as a seller, but keep in mind that you then have to turn around and become the buyer to find a replacement home.

The other cycle is the neutral one. The buyers and sellers can both get good prices at this time in the market. There isn't as much competition for a home, but sellers could get an average price, while the buyer could make an average deal.

The neutral cycle doesn't bend in favor of either the seller or the buyer. The one who makes the best deal is pretty much depending on other factors like how much a buyer likes a home and how many offers a seller might receive for their home.

The real estate market can determine the fate of the home you're selling or hoping to buy. By waiting until the market is right for your situation, you could either make a decent profit from the move or get a low offer accepted.

Even the real estate tycoons rely on the market for their high profit deals. They live by the goal of buying low and selling high. The real estate market helps them reach that goal in the marketplace.

Inexpensive Ways to Increase the Value of Your Home

If you're looking to sell your home, but are afraid that you may not get the price you want, there are some ways you can spruce up the home to look more desirable to a buyer without costing a lot of money to do it.

There are many things a buyer is looking for in a home. The most common areas that are key to a good sale are the kitchen, bathrooms and storage areas. Here's how you can give them a fresh look to add value to your home.

Remodeling a kitchen can be costly - especially if you're looking to do it just to sell a home. You can give the look of an expensive remodel by simply changing the look of the cabinets.

If they're still in good shape, they won't need to be replaced. Just give the doors and drawers a clean re-varnishing job and replace the handles and drawer knobs. Make sure they're uncluttered so that they appear to have ample space when a potential buyer opens them up to evaluate what they'll be buying into.

Take a look at the flooring. If it's torn badly or worn out, it will need to be replaced. If there's only a tile or two that's torn, then just replace those tiles and make sure the floor is sparkling clean when a prospective buyer comes to look at it.

Anything that's torn and damaged within the kitchen area should be fixed or replaced. Don't try to hide it because this could cause the deal to fall through after the inspection process takes place.

The bathroom area is another key place to keep updated to add value to a home. Pedestal sinks are inexpensive and easy to install yourself. This gives a clean, modern look to the bathroom and makes it more desirable to a buyer.

Like the kitchen, the bathroom flooring should also be free from torn or damaged areas. Replace any chipped tiles and clean or replace the tile grouting to give the appearance of a new tile job.

A clean, sparkling, updated look to a bathroom will pique a buyer's interest in your home. Stage it with candles, a flower arrangement, and other small details that give a welcoming appearance.

The third most common area that a buyer looks for are the storage areas within the home. The more storage a home has, the better it will sell. If your home doesn't have much for storage space, you can still stay in the running.

Make the best use of the storage areas you *do* have to get a buyer interested. The best way to do this is by purchasing inexpensive closet organizers. Buyers can still be interested in your home if they see well-organized storage spaces.

A closet organizer provides cubicle-type areas to place a lot of things instead of throwing a bunch of stuff on the floor of a closet. Plus, you can take these with you when you move to your new home, so it's a good investment.

Pay attention to the small details inside your home and find inexpensive ways to fix damaged areas and update old, worn out areas. These small things can be quickly spotted, so make sure they're pleasing to the eye and are not an eyesore to visitors arriving for a showing.

It will make all the difference in the world when selling your home and whether or not you can get the price the home really deserves. Do a walk-through with a trusted friend and have them point out any areas where you may not realize something's not up to par.

Don't forget the outside of your property, too! Inside, it's easy to stage the house and spiff it up as if you were having a party and wanted everything in tip top shape, but don't ignore the outside because it's the first impression your prospective buyers will have.

Clean up debris, give your home a new paint job if necessary, and make sure the lawn is mowed and clutter is removed. Replace lightbulbs outside, too, because many prospects will attend a daytime showing but drive by later on to see what the house is like in the evening hours.

You're Ready to List!

If you have a real estate agent, he or she will help you discover what upgrades, renovations, and clean up jobs need to occur. But if you took the do-it-yourself route, then you have to analyze everything on your own – from the foundation of your home to the roof and everything in between.

Marketing your home will be on the shoulders of the agent if you have one. If not, you'll need to begin the process by yourself. Selling a home doesn't require a large ad budget. You can use online listings, but first you have to have a ballpark figure to list your home for sale.

Get a Competitive Market Analysis (CMA) and an Appraisal. The CMA will tell you what homes in your area that are comparable to yours (key phrase there!) are selling for. The appraisal will give you an idea of your own home's value and worth.

Not every marketing method is free, but some are low-cost so that you don't have to shell out a fortune. If you take the do it yourself path, then recognize that the investment of advertising your home for sale isn't as much as you'd have to pay in commission to a real estate agent doing the work for you.

Start with a For Sale by Owner sign in your front yard. List your home for sale in real estate magazines, in the local paper and on flyers if you have somewhere you feel would reach buyers.

Use the Internet to help you reach prospects, too! The 'net is free, viral (meaning people share the information), and available 24/7. You can promote your home with a video on YouTube, list it on Craig's List, or create a simple website with its own domain where you list pictures and details about your house to generate interest in your home.

Many home buyers are doing most of the initial work themselves – looking online for homes they want to consider, doing an initial drive-by of

the location, and *then* contacting an agent to show them the houses they've narrowed it down to.

Remember how we talked about using a lawyer to draw up the necessary paperwork for the do-it-yourself process? Well, you can also find discount brokerage co-ops where they handle some of the real estate agent tasks for you for a smaller fee, which is often charged to the buyer!

As Kirk Lautensleger, a co-op discount brokerage firm founder said, "Rather than giving our clients a fruit basket when they close on a house, we give them a check for several thousand dollars."

Buyers save commission to their agents, so your Internet listing can help you get a better price for the sale of the home. If they save \$7,000 to their own agent, that's \$7,000 more they can afford to spend on your home.

These firms can help you put your home in the MLS listings and they can add it to other online advertising spots you can't access. But you don't have to pay the entire agent commission as you would if you hired an agent for the full process.

When Buyers Start Answering Your Ads

If you have an agent to help you, then you'll be periodically called to exit the home while he or she gives a tour of your house to an interested party. You'll need to get the pets out of the house, or lock them up, and keep everything in tip top shape for unexpected calls that give you mere minutes to vacate the property.

If you are following the For Sale By Owner method, then you'll need to schedule Open Houses on the weekends or evenings so that you can usher in a flurry of interested buyers without having to constantly be giving tours of your home on a daily basis.

If you have a FSBO sign in your yard, expect some people who aren't familiar with the etiquette of buying a house to just walk up to your

door and ask for a tour out of the blue. You can either give them a notice of an upcoming open house, or cave in and show them around – but make sure the house is ready for a showing!

During your open house, you may have more buyers than you can give a tour to all showing up at once. Make sure you remove anything valuable so that it doesn't go missing while one buyer is in your bedroom and you're busy showing other buyers the garage.

Make sure you know the answers to questions people may have, but if you get hit with one you don't know, don't lie. Tell them you'll take their number and get back to them with the answer. They'll appreciate your honesty.

You've Found a Buyer!

You may get more than one interested party wanting to buy your house. This is an ideal situation because it gives you negotiating power. But even if there's only one prospective buyer, you still want to negotiate the deal in your favor.

If you're a do it yourself seller, don't get intimidated by the buyer's agent who appears to know more than you do. Take your time and don't get flustered if you don't know the answer to something or can't make a decision right away.

The closing process takes some time and you have time to make sure you don't give up money that's rightfully yours in the selling process. You want to make sure the offer is in line with your appraisal and CMA that you've had prepared.

Your buyer should come prepared with a pre-approved loan in the best-case scenario. If you allow them to wait to get financed, and they're only pre-qualified, you might be waiting a long time for them to find the financing they need to cover the cost of your home.

It's good to use the a la carte option with a law firm and have someone help you with the legal paperwork surrounding the sale of your

home, but there are also many sites on the Internet that have papers you can use as your guideline during the closing.

During the negotiations, you'll discover when you're expected to move out of the property and allow the new owners to move in. You should have been preparing to buy your new home during this process, so hopefully you'll be on your way.

But if you're just now entering the buyer's market, you have to flip to the other side and try to make the most with the investment you make with the money you gained on the sale of your old home!

Tips on Getting the Home of Your Dreams

The best way of obtaining the home of your dreams is by having one built to your specifications. This is a nice option, but it can cost quite a bit of money in the end with all of the materials and labor for the different professionals involved in the process.

You can still find the home of your dreams in the marketplace to buy without having to start from scratch and break ground on a new location. The first thing you'll need to do is decide what you would like to have and what your needs are in a home.

When you go to look for homes, you'll be looking for the house that has as many of these things as possible. You'll also need to make sure that the real estate market in that area is in a buyer's market mode if possible.

This is when the buyer has a higher chance of getting a home for a lower price. They can have more control of the deal, getting the necessary repairs included and carried out before the final closing of the deal.

Another way of increasing your chances of getting the home you want is by getting pre-approved (not just qualified) for a home loan to find out how high a lender is willing to go for the loan before you go out into the marketplace.

Make sure your credit is in good standing so that you can get the best deal. This way, if your dream home is found, you can offer a lower bid and work your way up to the price that the lender is willing to give you.

Make sure you check out several different homes to buy. Decide which ones would best meet what you're looking for in your dream home. More than likely, you won't find one that has it all - but you can find one that has most of what you want.

Some things you'll be able to add at a later date. For instance, if you really want a home with a pool, but a house has everything *but* the pool, make sure that it has a roomy backyard so that you have the option of adding one later.

Consider checking outside of the prime area. There may be the perfect home that's four miles from the local school instead of right next to it like you may have wanted. The perfect home could also be in a neighboring town as well, so think outside of the box for the prime location of the type of home you're after.

Work with a real estate agent or co-op brokerage firm like we mentioned earlier and make sure they know exactly what you're looking for. They're trained to be on the lookout for all types of homes and can scour the marketplace to find ones that come close to what you want.

They also have lots of connections and can even bargain efficiently to get the best price for you. Take a Sunday afternoon and just drive around the area that you want to purchase your home in and look for some For Sale by Owner signs.

Check out how big the house looks, where it's located and if it looks like the homeowner has taken care of the property. Contact the real estate agent the next day and inquire about the homes you saw, so that you can see the inside of the properties.

Mortgage Loan Options: Finding the One that Suits Your Needs

Once you find the right home, or even before, you'll want to have a lender ready to let you borrow the money you need to get the house. There are many different options for a mortgage loan.

All lenders will be different with their opportunities, but the most common options most offer are the fixed rate, adjustable rate or affordable housing programs. Determining which mortgage loan best suits your needs will depend on what you're looking for and what you have to give.

Here are the different options and what they will entail for buyers looking for a home loan:

A fixed rate loan is one that will keep the same rate from the time the loan is closed to the time the loan is paid off, never changing so that the homebuyer doesn't get an unexpected bill one month.

A borrower can achieve peace of mind by locking in the current rate if it's low. They have no worries that the loan will increase in a few years if the rate goes up. Whether the loan is for 20 or 30 years, the rate and payment will always remain the same until the very end.

The downside to a fixed rate loan is that they usually come with higher rates than the adjustable-rate loans – at least initially. Financial institutions also tend to want to protect their investment by requiring mortgage insurance if you have less than perfect credit, which then costs a borrower more in monthly costs.

An adjustable-rate mortgage loan is when the interest rate is set to be adjustable throughout the life of the loan. So for the first five years, you might get an attractive interest rate.

But once the five years is up, the lender has the right to raise the rate which can cripple your payment ability if you have bad credit and can't afford the new monthly installment. You may have the option to refinance once the rate adjusts, but if your credit is bad, you could wind up in foreclosure instead.

You might benefit from this type of loan because if the interest rates go down, the mortgage rate can go down on the loan, too. The disadvantage to this type of loan is that if the interest rate goes higher, so does the loan.

A borrower will ultimately go through several gambles throughout the life the loan. Those who qualify for this type of mortgage loan are generally those who have less money to use as a down payment.

Another option is the affordable housing programs that are available to buyers. These include the first-time buyer loans. This allows those who have little to no down payment to gain access to the home they want to buy.

If you're unable to qualify for any other type of mortgage loan, you could probably get one of these loans. You're still expected to meet some requirements, though, such as a certain percentage of the loan for a down payment. The other loans available usually require a much higher percentage of the total loan to put down.

When applying for any type of mortgage loans, you'll need to make sure you're credit worthy because this can hurt your chances for the best rates and payments. Make sure you check your credit reports and fix anything that could hurt your chances of qualifying for the loan you need.

Get the best deals you can now. If situations come up in the future and you're unable to make the payments as needed, a refinance option could be available to you, so you can make those payments easier.

Plus, if your credit is poor right now, and the only loan you can qualify for has a high interest rate, you can refinance one or two years down the road when you've had time to clean up your credit and polish it so that you qualify for a better rate and lower payment.

If you're planning to sell your home soon, make sure you're predicting how well you'll fare in the buyer's market, too, since that's what hat you'll be wearing when you close on the sale of your existing home.



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