

How To Sell Your House In Today's Market

Selling a house is complicated. From experience, we know it's not just a question of selling a house-it's also a question of relocating a family. For most homeowners, selling their house is not an everyday experience, and the size of the investment raises as many questions as there are pieces in a jigsaw puzzle.

Successful selling is a matter of sorting things out systematically and fitting the pieces together-until a personal marketing plan designed just for you takes shape. Over the years we've discovered home sellers' questions typically fall into three groups: **Planning Your Strategy, Getting Ready For Sale, and From Sale To Settlement.** As real estate professionals, our business is knowing the answers to your questions.

To make it easier for you, we've put our experience into this handbook. You'll find straight answers to frequently asked questions and questions you might not have thought to ask. You'll probably also have other questions. That's when your agent will begin to help you solve your specific needs and put together your personal marketing plan for selling your house as fast as possible-and for the best price.

Feel free to read the handbook cover to cover, or pick and choose the sections that interest you most. After all, selling your house is the key to your investment return. By working together, we can make it as profitable for you as possible.

Planning Your Strategy

Marketing your house effectively means first getting an overview of all the elements involved, then fitting the pieces into their proper places.

Your first step is to formulate a strategy for putting your house on the market: what services to expect from your real estate agent, how to set your asking price, how to estimate the net proceeds from your sale, how to figure your tax benefits, and more.

What are the overall steps in selling my house?

Essentially these:

- Meet with your agent to determine your asking price and work out your personal plan for maximum marketability of your house.
- Review all financing options, including seller financing and other acceptable terms.
- Make repairs or improvements that will increase the marketability of your house.
- List your house for sale at a certain price.

- Permit your house to be shown to prospective buyers. • Consider offers and negotiate a sales contract.
- Have necessary inspections made.

- Stand by while your buyer applies and is approved for financing.
- Go to settlement (also "closing").

- Move out of old house and into new one.

How can I determine how much cash I will walk away with from the sale?

That's a good question-in fact, two good questions. During your listing appointment, your agent will help you set a listing price for the property. Based on that price, your agent will be able to give you an idea of your expected expenses and your estimated proceeds--or net "walk away" cash.

Your agent begins with the sale price and then subtracts anticipated costs, such as any mortgage payoff penalty, any discount points-interest prepaid to the lender-which you have agreed to pay, settlement fees, taxes, broker's commission and, typically the largest of all, paying off the old mortgage balance. Your agent then may add in any anticipated prepaid tax reimbursement or escrow reimbursement. The bottom line is your net cash.

Remember this exercise is only a ballpark figure based on estimated costs and sale price. Any changes in the figures will affect the bottom line on the actual sale.

Are there any other costs of selling my house that I should know about?

Besides the above costs of mortgage payoff, fees, commissions and settlement costs, you'll probably have the following expenses:

- Fix-up costs.

- Home buying costs, including down payment, if you buy another house. • Moving costs.

- Costs of equipping and/or furnishing your new house. Your gain from the sale will probably cover your additional costs but, if it's close, be sure to maintain a cash or credit reserve for unexpected expenses.

Will I have to pay taxes on my profit?

As you know from the tax deductions that have flowed from owning your house, housing is probably the most tax-advantaged investment available to most taxpayers. When you sell your house, taxes come into play in many ways. Because of the Tax Relief Act of 1997 and other tax law provisions:

- Up to \$500,000 of any capital gain realized on selling your residence is excluded from taxation (\$250,000 for singles and those using married, filing separate status). The property must have been used as your principal residence for at least 2 of the 5 years leading up to the sale date. You can exclude \$500,000 on sales over and over, but there must be at least 2 years between each sale.
- If your gain is larger than the \$500,000 or \$250,000 exclusion amounts, you can reduce the tax by deducting from the sale profit:
 - a) The cost of improvements.
 - b) The cost of broker's commission and lawyer's fees.
 - c) The cost of title insurance, recording charges, transfer fees, and other closing costs.

- You can reduce your immediate tax burden, in situations where the gain is larger than the exclusion amounts, by making an installment sale where you spread out your income - and taxes - over a period of years.
- In cases where the gain exclusion is not available or not large enough to eliminate the gain, if the residence is converted to an *investment* property, a Section 1031 "tax-free swap" might be used to defer the gain into another *investment* property. You should consult with your tax professional in such situations, particularly since you might be losing the benefit of the \$500,000 exclusion.
- If your lender requires you pay a penalty for paying off your mortgage before its due date, that charge is deductible.

Remember. All tax matters are subject to change and you should consult your professional tax preparer or accountant before making any claims.

In selling my house and buying a new one, what can I do to be sure I won't get stuck with two mortgages?

Your best strategy is to place your house on the market far enough in advance to attract a buyer, negotiate a contract with an acceptable settlement date, then go house hunting.

If you find a new house before you've sold your old one, you have several options.

- You may be able to arrange a bridge loan (also "swing" loan) secured by the equity in either your old or new house to cover your expenses until the closing on your old house. Lenders of bridge loans sometimes require you to have a purchase contract on your old house. But bridge loans can sometimes be found if your house is not yet sold.
- If your move is job-related, but no home-purchase relocation program is in effect, you might persuade your employer to either provide a bridge loan or pick up some of your relocating expenses.

Your agent can help you decide how to shift your strategy to fit your specific circumstances.

A one-time charge required by the lender which is paid by buyer and/or seller at settlement. Each point is one percent of the new loan amount. Example: one point on a \$78,000 loan is \$780; $\$78,000 \times 1\% = \780 . Points are charged by lenders to increase the yield on their loans, and thus attract money into the housing market.

Sellers sometimes pay some or all points to attract more buyers-especially now that points paid at closing by sellers generally can be deducted as a Schedule A mortgage expense by buyers.

How do I develop the best possible "selling strategy?"

Planning a selling strategy means looking at all the elements of selling your house and putting them in their proper places. Then you can move easily from one step to the next.

Your first step is a meeting with your agent at your house to go over every part of your house, noting its floor plan and special features. You'll discuss how to show your house most appealingly. You'll discuss any repairs and improvements, which might increase the marketability of your house. These repairs may bring you back more than they cost you and are likely to help sell your house faster. Your agent will compare your house with other houses for sale in your area and with those previously sold. That helps you arrive at a competitive asking price.

Your agent will discuss different financing possibilities that may be useful to buyers who look at your house. Your agent will also go over financing costs to both you and a buyer, and help you estimate your net proceeds from the sale in each case.

What's the difference between a broker and a salesperson?

Many people confuse broker and salesperson; however, the salesperson is the "agent" of the broker and the broker is the "agent" of the seller.

By law, only a broker, who has passed a special exam to earn the designation, can receive a brokerage commission. A salesperson is associated with a broker. When a salesperson represents a broker in a transaction-rather than the broker working personally with the seller-the broker splits the brokerage commission with the salesperson.

While we're defining roles, you should also know the difference between a "listing salesperson" and the agent either a broker or a salesperson-who produces the buyer. The listing salesperson is the individual who works with you to market your home under a "listing agreement." Sometimes the listing agent also finds the buyer, but not always.

The agent who produces the buyer may be a "seller's agent" or a "buyer's agent." A seller's agent's legal obligation is to represent the interests of the seller because a seller's agent works as a "subagent" of the listing salesperson and is always paid by the seller. A buyer's agent represents the interests of the buyer. A buyer's agent's fee or commission may be paid by the buyer, the seller, or negotiated between buyer and seller. Regardless of whether the buyer is found by a listing salesperson, a seller's agent, or a buyer's agent, anyone with a real estate license is required by law to treat both the seller and the buyer fairly and ethically.

Your listing salesperson does not receive all of the commission from the sale of your house. Actually, this commission is frequently shared by as many as four different parties-two brokers and two salespeople-depending on the nature of the transaction.

Although you may work personally with either a broker or a salesperson, we use the term "agent" interchangeably throughout the handbook for simplicity.

What can a real estate agent do to sell my house that I can't do for myself?

Actually, facts and experience show the difficulties of trying to sell your own house usually far outweigh the benefits. Here's what your agent does that a home seller can't do or finds hard to do:

- Places your property in the Multiple Listing Service (MLS), which exposes your house to all the buyers working with cooperating member brokers. This effectively puts every agent in town to work helping to get your house sold.

- Exposes your property to a large pool of qualified buyers the agent spends a career generating. Without that network, a for-sale-by-owner home seller is reduced to a yard sign, some classified ads, and lots of luck.

- Provides solid up-to-date market information with recent sales and current listings which helps you price your house realistically. Such pricing is crucial to the possibility of a quick sale at the best price obtainable.

- Shows your house whether you're in or not, saving you hours of "minding the store."
- Provides pre-qualified buyers who know what they want and how much they can afford. Screening prospects saves you from the hassle of keeping appointments with "sightseers" and protects you from the threat of "unwelcome visitors."

- Shows your house to its best advantage. Buyers often shy away from asking homeowners questions; homeowners are sometimes defensive about defects in their houses. An agent can answer necessary questions objectively and guide the buyer to a purchase.

- Helps you negotiate a satisfactory sale. Without an experienced mediator to act as a buffer between the parties, many situations bog down.

- Leads both you and the buyer through the puzzles of rates, points, fees and financing options, helping with loan placement and follow-up, including the provision of names and telephone numbers of specific loan officers. Without expert knowledge of alternative financial resources, many sales are lost-especially in tight money markets where knowledge of buy-downs, variable-rate mortgages, graduated-payment mortgages, and various types of seller participation come into the picture.
- Protects your interests from contract to closing with an understanding of real estate procedures. An agent has the ability to smooth the way toward agreements and the experience to attend to all the details that must come together before settlement can take place.

What does a listing agent do between the signing of a listing agreement and sale?

Once you decide on the terms of a "listing agreement," your agent will:

- Enter a description of your house and your terms in the Multiple Listing Service of houses on the market in your area.
- Show your house to prospective buyers. • Advertise your house as appropriate.
- Possibly hold an open house.
- Promote the sale of your house in every way possible. Once you and your agent have a solid marketing strategy formed and your agent is actively promoting your house, you're well on your way to a sale. Your agent keeps tabs on the changes in the real estate market and tells you what's new in mortgage loans, what sales have recently been made, and what pricing fluctuations, if any, are in view. You'll be kept up to date on activity concerning the sale of your house: what advertising has been done, what responses have come back from people who have seen your house. You and your agent will confer regularly so that you stay informed and can consider any changes in your marketing plan.

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When a buyer makes an offer, your agent's good closing skills play a vital part in helping you negotiate a contract to effect a sale at a good price.

When you have accepted an offer, your agent helps you prepare for settlement by giving attention to details and by staying in touch with you through the process.

- The time period during which the buyer must reach settlement, and the buyer's urgency to buy.
- Other houses the buyer may be interested in and the primary reason for buying.

The sum of this information makes it possible for you to negotiate effectively, should the buyer make an offer.

How and where do agents find buyers?

Agents are constantly in contact with the largest number of potential buyers possible to generate a steady flow of prospects specifically interested in your property. Typically, 60% of all buyers come through these referrals and ongoing marketing, about 20% come from "for sale" yard signs (where permitted) and general company reputation, and less than 20% come from promotions and advertising. These percentages vary by area and company. It's not uncommon for less than 12% of sales to come from classified advertising, for example.

By far the largest number of buyers come from referrals sent by satisfied past customers, corporate contacts, friends, acquaintances, relocation networks, the Multiple Listing Service, and cooperating seller's agents or buyer's agents. Regular sales meetings and listing tours in your agent's office also promote your house to agents throughout the company. Agents and companies continually work to maintain a "pool" of buyers through an extensive network of contacts and sources. That's why agents and real estate companies frequently have buyers on hand, just waiting for the right house to come on the market.

In some areas, other buyers come from open-house signs or call in after seeing the phone number on a yard sign. These "sign calls" often produce excellent prospects for that house because callers have already shown an interest in the neighborhood by driving through.

Still other buyers come from extensive advertising placed by real estate companies and agents. Now that you've gotten an overview of the home selling process and have sorted out a few of the benefits and pitfalls of making your sale, your next step is to put your strategy into action-and your house on the market.

Why and how does my agent "pre-qualify" buyers?

Since it could be a waste of your time to negotiate with an interested buyer who could not afford to buy your house, your agent is trained to politely ask buyers the right questions about their finances-a far easier task for an agent than for a homeowner.

Factors that determine a buyer's qualifying situation include:

- The buyer's employment, including job title, length stability of employment.
 - Income and general financial position.
 - Debts.
 - Cash for down payment and closing costs.
 - Maximum affordable monthly payments.
 - The existence-or not-of another house to sell.
 - The time period during which the buyer must reach settlement, and the buyer's urgency to buy.
 - Other houses the buyer may be interested in and the primary reason for buying.
- The Sum of this information makes it possible for you to negotiate effectively, should the buyer make an offer.

Getting Ready For Sale

Now is the time to put your planning to work and your house on the market. Your main concerns at this stage are: what to expect at a listing appointment and how to be prepared for one, how to set an asking price, how to fix up your house to sell, and how to show your house to its best advantage. You'll find what once looked like a great scramble is beginning to fall into place.

What is meant by a "listing agreement?"

When you put your house up for sale, it's called "listing" because your agent lists the property on the open market or in the Multiple Listing Service to expose your house to the widest range of buyers. To do this you employ the agent to market your house by signing a contract. This listing agreement is signed at a listing appointment. The agreement contains:

- A complete description of your property.
- The price you're asking.
- An indication of the financing terms you will accept.
- The brokerage fee.
- The length of time the agreement is to be in effect. When you sign the listing contract, you may agree to give your agent the "exclusive right to sell" your house for a certain listing period, at the end of which you may extend or terminate the agreement, depending on your satisfaction with your agent's efforts to sell. You may agree to allow your agent to put a "For Sale" sign on your lawn, to run ads in newspapers and magazines, to send out direct mail brochures, and to make the property readily accessible so that other agents in the Multiple Listing Service can show your house if you're away.

Your agent should agree to actively market your house, list your property in the Multiple Listing Service if there is one in your area, and to keep on top of all aspects of getting to settlement, including appraisal, loan approval, termite inspection, etc.

M.L.S. (Multiple Listing Service)

A network that contains listings of all area houses on the market by members of the MLS. All area members of MLS have access to the regularly updated information.

What should I do to get ready for a "listing appointment?"

A listing appointment is most productive if you have the following information on hand. Because the list is long, we've divided it into essential items and optional items:

Essential Information

- Your property tax payments and/or condominium fees for the past year.
- Your loan account number and loan balance, your interest rate if possible, your P.L.T.I. (principal, interest, taxes, insurance), and the amount of assumable mortgage money available, if any. Your agent will help you notify your lender of your intention to pay off your loan, which lessens the amount of prepayment penalty and interest you may or may not be subject to, depending on your lender's terms.
- A list of personal property that will go with the house (also "convey") when you sell. If removing the item will create needed repairs, the item is considered real property that goes with the house unless otherwise indicated.
- A list of personal property that will not go with the house.
- Legal property descriptions.

- Homeowner's association or condominium by-laws.
 - A list of major unresolved defects which should eventually be disclosed to a buyer. If you have a major problem you don't intend to correct, be candid about it. Honest disclosure is always best.
- of your house. For example, a house with assumable low interest rate financing could be worth more to a buyer than an identical house which offers only new higher market rate financing. What concerns buyers most is not price, but monthly payments.
- Your agent is glad to provide such an educated opinion. You'll learn what prices buyers will pay for what kinds of houses in the current market, and you will be able to price your house accordingly.

What determines "market value?"

Optional Information

- Your utility bills for the past year.
- A list of all the energy efficiency features (insulation, etc.), including improvements you've made (solar water heater, etc.), ideally with utility bills before and after improvements to illustrate the savings.
- A certificate, if available, showing your house is free of termites. Inspection can be ordered later.
- A list of property tax assessments and any existing easements.
- A certificate of current inspection of your septic tank and well, if you have either.
- Any documentation available of other house-related matters such as:
 - a) Warranties still in effect on electrical, heating/cooling systems, appliances, etc.
 - b) A property survey or house location plat.
 - c) A floor plan if you have one.
 - d) Title insurance policy.
 - e) A professional property appraisal if available.
- A list of special features that you think would help sell your house, such as extra storage, built-ins, or a generator to insure against power outage, etc.
- A list of the features you personally like about your house and neighborhood.
- A map of the area, pinpointing the convenience of schools, transportation, shopping, recreation.
- Anything that you think would help get your home sold quickly, profitably and with the least inconvenience to you.

How do I figure what price to ask for my house?

You've probably already heard what similar houses in your neighborhood have sold for. But hearsay isn't enough. You need to weigh all the determining factors of the real estate market.

To arrive at a fair price, you need an expert evaluation of all market conditions; in other words, you need a "professional market analysis." This is because market price no longer can be considered as an isolated element. Your house can be worth several different prices depending on the terms you offer, available financing and the condition of your house. For example, a house with assumable low interest rate financing could be worth more to a buyer than an identical house which offers only new higher market rate financing. What concerns buyers most is not price, but monthly payments.

Your agent is glad to provide such an educated opinion. You'll learn what prices buyers will pay for what kinds of houses in the current market, and you will be able to price your house accordingly.

Many sellers don't understand the value that comes from outside the house. The bricks and mortar are not what make value; rather, value is in the eye of the buyer. In most cases, the actual cost of the house is not the key to value. Today's key to value also goes beyond the old real estate maxim: Location, location, location.

Market value is also tied to several trends, chiefly:

- Economic conditions which reflect both national and community business conditions.
- National, state and/or local political activity that produces changes in tax laws and tax rates, sales regulations, zoning restrictions, reassessments of property, etc.
- Pressures of supply and demand, which create either a "buyer's market" when there are more sellers than buyers and house prices may drop, or a "seller's market" when there are more buyers than sellers, causing house prices to go up.
- Seasonal influences create a "buying season" and an "off-season," although this traditional trend has given way more and more to year-round selling.

What are some insider secrets to make my house more marketable than other neighborhood houses?

Our experience shows the following tips will help your house sell quickly and at the best possible price:

- Select a price carefully. Remember, your price has to please three people: you, the buyer and the appraiser. The closer your price is to actual market value-what a knowledgeable seller will accept and a knowledgeable buyer will pay-the sooner it will sell.
- Be sure your price is realistic. Unrealistic prices are the major cause of "shopworn" listings, those that cause people to wonder if something is wrong with the house and result in eventual below-market sales. Overpricing actually helps sell other competing houses by making those listings look like better values compared to yours. If you plan to reduce the price anyway, why wait?
- Show flexibility in evaluating the need for special financing, perhaps through owner financing or VA/FHA. • Try to offer immediate possession, although move-up buyers may need more time.
- Exposure sells houses. Provide easy access to property for showings.
- Offer extras that convey: freestanding appliances, pool table, swimming pool chemicals, washer/dryer, full cord of seasoned firewood, etc. You may keep some extras out of the listing and save them as "sweeteners" for negotiations.
- Allow a yard sign, if permitted in your neighborhood. • Fix up your house and keep it in top condition inside and out.
- Listen to and follow any special advice from your agent.

What basic repairs and improvements should I make to increase the marketability of my house?

- Steam clean or replace worn carpeting.
- Repair dripping faucets, crooked drawers, sticking doors. Tighten the hardware, especially doorknobs. Minor flaws in your house suggest neglect to prospects.
- Repair or replace worn appliances.
- Clean windows and storms inside and out. • Scrub counters, bathroom fixtures and tiles.
- Clean exterior of water heater and furnace/air conditioner where prospects will be inspecting. Also drain a bucket of water from water heater to remove any rust particles.
- The ideal garage holds only cars. If yours has become a two-car attic, throw out the excess.

What's the most effective way to show my house to prospective buyers?

Basically, freshness, neatness and good working order are the chief keys to top sales appeal. Why tell prospective buyers how your house could look when you can show them? Look at your house as if you were seeing it for the first time and be as critical as a buyer. Open up space, closets, and storage as much as possible because openness creates a positive impression with buyers. Repair what strikes you as the least bit shoddy. Your ideal goal is to show the property in "move-in condition"-without a thing to fix. From experience we know that property in poor condition incites low offers.

Showmanship Outdoors

- Generally, improve your house's "curb appeal," or how your house looks to a buyer from a car parked at the curb.
- Make your front door and porch attractive. You only get one chance to make a positive first impression.
- Trim the lawn and shrubs, fertilize and water if needed. • Fix cracks and bulges in walks and driveways; also remove oil stains.
- Replace stray or warped roofing shingles.
- Paint siding, windows, shutters, doors, even mailbox. • Straighten sagging gutters.
- Replace a worn doorbell button. Polish any door brass. Replace a worn doormat. These things say you care about your house, and the doormat will protect floors and carpets.

Showmanship Indoors

- Clean the kitchen especially, including oven, exhaust hood and inside of dishwasher. Unclutter counters and cabinets. Some buyers will judge the maintenance of the entire house by the cleanliness of the kitchen.
- Few things increase marketability and give you a better cost return than new paint. Freshen any worn or soiled walls and woodwork with neutral-toned paint or wood polish.
- Polish wood floors and stairs.

After you've completed all necessary repairs, go over your house with a fine-toothed comb before the first prospect arrives. Everything should be sparkling clean inside and out, and in good working order. Clean out the closets and storage spaces. Be ruthless. Put things in their places. Get rid of the trash. Let in as much sunlight as possible. Make each room look as roomy as it can. Clear out the garage. Throw out

ancient magazines. Clean draperies. Wash windows, woodwork and counter tops. In general, tidy up, open up and unclutter.

When an agent calls you to make an appointment, allow time to air the rooms, perhaps use air freshener or run a lemon through the disposal; also, baking cookies, bread or simply a pan of cinnamon adds a "homey" aroma; turn on lights; turn off stereos, TVs and radios; keep children out of the way; park the pets outside-many prospects are afraid of or allergic to animals, and you don't want to give a potential buyer a reason not to thoroughly consider your house. In short, get the whole place ready for close inspection.

• Greet prospects politely and excuse yourself. Leave the selling to the agent. Agents know what your house has to offer and what these particular buyers are looking for. Agents also know how to sell. Don't try to interrupt with suggestions, such as what personal property you might sell, what kind of financing you think would be good for the buyer, etc. Don't apologize for imperfections, but answer all questions put to you briefly and honestly. Do not discuss price or financing with a prospective buyer; refer them to your agent.

Ready, Set, Sell!

Now you're getting the picture. Everything's in place and your house is looking its best. Your house is available for inspection, and potential buyers are trooping through, peering into corners and closets. An eternity seems to pass as agents show your immaculate house to interested buyers. What's next?

From Sale To Settlement

The final pieces are falling into place. Then, one day, you receive an offer for your house. Now you're ready to negotiate with a buyer, sign a contract, wait for your buyer to secure a mortgage loan, make preparations to move, and, at settlement, finally collect payment and hand over the keys. Throughout the process, your agent is at hand to help position each piece until, at last, you have the complete picture: sold, settled and moved.

What's the best way to negotiate when a buyer makes an offer?

When you receive a signed offer through either your listing agent, seller's agent or a buyer's agent, depending on local practice, you discuss the terms and buyer's qualifications with your agent.

Every seller has three basic options when presented with an offer. You can either accept or reject what's offered, or you can make a written counter-offer as soon as possible. You will want to keep the house on the market. Until you sign, buyers can always withdraw an offer if they suffer an ailment called "buyer's remorse." Be sure to reply immediately because buyers are in the mood to buy when they make an offer, but moods change.

Either your agent, a seller's agent, or a buyer's agent will have the information you need to determine whether the buyer is qualified to buy your house. Remember the first contract received often turns out to be the best. Experience shows the first 30 days on the market are critical because a backlog of buyers often exists. These buyers have been looking and waiting for a house just like yours. Overpricing misses out on this buyer backlog, and so does turning down good offers in the early days in the hopes of doing better later.

Negotiating the sale price and terms sometimes means walking a tightrope between the highest price the buyer is willing to pay and the lowest price you can accept. Arriving at an agreement may take patience, psychology, flexibility-and intuition. Keep the dialogue going until you agree on price and terms. Remember, sometimes a low offer can be turned into just what you are looking for.

Rely on your agent, who is in a unique position to help negotiations along, since your agent knows your situation. Your agent is professionally trained to find a meeting of the minds where everybody wins. After all, everyone has the same goal: you want to sell, the buyer wants to buy and your agent wants to close the transaction.

Your signed acceptance of a written offer becomes your sales contract. Except for removing any contingencies, this document is the binding basis for the sale. Contingencies are typically used to smooth acceptance of a contract without delaying the buying decision. Most contracts are contingent upon financing. This is for your protection as well as the buyer's, because you don't want to be tied to a buyer who can't deliver.

What's in a sales contract?

The sales contract is a very important document. The terms defined in writing will be used throughout the transaction.

Depending on the situation, terms and conditions will vary. Most important is making sure you know who pays what and what the costs of those items are. Here are some typical points contained in a contract:

- A description of the property, including separate personal property that is to be conveyed to the buyer.
- The amount of earnest money (also "deposit"), who holds it and what happens to it in case of default. Earnest money is a partial down payment that shows the buyer's good faith in buying. Normally, earnest money deposits are returned to the buyer if the contingencies are not met.
- The sale price of your house.
- The amount of the buyer's down payment. This amount, plus the mortgage loan, equals the purchase price.
- The amount of mortgage loan the buyer intends to obtain, the maximum interest rate the buyer will pay, and a time limit to secure loan approval and/or specified seller financing.
- Discount points and who pays them. • The date of settlement.
- Possession date and any pre- or post-settlement occupancy agreement if you wish to stay in the house after settlement and pay rent, or the buyer needs to occupy before settlement.
- Contingencies that will determine the fulfillment of the contract, such as: prompt inspection to determine the condition of your house; required improvements such as painting, roofing, termite inspection; legal review of the contract by either or both buyer's or seller's lawyer(s).
- Your signature and signature of the buyer.

What personal property will a buyer expect to "go with the house?"

When your house is sold there is a distinction between real property and personal property. Generally, the house, land, trees, shrubbery, fences, TV antenna and any fixture inside or outside that would cause visible damage if removed is considered real property. Anything else is personal property.

Unless you say in the contract otherwise, real property stays and personal property goes with you. That's why some real property is often written into the contract to be clear it is not part of the sale. You'll want to try to conform to local practices regarding which personal property such as a refrigerator-conveys with the sale.

You're free to remove whatever freestanding personal possessions you want to take with you, such as the washer, dryer, firewood, swimming pool chemicals, window airconditioner, etc., if the items do not alter the condition of the house. Clearly, you won't take with you the wall-to-wall carpet or built-in cabinets and appliances-unless your buyer agrees and this is spelled out in your sales contract. If you do agree, you must repair any holes or damage.

When you place your house on the market, decide what's to stay and include these items in the sale price. Some home sellers leave behind awnings, draperies, blinds, shades and rods bought to fit specific windows. Sometimes buyers ask for personal property like garden tools, or, if you are moving to an apartment, you may offer to leave the tools.

Whatever you wish to take with you, either remove before showing your house or specify in the written contract that it does not go with the house. Some items like chandeliers are normally considered real property. You can agree to take it, but if your sale hinges on the conveyance of the chandelier, let the chandelier go.

How long will I wait between sales contract and settlement?

During this time your agent will probably be busier than ever. Your agent will facilitate the process all the way through settlement by keeping in touch with all parties, ironing out problems, expediting the loan process, arranging inspections, running papers across town, coordinating appointment dates. You can help speed up the process by signing the contract promptly and making any repairs required as soon as possible. Your sales contract can specify how long you're willing to wait, but it must be realistically based on the time lenders are taking in your area to process loans.

Depending on the type of financing your buyer is applying for, a typical waiting period can be any time between 30 and 90 days, but sometimes more or less. Some lenders can even give same-day approval with electronic mortgage underwriting, which relies on credit-scoring statistical models. Basically, you must wait as long as it takes the lender to approve the loan. The difference in waiting time largely depends on whether it is conventional, government-backed FHA/VA or owner-financed.

Conventional. Typically this financing is obtained in the shortest time, depending on appraisal caseload, amount of time needed for credit check and other lender requirements.

FHA/VA. Appraisals, credit check, verifications of employment and deposits are always done first. After the property meets specifications and all documents are received by the private lender, then the loan is usually sent to FHA or DVA for approval. Some lenders have "direct endorsement" and "VA-automatic" where applications do not need to be sent to FHA or DVA. If approved, survey and termite check are ordered. Total time may be up to 90 days in peak periods.

After the mortgage loan has been approved, your agent will help arrange with you and your buyer a date, time and place for settlement. During this loan approval period you will begin making preparations to move, and final plans once a settlement date is set.

What do I have to do to get ready for settlement?

Settlement customs vary widely. Your best bet is to consult with your agent and attorney about who is expected to bring what items to settlement. Most items will be sent ahead by your agent or arranged by the settlement attorney or escrow agent. You may need to bring only your checkbook and house keys.

Items needed at settlement:

- All the keys for the house. Don't forget garage door opener, garage and shed keys, padlock combinations, and code for security systems!
- Warranties on mechanical equipment. Sometimes these are left at the house.
- Instructions and manuals on maintenance and operation of equipment.
- A copy of the sales contract.
- Proof that contingencies have been met.
- Documents to implement the transfer of title. • Homeowner's insurance policy.
- Prorations for continuing expenses, such as utilities, taxes, insurance, interest on an assumed loan.
- Latest receipts of payments on water and utility bills, and current meter reading.
- Your lender's certification of your mortgage balance and the date to which interest is paid.

What do settlement costs include?

Your settlement costs depend on your area and the outcome of your negotiation with your buyer. Typically, these costs may include:

- Loan discount "points" based on the amount of the buyer's mortgage loan.
- Interest on your mortgage loan for the portion of the month up to the settlement date.
- Termite inspection fee.

- Fees, such as preparation of release, recordation of release, notary, trustee fees if needed, and grantor's tax, as local laws and customs dictate.
- Brokerage fee.

- "If applicable" fees:
 - a) A prepayment penalty on your mortgage.
 - b) Repairs required by the lender if not paid by buyer.
 - c) Settlement fees for attorney services such as paying off the loan and document preparation.

What reimbursements can I expect to receive at settlement?

Reimbursement somewhat offsets the costs of settlement, and you're due all of the following applicable refunds:

- Insurance premiums you've already paid.

- Interest on the mortgage you've already paid for the portion of the month after settlement.
- Property taxes you've already paid.
- Utility deposits held by gas, water, electric and phone companies.
- Remainder of any service contracts you've already paid.
- Balance of any escrow funds held by your mortgage lender.

Escrow

The placement with a neutral party of funds or documents for holding until terms and conditions of a contract or agreement are fulfilled.

What happens at settlement?

Although settlement details vary from area to area, three basic steps are always taken. You, as the seller, prove you have marketable title, the buyer pays for the property, and you give the buyer a deed or bill of sale. Settlement usually takes place in less than an hour.

Specifically, you sign the settlement papers and the deed. Your buyer signs the settlement papers and mortgage note.

All payments by you and your buyer are detailed on standard federal settlement forms. You pay for your closing costs and your buyer pays whatever is owed on the down payment plus the buyer's closing costs. You receive, either now or shortly after settlement, any money kept in escrow for taxes and insurance and unused prepaid items, such as insurance. Disbursement of funds may be at settlement or within 7-10 working days, depending on local custom.

When all papers are signed and checks have changed hands, you hand the buyer your keys. Your house is sold and the transaction officially settled when the papers are recorded.

What are some "tricks of the trade" to cut moving costs?

The least expensive way to move is to do it yourself. However, not all of us have the time, strength and energy, so our first step is to choose the right professional mover.

Moving companies provide a variety of services and range of fees. Shop for the best service, rates and charges. Determine the degree of liability the mover assumes for your furnishings, what claims protection you will have, and the mover's record of reliable service.

Get estimates based on the approximate weight or volume of your belongings and the distance to be traveled. Many companies offer binding estimates, which guarantee a given price, barring additions to the estimated load. This takes the guesswork out of the picture, but a nonbinding estimate is apt to be lower than a binding one and might be more feasible-especially if you are able to check the weight yourself at a weighing station. Don't stop with just rates-ask about additional charges and methods used to compute time.

Some cost-wise tactics:

- Leave the oldies, heavies and out-grown behind: the 12-year-old washer and dryer, the workbench, the sandbox. Purge your records and book collection. To make your moving simpler and your house show better have a yard sale of outgrown clothes, garage "treasures" and other disposables. Give unwanted items to friends or donate to charity.
- Do your own packing but do it professionally. Use specially-designed containers bought from your mover.
- Insure your belongings sufficiently for the move. Mover's insurance is minimal. Check to see if the standard coverage per pound times the weight of your shipment is sufficient to pay the replacement cost of your goods. You may need to purchase additional coverage from your mover.
- To be on the safe side, take your valuables-jewelry, legal documents, family photos, etc.-with you or send them by registered or insured mail. Keeping a list of all items you want to take with you personally may be helpful.
- Save on your taxes. Keep a detailed moving-expenses book with receipts of your costs, including transportation, lodging, meals, etc. If you're moving because of a job change, such expenses may be deductible. Check with your IRS office or tax preparer.

From your experience, what are some tips to make moving go as smoothly as possible?

Moving is never easy, no matter how hard you try. Here are some basics, however, to at least minimize any problems:

- Recognize the inevitable stress of moving and take steps to reduce it by:
 - a) Paying close attention to the feelings and ideas of every member of the family.
 - b) Helping children face moving by making a game of as many steps as you can: packing; exploring the new place, especially any schools, parks, playgrounds, pools; having a good-bye party where friends are invited to come visit the new place, and planning another party soon after the move. Ask kids to help pack their things, and mark boxes "My Stuff."
 - d) Getting as well acquainted as you can with your new surroundings before you start packing; in general, starting your new life before you give up the old one.
 - e) • Start well before moving day to re-address newspaper, magazine and other subscriptions. Notify utility companies at both ends of changeover dates. Get all necessary reports and transfer papers from banks, schools, churches and doctors. Cancel deliveries. Alert friends to your moving schedule and the best times to drop by for farewells.

- Whether you're hiring a mover or moving yourself, do the sorting and packing in easy stages. Pack boxes firmly for snug stacking in the truck or van. Stuff pillows and blankets into bureau drawers. Number or color code boxes and make an inventory of contents, perhaps marking room location on outside of boxes.
- Make a floor plan of the new house and decide where everything will go. Don't guess; take measurements. Indicate which box number or color code goes to which room, and use this inventory to check off at the new house.
- Pack all items you will take with you personally. Mark them "Do not load. For car." Put them into car or out of the way before movers come.
- Pack a "care package" and mark "Unload First." Moving in will be a long day, so take basics such as dried soups, coffee, tea, crackers, peanut butter, canned goods, light bulbs, paper towels, toilet paper, garbage bags, sauce pan, paper plates, cups and utensils, can opener, etc. Priorities will be children's rooms, TV or radio, and a basic kitchen to unpack.
- On moving day, lay down plastic sheets to minimize dirt in the house. Lead movers around the house to make sure they understand your instructions. Do a final check for forgotten items. Check movers' Bill of Lading against your inventory.
- At the end of moving day, or arrival day, since everything is packed, go out and have a nice dinner. You've earned it!

Congratulations!!

Now that your house is sold, your check's in your pocket and moving day's over, you can smile, remembering how you and your agent turned a confusing array of puzzling parts into a full fledged composition. When you sell your next house you'll probably put the pieces in place in nothing flat.

If you know someone who is planning to sell soon, please pass along this handbook with our compliments. We would be glad to share our experience with them. Again, congratulations!