

Selling Your Home - Negotiating

Is there a secret to good negotiating?

There are several cardinal rules to negotiating effectively. One is do your homework, and learn as much about the seller or the buyer as you can. Another is to play your cards close to your vest and not reveal too much information to the other party or their agent. Don't let yourself get rushed into any decision, no matter how tempting it may be. Finally, if you have doubts about your negotiating skill, hire someone to help.

What contingencies should be put in an offer?

Most offers include two standard contingencies: a financing contingency, which makes the sale dependent on the buyers' ability to obtain a loan commitment from a lender, and an inspection contingency, which allows buyers to have professionals inspect the property to their satisfaction. A buyer could forfeit his or her deposit under certain circumstances, such as backing out of the deal for a reason not stipulated in the contract. The purchase contract must include the sellers responsibilities, such things as passing clear title, maintaining the property in its present condition until closing and making any agreed-upon repairs to the property.

How is the price set?

It's very important to price your home according to current market conditions. Because the real estate market is continually changing, and market fluctuations have an effect on property values, it's imperative to select your list price based on the most recent comparable sales in your neighborhood. A so-called comparative market analysis provides the background data upon which to base your list-price decision. When you prepare to sell and are interviewing agents, study each agent's comparable sales report (the data should be no more than three months old). If all agents agree on a price range for your home, go with the consensus. Watch out for an agent whose opinion of value is considerably higher than the others.

Are low-ball offers advisable?

A low-ball offer is a term used to describe an offer on a house that is substantially less than the asking price. While any offer can be presented, a low-ball offer can sour a prospective sale and discourage the seller from negotiating at all. Unless the house is very overpriced, the offer will probably be rejected. You should always do your homework about comparable prices in the neighborhood before making an offer. It also pays to know something about the seller's motivation. A lower price with a speedy escrow,

for example, may motivate a seller who must move, has another house under contract or must sell quickly for other reasons.

Do I have to consider contingencies?

If you are a seller in a seller's market, in which there is more demand than supply, you probably won't have to entertain too many contingencies. But if you are selling in a buyer's market, when buyers are few, prepare to be very flexible. Granting contingencies also depends upon what kind of price you want to get and on the condition of your property, most experts agree. Remember, contingencies are written into the contract and are negotiable during the negotiation phase only.

What is the difference between market value and appraised value?

The appraised value of a house is a certified appraiser's opinion of the worth of a home at a given point in time. Lenders require appraisals as part of the loan application process; fees range from \$200 to \$300. Market value is what price the house will bring at a given point in time. A comparative market analysis is an informal estimate of market value, based on sales of comparable properties, performed by a real estate agent or broker. Either an appraisal or a comparative market analysis is the most accurate way to determine what your home is worth.

Is a low offer a good idea?

While your low offer in a normal market might be rejected immediately, in a buyer's market a motivated seller will either accept or make a counteroffer. Full-price offers or above are more likely to be accepted by the seller. But there are other considerations involved:

* Is the offer contingent upon anything, such as the sale of the buyer's current house? If so, a low offer, even at full price, may not be as attractive as an offer without that condition.

* Is the offer made on the house as is, or does the buyer want the seller to make some repairs or lower the price instead?

* Is the offer all cash, meaning the buyer has waived the financing contingency? If so, then an offer at less than the asking price may be more attractive to the seller than a full-price offer with a financing contingency.

What is the best time to sell your house?

There is no "best" time to sell per se. Selling a house depends on supply, demand and other economic factors. But the time of year in which you choose to sell can make a difference both in the amount of time it takes to sell your home and in the ultimate selling price. Weather conditions are less of a consideration in more temperate climates, but most of the time, the real estate market picks up as early as February, with the strongest selling season usually lasting through May and June. With the onset of summer, the market slows. July is often the slowest month for real estate sales due to a strong spring market putting possible upward pressure on interest rates. Also, many prospective home buyers and their agents take vacations during mid-summer. Following the summer slowdown, real estate sales activity tends to pick up for a second, although less vigorous, fall market, which usually lasts into November when the market slows again as buyers and sellers turn their attention to the holidays. If this makes you wonder if you should take your home off the market for the holidays, consider the advice of veteran agents: You are always more likely to sell your house if it is available to show to prospective buyers continuously.