

Selling Your Home - Pricing the House to Sell

What is the difference between list and sales prices?

The list price is how much a house is advertised for and is usually only an estimate of what a seller would like to get for the property. The sales price is the amount a property actually sells for. It may be the same as the listing price, or higher or lower, depending on how accurately the property was originally priced and on market conditions. If you are a seller, you may need to adjust the listing price if there have been no offers within the first few months of the property's listing period.

What are the two most important factors when selling a home?

Price and condition are the two most important factors in selling a home, even in a down market. The first step is to price your home correctly. Use comparative sales information from your agent, or pay for a professional appraiser (usually \$200 to \$300), to objectively evaluate your home's worth. Second, go through the house and repair any obvious cosmetic defects that could deter a buyer. In a down market, you may have to consider lowering your price and/or making a major repair, such as replacing the roof, in order to lure a buyer. Also, make sure that your home is getting the exposure it deserves through open houses, broker open houses, advertising, good signage and a listing on the local multiple listing service or online listings provider. If this isn't happening, take it up with your agent or agent's broker. If you are still not satisfied you are getting the service you need, you may have to switch agents.

What is the best time to buy?

Because many buyers prefer to move in the spring or summer, the market starts to heat up as early as February. Families with children are eager to buy so they can move during summer vacation, before the new school year begins. The market slows down in late summer before picking up again briefly in the fall. November and December have traditionally been slow months, although some astute buyers look for bargains during this period.

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.

What is the difference between list price, sales price and appraised value?

The list price is a seller's advertised price, a figure that usually is only a rough estimate of what the seller wants to get. Sellers can price high, low or close to what they hope to get. To judge whether the list price is a fair one, be sure to consult comparable sales prices in the area. The sales price is the amount of money you as a buyer would pay for a property. The appraisal value is a certified appraiser's estimate of the worth of a property, and is based on comparable sales, the condition of the property and numerous other factors.

How does someone sell a slow mover?

Even in a down market, real estate experts say that price and condition are the two most important factors in selling a home. If you are selling in a slow market, your first step would be to lower your price. Also, go through the house and see if there are cosmetic defects that you missed and can be repaired. Secondly, you need to make sure that the home is getting the exposure it deserves through open houses, broker open houses, advertising, good signage, and listings on the local multiple listing service (MLS) and on the Internet. Another option is to pull your house off the market and wait for the market to improve. Finally, if you who have no equity in the house, and are forced to sell because of a divorce or financial considerations, you could discuss a short sale or a deed-in-lieu-of- foreclosure with your lender. A short sale is when the seller finds a buyer for a price that is below the mortgage amount and negotiates the difference with the lender. In a deed-in-lieu-of-foreclosure situation, the lender agrees to take the house back without instituting foreclosure proceedings. The latter are radical options. Your simplest, and in many cases most effective, option is to lower the price.

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.

What are the standard ways of finding out how much a home is worth?

A comparative market analysis and an appraisal are the standard methods for determining a home's value. Your real estate agent will be happy to provide a comparative market analysis, an informal

estimate of value based on comparable sales in the neighborhood. Be sure you get listing prices of current homes on the market as well as those that have sold. You also can research this yourself by checking on recent sales in public records. Be sure that you are researching properties that are similar in size, construction and location. This information is not only available at your local recorder's or assessor's office but also through private companies and on the Internet. An appraisal, which generally costs \$200 to \$300 to perform, is a certified appraiser's opinion of the value of a home at any given time. Appraisers review numerous factors including recent comparable sales, location, square footage and construction quality.

How do you prepare a house to sell?

Doing whatever you can to put your house's best face forward is very important if you want to get close to your asking price or sell as quickly as possible. Short of spending a lot of money, here are several ideas for making your home show better:

- * Sweep the sidewalk, mow the lawn, prune the bushes, weed the garden and clean debris from the yard.
- * Clean the windows (both inside and out) and make sure the paint is not chipped or flaking. And speaking of paint, if your home was built before 1978, new federal law gives a buyer the right to request a lead inspection. If you think you might have some problems, do the inspection yourself beforehand and make any fixes you can.
- * Be sure that the doorbell works.
- * Clean and spruce up all rooms, furnishings, floors, walls and ceilings. It's especially important that the bathroom and kitchen are spotless.
- * Organize closets.
- * Make sure the basic appliances and fixtures work. Get rid of leaky faucets and frayed cords.
- * Make sure the house smells good: from an apple pie, cookies baking or spaghetti sauce simmering on the stove. Hide the kitty litter.
- * Put vases of fresh flowers throughout the house.
- * Having pleasant background music playing in the background also will help set your stage.

Where do I get information on housing market stats?

A real estate agent is a good source for finding out the status of the local housing market. So is your statewide association of Realtors, most of which are continuously compiling such statistics from local

real estate boards. For overall housing statistics, U.S. Housing Markets regularly publishes quarterly reports on home building and home buying. Your local builders association probably gets this report. If not, the housing research firm is located in Canton, Mich.; call (800) 755-6269 for information; the firm also maintains an Internet site. Finally, check with the U.S. Bureau of the Census in Washington, D.C.; (301) 763-2422. The census bureau also maintains a site on the Internet. The Chicago Title company also has published a pamphlet, "Who's Buying Homes in America." Write Chicago Title and Trust Family of Title Insurers, 171 North Clark St., Chicago, IL 60601-3294.

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.