



HOMESELLING 101

SELLING A HOUSE - ESPECIALLY YOUR HOUSE - IS NOT A DECISION TO TAKE LIGHTLY. THAT'S WHERE THE URBAN AGENT TEAM CAN HELP!

If you have questions, need clarification or just need advice don't ever hesitate to contact us. We're always here and happy to help counsel you on whether selling is the right decision for you. We can connect you with contractors, give you an idea of what your home is worth and what inventory is like, or discuss other options with you so you get all the info you need to make an informed decision that's right for you. In the meantime we've prepared this guide to help orient you.

STEP 1: SHOULD I SELL MY HOUSE NOW?

Ask yourself:

1. Do I have any equity?
 - a. If not, am I willing to pay the difference or "short-sale" (lender agrees to take less than what is owed on the note) the property?
2. Where will I go after I sell my home?
 - a. Will I be purchasing another home?
3. Can I accomplish the changes I desire by a remodel or some small repairs/changes to my existing home?

STEP 2: URBAN AGENTS TO THE RESCUE

After weighing the options and processing the information, if you've decided to move forward with selling your home, it's time to pick up the phone and call your Urban Agent for guidance through the rest of the process!

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STEP 3: PREPARING YOUR HOME FOR SALE

Homebuyers play with things: they flick light switches; open everything with a handle; turn on all the faucets and flush all the toilets; they open every cabinet, drawer and closet in your house. They aren't being snoopy – they're just checking that their stuff will fit and that things work. Taking steps to ensure that everything is repaired, clean and tidy goes a long way. Like our parents always said: "You never get a second chance to make a first impression!" Why not just be prepared?

When you work with the Urban Agent Team, we'll help coach you through this process. The more you get done before listing the house the better off you'll be, so start early. Apply these four cardinal rules to each room and you'll be good to go!

1. De-personalize
2. De-clutter
3. Clean
4. Repair

Potential buyers need to see your house as their potential home, not yours, so box up your family photos, sports trophies, collectible items, knick-knacks, and souvenirs, and clear away clutter to make the place look as spacious and open as possible.

KITCHEN

- Clean EVERYTHING off the counters – especially before showings!
- Put appliances in a cabinet and only take them out when in use.
- Clean out your cabinets.
- Box up dishes, pots and pans that are rarely used.
- If you have a "junk" drawer – clean it out.
- If your pantry is stuffed full – start eating – especially canned goods! Cans are HEAVY & suck to move.
- Make sure that the area under the sink is clean and as empty as possible.
 - If you notice signs of water leaks then fix them before listing.

CLOSETS

- Clean out all the extra clothes and shoes (yes, I'm talking to you ladies) that you don't wear – if you can't bear to part with them then put them in storage until you move.

FURNITURE

- Most people (including you) have too much furniture in rooms to make them appear spacious.
- Look at home decorating catalogs or model homes to get an idea of how much furniture you need to keep and how to arrange it.
- Put any extra furniture in storage until your move.

CARPET & FLOORING

- If your carpet is in relatively good condition simply hire a carpet cleaner.
- If the carpet is old & worn - or outdated in its style/color - and you choose to replace it do so with something fairly inexpensive and neutral in color.
- Repair or replace broken floor tiles as necessary.

FRONT DOOR/ENTRY

- Make sure the front door is particularly inviting.

- Polish the door fixture so it gleams.
- If the door needs refinishing or repainting do so prior to listing.
- If you have a plaque or shingle with your family name on it near the door or on the mailbox, remove it.
- Get a new plush doormat.
- Make sure the lock works easily and the key fits properly.

STORAGE AREAS

- Empty out basements, garages, attics and sheds to only the bare essentials.
- Sell, donate or store anything that you don't need.

FIXTURES

- All of your fixtures should look shiny & new.
 - Ex: lighting, fans, knobs, pulls, handles, address numbers, etc.
- If you can't make them pretty by cleaning them then buy new ones – they don't have to be fancy or expensive.

BATHROOMS & PLUMBING

- Make sure all the hot/cold knobs are easy to turn.
- Check that no faucets leak – replace/repair if they do.
- Check to make sure your water pressure is sufficient.
- Make sure there are no stains on the porcelain.
- Keep toilets clean and lids DOWN during showings.
- If you have children move their bath time toys or stepstools into a closet during all showings.

WINDOWS & DOORS

- Check all of your windows to ensure that they open and close easily. WD40 may help if they are sticking.
- Make sure there are no cracked or broken windowpanes. If there are, replace them prior to showing the home.
- Check that all doors open and close properly without creaking. If they do, spray some WD40 on the hinges
- Ensure that doorknobs turn easily, and are cleaned and polished to look sharp.

CEILINGS, WALLS & PAINTING:

- Check all of the ceilings for water stains.
- If you find a leak, then repair it!
- If a water stain is left after something you have already repaired then do the cosmetic work necessary to improve the desirability of your home – whether it requires painting, drywall – or both – just do it!
- If your colors are outdated consider repainting – it will make the home look fresh and new.

- When painting, do not choose colors based on your preferences, but based on what would appeal to the widest possible number of buyers.
 - Off-white or white will help the rooms feel bright, spacious and clean and you can always spruce up white walls with colorful art in the staging process.

ODOR CONTROL

- If you smoke, don't smoke inside!
- If you have cats be sure to empty litter boxes daily and use plenty of baking soda.
- If you have dogs – wipe their paws and keep them brushed to minimize shedding.

LANDSCAPING

- Your yard should be AT LEAST average for the neighborhood.
- Do NOT plant trees:
 - Mature trees are expensive & you will not get your investment back.
 - Immature trees do not add much to the “curb-appeal” of a home.
- If you have a flowerpot, planter or bed buy some colorful flowers and plant them.
 - Do not buy bulbs or seeds – they will not mature fast enough to create the desired effect.
- If your yard isn't xeriscaped with native plants then your lawn should be evenly cut, freshly edged, well-watered and free of brown spots.
- If there are major issues with the lawn then address them early.
 - If you need to re-sod you'll want to give it enough chance to grow to blend in with the rest of the yard.
- Always rake up loose leaves & grass cuttings.
- The back yard should also be tidy.

- If you have a pool or spa keep it freshly maintained & constantly cleaned.
- If you have dogs be sure to clean up after them fastidiously!
- If you have swing sets or play sets for children disassemble them and put them in storage for the move so that the yard appears as spacious as possible.

HOME EXTERIOR

- This is the most important!!! You never get a second chance to make a first impression.
- Save this for last as preparing the interior of the house is easier and it will help you develop the proper mindset for selling.
- Walk out to the street and look at your home. Compare it to the homes nearby and see how yours compares.
- If the home looks tired and faded from the street it may need a paint job:
 - It will spruce up the house a TON.
 - When choosing color do not choose something unusual or garish – stick with a color that fits well in your neighborhood and with the style of your home.
 - Apparently, different shades of yellow elicit the best response from homebuyers, whether it's in the trim or the main color of the house.
- If you know the roof leaks then repair it.
 - If you don't repair it you must disclose it.
- Most buyers are going to ask for it to be repaired anyway – and if there is one leak they may think the roof is in worse shape than it is and ask for more than just that one leak to be addressed.
 - If you don't repair it and the buyer discovers that you knew and didn't disclose it then you could find yourself hearing from attorneys at some point.

FINAL TIPS

- Do NOT leave a project unfinished.
- Do NOT do anything expensive like remodeling.
- Do NOT use charge cards or new loans to pay for repairs or improvements.
- Do NOT spend a lot of money on anything.
- If you're selling your home to buy another home DO NOT do anything that will affect your credit scores or hurt your ability to pre-qualify for your next mortgage.

REMEMBER: You're moving, not creating your dream house! Your goal is simply to minimize any potential negative impressions upon those who may want to purchase your property.



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STEP FOUR: LISTING YOUR HOME

So now that your home is ready for the market (cleaned, repaired and staged), what's next?

By now you should have reviewed the listing paperwork with your agent. Make sure you discuss the terms with them. There are a few important things you'll want to make sure you understand and that you and your agent have come to agreement on:

1. Length of contract
2. Ability to cancel contract (i.e. – “fire” your Realtor if they're doing a bad job)
3. Fees
4. Agent responsibilities
5. Your responsibilities
6. Their marketing plan
7. Pricing strategy
8. Showing instructions

Assuming you're all set to go with your paperwork your agent will send a photographer to take pictures. Make sure you have an extra key ready because at this time, your Realtor will collect a key from you to put in the lockbox. This is how agents will access your home.

Once the lockbox is on and the pictures are taken you're ready to hit the market! Your agent will post the pictures and property details on the MLS (Multiple Listing Service) as well as any other websites they advertise on and bingo – you're in business!



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STEP FIVE: PRICING

Assigning your home a value

When you meet with a Realtor to determine the appropriate list price of your home you will likely have your own expectations about its value (and oftentimes even a magic number) ahead of time. The value you as a seller often ascribe to your home is based on one of a number of factors:

1. The price you purchased the home for
2. The amount of money you want to “make” from the sale
3. The amount of money you need for a down payment on your next house
4. The appraised value
5. The assessed value
6. What your neighbor’s house sold for

Throw those assumptions out the window. That’s right – get rid of them because it’s only going to make our job of convincing you of your home’s true market value more difficult. Market value is what we Realtors – and what your home’s prospective buyers – use to ascribe a numerical value to your home. Market value is based on current market conditions, your home’s condition, your competition, your neighborhood, the season, the size and existence of your prospective buyer pool AND recent sales of comparable properties. It’s a complex formula and it’s more of an artform than a scientific formula, which is why it’s ESSENTIAL to find an agent that understands the complexities of the market at large – and your home’s neighborhood in particular – in order to successfully sell your home.

At this point many of you are probably thinking one of two things:

1. “My appraiser told me my house was worth X”
2. “The assessed value of my property is X”

Well guess what? Both the assessed value and appraised value are GARBAGE!!! No one is going to buy your house for \$600k because an appraiser four years ago said it was worth that much when a larger house down the street, with more bedrooms, more updates and more amenities just sold for \$480,000. Can you blame them? I know you love your house but if you were in a buyer’s shoes I’m guessing you’d be going for the most “bang for your buck” too. Welcome to today’s crappy economy!



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Here's what appraised and assessed values are and what they're used for:

APPRAISAL VALUE*

This is the value an appraiser assigns to your house given recent comparable sales in your area. It is used by lenders to confirm the house isn't worth less than the amount that they're issuing the loan for. Banks do this because they don't want to be upside down on a property right out of the gate any more than you do – just in case you default and they have to sell the property at auction. An appraiser has no contact with either the loan officer or the real estate agent (to ensure that neither party influences the appraisal value) and they are sent out to the property on behalf of the lender. In a purchase situation the appraiser will have a copy of the contract and know what the contractual sales price is. As a result you'll often see an appraisal value come in at the exact value as the sales price in the contract. If the appraisal value does come in lower than the contract's sales price and the buyer is obtaining financing, the lender will deny the loan application unless the buyer is willing to make up the difference between the appraisal value and the purchase price with their own funds.

**In a cash purchase situation an appraisal is unnecessary.*

ASSESSED VALUE

If you live in a state where property is taxed, this is the value that the city/county assigns to your home to determine how much property tax you pay. The assessed value is often split between "land" and "improvements". The "improvement" is your home and the land is, obviously, the land it's on. Together they make up the assessed value. The Assessor's Office also uses recent, comparable sales to determine your home's value, therefore, assessed values will change from year to year to reflect market conditions. Since the Assessor's Office doesn't enter each individual property in their jurisdiction it's more of an estimate based on your square footage, # of bedrooms, # of bathrooms, year built, etc. Unfortunately, the assessed value does not take into account the condition of your home or things like upgrades and amenities – which is why it's useless as a tool to determine the market value of your home. Furthermore, the Assessor's Office usually only reevaluates individual homes once every several years, so if the market suddenly crashes, your home could remain at a higher assessed value than the market value. The fact that assessed value isn't precise, however, provides an opportunity for you to dispute your home's value and lower your property taxes if you can provide data from true comparable sales to support your claim. You'd only want to do this in a situation where your home is assessed higher than market value though since if you protest that your home isn't assessed high enough you'll only succeed in increasing the property tax you have to pay!



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THE MYTHS OF “THE RIGHT BUYER” & “LOW BALL OFFERS”

Pricing your home correctly is the most important part of any Realtor’s marketing plan.

A lot of people think that pricing your home higher than the market value in the hopes of attracting “the right buyer”, enticing someone to “just make an offer below asking price” or in anticipation of a “low-ball offer” is the right strategy. Wrong.

If your home is over-priced it doesn’t matter if we put dancing monkeys and circus clowns out front to draw attention to it – NO ONE WILL BUY IT. You may be thinking, “Well, what if we price it a little higher – won’t people just send us an offer anyway?” NO.

Contrary to popular opinion, the listing agent doesn’t usually sell your home directly to a homebuyer. Instead, listing agents put your home on the MLS and market and promote it to the hordes of other agents who ARE working with homebuyers. By doing so, your potential buyer pool is dramatically increased.

If you’ve priced your home correctly you should have a ton of activity in the first few weeks. Buyers and their agents will preview it to see how it compares to your competition. If you’ve overpriced the home fewer agents will preview it – which means fewer buyers will see it. After all, Realtors will know from the get-go whether your home is overpriced since it’s their job to keep tabs on local market conditions. In fact, even buyers will have a sense of home values. If your home is dramatically above-market, buyers and their agents won’t even waste time. Even if you’re willing to negotiate on price there’s no way for them to know that and they’ll simply move on. Their time is better spent previewing homes that are priced realistically.

CHASING THE MARKET DOWN: TOO LITTLE, TOO LATE

Starting your price too high and then dropping it later paralyzes your listing right from the start. You lose the momentum that any new listing gets and it’s difficult to regain that. Think of it like this: there’s a pool of buyers out there at any given time looking at homes with criteria matching yours. When your home hits the market that pool of buyers will rush to preview it **IF** it’s priced well since it is new inventory. If those buyers reject your home on price you then have to wait for new buyers to enter the market that haven’t seen your home yet because to current buyers your home is old news. By losing those initial buyers it may actually take you **LONGER** to sell – and net you less.



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The longer you sit on the market and the more price reductions you do to try and “catch the market”, the harder it becomes to sell your home for your ideal asking price. Buyers will think you might be getting desperate so they’ll make lower offers than if the home had been priced well from the beginning. In fact, if you are aggressive and price it at market value initially, you may actually sell it for slightly more than your asking price. Buyers and their agents will recognize it as a great property at a great price and if you have multiple buyers interested and writing offers you can sometimes create a bidding war in which the highest offer wins.

“ONE IN A MILLION”

Let’s say you do succeed in finding that “one in a million” buyer that’s willing to pay more than market value for your home. Unless that buyer is paying cash you’re still screwed. Why? Well, most likely they’ll be securing a mortgage to make the purchase. Mortgage lenders require appraisals and rely on comparable sales for the last six months in current market conditions to support sales prices. If your home doesn’t match the comparable sales then it won’t appraise for the inflated sales price and the deal dies. You can always try to renegotiate the price with the buyer but then you’re back where we told you to start – at market value. And if you aren’t successful in renegotiating with that buyer your home goes back on the MLS with the scarlet letter: “Back on Market”.

THE SCARLET LETTER: “BACK ON MARKET”

When a home is listed as “Back on Market” the first thing any good agent asks is:
“What’s wrong with this house”?

We all know that the BOM status usually indicates one of a few things:

1. The home value was inflated & there were appraisal issues (as discussed above).
2. There are inspection issues.
 - a. The seller refused to fix what the buyer asked to be repaired/replaced – potentially indicating that there are repairs that any customary buyer would want fixed and that the seller is opposed to taking care of them. Your buyer may have to foot the bill for these repairs if the seller does not agree to do them.
 - b. The home’s condition doesn’t meet financing requirements for FHA or VA. If the home doesn’t qualify for FHA in today’s market you’re toast. Most buyers are using FHA since it requires the lowest down payment amount (3.5%). Other conventional loans require 10-25% down which few buyers in today’s economy have.



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STEP SIX: SHOWING YOUR HOME

There are a few cardinal rules to follow when a potential buyer is coming to preview your home. If you stick to these rules you'll get a lot more positive feedback – and are more likely to get an offer.

1. Get the heck out of Dodge!

If you're still living in your home while it is listed **DO NOT, I repeat, DO NOT** stay at home during showings. When an agent calls in advance to show your home make plans to be gone during that time: take the dog for a walk, go to the store, eat out – you get the idea. Nothing makes a potential buyer more uncomfortable and hurried than standing in a stranger's house, poking through rooms and cabinets with the stranger standing there watching! If they feel uncomfortable and hurried you can bet they won't be visualizing themselves living there which means you won't be seeing an offer!

2. Turn all the lights on.

I know we're living in an eco-conscious world and I'm certainly not advocating that you leave every light in your house burning all the time, but it's a fact that rooms look better lit up – usually even if it's during the day. The buyers should only take 30 minutes to an hour to look at your home (depending on how interested they are) so you're certainly not going to destroy Mother Earth – or break your bank account – by leaving them on for that period.

3. Be a clean machine.

Even if you're comfortable living in a pigsty most potential buyers will be turned off IMMEDIATELY by a dirty (or messy) home. De-clutter surfaces, clean dishes and put them away, vacuum, sweep and mop, wipe down counters, etc.

4. Create ambience.

Turn on background music to make your guests feel welcome. Remember – you aren't throwing a house party, you're trying to sell your house so choose something calming (that means no AC/DC!) and keep the volume to a minimum so that it's only barely noticeable. If you have a gas fireplace and it's fall or winter, flip it on. If you plan to return right after the showing is finished, light some candles to clear the air. If candles aren't an option consider a light room freshener – and by light I mean LIGHT – you never know who may have allergies. If you're feeling Martha Stewart-ish then bake something before hand to fill the room with a natural – and delicious – aroma. If you're feeling generous you can even leave a note with a freshly baked plate of cookies encouraging the buyers to partake.

If you have a tenant then make sure they understand the rules and that they're gone when agents show the property.



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STEP 7: RECEIVING, REVIEWING, AND RESPONDING TO OFFERS

Once you receive an offer to purchase your home from a potential buyer it's time to review the terms and conditions with your Realtor/s (hopefully us). In the review process it's important to make sure you're clear on the terms. Be sure you cover:

1. Sales price
 - a. Ask your agent to prepare a "net sheet" showing what you net (or lose) by accepting the offer in question after Realtor fees, closing costs and paying off your loan.
2. Financing method
 - a. There are ramifications that could cost you time and/or money – or potentially delay your sale – depending on the method of financing a buyer intends to use so make sure you understand what their plans are and how that affects you.
3. Other Terms & Conditions
 - a. Are they asking for you to pay closing costs?
4. Included/Excluded items
 - a. If they're asking for your grandmother's antique light fixture above the dining room table (that you intend to remove before moving to take with you) you better make darn sure you aren't signing off on an agreement that includes it in the sale.
 - b. Do they want your appliances? Do you want new appliances? If so, now is a good time to get some. It's easier to leave appliances behind than to haul them to a new place – especially if they're a few years old.
5. Closing date
 - a. Is the proposed closing date enough time for you to pack up and move?
6. Acceptance window
 - a. Can you take your time and mull it over or do you need to make a decision right away?



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STEP 8: CLOSING

Assuming you're nearing the successful completion of your home sale the only thing left is closing. Being a seller at the closing table is quite different than being a buyer; when a seller signs the documents to make the sale official it often takes less than 10 minutes. It's quick, easy and painless – and your Realtor and your escrow officer will be there with you should you have any questions.

Be sure that you bring your garage remotes, keys, etc. to the title company when you go to sign the docs so that when the file is closed the new buyer can pick up these items. You may want to write a note and leave it the house instructing the buyer where appliance manuals/instructions, extra keys, etc. are. It's also nice to relay any useful notes/tips about the property. The new buyers will greatly appreciate the info.

By the time you reach the closing table (or shortly thereafter, depending on what your contract says) you should be FULLY moved out of your home. The buyer becomes the legal new owner and can take possession of your home as soon as the file "funds and records" – which means that the money has transferred parties and that the records of the sale (deed/s) have been delivered to the Assessor's Office where the new owner's name will be publicly recorded.

If you're buying a home after selling your former one, you'll want to talk to your Realtor about the possibility of a "simultaneous" closing. This can be arranged between your Realtor, the Realtor representing the buyer of your current home, the Realtor representing the seller of your new home, your lender and your escrow officer.

STEP 9: DO THE HAPPY DANCE

POOF! You're done! If you're smart and chose The Urban Agent Team to represent you in your home selling process you should have reached your closing relatively painlessly and be happy with the result.

If so, it's time to do the happy dance, collect your check, move into your new home and crack open a bottle of bubbly. Congrats on a successful sale!