

PART OF A PERSONAL FINANCE SERIES FROM



# SELLING YOUR HOME



PROVEN TIPS AND ADVICE TO HELP YOU  
SELL YOUR HOME FASTER... AND AT A BETTER PRICE

ADDITIONAL "FOR SALE BY OWNER" INFORMATION IS AVAILABLE ONLINE AT

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# SELLING YOUR EXISTING HOME

AND BUYING YOUR NEXT ONE CAN BE SOME OF THE BIGGEST FINANCIAL INVESTMENTS YOU WILL EVER MAKE. HERE'S HOW TO DO IT RIGHT....

## ■ DECIDE WHY (AND HOW QUICKLY) YOU WANT TO SELL YOUR HOME.

Selling a home is both a financial and emotional decision. Is there an objective reason (such as relocation or downsizing) for selling your home? Or are you simply trying to cash in quickly, in response to fluctuating market conditions?

The decision to sell a home generally boils down to two fundamental reasons:

- you *want* to, or
- you *have* to.

Neither reason is "right" or "wrong". But it can make a difference in how quickly you need to sell.



## ■ CHOOSE A SELLING PRICE

Overpricing is the single biggest reason why many homes take to long to sell. Pricing your property too high can:

- reduce buyer interest
- make competing homes look like better values

- lead to mortgage rejections once the appraisal is in

What price are you are willing to accept for your home? To sell quickly, you'll need to price your home lower than comparable properties in your area. (If your house has upgrades or other desirable features, you may want to set a slightly higher asking price.)

In what price range are similar homes in your area selling? Check out the real estate listings in your local newspaper and the MLS web site, and visit your town hall to get a better feel of current property values.

Your Realtor® can also provide you with a Comparable Market Analysis (CMA) document, which will help you set a reasonable asking price.

When deciding upon a selling price, you'll want to keep two numbers in mind:

- the price you will ask for your house, and
- the lowest price you are willing to accept for it

## ■ "STAGING" YOUR HOME

Staging is the art of creating buyer-friendly rooms to sell your house. Potential buyers are committing to a lot of debt and need to view your house as a dream home. When you sell your house "as is" — or don't stage — it can actually *cost* you money.

Staging a home can cause your home to sell for a higher amount than it would otherwise. It differentiates a house and creates emotion, which can translate into more and/or better offers - and more money.

Try to portray a ‘model home’ type of appearance: your house should look “homey” and inviting, without looking as if it belongs to anyone in particular.

Staging doesn’t have to be expensive or take a long time. To make your house “show” at its best:

- Get rid of everything you can live without. If your house is crowded with your “stuff,” buyers will assume that the house will be too small for *their* possessions. Hire a storage unit if necessary.
- Remove clutter from your countertops, tables, and rooms.
- Reduce the number of items on your shelves and in your closets, drawers, and cabinets. (Yes, people *will* look inside!) This will make your storage areas look larger and more spacious.
- Tuck away any valuables or breakables.
- Remove personal photos, awards, and trophies: buyers want to picture *themselves* in the house, not you!
- Clean out the garage and basement and discard as much junk as you can.

Once that’s done, linger in the doorway of every room and imagine how your house will look to a buyer. What catches your eye first? Does your current arrangement of furniture and belongings show off your home’s strengths? Objectively look at your home and make a list of things that must be fixed. Any areas showing wear and tear should be repaired.

Buyers want to be impressed with both the inside and outside of your home. So make sure that your lawn, yard and driveway are well-kept and tidy.

While you’re staging your home, pack away anything that has great sentimental value or which you can’t live without. Once you tell a buyer that he/she *can’t* have an item, he/she will covet it. Don’t jeopardize a sale because your buyer wants something that you’re unwilling to give up.



Ask a friend or neighbor to walk through your house as a prospective buyer would. Get his/her opinion on how well it “shows”. Consider making any additional changes, depending upon your budget and schedule.

#### ■ CLEANING

When a house is for sale, the goal is to make it as attractive as possible to potential buyers. One of the most cost-efficient ways to spruce up your home is to clean it thoroughly.

Make sure you scrub your home from floor to ceiling. Wash your windows, vacuum your carpets and drapes, and dust thoroughly. Clean surfaces to remove dust, grime and fingerprints. Don’t overlook your light fixtures: a clean fixture can make a huge difference in the lighting in a room.

Also, make sure your house smells good and is free of odors:

- scoop out the cat box
- open the windows
- empty the trash cans
- do something about those smelly sneakers, and light potpourri and/or scented candles (just make sure not to leave them unattended)

One challenge facing homesellers is keeping a home “ready to show” throughout the weeks (or months) it may take to sell. After all, you’re still living there!

#### ■ **MARKETING YOUR HOME**

Once your home is staged and clean, it’s time to think about getting prospective buyers to visit it. You are only going to generate interest in your home if buyers can actually see the property.

The more you can get potential buyers to look at your home, the faster your home is likely to sell. Your Realtor® may market your home in several ways, including print and online advertisements. Here are some other options with which you may not be familiar:

##### *Home warranty*

Home warranties cost about \$300-400 and can provide peace of mind to you and your buyer alike. They are not required, but can be a differentiator in a competitive market. (If you provide one, make sure that your Realtor® advertises the fact.)

Home warranties can be purchased from a number of warranty companies or from your Realtor®’s parent company. They typically cover

- appliances
- plumbing system
- electrical system
- heating and air conditioning

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##### *Seller concessions:*

Seller-paid concessions are anything of value that added to the purchase transaction by the seller.

A concession may also include any closing costs that would normally be paid by the buyer, or cash given to the buyer to lower non-housing debts. Lenders have restrictions concerning allowable seller concessions, so do your homework before offering any.

#### ■ **SHOWINGS**

A study by the National Association of Realtors® showed that 82% of real estate sales are the result of agent contacts through previous clients, referrals, friends, family and personal contacts. When your home is marketed with the help of a real estate professional, you do not have to allow strangers into your home. This is because your Realtor® will generally prescreen and accompany qualified prospects through your property.

Here are some other tips:

*Try not to be home when potential buyers visit.* Buyers often feel uncomfortable when sellers are present, sometimes to the point that it can actually kill a sale. If they can’t view your house comfortably, buyers will typically hurry up and move on to the next one.

*Same-day and even last-minute requests for showings are common.* Don’t let showings dictate your life, but try to be flexible. Here are some quick and easy tips to help you show your house at its best, no matter how little notice you are given by your Realtor®:

- Put out fresh towels and new soap in bathrooms.
- Set out your favorite dishes and napkins in the kitchen and dining room.
- Open blinds and curtains and turn on all lights.
- Clean smudges on doorknobs and light switches.
- Turn off the television.
- Set thermostats at a comfortable level.

- Keep your pet(s) outdoors, or at least secure them while prospective buyers are in the house.

Caught off guard? Don't apologize for the house's appearance: this will only draw attention to something that the buyer may have overlooked.

If a prospective buyer criticizes a part of your house, try not to be offended. The buyer is not intentionally insulting you; he just trying to note what he likes or dislikes in making a purchasing decision.

#### ■ NEGOTIATING AN OFFER

Be flexible, but be prepared to haggle with buyers over the selling price of the home. But relax and...

### REMEMBER THAT THE BUYER IS NOT YOUR ENEMY!

When you receive an offer, you have the option of:

- accepting the offer, by signing the contract without changes
- making a counter-offer, by crossing out any of the terms and writing in your own
- presenting the potential buyer with an entirely new sales contract, with your own terms and price

When a prospective buyer makes an offer, you should consult with your Realtor®. He/she is trained in recognizing a solid offer. Purchase price isn't everything, so carefully consider the contract's other terms and conditions. Pay special attention to contingencies that favor the buyer, such as linking the closing date to the buyers' sale of their existing home.

Your Realtor® will help you assess your buyer's financial qualifications and know the homeselling market. These days, homes simply are not being snapped up right and left. If you reject this offer, will you receive a better one in the foreseeable future? On the other

hand, don't waste time with prospects who aren't qualified to buy your home.

If you feel the home's offer is insufficient, ask why. What is the basis of the low offer? Work with your Realtor® to make a counteroffer. (Rarely is a first offer the highest or only price that a buyer is willing to pay.) Reduce your asking price by a small amount and explain how you arrived at your asking price.

#### ■ THE HOME INSPECTION: IT'S NOT OVER YET!

The prospective home buyer has the right to inspect your property before he/she buys it — so be prepared. After all your hard work, an inspection can make or break your sale.



Most contracts specify a time limit for an inspection. If it is not completed in time, the buyer forfeits his right for one. If the inspection *is* conducted on time, then a copy of the resultant report is forwarded to you, the seller.

Under a general inspection, you are typically obligated to make certain major repairs to your home — or the buyer has the right to cancel his offer. (One exception to this is if you sell your house “as is”.)

## Why Buyers Like Existing Homes

Yes, there will always be buyers who insist on new construction. But there are also several reasons why other buyers are just as interested in an existing home. Here are just a few:

### Existing features

With an existing home, buyers usually doesn't have to worry about the "extras", such as blinds for the windows, a security system, an irrigation system, or a landscaped backyard. Often, new buyers don't want to put out hundreds or thousands of additional dollars just to make the house livable.



### Land

In many areas, new homes may be built on smaller lots than existing properties. Have a generously-sized lot? Make sure to accentuate it!

### Established neighborhoods

Buyers like knowing who their neighbors are before moving in. Established neighborhoods are also usually closer to schools, shopping centers, houses

of worship, medical facilities, entertainment venues, etc.

### Mature landscaping

Landscaping enhance your home's

aesthetic and economic value and make a home more energy efficient. Less maintenance will be required to upkeep existing lawns, shrubs, trees, and gardens.

### Cost savings

New homes tend to cost more in labor and material costs.

### Track record

When a buyer purchases an existing home, there's a "paper trail" of how much the property has appreciated over the years.

### More room for negotiation

Builders have significant costs to recoup for a new community. Buyers may have more flexibility in price when purchasing an existing home from a motivated seller. ■

If you are concerned about how your home will fare when inspected, you may want to sell it "as is." (However, this might require you to accept a lower price on your property than you might otherwise receive.)

Once the inspection has been completed to the buyer's satisfaction, a loan application is made.

### ■ THE MORTGAGE PROCESS: GETTING YOU YOUR MONEY

#### *On the buyer's end:*

The mortgage lender will order an appraisal of your NewHampshire home to make sure that he is not lending out more money than the house is worth. He will also order a title search, to determine if there

are any liens against your property. He may also order a surveyor to ensure that property boundaries are properly laid out.

The mortgage company will then issue a *commitment*. The buyer (and his/her attorney) must meet all the conditions listed on the mortgage paperwork.

#### *On your end:*

Prior to closing, you should notify *your* mortgage lender that you will be paying off your home loan. Often, there is money left over in your mortgage escrow account after a sale. You will not receive this money immediately at closing. Instead, a check will be sent to you by your mortgage lender at some point after the closing.

### ■ THE CLOSING: DETAILS COUNT!

Transferring the title and collecting your money should be the easiest part of selling your house. On closing day, the title to your house is transferred to its buyer, all outstanding bills (such as your previous mortgage) are paid, and you get any remaining cash.

Closings usually occur 30 - 45 days after you have signed the sales contract. At the closing:

- all monies will be collected
- any existing loans or liens will be paid
- the deed will be transferred
- insurance will be issued, insuring a “free and clear” title, and
- you will receive the proceeds of your home sale.

On closing day, the buyer will do a “walk through” of the property, to make sure that:

- all repairs are completed, and
- the home is in the same condition it was when the buyer made his/her offer.

If problems arise at this point, the closing can still take place, with funds held in escrow to remedy the problem. ■

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## New Hampshire Real Estate Closings

The closing is the meeting between the buyer, seller, and the lender where the funds and property legally change hands. A closing company and/or attorney will normally conduct this meeting; they will explain each of the prepared closing documents that require signatures, including:

- **HUD 1 Settlement Statement:** An accounting document that itemizes the dollars and cents of the transaction
- **Deed:** The document that will be recorded on public record that transfers the ownership from the seller to the buyer.
- **Mortgage:** The documents that is recorded to evidence a lien (loan) against the property.
- **Other application and loan documents:** Application and loan disclosure documents required by the State of New Hampshire, the federal government, and the lender.

Once the documents are signed, here's what happens next:

- The buyer will provide a bank check to the closing attorney for the amount still owed.
- The attorney will provide a check to the seller for the amount he is owed.
- The seller will hand the buyer the keys to the home.
- The closing attorney will race to the registry to perform a title update to ensure the property has not been encumbered since the title search was completed.
- Moments later, the buyer's ownership will be recorded on public record and the transaction becomes official. ■



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