

SELLING YOUR HOME

When it is time to sell your home in Los Angeles
you can count on Susie Delava.



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1. Determine Home Value

The Decision to Sell Your Home is No Small Task.

It's easy to get overwhelmed when figuring out where to start. Here is a step-by-step guide to help you navigate the process. I'm always available to give advice and answer any specific questions that you may have, but this is a good start to get the ball rolling.

Determine Home Value

The first step to determining the value of your home is for your agent to do a comparative market analysis report (CMA for short). Your agent (hopefully me!) will consider price per square foot for your area, the condition of your home in relation to these comps, whether your market is hot, cold, or neutral and help you arrive at a price according to the market temperature. Some sellers opt to price on the low side in order to generate the more interest (and offers) in the shortest amount of time. Other sellers prefer to price it higher, which can take longer to sell and might require price adjustments along the way. Whether your price it aggressively or ambitiously depends on your situation and your personality. Your agent can help you arrive at the right method for you.

2. Prepare Your House for Sale

When your house goes on the market, it's crucial that it make a great first impression! Home buying is a very emotional process. You want people to feel an immediate connection. Remember, you only get one chance – and sometimes only 3 seconds or so – to make a great first impression, so make it count!

- **Painting:** A new paint job is one of most cost-effective ways of freshening your house up, inside and out. If you've recently painted, this is less important — though if your color choices were bold or unique, you might want to tone them down with some neutrals.
- **De-Personalize and De-Clutter:** Pack up your personal photographs and family heirlooms. You want buyers to imagine themselves living there, and too much "you" can distract them from that. If you are not staging the house, think about scaling back your personal items and even furniture if you have a lot. It's a good idea to rent a storage unit so that the house appears clean and streamlined.
- **Repairs and Renovations:** Which fix-ups are necessary (such as replacing cracked windows or stained carpeting) and which (such as major remodels) should be left for the buyer to handle is a separate discussion in itself. But there's practically no house that couldn't use some quick maintenance to make sure it looks well cared-for and gives fewer items for a home inspector to comment on.
- **Staging:** If the house is empty, it's helpful to hire a professional stager to furnish and decorate it, which is a very effective way to create a warm and inviting "move-in ready" ambiance. You may also want to do this if your home's furnishings are old and outdated, or you have a distinctive individual style. Though it is an added cost, professionally staged homes drive up perceived value of the buyer and sell faster and for more money than comparable non-stage homes. According to the National Association of Realtors, for every \$100 invested in staging your home, the potential return is \$400. That's a 4x return for doing a few simple things! When selling something as expensive as a home this is well worth your time.
- **Landscaping:** Landscaping adds volumes to the "curb appeal" of your home. If your garden is already fully planted, you'll want to hire someone (or put in some sweat equity) to get it raked, pruned, and otherwise tidied up. If the area hasn't already been landscaped, plan to add some new greenery and flowering plants.
- **Pre-inspection Reports:** Having a professional inspect your house for either termite/pest damage or other structural matters isn't required, nor is it expected. Buyers expect to pay for their own inspectors, and in fact will probably want to hire ones they know and trust regardless of whether you've had the property inspected first. Yet there are situations where you might want to have the house inspected before letting buyers in — for example, if you've owned the property for many years and wonder whether any problems have arisen "below the hood" that you're oblivious to, and would perhaps prefer to fix before buyers have a chance to get upset about them. Inspections will run you upwards of \$200.

THE STEP-BY-STEP HOME BUYING PROCESS

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3. Market Your Home

Your agent will hire a photographer to take professional pictures, and video if that's appropriate, and write a creative description accentuating all the fine points of your home. If there are any distinctive features, such as a notable architect or famous past owners or tenants, be sure to let your agent know. Once your home goes live on the MLS, it will automatically generate to third-party websites such as Zillow and Realtor.com. A stellar marketing campaign is key, so be sure you know what to expect from your agent and hold them accountable.

4. Show Your Home

As soon as your house hits the market, your agent will have a "brokers open house", also referred to as caravan. It's basically your home's big debut to all the agents working in your area, and it's a very important first step because if they agents like it, they will bring their clients. I like to fill my listings with flowers and music, and cater a lunch so that the agents come and stay awhile. After that, there will be public open houses, which are a great way to interact directly with the home-buying community. If your home is not occupied, it's easy to provide a lock-box for agents to show your house at a moment's notice. If you prefer them to make appointments with your agent, that's fine, too. Based on the feedback from your showings, you and your agent can make adjustments to your price, condition, or marketing campaigns accordingly. Then, once you and the seller reach an agreement on the price, you'll go under contract, also known as opening escrow.

5. Receive Purchase Offers and Negotiate

An offer to buy your home is just the beginning of a negotiation process. It's best to not ignore any even if you receive an insulting lowball offer. You negotiate by making a counteroffer, and sometimes these negotiations can go back and forth a few times before you arrive at a deal that is amenable for all parties. If your home is priced aggressively, you might receive multiple offers. If this happens, you and your agent can determine the best way to respond. You can choose to issue counter offers to everyone, or just the best ones. Once you have chosen one to work with, the other can be in back-up mode, ready to step up if the first buyers pulls out.

6. Open Escrow and Order Title

Once a deal has been reached between you and the buyer, your agent will open escrow and the buyer will deposit their 3% earnest money deposit (which is refundable if the buyer pulls out during the agreed-upon contingency periods). Escrow is a neutral third party company whose job it is to oversee a real estate transaction, from initial deposit to final funding, to ensure a smooth process. The escrow holder writes instructions based on the conditions of the purchase agreement and submits timelines for the real estate agent or principals to follow. No exchange of funds or property will take place until all conditions are met. The escrow holder will order a Title Report, which will reveal the condition of your title. Sometimes things come up on the report, sometimes referred to as a "cloud on title", and if this happens, escrow will work with you on how to remedy it. You will also receive escrow paperwork, which will need to be signed in front of a Notary.

7. Deliver Seller Disclosures

The point of Seller Disclosures is to convey to the buyer any and all material facts of which you are aware. Your agent will provide you with the proper paperwork to fill out, and will also be the one to deliver that and all other required disclosures to the buyer. Your title company should provide CC&Rs, but additional documentation might be required if you belong to a homeowner's association.

8. Home Inspection

Your buyer will most likely hire a home inspector, or several different ones to check the different systems of your home (common additional inspections are foundation, termite, sewer line, roof, fireplace and moisture/mold). Ask your agent to provide you with a home inspection checklist so you'll know in advance what the inspector will want to see. Prepare the attic and basement for inspection, too. Move stuff away from the walls in the garage. The home inspection is generally the low point of the transaction for both the buyers and the sellers. The inspectors' job is to leave no stone unturned and provide the buyer with a complete list of every little defect that exists, which can be overwhelming for everyone. For this very reason, some sellers choose to do their own inspection before they even put their homes on the market to find and repair defects so that the buyer's inspector has less to discover, and less to ask you do or credit.

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9. Negotiate Requests for Repair

You don't ordinarily have to accept a buyer's request to make repairs, but he can cancel the contract if you don't. A buyer might accept a closing cost credit or a price reduction instead of asking you to make repairs. You're entitled to a copy of the home inspection report (or reports) if the buyer requests repairs.

10. Contingency Periods

Until all contingencies have been lifted, the buyer can exit the transaction without losing her earnest money. The timelines for all contingencies are established in the purchase agreement. In transactions that are financed, there are three contingencies:

- **Inspection Contingency:** During this period, the buyer gets an opportunity to review your seller's disclosure packet and conduct real estate inspections. On or before the contingency removal date, the buyer is supposed to either submit a contingency removal form, indicating an intent to proceed with the home purchase (in most instances this is tied to the request for repairs) or submit escrow cancellation instructions if they have decided they no longer wish to move forward with the sale.
- **Appraisal Contingency:** If the home does not appraise for the agreed upon price, the buyer may back out of the transaction.
- **Loan Contingency:** If the buyer has been cooperating with the lender in a timely way, but still is not granted the loan in which he applied, the transaction can be terminated. This is referred to as "buyer unable to perform".

11. Close Escrow

During closing, ownership of a property is transferred from the seller to the buyer. The real estate closing is also referred to as settlement. The two terms are interchangeable, though "closing" is the more common usage. During this step, all funds are distributed by the escrow company, and the new deed is registered in the buyer's name.

12. Expenses to Expect at Closing

The good news is, most of what you'll be paying out at closing will come out of the sale proceeds, but it is good to know in advance so there are no surprises at the end.

- **Loan Payoff Costs:** Your loan payoff will often be a little higher than the remaining balance on your loan because of prorated interest. In some cases, you may have to pay a prepayment penalty for paying off your loan before the end of the term. If you have a home equity loan or line of credit, this must be paid in full at settlement as well.
- **Transfer Taxes or Recording Fees:** These are the taxes imposed by your state or local government to transfer the title from one owner to another.
- **Title insurance Fees:** Sellers typically pay the owner's title insurance premium.
- **Realtor Commissions:** The seller pays the commission for both the listing agent and the buyer's agent, and it is negotiated at the time the listing agreement is signed. While this can feel like a bitter pill for a seller to swallow, a good, full-service Realtor provides an invaluable service to her clients and is instrumental in getting a seller the best possible price for his/her home. The adage "you get what you pay for" cannot be more true in this case.

13. Additional Closing Costs for Sellers

Additional closing costs for sellers include: liens or judgments against the property, unpaid homeowner association dues, prorated property taxes and homeowner association dues included up to the settlement date. Depending on the contract, closing costs may also include home warranty premium and repair bills or a credit for repairs for items found during a home inspection. Also, don't forget to estimate some of the closing costs associated with preparing to sell, such as cosmetic repairs or improvements to make your home more attractive to buyers. Those costs may be returned with a higher sales price, but you should still include them in your calculations.