

How to Sell a House

Selling a house is a complicated process, no matter how good the real estate market is. Whether you're a first-time home seller or not, you'll probably have a bunch of questions. Do I need a real estate agent? What's "closing"? How much paperwork am I going to have to fill out? How can I get the best price for my house? How can I sell my house and buy a new one at the same time?

There are two main ways to sell your home -- with an agent or without one. Before we discuss and weigh each option, let's go over some general tips that all sellers should know.

- Knowing the value of your house and exercising patience and restraint are key. Get your home appraised; it's worth the \$250 to \$500 price tag.
- In a good market, the sale price can be 10 percent to 15 percent above the appraisal. In a weaker market, the sale price may be around the appraisal figure.
- Make your home marketable. Repaint, re-carpet(or professionally clean), fix any issues
- Know what your market is doing. Orange County is facing an aggressive sellers' market. Inventory is extremely low and there is a very high demand for homes
- Prices are increasing and selling above asking 90% of the time
- There is little to no distressed properties(Bank Owned or Short Sales) on the market
- Buyers have realized this and are extremely motivated

If you're able, try to put your home on the market as long as possible before buying a new one. Otherwise you may end up paying two mortgages, which can be difficult to afford.

- If you do end up finding a house that you can't wait to buy before selling your own, you can ask your lender for a **bridge loan**. A bridge loan is a special type of loan that, if you have enough equity in your current home, allows you to pay the down payment on a new home.
- You may also be able to get a **home equity loan** in order to help with the dual mortgage payments.

Do I Need a Real Estate Agent?

Though the Internet has made it easier to sell your home without an agent, about 93 percent of home sales are still done with some type of real estate agent. An agent can work independently or for a company that acts as the broker. The broker signs the agreement with the seller. Top agents receive 100 percent of the commission and pay a fee to the broker while less experienced agents get 30 percent to 40 percent of the commission.

There are many reasons why hiring an agent can be helpful:

- **Education and experience** - A good realtor understands the complex procedure and paperwork involved in selling a home.

- **Saves time and energy** - You won't have to spend time scheduling and conducting tours of your home, which cut into your work and weekends.
- **Gauging offers** - An agent can help discern serious buyers from those who are simply looking
- **The market** - A good realtor knows the market and understands trends, which can help your bottom line. The Orange County market is experiencing low inventory levels and buyers are extremely motivated right now. Good Realtors will help you take advantage of this and utilize the current market to get you a price you probably did not think you could.
- **Negotiation** - An agent has the negotiating skills to help you get a good price.
- **Professional contacts** - Your agent's contacts with other realtors and with contractors, inspectors, landscapers and the like can help you find a solution for any problem you may encounter.
- **Sale price** - In some cases, buyers will offer less money to someone who's not using an agent, believing the seller is trying to save money by not paying commission. Also, a good realtor will get you top dollar and the end figure after the commission will more times than not exceed the figure that you could have gotten on your own

A key tool for real estate agents is the **Multiple Listing Service (MLS)**, a massive online database, which 900,000 agents subscribe to, that contains listings of 90 percent of properties for sale across the United States. Buyers can access the service for free at realtor.com however the information is not updated and can be inaccurate and misleading.

With all of the benefits that come with using an agent, there are some drawbacks.

- Most importantly, it's very expensive. Commissions can run up to 6 percent of the house's sale price, though many agents are willing to negotiate commission, especially in a good housing market
- Working with an agent also requires a certain degree of trust, a willingness to place your most valuable possession in a stranger's hands
- That, along with letting go of any sentimental attachments you may have to your house, is part of the sale process

How to Find a Real Estate Agent

Well in a biased opinion you have done a pretty good job already. You found me! It's probably best to find an agent who belongs to the **National Association of Realtors and the local Orange County Association of Realtors**, so you know that he or she is bound by a code of ethics. Ask people you know who have dealt with realtors for a referral. Pay attention to the listings in your area and to how quickly those homes sell. Going to an open house will also allow you to meet the agent personally and "pre-screen" him or her.

Once you find an agent, don't sign a contract immediately. First, take time to interview the agent to see if this is a person you want working for you. You want an agent who asks you questions

and appears interested in your home, so you should treat this like a job interview. Here are some good questions to ask a prospective agent:

- What is your **list-price-to-sales-price ratio**? (This is the ratio of what the agent's properties were originally priced (or listed) compared to what the properties finally sold for. It should be close to 100 percent.)
- How many homes have you sold in the last year?
- How will you market my home? Direct mail? Flyers? Online?
- Are you familiar with my neighborhood?
- How are you different from other agents?
- Can you provide references?
- Will you be able to help me find professionals and services I need?
- What guarantees are offered, and what are your policies with cancelled agreements?
- How much time will you be able to spend working on my home sale?

Ask for copies of the agency disclosure, listing agreement and seller disclosures. And even if your agent claims at first that he or she doesn't negotiate commissions, most agents do, especially if you're also buying a house through the same broker.

For Sale by Owner

Though it's the exception rather than the rule, selling a house without an agent can be done. With some hard work and good research, you may be able to save a lot of money -- up to 7 percent in some cases. Keep in mind that those savings can be hard to achieve and are very market dependent, especially if brokers are cutting their rates.

Beyond possible savings, there are other good reasons to try selling your house on your own.

- You know your home best and may be able to communicate its benefits and history better than a broker who has only recently come onto the scene.
- Conducting your own home sale also gives you complete control.
- There's no wondering if a broker is being honest with you, nor will you have to deal with someone telling you how to handle *your* home.

You will have to contend with a lack of exposure -- you probably won't have access to MLS or a broker's contacts. Buyers are also usually more comfortable dealing with a broker. Be prepared to settle for a lower sale price than you might get with an agent. You will have to place ads on your own, schedule tours, personally negotiate, and find and book any needed professionals (inspector, lawyer, title company).

Still, if you feel up to the job, don't let those reasons deter you! You can indeed save money, and acting as your own agent can be a satisfying experience.