



## What to do if you're facing a Short Sale

If you're thinking of selling your home, and you expect that the total amount you owe on your mortgage will be greater than the selling price of your home, you may be facing a short sale. A short sale is one where the net proceeds from the sale won't cover your total mortgage obligation and closing costs, and you don't have other sources of money to cover the deficiency. A short sale is different from a foreclosure, which is when your lender takes title of your home through a lengthy legal process and then sells it.

**1. Consider loan modification first.** If you are thinking of selling your home because of financial difficulties and you anticipate a short sale, first contact your lender to see if it has any programs to help you stay in your home. Your lender may agree to a modification such as: Refinancing your loan at a lower interest rate; providing a different payment plan to help you get caught up; or providing a forbearance period if your situation is temporary. When a loan modification still isn't enough to relieve your financial problems, a short sale could be your best option if:

- Your property is worth less than the total mortgage you owe on it.
- You have a financial hardship, such as a job loss or major medical bills.
- You have contacted your lender and it is willing to entertain a short sale.

**2. Hire a qualified team.** The first step to a short sale is to hire a qualified real estate professional and a real estate attorney who specialize in short sales. Interview at least three candidates for each and look for prior short-sale experience. Short sales have proliferated only in the last few years, so it may be hard to find practitioners who have closed a lot of short sales. You want to work with those who demonstrate a thorough working knowledge of the short-sale process and who won't try to take advantage of your situation or pressure you to do something that isn't in your best interest. A qualified real estate professional can:

- Provide you with a comparative market analysis (CMA) or broker price opinion (BPO).
- Help you set an appropriate listing price for your home, market the home, and get it sold.
- Put special language in the MLS that indicates your home is a short sale and that lender approval is needed (all MLSs permit, and some now require, that the short-sale status be disclosed to potential buyers).
- Ease the process of working with your lender or lenders.
- Negotiate the contract with the buyers.
- Help you put together the short-sale package to send to your lender (or lenders, if you have more than one mortgage) for approval. You can't sell your home without your lender and any other lien holders agreeing to the sale and releasing the lien so that the buyers can get clear title.

**3. Begin gathering documentation before any offers come in.** Your lender will give you a list of documents it requires to consider a short sale. The short-sale “package” that accompanies any offer typically must include:

- A hardship letter detailing your financial situation and why you need the short sale
- A copy of the purchase contract and listing agreement
- Proof of your income and assets
- Copies of your federal income tax returns for the past two years

**4. Prepare buyers for a lengthy waiting period.** Even if you're well organized and have all the documents in place, be prepared for a long process. Waiting for your lender's review of the short-sale package can take several weeks to months. Some experts say:

- If you have only one mortgage, the review can take about two months.
- With a first and second mortgage with the same lender, the review can take about three months.
- With two or more mortgages with different lenders, it can take four months or longer.

When the bank does respond, it can approve the short sale, make a counteroffer, or deny the short sale. The last two actions can lengthen the process or put you back at square one. (Your real estate attorney and real estate professional, with your authorization, can work your lender's loss mitigation department on your behalf to prepare the proper documentation and speed the process along.)

**5. Don't expect a short sale to solve your financial problems.** Even if your lender does approve the short sale, it may not be the end of all your financial woes. Here are some things to keep in mind:

- You may be asked by your lender to sign a promissory note agreeing to pay back the amount of your loan not paid off by the short sale. If your financial hardship is permanent and you can't pay back the balance, talk with your real estate attorney about your options.
- Any amount of your mortgage that is forgiven by your lender is typically considered income, and you may have to pay taxes on that amount. Under a temporary measure passed in 2007, the [Mortgage Forgiveness Debt Relief Act and Debt Cancellation Act](#), homeowners can exclude debt forgiveness on their federal tax returns from income for loans discharged in calendar years 2007 through 2012. Be sure to consult your real estate attorney and your accountant to see whether you qualify.
- Having a portion of your debt forgiven may have an adverse effect on your credit score. However, a short sale will impact your credit score less than foreclosure and bankruptcy.



## Does Moving Up Make Sense?

These questions will help you decide whether you're ready for a home that's larger or in a more desirable location. If you answer yes to most of the questions, it's a sign that you may be ready to move.

- 1. Have you built substantial equity in your current home?** Look at your annual mortgage statement or call your lender to find out. Usually, you don't build up much equity in the first few years of your mortgage, as monthly payments are mostly interest, but if you've owned your home for five or more years, you may have significant, unrealized gains.
- 2. Has your income or financial situation improved?** If you're making more money, you may be able to afford higher mortgage payments and cover the costs of moving.
- 3. Have you outgrown your neighborhood?** The neighborhood you pick for your first home might not be the same neighborhood you want to settle down in for good. For example, you may have realized that you'd like to be closer to your job or live in a better school district.
- 4. Are there reasons why you can't remodel or add on?** Sometimes you can create a bigger home by adding a new room or building up. But if your property isn't large enough, your municipality doesn't allow it, or you're simply not interested in remodeling, then moving to a bigger home may be your best option.
- 5. Are you comfortable moving in the current housing market?** If your market is hot, your home may sell quickly and for top dollar, but the home you buy also will be more expensive. If your market is slow, finding a buyer may take longer, but you'll have more selection and better pricing as you seek your new home.
- 6. Are interest rates attractive?** A low rate not only helps you buy a larger home, but also makes it easier to find a buyer.



## 8 Reasons Why You Should Work With a REALTOR®

Not all real estate practitioners are REALTORS®. The term REALTOR® is a registered trademark that identifies a real estate professional who is a member of the NATIONAL ASSOCIATION of REALTORS® and subscribes to its strict Code of Ethics. Here are five reasons why it pays to work with a REALTOR®.

**1. Navigate a complicated process.** Buying or selling a home usually requires disclosure forms, inspection reports, mortgage documents, insurance policies, deeds, and multipage settlement statements. A knowledgeable expert will help you prepare the best deal, and avoid delays or costly mistakes.

**2. Information and opinions.** REALTORS® can provide local community information on utilities, zoning, schools, and more. They'll also be able to provide objective information about each property. A professional will be able to help you answer these two important questions: Will the property provide the environment I want for a home or investment? Second, will the property have resale value when I am ready to sell?

**3. Help finding the best property out there.** Sometimes the property you are seeking is available but not actively advertised in the market, and it will take some investigation by your REALTOR® to find all available properties.

**4. Negotiating skills.** There are many negotiating factors, including but not limited to price, financing, terms, date of possession, and inclusion or exclusion of repairs, furnishings, or equipment. In addition, the purchase agreement should provide a period of time for you to complete appropriate inspections and investigations of the property before you are bound to complete the purchase. Your agent can advise you as to which investigations and inspections are recommended or required.

**5. Property marketing power.** Real estate doesn't sell due to advertising alone. In fact, a large share of real estate sales comes as the result of a practitioner's contacts through previous clients, referrals, friends, and family. When a property is marketed with the help of a REALTOR®, you do not have to allow strangers into your home. Your REALTOR® will generally prescreen and accompany qualified prospects through your property.

**6. Someone who speaks the language.** If you don't know a CMA from a PUD, you can understand why it's important to work with a professional who is immersed in the industry and knows the real estate language.

**7. Experience.** Most people buy and sell only a few homes in a lifetime, usually with quite a few years in between each purchase. Even if you have done it before, laws and regulations change.

REALTORS®, on the other hand, handle hundreds of real estate transactions over the course of their career. Having an expert on your side is critical.

**8. Objective voice.** A home often symbolizes family, rest, and security — it's not just four walls and a roof. Because of this, homebuying and selling can be an emotional undertaking. And for most people, a home is the biggest purchase they'll every make. Having a concerned, but objective, third party helps you stay focused on both the emotional and financial issues most important to you.



## 12 Questions to Ask When Choosing Your REALTOR®

Make sure you choose a REALTOR® who will provide top-notch service and meet your unique needs.

**1. How long have you been in residential real estate sales? Is it your full-time job?** While experience is no guarantee of skill, real estate — like many other professions — is mostly learned on the job.

**2. What designations do you hold?** Designations such as GRI and CRS®, which require that agents take additional, specialized real estate training, are held only by about one-quarter of real estate practitioners.

**3. How many homes did you and your real estate brokerage sell last year?** By asking this question, you'll get a good idea of how much experience the practitioner has.

**4. How many days did it take you to sell the average home? How did that compare to the overall market?** The REALTOR® you interview should have these facts on hand, and be able to present market statistics from the local MLS to provide a comparison.

**5. How close to the initial asking prices of the homes you sold were the final sale prices?** This is one indication of how skilled the REALTOR® is at pricing homes and marketing to suitable buyers. Of course, other factors also may be at play, including an exceptionally hot or cool real estate market.

**6. What types of specific marketing systems and approaches will you use to sell my home?** You don't want someone who's going to put a For Sale sign in the yard and hope for the best. Look for someone who has aggressive and innovative approaches, and knows how to market your property competitively on the Internet. Buyers today want information fast, so it's important that your REALTOR® is responsive.

**7. Will you represent me exclusively, or will you represent both the buyer and the seller in the transaction?** While it's usually legal to represent both parties in a transaction, it's important to understand where the practitioner's obligations lie. Your REALTOR® should explain his or her agency relationship to you and describe the rights of each party.

**8. Can you recommend service providers who can help me obtain a mortgage, make home repairs, and help with other things I need done?** Because REALTORS® are

immersed in the industry, they're wonderful resources as you seek lenders, home improvement companies, and other home service providers. Practitioners should generally recommend more than one provider and let you know if they have any special relationship with or receive compensation from any of the providers.

**9. What type of support and supervision does your brokerage office provide to you?**

Having resources such as in-house support staff, access to a real estate attorney, and assistance with technology can help an agent sell your home.

**10. What's your business philosophy?** While there's no right answer to this question, the response will help you assess what's important to the agent and determine how closely the agent's goals and business emphasis mesh with your own.

**11. How will you keep me informed about the progress of my transaction? How frequently?** Again, this is not a question with a correct answer, but how you judge the response will reflect your own desires. Do you want updates twice a week or do you prefer not to be bothered unless there's a hot prospect? Do you prefer phone, e-mail, or a personal visit?

**12. Could you please give me the names and phone numbers of your three most recent clients?** Ask recent clients if they would work with this REALTOR® again. Find out whether they were pleased with the communication style, follow-up, and work ethic of the REALTOR®.



## 5 Things to do Before Putting Your Home on the Market

**1. Have a pre-sale home inspection.** Be proactive by arranging for a pre-sale home inspection. An inspector will be able to give you a good indication of the trouble areas that will stand out to potential buyers, and you'll be able to make repairs before open houses begin.

**2. Organize and clean.** Pare down clutter and pack up your least-used items, such as large blenders and other kitchen tools, out-of-season clothes, toys, and exercise equipment. Store items off-site or in boxes neatly arranged in the garage or basement. Clean the windows, carpets, walls, lighting fixtures, and baseboards to make the house shine.

**3. Get replacement estimates.** Do you have big-ticket items that are worn out or will need to be replaced soon, such your roof or carpeting? Get estimates on how much it would cost to replace them, even if you don't plan to do it yourself. The figures will help buyers determine if they can afford the home, and will be handy when negotiations begin.

**4. Find your warranties.** Gather up the warranties, guarantees, and user manuals for the furnace, washer and dryer, dishwasher, and any other items that will remain with the house.

**5. Spruce up the curb appeal.** Pretend you're a buyer and stand outside of your home. As you approach the front door, what is your impression of the property? Do the lawn and bushes look neatly manicured? Is the address clearly visible? Are pretty flowers or plants framing the entrance? Is the walkway free from cracks and impediments?





## Understand Agency Relationships

It's important to understand what legal responsibilities your real estate salesperson has to you and to other parties in the transaction. Ask what type of agency relationship your agent has with you:

### **Seller's representative (also known as a listing agent or seller's agent)**

A seller's agent is hired by and represents the seller. All fiduciary duties are owed to the seller. The agency relationship usually is created by a listing contract.

### **Buyer's representative (also known as a buyer's agent)**

A buyer's agent is hired by prospective buyers to represent them in a real estate transaction. The buyer's rep works in the buyer's best interest throughout the transaction and owes fiduciary duties to the buyer. The buyer can pay the licensee directly through a negotiated fee, or the buyer's rep may be paid by the seller or through a commission split with the seller's agent.

### **Subagent**

A subagent owes the same fiduciary duties to the agent's customer as the agent does. Sub agency usually arises when a cooperating sales associate from another brokerage, who is not the buyer's agent, shows property to a buyer. In such a case, the subagent works with the buyer as a customer but owes fiduciary duties to the listing broker and the seller. Although a subagent cannot assist the buyer in any way that would be detrimental to the seller, a buyer-customer can expect to be treated honestly by the subagent. It is important that subagents fully explain their duties to buyers.

### **Disclosed dual agent**

Dual agency is a relationship in which the brokerage firm represents both the buyer and the seller in the same real estate transaction. Dual agency relationships do not carry with them all of the traditional fiduciary duties to clients. Instead, dual agents owe limited fiduciary duties. Because of the potential for conflicts of interest in a dual-agency relationship, it's vital that all parties give their informed consent. In many states, this consent must be in writing. Disclosed dual agency, in which both the buyer and the seller are told that the agent is representing both of them, is legal in most states.

### **Designated agent (also called appointed agent)**

This is a brokerage practice that allows the managing broker to designate which licensees in the brokerage will act as an agent of the seller and which will act as an agent of the buyer. Designated agency avoids the problem of creating a dual-agency relationship for licensees at the brokerage. The designated agents give their clients full representation, with all of the

attendant fiduciary duties. The broker still has the responsibility of supervising both groups of licensees.

**Non agency relationship (called, among other things, a transaction broker or facilitator)**

Some states permit a real estate licensee to have a type of non agency relationship with a consumer. These relationships vary considerably from state to state, both as to the duties owed to the consumer and the name used to describe them. Very generally, the duties owed to the consumer in a non agency relationship are less than the complete, traditional fiduciary duties of an agency relationship.



## What Is Appraised Value?

- Appraisals provide an objective opinion of value, but it's not an exact science so appraisals may differ.
- For buying and selling purposes, appraisals are usually based on market value — what the property could probably be sold for. Other types of value include insurance value, replacement value, and assessed value for property tax purposes.
- Appraised value is not a constant number. Changes in market conditions can dramatically alter appraised value.
- Appraised value doesn't take into account special considerations, like the need to sell rapidly.
- Lenders usually use either the appraised value or the sale price, whichever is less, to determine the amount of the mortgage they will offer.

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[www.realestatechecklists.com](http://www.realestatechecklists.com)*



## Simple Tips for Better Home Showings

- 1. Remove clutter and clear off counters.** Throw out stacks of newspapers and magazines and stow away most of your small decorative items. Put excess furniture in storage, and remove out-of-season clothing items that are cramping closet space. Don't forget to clean out the garage, too.
- 2. Wash your windows and screens.** This will help get more light into the interior of the home.
- 3. Keep everything extra clean.** A clean house will make a strong first impression and send a message to buyers that the home has been well-cared for. Wash fingerprints from light switch plates, mop and wax floors, and clean the stove and refrigerator. Polish your doorknobs and address numbers. It's worth hiring a cleaning service if you can afford it.
- 4. Get rid of smells.** Clean carpeting and drapes to eliminate cooking odors, smoke, and pet smells. Open the windows to air out the house. Potpourri or scented candles will help.
- 5. Brighten your rooms.** Put higher wattage bulbs in light fixtures to brighten up rooms and basements. Replace any burned-out bulbs in closets. Clean the walls, or better yet, brush on a fresh coat of neutral color paint.
- 6. Don't disregard minor repairs.** Small problems such as sticky doors, torn screens, cracked caulking, or a dripping faucet may seem trivial, but they'll give buyers the impression that the house isn't well-maintained.
- 7. Tidy your yard.** Cut the grass, rake the leaves, add new mulch, trim the bushes, edge the walkways, and clean the gutters. For added curb appeal, place a pot of bright flowers near the entryway.
- 8. Patch holes.** Repair any holes in your driveway and reapply sealant, if applicable.
- 9. Add a touch of color in the living room.** A colored afghan or throw on the couch will jazz up a dull room. Buy new accent pillows for the sofa.
- 10. Buy a flowering plant and put it near a window you pass by frequently.**
- 11. Make centerpieces for your tables.** Use brightly colored fruit or flowers.

**12. Set the scene.** Set the table with fancy dishes and candles, and create other vignettes throughout the home to help buyers picture living there. For example, in the basement you might display a chess game in progress.

**13. Replace heavy curtains with sheer ones that let in more light.** Show off the view if you have one.

**14. Accentuate the fireplace.** Lay fresh logs in the fireplace or put a basket of flowers there if it's not in use.

**15. Make the bathrooms feel luxurious.** Put away those old towels and toothbrushes. When buyers enter your bathroom, they should feel pampered. Add a new shower curtain, new towels, and fancy guest soaps. Make sure your personal toiletry items are out of sight.

**16. Send your pets to a neighbor or take them outside.** If that's not possible, crate them or confine them to one room (ideally in the basement), and let the real estate practitioner know where they'll be to eliminate surprises.

**17. Lock up valuables, jewelry, and money.** While a real estate salesperson will be on site during the showing or open house, it's impossible to watch everyone all the time.

**18. Leave the home.** It's usually best if the sellers are not at home. It's awkward for prospective buyers to look in your closets and express their opinions of your home with you there.



## 8 Quick Fixes to Increase Value

To attract buyers, sellers must up the ante to convince them that their property offers what many want most — top value for dollar expended. Here are eight fast fixes:

- 1. Buff up curb appeal.** You've heard it before, but it's critical to get buyers to want to look on the inside. Be objective. View listings from the street. Check the condition of the landscaping, paint, roof, shutters, front door, knocker, windows, house number, and even how window treatments look from the outside. Add something special — such as big flower pots or an antique bench — to help viewers remember house A from B.
- 2. Enrich with color.** Paint's cheap, but forgets the adage that it must be white or neutral. Just don't let sellers get too avant-garde with jarring pinks, oranges, and purples. Recommend soft colors that say "welcome," lead the eye from room to room, and flatter skin tones. Think soft yellows and pale greens. Tint ceilings a lighter shade.
- 3. Upgrade the kitchen and bathroom.** These make-or-break rooms can spur a sale, besides making each squeaky clean and clutter-free, update the pulls, sinks, and faucets. In a kitchen, add one cool appliance, such as an espresso maker. In the bathroom, hang a flat-screen TV to mimic a hotel.
- 4. Add old-world patina.** Make Andrea Palladio proud. Install crown molding at least six to nine inches in depth, proportional to the room's size, and architecturally compatible. For ceilings nine feet high or higher, add dentil detailing, small tooth-shaped blocks used as a repeating ornament. It's all in the details, after all.
- 5. Screen hardwood floors.** Buyers favor wood over carpet, but refinishing is costly and time-consuming. Screening cuts dust, time, and expense. What it entails: a light sanding, not a full stripping of color or polyurethane, then a coat of finish.
- 6. Clean out, organize closets.** Get sorting — organize your piles into "don't need," "haven't worn," and "keep." Closets must be only half-full so buyers can visualize fitting their stuff in.
- 7. Update window treatments.** Buyers want light and views, not dated, fancy-schmancy drapes that darken. To diffuse light and add privacy, consider energy-efficient shades and blinds.
- 8. Hire a home inspector.** Do a preemptive strike, since busy home owners seek maintenance-free living. Fix problems before you list the home and then display receipts and wait for buyers to offer kudos to sellers for being so responsible.

*Sources: Ernie Roth, Roth Interiors, Los Angeles; Angel Petragallo, abr, Group One, Boise, Idaho; Melissa Galt, Galt Interiors, Atlanta; Steve Kleiman, CEO, Oakington Realty, Houston; Sid Davis, Sid Davis & Associates, Farmington, Utah, and author of First-Time Homeowners' Survival Guide (Amacom, 2007); Steve Hochman, Friendly Note Buyers, Roxbury, N.Y.; Margi Kyle, designer and spokesperson for Hunter Douglas.*



## Spring Cleaning Checklist

With spring selling season arriving, take the time now to polish your home to perfection.

**1. Let the sun in.** Make any room look brighter with clean blinds and windows. Mix a solution of one part white vinegar to eight parts water, plus a drop or two of liquid dishwashing liquid, for a green window cleaner. Spray on and wipe with newspaper to avoid streaks. (Washing on a cloudy day also reduces streaking.)

**Showing tip:** Replace heavy drapes with lightweight sheers during warmer months to give a room a brighter, lighter feel for prospective buyers.

**2. Sniff out smells.** Check the drip tray underneath your refrigerator and wash out any standing water from defrosting. Remove inside odors by washing the inside of the fridge with a baking soda and water solution. Boil lemon juice in your microwave and add it to your dishwasher to eliminate bad smells. Also, put the lemon rinds down the disposal. Add activated charcoal in the fridge to keep odors at bay.

**Showing tip:** Make the fridge smell fresh instantly with cotton balls soaked in vanilla extract or orange juice.

**3. Make your bed better.** Vacuum mattresses and box springs, and then rotate and flip over. Do the same for removable furniture cushions. This is also a great time to wash or dry-clean the dust ruffle and mattress pad.

**Showing tip:** Add new loft to a lumpy comforter by having two people vigorously shake the quilt up and down to redistribute stuffing.

**4. Clean those coils.** Improve energy efficiency by vacuuming grates, coils, and condensers in your furnace, stove, and refrigerator (either underneath or in back). If a vacuum won't reach, try a rag tied to a yardstick.

**Showing tip:** Shut some air conditioning vents on the first floor or basement so that more air will reach and cool the second floor. Reverse the process in winter for heat vents.

**5. Wash the walls.** Grease, smoke, and dust can adhere to walls and make even the best decorating look dingy. Wash walls using a general-purpose cleaner with hot water. Start at the top of the wall to avoid drips and in a corner so that you wash one wall at a time. Rinse the mop head frequently in clean water. And don't press too hard because flat latex paint won't absorb too much water.

**Showing tip:** Resist the temptation to spot-clean walls since it will make the rest of the wall look dingy.



## How to Improve the Odds of an Offer

- 1. Price it right.** Set a price at the lower end of your property's realistic price range.
- 2. Prepare for visitors.** Get your house market ready at least two weeks before you begin showing it.
- 3. Be flexible about showings.** It's often disruptive to have a house ready to show at the spur of the moment. But the more amenable you can be about letting people see your home, the sooner you'll find a buyer.
- 4. Anticipate the offers.** Decide in advance what price and terms you'll find acceptable.
- 5. Don't refuse to drop the price.** If your home has been on the market for more than 30 days without an offer, you should be prepared to at least consider lowering your asking price.





## How to Hold a Successful Garage Sale

Garage sales can be a great way to get rid of clutter — and earn a little extra cash — before you sell your home. But make sure the timing is right. Garage sales can take on a life of their own, and it might not be the best use of your energy right before putting your home on the market. Follow these tips for a successful sale.

- 1. Don't wait until the last minute.** You don't want to be scrambling to hold a garage sale the week before an open house. Depending on how long you've lived in the home and how much stuff you have to sell, planning a garage sale can demand a lot of time and energy.
- 2. Get a permit.** Most municipalities will require you to obtain a special permit or license in order to hold a garage sale. The permits are often free or very inexpensive, but still require you to register with the city.
- 3. See if neighbors want to join in.** You can turn your garage sale into a block-wide event and lure more shoppers if you team up with neighbors. However, a permit may be necessary for each home owner, even if it's a group event.
- 4. Schedule the sale.** Sales on Saturdays and Sundays will generate the most traffic, especially if the weather cooperates. Start the sale early, 8 a.m. or 9 a.m. is best, and be prepared for early birds.
- 5. Advertise.** Place an ad in free classified papers and Web sites, and in your local newspapers. Include the dates, time, and address. Let the public know if certain types of items will be sold, such as baby clothes, furniture, or weightlifting equipment. On the day of the sale, balloons and signs with prominent arrows will help to grab the attention of passersby.
- 6. Price your goods.** Lay out everything that you plan to sell, and attach prices with removable stickers. Remember, garage sales are supposed to be bargains, so try to be objective as you set prices. Assign simple prices to your goods: 50 cents, 3 for \$1, \$5, \$10, etc.
- 7. If it's really junk, don't sell it.** Decide what's worth selling and what's not. If it's really garbage, then throw it away. Broken appliances, for example, should be tossed. (Know where a nearby electrical outlet is, in case a customer wants to make sure something works.)

**8. Check for mistakes.** Make sure that items you want to keep don't accidentally end up in the garage sale pile.

**9. Create an organized display.** Lay out your items by category, and display neatly so customers don't have to dig through boxes.

**10. Stock up on bags and newspapers.** People who buy many small items will appreciate a bag to carry their goods. Newspapers are handy for wrapping fragile items.

**11. Manage your money.** Make a trip to the bank to get ample change for your cashbox. Throughout the sale, keep a close eye on your cash; never leave the cashbox unattended. It's smart to have one person who manages the money throughout the day, keeping a tally of what was purchased and for how much. Keep a calculator nearby.

**12. Prepare for your home sale.** Donate the remaining stuff or sell it to a resale shop. Now that all of your clutter is cleared out, it's time to focus on preparing your house for a successful sale!



## How to Prepare Your Home for a Virtual Tour

With more buyers shopping for homes on the Web, photos and virtual tours are a must. There are many things you can do make your home shine on camera.

- 1. Understand the camera's perspective.** The camera's eye is very different from the human eye. It magnifies clutter and poor furniture arrangement. To make a home shine in a virtual tour or video presentation, cater to the lens.
- 2. Make the home "Q-tip clean."** Because the camera magnifies grime, each room must be spotless. Don't forget floor coverings and walls; a discolored spot on the rug might be overlooked by prospects during a regular home showing, but that stain becomes a focal point for online viewers.
- 3. Pack up the clutter.** But leave three items of varying heights on each surface. For example, on an end table you can place a lamp (high), a small plant (medium), and a book (low).
- 4. Snap pictures.** This will give you an idea of what the home will look like on camera. Closely examine the photos and list changes that would improve each room's appearance: opening blinds to let in natural light, removing magnets from the refrigerator, or taking down distracting art.
- 5. Pare down furniture.** Identify one or two pieces of furniture that can be removed from each room to make the space appear larger.
- 6. Rearrange.** Spotlight the flow of a space by creating a focal point on the furthest wall from the doorway and arranging the other pieces of furniture to make a triangle shape. The focal point may be a bed in a bedroom or a china cabinet in a dining room.
- 7. Re accessorize.** Include a healthy plant in every room; the camera loves green. Energize bland decor by placing a bright vase on a mantle or draping an afghan over a couch.
- 8. Keep the home in shape.** You want buyers who liked what they saw online to encounter the same home in person.

Source: Barb Schwarz, [www.StagedHomes.com](http://www.StagedHomes.com), Concord, Pa.



## Low-Cost Ways to Spruce up Your Home's Exterior

Make your home more appealing for yourself and potential buyers with these quick and easy tips:

1. Trim bushes so they don't block windows or architectural details.
2. Mow your lawn, and turn on the sprinklers for 30 minutes before the showing to make the lawn sparkle.
3. Put a pot of bright flowers (or a small evergreen in winter) on your porch.
4. Install new doorknobs on your front door.
5. Repair any cracks in the driveway.
6. Edge the grass around walkways and trees.
7. Keep your garden tools and hoses out of sight.
8. Clear toys from the lawn.
9. Buy a new mailbox.
10. Upgrade your outside lighting.
11. Buy a new doormat for the outside of your front door.
12. Clean your windows, inside and outside.
13. Polish or replace your house numbers.
14. Place a seasonal wreath on your door.



## 12 Tips for Hiring a Remodeling Contractor

1. Get at least three written estimates.
2. Check references. If possible, view earlier jobs the contractor completed.
3. Check with the local Chamber of Commerce or Better Business Bureau for complaints.
4. Be sure the contract states exactly what is to be done and how change orders will be handled.
5. Make as small of a down payment as possible so you won't lose a lot if the contractor fails to complete the job.
6. Be sure that the contractor has the necessary permits, licenses, and insurance.
7. Check that the contract states when the work will be completed and what recourse you have if it isn't. Also, remember that in many instances you can cancel a contract within three business days of signing it.
8. Ask if the contractor's workers will do the entire job or whether subcontractors will be involved too.
9. Get the contractor to indemnify you if work does not meet any local building codes or regulations.
10. Be sure that the contract specifies the contractor will clean up after the job and be responsible for any damage.
11. Guarantee that the materials that will be used meet your specifications.
12. Don't make the final payment until you're satisfied with the work.



## 5 Feng Shui Concepts to Help a Home Sell

To put the best face on a listing and appeal to buyers who follow feng shui principles, keep these tips in mind.

- 1.** Pay special attention to the front door, which is considered the “mouth of chi” (chi is the “life force” of all things) and one of the most powerful aspects of the entire property. Abundance, blessings, opportunities, and good fortune enter through the front door. It’s also the first impression buyers have of how well the sellers have taken care of the rest of the property. Make sure the area around the front door is swept clean, free of cobwebs and clutter. Make sure all lighting is straight and properly hung. Better yet, light the path leading up to the front door to create an inviting atmosphere.
- 2.** Chi energy can be flushed away wherever there are drains in the home. To keep the good forces of a home in, always keep the toilet seats down and close the doors to bathrooms.
- 3.** The master bed should be in a place of honor, power, and protection, which is farthest from and facing toward the entryway of the room. It’s even better if you can place the bed diagonally in the farthest corner. Paint the room in colors that promote serenity, relaxation, and romance, such as soft tones of green, blue, and lavender.
- 4.** The dining room symbolizes the energy and power of family togetherness. Make sure the table is clear and uncluttered during showings. Use an attractive tablecloth to enhance the look of the table while also softening sharp corners.
- 5.** The windows are considered to be the eyes of the home. Getting the windows professionally cleaned will make the home sparkle and ensure that the view will be optimally displayed.

*Source: Sell Your Home Faster With Feng Shui by Holly Ziegler (Dragon Chi Publications, 2001)*



## Forms You'll Need to Sell Your Home

- 1. Property disclosure form.** This form requires you to reveal all known defects to your property. Check with your state government to see if there is a special form required in your state.
- 2. Purchasers access to premises agreement.** This agreement sets conditions for permitting the buyer to enter your home for activities such as measuring for draperies before you move.
- 3. Sales contract.** The agreement between you and the seller on terms and conditions of sale. Again, check with your state real estate department to see if there is a required form.
- 4. Sales contract contingency clauses.** In addition to the contract, you may need to add one or more attachments to the contract to address special contingencies — such as the buyer's need to sell a home before purchasing yours.
- 5. Pre- and post-occupancy agreements.** Unless you're planning on moving out and the buyer moving in on the day of closing, you'll need an agreement on the terms and costs of occupancy once the sale closes.
- 6. Lead-based paint disclosure pamphlet.** If your home was built before 1978, you must provide the pamphlet to all sellers. You must also have buyers sign a statement indicating they received the pamphlet.



## Open House Safety Tips

An open house can be a great sales tool, but it also exposes you to numerous unfamiliar people for the first time. Stay safe by practicing these guidelines.

- Call the local police department and ask them to have a squad car drive by during your open-house hours.
- Check your cell phone's strength and signal prior to the open house. Have emergency numbers programmed on speed dial. Carry an extra, fully charged cell phone battery.
- Determine several "escape" routes that you can use in case of an emergency. Make sure all deadbolt locks are unlocked to facilitate a faster escape.
- Turn on the lights and open the curtains. These are not only sound safety procedures, but also great marketing tactics.
- Make sure that if you were to escape by the back door, you could escape from the backyard. Frequently, high fences surround yards that contain swimming pools or hot tubs.
- When prospective buyers begin to arrive, jot down their car descriptions, license numbers and physical descriptions.
- When showing the house, always walk behind the prospect. Direct them; don't lead them. Say, for example, "The kitchen is on your left," and gesture for them to go ahead of you.
- Notify a friend or a relative that you will be calling in every hour on the hour. And if you don't call, they are to notify the police immediately.
- Inform a neighbor that you will be showing the house and ask if he or she would keep an eye and ear open for anything out of the ordinary.

*Source: National Association of REALTORS® Safety Week kit*





## How to Prepare for the Open House

- **Advertise your open house.** Ideally you should advertise both the weekend before and the weekend of the open house. Check with the local paper to see when their ad closing deadlines are.
- **Create a property summary sheet.** This sheet gives prospective buyers an overview of your home. Include dimensions for each room, copies of a property survey, summaries of utility costs and property taxes, and a list of when capital items such as roofs and furnace were added.
- **Develop a sign-in form for prospects' addresses.** You'll ideally want both phone numbers and e-mail addresses to follow up with prospective buyers.
- **Put up signs.** One or two days before the open house, place directional signs at major intersections within three to four blocks of your house. Be sure you check on anti-sign regulations in your area.
- **Get your house ready.** Remove clutter, clean your house, wash your windows, add flowers, turn on lights, open draperies and blinds, remove valuables and breakables, confine pets, turn on soft music, and set up a table for your property fact sheet near the entrance.
- **Develop a follow-up sheet.** Getting feedback on your home from prospects who attended your open house will give you a better understanding of how to make your home more appealing to buyers.



## Is the Buyer Qualified?

Unless the buyer who makes an offer on your home has the resources to qualify for a mortgage, you may not really have a sale. If possible, try to determine a buyer's financial status before signing the contract. Ask the following:

- 1.** Has the buyer been prequalified or preapproved (even better) for a mortgage? Such buyers will be in a much better position to obtain a mortgage promptly.
- 2.** Does the buyer have enough money to make a down payment and cover closing costs? Ideally, a buyer should have 20 percent of the home's price as a down payment and between 2 and 7 percent of the price to cover closing costs.
- 3.** Is the buyer's income sufficient to afford your home? Ideally, buyers should spend no more than 28 percent of total income to cover PITI (principal, interest, taxes, and insurance).
- 4.** Does your buyer have good credit? Ask if he or she has reviewed and corrected a credit report.
- 5.** Does the buyer have too much debt? If a buyer owes a great deal on car payments, credit cards, etc., he or she may not qualify for a mortgage.



## Tips for Pricing Your Home

- **Consider comparables.** What have other homes in your neighborhood sold for recently? How do they compare to yours in terms of size, upkeep, and amenities?
- **Consider competition.** How many other houses are for sale in your area? Are you competing against new homes?
- **Consider your contingencies.** Do you have special concerns that would affect the price you'll receive? For example, do you want to be able to move in four months?
- **Get an appraisal.** For a few hundred dollars, a qualified appraiser can give you an estimate of your home's value. Be sure to ask for a market-value appraisal. To locate appraisers in your area, contact [The Appraisal Institute](#) or ask your REALTOR® for some recommendations.
- **Ask a lender.** Since most buyers will need a mortgage, it's important that a home's sale price be in line with a lender's estimate of its value.
- **Be accurate.** Studies show that homes priced more than 3 percent over the correct price take longer to sell.
- **Know what you'll take.** It's critical to know what price you'll accept before beginning a negotiation with a buyer.



## Understanding Capital Gains in Real Estate

When you sell a stock, you owe taxes on your gain — the difference between what you paid for the stock and what you sold it for. The same holds true when selling a home (or a second home), but there are some special considerations.

### How to Calculate Gain

In real estate, capital gains are based not on what you paid for the home, but on its adjusted cost basis. To calculate, follow these steps:

**1. Purchase price:** \_\_\_\_\_

The purchase price of the home is the sale price, not the amount of money you actually contributed at closing.

**2. Total adjustments:** \_\_\_\_\_

To calculate this, add the following:

Cost of the purchase — including transfer fees, attorney fees, and inspections, but not points you paid on your mortgage.

Cost of sale — including inspections, attorney fees, real estate commission, and money you spent to fix up your home just prior to sale.

Cost of improvements — including room additions, deck, etc. Note here that improvements do not include repairing or replacing something already there, such as putting on a new roof or buying a new furnace.

**3. Your home's adjusted cost basis:** \_\_\_\_\_

The total of your purchase price and adjustments is the adjusted cost basis of your home.

**4. Your capital gain:** \_\_\_\_\_

Subtract the adjusted cost basis from the amount your home sells for to get your capital gain.

### A Special Real Estate Exemption for Capital Gains

Since 1997, up to \$250,000 in capital gains (\$500,000 for a married couple) on the sale of a home is exempt from taxation if you meet the following criteria:

You have lived in the home as your principal residence for two out of the last five years.

You have not sold or exchanged another home during the two years preceding the sale.

You meet what the IRS calls “unforeseen circumstances,” such as job loss, divorce, or family medical emergency.



## What to Have on Hand for the New Owners

- Owner's manuals and warranties for appliances left in the house.
- Garage door opener.
- Extra sets of house keys.
- A list of local service providers — the best dry cleaner, yard service, plumber, etc.
- Code to the security alarm and phone number of the monitoring service if not discontinued.
- As a courtesy, you could provide numbers to the local utility companies.
- If it's a condo, leave information on how to contact the condo board.



## 10 Tips for Moving With Pets

Moving to a new home can be stressful on your pets, but there are many things you can do to make the process as painless as possible. Experts at [The Pet Realty Network](#) in Naples, Fla., offer these helpful tips for easing the transition and keeping pets safe during the move.

**1. Update your pet's tag.** Make sure your pet is wearing a sturdy collar with an identification tag that is labeled with your current contact information. The tag should include your destination location, telephone number, and cell phone number so that you can be reached immediately during the move.

**2. Ask for veterinary records.** If you're moving far enough away that you'll need a new vet, you should ask for a current copy of your pet's vaccinations. You also can ask for your pet's medical history to give to your new vet, although that can normally be faxed directly to the new medical-care provider upon request. Depending on your destination, your pet may need additional vaccinations, medications, and health certificates. Have your current vet's phone number handy in case of an emergency, or in case your new vet would like more information about your pet.

**3. Keep medications and food on hand.** Keep at least one week's worth of food and medication with you in case of an emergency. Vets can't write a prescription without a prior doctor/patient relationship, which can cause delays if you need medication right away. You may want to ask for an extra prescription refill before you move. The same preparation should be taken with special therapeutic foods — purchase an extra supply in case you can't find the food right away in your new area.

**4. Seclude your pet from chaos.** Pets can feel vulnerable on moving day. Keep them in a safe, quiet, well-ventilated place, such as the bathroom, on moving day with a "Do Not Disturb! Pets Inside!" sign posted on the door. There are many light, collapsible travel crates on the market if you choose to buy one. However, make sure your pet is familiar with the new crate before moving day by gradually introducing him or her to the crate before your trip. Be sure the crate is well-ventilated and sturdy enough for stress-chewers; otherwise, a nervous pet could escape.

**5. Prepare a first aid kit.** First aid is not a substitute for emergency veterinary care, but being prepared and knowing basic first aid could save your pet's life. A few recommended supplies: Your veterinarian's phone number, gauze to wrap wounds or to muzzle your pet, adhesive tape for bandages, non-stick bandages, towels, and hydrogen peroxide (3 percent). You can use a

door, board, blanket or floor mat as an emergency stretcher and a soft cloth, rope, necktie, leash, or nylon stocking for an emergency muzzle.

**6. Play it safe in the car.** It's best to travel with your dog in a crate; second-best is to use a restraining harness. When it comes to cats, it's always best for their safety and yours to use a well-ventilated carrier in the car. Secure the crate or carrier with a seat belt and provide your pet with familiar toys. Never keep your pet in the open bed of a truck or the storage area of a moving van. In any season, a pet left alone in a parked vehicle is vulnerable to injury and theft. If you'll be using overnight lodging, plan ahead by searching for pet-friendly hotels. Have plenty of kitty litter and plastic bags on hand, and keep your pet on its regular diet and eating schedule.

**7. Get ready for takeoff.** When traveling by air, check with the airline about any pet requirements or restrictions to be sure you've prepared your pet for a safe trip. Some airlines will allow pets in the cabin, depending on the animal's size, but you'll need to purchase a special airline crate that fits under the seat in front of you. Give yourself plenty of time to work out any arrangements necessary including consulting with your veterinarian and the [U.S. Department of Agriculture](#). If traveling is stressful for your pet, consult your veterinarian about ways that might lessen the stress of travel.

**8. Find a new veterinary clinic and emergency hospital.** Before you move, ask your vet to recommend a doctor in your new locale. Talk to other pet owners when visiting the new community, and call the state veterinary medical association (VMA) for veterinarians in your location. When choosing a new veterinary hospital, ask for an impromptu tour; kennels should be kept clean at all times, not just when a client's expected. You may also want to schedule an appointment to meet the vets. Now ask yourself: Are the receptionists, doctors, technicians, and assistants friendly, professional and knowledgeable? Are the office hours and location convenient? Does the clinic offer emergency or specialty services or boarding? If the hospital doesn't meet your criteria, keep looking until you're assured that your pet will receive the best possible care.

**9. Prep your new home for pets.** Pets may be frightened and confused in new surroundings. Upon your arrival at your new home, immediately set out all the familiar and necessary things your pet will need: food, water, medications, bed, litter box, toys, etc. Pack these items in a handy spot so they can be unpacked right away. Keep all external windows and doors closed when your pet is unsupervised, and be cautious of narrow gaps behind or between appliances where nervous pets may try to hide. If your old home is nearby, your pet may try to find a way back there. To be safe, give the new home owners or your former neighbors your phone number and a photo of your pet, and ask them to contact you if your pet is found nearby.

**10. Learn more about your new area.** Once you find a new veterinarian, ask if there are any local health concerns such as heartworm or Lyme disease, or any vaccinations or medications your pet may require. Also, be aware of any unique laws. For example, there are restrictive breed laws in some cities. Homeowner associations also may have restrictions — perhaps requiring that all dogs are kept on leashes. If you will be moving to a new country, carry an updated rabies vaccination and health certificate. It is very important to contact the Agriculture Department or embassy of the country or state to which you're traveling to obtain specific information on special documents, quarantine, or costs to bring the animal into the country.

Source: [The Pet Realty Network](#)





## Moving Checklist for Sellers

Provide the post office with your forwarding address two to four weeks ahead of the move.

- Notify your credit card companies, magazine subscriptions, and bank of your change of address.
- Create a list of friends, relatives, and business colleagues who need to be notified about your move.
- Arrange to disconnect utilities and have them connected at your new home.
- Cancel the newspaper, or change the address so it will arrive at your new home.
- Check insurance coverage for the items you're moving. Usually movers only cover what they pack.
- Clean out appliances and prepare them for moving, if applicable.
- Note the weight of the goods you'll have moved, since long-distance moves are usually billed according to weight. Watch for movers that use excessive padding to add weight.
- Check with your condo or co-op about any restrictions on using the elevator or particular exits for moving.
- Have a "first open" box with the things you'll need most, such as toilet paper, soap, trash bags, scissors, hammer, screwdriver, pencils and paper, cups and plates, water, snacks, and toothpaste.

### **Plus, if you're moving out of town, be sure to:**

- Get copies of medical and dental records and prescriptions for your family and your pets.
- Get copies of children's school records for transfer.
- Ask friends for introductions to anyone they know in your new neighborhood.
- Consider special car needs for pets when traveling.
- Let a friend or relative know your route.

- Empty your safety deposit box.
- Put plants in boxes with holes for air circulation if you're moving in cold weather.