

# ***Seller's Book***

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# Preparing the House for Market

(selling suggestions on how to really sell a property)

1. Curb appeal counts. Tidy up the grounds, porches and garage. Keep the lawn trimmed and edged. Make sure that the yard is clean of refuse.
2. Your front door gives an important first impression while the Realtor and prospect wait for you to answer the bell. Be sure it is scrubbed clean!
3. Smell sells or doesn't. Keep the home free of odors. Potpourri works well, as does scented candles or plug ins.
4. If any decoration or touch up is needed, (especially the kitchen) do it now! A minor repair or coat of paint will translate to \$\$\$\$ in your pocket.
5. Keep all steps clear of hazards.
6. Be sure all lights are working. Lights are like a welcome sign. The potential buyers will feel warm & comfortable with ample lighting.
7. Wash dishes, put away clothes, straighten up clutter. Clean Sells!! The lived in look distracts.
8. Make up beds with attractive spreads.
9. Keep pets out of the way when showing. (One person may be frightened or annoyed, another gets distracted)
10. Try not to be around for showings. The potential buyer will feel like an intruder and will hurry through the house. They also will not express their objections.
11. The Realtors job is to sell your house. Leave the showings to that person. The Realtor knows the buyers needs and requirements and can best emphasize the features of your home. You will be called if needed.
12. Do not discuss anything concerning the sale with the customer. Let the Realtor discuss price, terms, possession, and other factors with the customer. The Realtor is eminently qualified to bring negotiations to a favorable conclusion.
13. Never apologize for appearance. It only draws attention away from the fine features of your home.
14. Never, Never, Never try to sell furniture or appliances to a customer before the deal is complete. You are selling a home, not furnishings!!!!

# 5

## Reasons a Property Sells

**1.Location**

**2.Price**

**3.Terms**

**4.Condition of the Property**

**5.The Agent you select.**

**You Control 4 of these.**

**Good Luck**

# Assessing the Market

## Real Estate runs in cycles.

Like any consumer product, there are good times and bad times. Supply and demand, confidence in the economy, the jobs market plus mortgage rates are the key elements in determining the state of the real estate market.

When you start on the road to home ownership, you will have to assess the state of the real estate market quickly.

There are 3 kinds of markets:

1. Seller's Market
2. Buyer's Market
3. Normal Market

A Seller's Market is when there are more Buyers than there are homes for sale. Prices will usually appreciate and there is not as much negotiation or flexibility. To a Buyer, this means an aggressive approach must be taken, and if you see what you want, be prepared to act.

A Buyer's Market is when there are lots of houses for sale and not too many buyers. Prices usually become more negotiable and some good incentives can be offered. This occurs when the economy isn't strong, consumer confidence is low and interest rates are high.

A Normal Market is when everything is steady and life is in balance. It is the ideal market and doesn't seem to happen very often or for long periods of time.

During the education process, really try to understand what type of market you will be dealing in. It has a significant impact on the style of negotiation you and your agent will use.

# Determining Value

## *WHAT IS VALUE:*

Value is what a **BUYER** is willing to pay and a **SELLER** is willing to sell.

Many factors contribute to a determination of value. Location of the property, current economic conditions, availability of buyers, availability of inventory, financing conditions, current interest rates and competing properties.

The ***LIST PRICE*** you choose should take in to consideration all of the above data.

To assist you in determining the ***LIST PRICE***, have prepared a ***COMPETITIVE MARKET ANALYSIS and a MARKETING PLAN***.

Home Buyers of today are educated buyers. They comparison shop and know the market they intend to enter. Therefore, the ***MARKET ANALYSIS*** will compare current inventory, sold properties and expired listings in an effort to price your home to its best advantage.

# Market Data

Prior to placing your property on the market, it is important to be aware of the current market conditions. These include 1) Current Inventory, 2) Financing Trends, 3) Economic Factors, 4) Specific Market Info

## CURRENT INVENTORY:

Sellers Market (shortage)	X
Balanced Market (normal)	X
Buyers Market (oversupply)	X

## FINANCING TRENDS:

1. Interest Rates

2. Availability of Funds

Funds are readily available, but the lenders are very particular about credit ratings, buyer qualification and property qualification.

3. Appraisals

These reports play an important role in the approval process. Banks have become more cautious and look to the appraiser to give conservative value estimates. This can be extremely important in an inclining market because the appraiser works with historical data.

## ECONOMIC FACTORS:

Overall confidence in the economy and the local job market dictate if there are still highly qualified candidates and positions available that could impact the salability of your home.

**SPECIFIC MARKET INFORMATION:**

This information is specific to your neighborhood and immediate surrounding area. The time of year and desirability of the location play a big role in deciding value.

As always, pricing will be a critical issue towards a successful campaign to sell your house. We always advise our sellers to be the *BEST PRICED HOME IN A PRICE RANGE*. In a stable market, the pool of buyers who are looking for homes in a price range seems to be steady and there is plenty to choose from.. Aggressive marketing and pricing will be the key ingredients for a successful sale. The average days on market is around 90 days for property which is priced correctly. Seller incentives are not normal to the area, but may be a tool to consider if activity is slow.

It is also important to assess the current market conditions. Inventory may be low or ample, buyers may be many or few. Over the past year, it has been a strong seller's market. Financing is readily available and there is a large pool of buyers looking for homes.

# Competitive Analysis

A competitive analysis will determine a range of value for your property. It considers competing listings on the market and also homes that have sold within the past 6 months. It also will factor in the demographic information and provide a seller with a realistic range in which to price their property. This is a subjective report, however, the information should be consistent and is a matter of public record.

## ***SUBJECT PROPERTY:***

Criteria used for a Competitive Analysis

**Style:**  
**Bedrooms:**  
**Baths:**  
**Parking:**  
**Basement:**  
**Heat:**  
**Age:**  
**Lot Size:**  
**Assessed:**  
**Taxes:**

To achieve the best value in the shortest amount of time, it would be in your best interest to price very aggressively. Being priced equal to or slightly lower than homes in your immediate area offers you a distinct advantage. Your home will appear superior and that will be apparent to the educated buyers purchasing in this price range.

# Receiving an Offer

We believe it is crucial to have an experienced sales team in place to handle the concerns, emotional reactions and questions that these buyers will pose. Knowledge, confidence and professionalism will be important attributes to facilitate a successful transaction.

When a buyer brings a written offer forward, many things must be considered. Price is not the only issue. The following are some questions to ask yourself:

Can they get financing. Have they supplied qualifying information?

Do they want repairs done?

Are they having a Home Inspection? When and by whom?

Is the closing date convenient?

Is the deposit large enough.

Are there any special contingencies?

An offer is a legally binding contract. You may want to seek the advise of an Attorney.

# Negotiation

There are many parts or terms to an offer. Each one can be negotiable. Remember, **A property's value is determined by what a buyer is willing to pay and a seller is willing to sell for.**

Obviously, price is an important part of the offer. Because you have educated yourself, you have a good idea of values in an area. Maybe the other party wants to move quickly. If you can offer a quick closing date, this adds value to your offer. If the other party needs to stay for a longer than normal time and you can be flexible, that could make your offer more attractive. If you have been pre qualified by a bank and have nothing else to sell, your offer is more attractive. The more flexible you can be, the more likely the negotiation can be successful. If you are offering substantially less than what the asking price is, accompany the offer with a letter of explanation as to why the offer is so much less. If the reasons are valid, they may be considered. You will never know unless you ask.

## **Some contingencies are normal to offers.**

A buyer should ask for a home inspection, at his expense, within 10 days. (the time can be negotiated)

A buyer has a legal right to inspect for lead paint within 10 days of accepted offer.

A buyer can inspect anything at his expense. Septic, termite, oil tanks, lead paint, UFFI etc....

There is almost always a financing contingency in an offer. It normally extends for 20 business days from accepted offer and protects the buyer's deposit in the event the financing is rejected.

## **The Closing date is normally 10 days after financing commitment.**

When an offer has been accepted by the seller, the buyer then makes arrangements for his home inspection. An inspection is not required but is highly recommended. This is usually done within 5-10 days. A recent law has just been passed that requires Home Inspectors be licensed, effective 2001. Realtors are no longer allowed to give recommendations, but can give you a list of several names of Inspectors. Word of mouth, personal referrals or the yellow pages are some other resources. (look for membership in ASHI)

The professional inspector will check the house for structural integrity, make note of items that may need fixing, overall systems etc... If a major problem is uncovered, the seller may be asked to correct the problem, or the Buyer may be asked to be released from the contract. Sometimes a cash settlement is reached.

(If the problem was disclosed prior to offer, the seller probably will not negotiate for repair)

Separate inspections can also be done for lead paint, radon, insects, asbestos, UFFI or underground oil tank leaks. Septic and Well tests are also recommended if applicable. Effective March 31, 1995, all properties which have a septic system must be inspected prior to transfer. It is the Sellers responsibility to provide a TitleV report to the Buyer. A waiver of 6 months may be available if transfer occurs during the winter months. Additional information is available through the Department of Environmental Protection. Once the

Inspection has been completed, the buyer usually signs the Purchase and Sales Agreement and makes the additional deposit. (deposit normally equals 5% of the purchase price, except in new construction, then 10% would be considered normal).

The financing contingency follows through with the P&S. Have a thorough understanding of the financing contingency before signing the Purchase & Sales agreement.

There are other contingencies which could arise and your agent will provide you with advise along the way.

**In Negotiation you have 3 choices:  
Accept, Reject or Counter**

***The biggest tip for negotiation is: put yourself in the other persons shoes!***

*If you understand the motivation of the other party, you have a much better chance for a successful negotiation*

# Agency

The real estate laws of the State of Massachusetts say that the potential real estate purchaser has the choice in a real estate transaction - the choice of self representation (customer) or to hire an agent to work in his behalf.(client)

The professional real estate licensee then has the choice of offering two levels of service in the brokerage:

## **Customer level service and/or Client level service**

As a potential purchaser, should you choose the customer relationship, you are self-represented. The agent may be representing the seller as agent or subagent.

As a buyer customer you will receive honest information and disclosure of all material facts regarding the property.

The agent will also assist by providing ministerial acts such as showing properties, providing community information, contract completion, and assisting with closing.

As a potential purchaser, you also have the choice of entering into a client relationship with full representation by the agency.

A client relationship provides you with all customer level services plus good faith and loyalty, fidelity, confidentiality and full disclosure of any information that could benefit you.

And, of course, your personal agent will exercise the reasonable care and diligence level of a competent professional in advising on price, terms, and negotiations.

A buyer agency relationship gives the real estate consumer the highest level of professional service, resulting in mutual trust and loyalty.

The agency is hired by the buyer to work in the buyer's best interest at all times in the transaction. The buyer directs the agent's activities and agrees to protect the fees due the agency. Often the payment of the buyer agency fees is received through offers of compensation from sellers and seller agents. An agency relationship requires commitment and responsibility for both the client and the agent, and will be documented by a written agreement.

Since our company represents both buyers and sellers, sometimes a company's buyer client wishes to purchase the company's seller client's property. The agency then has two clients on the same property, resulting in an agency conflict. Should this occur, you agent will fully disclose the options of modifying your relationship to facilitate the transaction, will discuss any limitations to full service, and will proceed only with your full knowledge and informed consent.

Once again, it is your right to choose the type and nature of services you receive. You can choose to represent yourself and remain our valued customer. Or you can receive the benefit of enhanced service through the creation of a buyer agency relationship.

Throughout the transaction, however, our goal is to provide you with the highest level of professional service.

# Agency Disclosure to Seller

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Advises the seller that \_\_\_\_\_ is the agent for the buyer and, as such, has no fiduciary duties to the Seller.

As a convenience of this transaction and on behalf of the Buyer, the closing agent may be asked to disburse a fee at closing to the Buyers agent. This fee will be disbursed from the sales proceeds and appear on the Seller's side of the closing statement unless otherwise agreed.

The undersigned acknowledge that this notice was received before signing an offer to purchase.

Date: \_\_\_\_\_

Seller: \_\_\_\_\_

Date: \_\_\_\_\_

Seller: \_\_\_\_\_

# Post Accepted Offer

## "Seller" or "Seller Representative" responsibilities

- \* Provide the buyer with a copy of the Standard P&S for review by their attorney.
- \* Open an escrow account for deposits.
- \* Provide the buyer with a copy of the Title V report. (if applicable)
- \* If a condo provide the following:
  - 6D Certificate
  - Certificate of Insurance
  - Condo Documents
  - Condo Budget
  - Condo Rules & Regulations
- \* If a Multi Family provide the following:
  - Tenant Info
  - Proof of security deposit, last month;s rent & escrow account
  - Any leases you may have
  - Occupancy Permit
- \* Assist the buyer in locating financing if they wish.
- \* Prepare the house for Home Inspection.
- \* Allow access to the appraiser.
- \* Provide appraisers with comparable sales for mortgage purposes.
- \* Follow contingency dates.
- \* Assist in the clearing of any contingencies.
- \* Obtain a Smoke Certificate.
- \* Arrange for a mover.
- \* Supply mortgage payoff info & deed to buyer's lender's attorney
- \* Accompany the walk through & assist the buyer as needed.
- \* Attend the closing.

# Closing

As closing day approaches, the packing is done, the commitment letter has been received, the contingencies have been cleared and the move is in sight. Be sure to call the utility companies and notify the post office of the change. The house must be vacant and available to the buyer after the closing unless otherwise agreed.