

REAL ESTATE

## Sell Your Home Fast

*Even in a crummy market,  
you can close the deal if you prep it well and price it right.*

By Pat Mertz Esswein, Associate Editor

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Home sellers now face market conditions that resemble a beach in a nor'easter: As they struggle against the gale-force winds of record-high inventory, a tide of declining home prices, made worse by rising foreclosures, continues to undercut their position.

Sales this past spring did perk up temporarily. ([See home prices year-over-year in June 2008.](#)) That may be because buyers were responding to lower prices -- especially in the entry-level range. But it could also have been the usual seasonal upswing. And forecasters aren't optimistic about a true turnaround anytime soon, given the chill of the credit crunch and declining confidence in the economy.

If you don't need to sell, hunker down and wait for fairer weather. To sell now, you have to want it badly, adapt to the market you're in, and have sufficient equity or means to absorb a loss.

In the District of Columbia, across the line from Takoma Park, Md., Andy Shouse, 35, and Nicole Yohalem, 38, were eager to relocate to Seattle to be close to family. So this past winter, as their elder child, Theo, 4, approached school age, they made their move. They set a deadline of May to sell their home and for Andy to find a job in Seattle. Nicole could telecommute for her job with a nonprofit in D.C.

Six years ago, the couple paid \$337,000 for a 2,000-square-foot Dutch Colonial house, with three bedrooms, one and a half bathrooms, a redone kitchen, a finished basement and a great location -- within walking distance of a subway station. With steady home-price appreciation in their area, they were confident that they could sell their house, pay off their

mortgage and still walk away with a sizable down payment for their next house. But the market was weaker than they thought, so on the way to a sale, they made some trade-offs.

### **Hire Help You Can Afford**

If you're long on equity and short on experience, energy or time, then a full-service agent will probably serve you best. Andy and Nicole contacted Re/Max agent Patricia Vucich, in Bethesda, Md., who had helped them buy their home in 2002. Vucich charged the full commission for agents in the D.C. area, 6%, with half of that designated for the buyer's broker.

The average commission, according to an annual survey of agents by Real Trends, hit a low of 5% in 2005 near the market's peak but since then has crept up to 5.2%. You can try to negotiate a lower rate, but the best agents may not be amenable, given today's more challenging market.

Home sellers who would rather not pay full freight can share at least some of the burden with a fee-for-service firm, such as Help-U-Sell, or agents affiliated with ZipRealty. In Philadelphia, Chris Carr, owner of Simple Choice Realty, offers an a la carte menu of services, including yard-sign rental for \$25, six months of ads on the Multiple Listing Service for \$399, assistance with negotiations and paperwork for \$500, and a package deal for about \$1,000. You also pay the usual commission of 2% to 3% to the buyer's agent. If you took the package deal to sell a \$417,000 house, you'd save \$11,500 compared with paying a 6% commission.

Fee-for-service agencies typically use an exclusive agency contract, so that if you find a buyer through, say, Craigslist or word of mouth, you pay just your agent's flat fee and no commission. With a traditional brokerage, using an exclusive right to sell contract, you pay the full commission no matter what. When Simple Choice Realty brings the buyer, it rebates up to 50% of the commission to the buyer. The fewer homes the buyer chooses to visit after shopping on the Internet, the bigger the rebate. It's a nice incentive to get buyers in the door.

Vucich asked them to put away collections and paintings to neutralize the home so prospective buyers could imagine living there with their own things. She says it would have been hard for the house, built in 1921 with an abundance of woodwork and natural light, to look sterile. However, she suggested that the couple paint over the usual eggshell white in several rooms with a pale, warm yellow. The exterior had been repainted earlier, and the couple needed only to plant annual flowers for color and to mow the lawn frequently.

The hardest part for Andy and Nicole, as for many sellers, was keeping the house clean and ready to show at a moment's notice. "Theo would say, 'I really want to make a mess for the open house, Daddy,' and I understood, because I kind of wanted to, too," says Andy. (For more advice on preparation, see [Set the Stage for a Top-Dollar Sale.](#))

### **Price It Right**

Motivated homeowners set a realistic price from the get-go or risk the chance that their house will go begging. The starting point for determining the right price is sale prices of comparable properties (comps). In a rapidly changing market, Vucich prefers comps that were sold within the previous three to four months, although she'll accept up to six months in an area with low turnover or that's less densely populated. She also studies the competition: How similar is a property to her listing? How long has it been on the market? Have there been price reductions? How desirable is its location (close to public transportation, schools and community centers)? Is the neighborhood stable, with few foreclosures?

In Sacramento, Cal., Elizabeth Weintraub, an agent with Lyon Real Estate, says she calculates the difference between the median price of closed sales (the comps) and pending sales (contracts accepted but not yet closed), and reduces the suggested sale price accordingly. Even with no difference, she'll reduce the price just a bit to make her listing competitive. Pricing must also account for any deficiency that preparation can't overcome -- say, a home with one bathroom

where two full ones would be the norm or window units instead of central air conditioning.

Weintraub says she recently saw a stellar and seemingly well-priced home that hadn't sold. She wondered why until she looked out the window of the master suite; it overlooked the ball fields of a local school. The seller's best hope short of a price reduction? Urban buyers from the Bay Area who may not care about the view and noise.

Vucich advised Andy and Nicole to price their property to move, rather than price it higher and hope that buyers would negotiate it down. But the price her research suggested -- \$495,000 -- was lower than they wanted to go, so they compromised at \$525,000. The couple's first open house attracted 15 visitors, but anxiety quickly replaced hope as visitors tapered off and the first month passed with no offer. Andy and Nicole asked Vucich to lower the price to her original recommendation, and the next day they received an offer from a buyer who had attended the first open house.

### **Control the Contingencies**

Buyers will want to build into their contracts escape hatches for obtaining financing and selling their own home. But you can exercise some control over their use.

Vucich says that before her sellers will accept a financing contingency, they ask to see the buyer's preapproval letter from a well-established lender, a financial information sheet (which outlines employment, income, assets and liabilities), and a meaningful earnest-money deposit.

Although Vucich says she has recently seen deposits of as little as \$1,000, Andy and Nicole's buyer put up \$20,000. You can specify the deposit amount in your listing, or you can negotiate it with prospective buyers and use it to offset any risk they pose.

The buyer offered list price but asked Andy and Nicole to give her \$13,000 toward closing costs. They countered by raising

the price to \$508,000 and agreeing to give back \$13,000 at closing, in effect providing her with needed cash and a price reduction. They also gave the buyer \$1,000 in lieu of the later closing date she requested and asked her to accept an allowance of \$1,500 toward the cost of any repairs that resulted from her home inspection.

Although Andy and Nicole's buyer looked good on paper, Vucich called her lender to verify the preapproval letter. She learned that the buyer had previously financed two properties with the lender, a good sign, but she had to sell her current property to get a new mortgage. That was news to Vucich and her sellers because the buyer made a tidy offer with no contingency for her home's sale. They decided to accept the offer anyway, assuming it would be hard to find a better buyer.

One option is to accept a buyer's home-sale contingency with the proviso that if you get another, more attractive offer, you'll give the buyer 24 hours' notice to remove the contingency -- or lose the house and get the deposit back. Weintraub says that the contingency is easier to swallow if the buyer's home is located in an area at least as desirable as the seller's.

### **Head Off Trouble**

It often happens that late in the game, buyers use their home inspection to, in effect, negotiate a price cut. Confronted with a laundry list of repairs, many sellers throw up their hands and offer the buyers a few thousand dollars instead. You can avoid that scenario and increase your property's appeal to buyers in two ways:

**Pay for preinspection.** Before you list your home, you can hire a home inspector for a few hundred dollars (the price depends on your region and the size and age of the house). This way you can advertise your home as "certified preowned," as in the automotive market, and use the report to allay buyers' fears early on. Plus, you get time upfront to obtain estimates for the cost of repairs rather than reacting under duress later. You can use those estimates to decide whether you want to make the repairs now or to frame the discussion

after buyers have obtained their own inspection, says Oakland real estate agent and columnist Dian Hymer.

Your agent may recommend an inspector, or you can find one by visiting [www.ashi.org](http://www.ashi.org) or [www.nahi.org](http://www.nahi.org). A reputable inspector won't offer to repair the problems he identifies.

**Offer a home warranty.** Also known as a home-service contract, it assures buyers that any cost to repair or replace home systems or appliances (except for a co-pay or service fee, typically \$50) will be covered for a year after they buy your property. An extra benefit: If something breaks prior to your home's sale, the warranty covers your cost, too. Home-service contracts typically cost from \$450 to \$500.

Your agent may recommend or represent a provider, or you can shop on your own. To learn more and find providers, visit [www.homeservicecontract.org](http://www.homeservicecontract.org). All else being equal, look for a home-service contract with the fewest exclusions or limitations.

While advertising a home-service contract upfront is the norm in many markets, Vucich recommended that Andy and Nicole hold it back as a bargaining chip in case a potential source of dispute turned up in the buyer's inspection. "That way, they avoided giving away \$500 before they even started," she says.

### Happy Ending

On the flip side, Andy and Nicole knew that Seattle was also a buyer's market. After shopping via the Internet, the couple selected seven homes that Andy visited while on a business trip. The prize? A 2,900-square-foot home with four bedrooms and two and a half bathrooms that had been on the market for almost seven months. The sellers originally listed it at \$795,000 but had dropped the price to \$695,000. As a result of negotiation and pressure when inspection-related issues arose, Andy and Nicole ended up getting the house for \$683,000. They also got a rebate of \$2,500 from the commission of their buyer's agent, who hoped to entice them to call it a day.