

The Home Selling Guide

**Presented by Rob Gerhart
e-PRO, GRI, REALTOR®
Member NAR, PAR, MCAR, CRS**



Pre-Listing Packet

I look forward to speaking with you about the future sale of your home. I am confident you will feel that the programs I outline for you will provide you with the greatest possibility of selling your home for the *highest price in the shortest period of time with the least amount of hassles.*

I have enclosed a number of useful documents about the home-selling process and the benefits I can offer you. I look forward to speaking with you, getting your home sold, and helping you, you're friends and your family with all of your real estate goals.

Sincerely,

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Pre-Listing Packet

My 10+ Customer Service Commitment

As the REALTOR[®] you have chosen to exclusively represent you in the purchase of your new home, I promise that I will:

1. Service to the Clients During the Listing

Keep all aspects of the transaction confidential.

Treat clients and their representative with respect and cooperation.

Respond to every client call or e-mail within one business day.

Solicit management assistance if a problem develops.

2. Marketing Services Include

A written marketing plan listing all websites where the listing will be posted.

A written advertising and open house schedule.

A written comparable market analysis that includes current listings, recent sales, plus expired or withdrawn listings.

A complete document package that includes estimated closing costs, agency forms, disclosure forms, and an exclusive listing agreement.

3. Processing the Listing

Complete the full listing packet and turn it in for processing within 24 hours.

Coordinate sign and lock-box placement.

Post listing to MLS as soon as seller approves pictures and description.

Post listing to company and personal websites, and to Realtor.com including multiple color pictures and a detailed description.

4. Servicing the Listing

Call or e-mail sellers each week with a complete update regarding that week's showing and marketing activities.

Call or e-mail sellers after all open houses to share feedback.



Send “Just listed” cards to neighboring areas.

Send open house invitations to target area.

The first week of each month, meet with seller to review and update marketing plan, update the comparable sales data, and discuss positioning with respect to price.

5. Service to Clients During Offer Negotiations

When possible, present all offers and counteroffers in person.

While an offer is being negotiated, call or e-mail sellers daily to keep them informed, even if there is no resolution of the negotiation.

Provide appropriate originals and/or copies of all documents for managerial review as soon as practical and in compliance with the law.

Assist with financing alternatives.

6. Service to Clients While the Property is Under Contract

In compliance with the purchase contract, instruct the closing agent to open and draw documents. Ask closing agent to keep current with all transaction activity.

Monitor transaction for timely completion of all contingencies including, but not limited to, deposits, inspections, and loan contingencies.

Arrange for the buyers’ inspection appointments.

If necessary, assist sellers in obtaining estimates for termite and other inspection work.

Monitor status of buyer’s loan and report to sellers

Assist sellers in complying with local ordinances that may require installation of smoke detectors, water conservation devices, ect.

Follow progress of reconveyance deeds and beneficiary statements

Monitor progress of buyers’ fire and/or flood insurance

Anticipate and assist in solving any special problems associated with the sale of the property.

Coordinate closing logistics including final closing appointment and moving arrangements.



Monitor buyer's deposit of funds and signing of all final documents.

Personal inform sellers when the property has closed/recorded.

On moving day, transfer keys and garage door openers from sellers to buyers.

Follow up with sellers to make sure they have received all final documentation.

Referrals are essential to my business, which is why I will work hard for you to earn your respect so you may refer me to your friends and family in the future.

I look forward to selling your home and fulfilling my service pledge!

Pre-Listing Packet So Many Decisions

There is so much to think about when selling your home:

- Is it a buyers' market or a sellers' market?
- How can I price my home so that it sells quickly?
- What marketing strategies are effective and will sell my home quickly?
- What's this thing called "curb appeal?"
- What should I do to have my home in top-selling condition?
- How much should I fix? How much should I leave as-is?
- How much of a hassle is involved in showing my home?
- Should I try to sell my home all by myself? Or should I use an agent?
- What about all the paperwork and legalities?
- What about my next home? Should I buy or rent?
- And more!

I Can Help!

I am more than happy to answer any of your questions. Please put a check next to any of the above that you want to discuss.

Pre-Listing Packet Benefits of Using an Agent

Time is Money

How much is your time worth? \$_____ per hour. If you don't use a real estate professional, expect to spend *at least* 100 hours selling your home – assuming there are no problems! Considering your work, family, and personal commitments, is that the best use of your time?

It's a Big Deal

Selling (and buying) a home is a big deal. Most people don't sell more than two homes in their lifetime, so it's not something they develop expertise in. There are ever-changing laws, ethical practices and practical considerations that you don't want to learn on your own through trial and error or relying on a book or information off the Internet. It's just not worth the risk.

I Can Help!

My goal is to give you a 10+ experience!

What Benefits I provide to you:	Because...
1. Consult with you on how to get your home in top-selling condition.	We want to WOW prospective buyers during the first 30 days that your home is on the market.
2. Give you up-to-date information on what's happening in the marketplace.	Having up-to-date market information helps us strategize.
3. Provide you with information on competing properties; e.g. list price versus actual <i>SOLD</i> price, financing terms, condition and more.	The fair market value of your home is determined by what competing properties are selling for right now.
4. Market your home to other real estate agents and the public using research-based marketing strategies.	There is a misconception that advertising sells real estate. Research conducted by the <i>National Association of REALTORS®</i> shows that 41% of homebuyers first learned about the home they purchased from an agent; only 7% from a newspaper ad.
5. Help you objectively evaluate and negotiate every buyer's offer without compromising your position.	An offer is just the beginning of a process of appraisals, inspections and financing – a lot of possible pitfalls. I can help you write a legally binding win-win contract that is more likely to make it through the process.
6. Help you close on the sale of your home.	The paperwork alone is overwhelming and it is not unusual for questions or unexpected problems to occur during closing (settlement).



Pre-Listing Packet Seven Real Estate Truths

1. Having an agent represent you has its advantages:

Professional representation... I am your personal representative and I'm required by law to represent your best interests to the best of my ability.

Personal specialist... it's similar to hiring an accountant to help you file income taxes or a mechanic to fix your car. If you had the time to master those specialties, you would be doing your own taxes and fixing your car. But who has that sort of time? Besides, most people will sell only two homes in their lifetime – two real estate transactions in a lifetime will not turn anyone into a real estate specialist.

Objectivity... my job is to point out all the pros and cons for all the decisions you will be making throughout the home-selling process. I will even tell you things you may not want to hear because as your agent, I want you to make informed decisions, not emotionally-based decisions.

Convenience... these days, it's nearly impossible to sell a home all by yourself without it turning into a part-time job.

2. Not all real estate professionals are REALTORS®. Only licensed real estate agents who are members of the *National Association of REALTORS®* can call themselves REALTORS®. REALTORS® are committed to treat all parties honestly – they subscribe to a strict code of conduct and are required to maintain a high level of real estate standards. It is to your advantage to work with a REALTOR® because of the training and standards this professional designation requires.

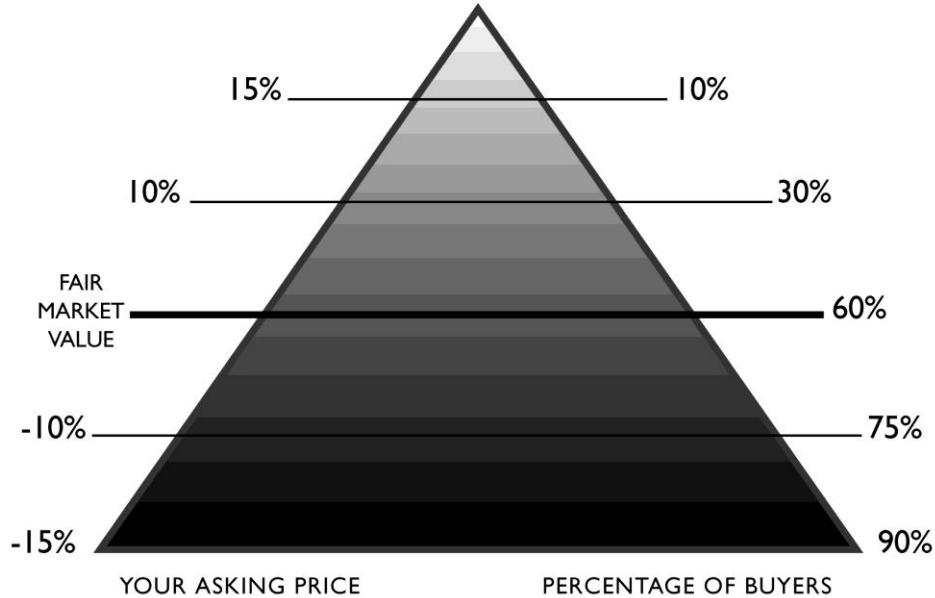
3. The price of your home should be based on the price of sold properties in your area rather than the list price of properties now on the market – this is how we establish your home’s *fair market value*.

If it’s priced OVER its fair market value it will...

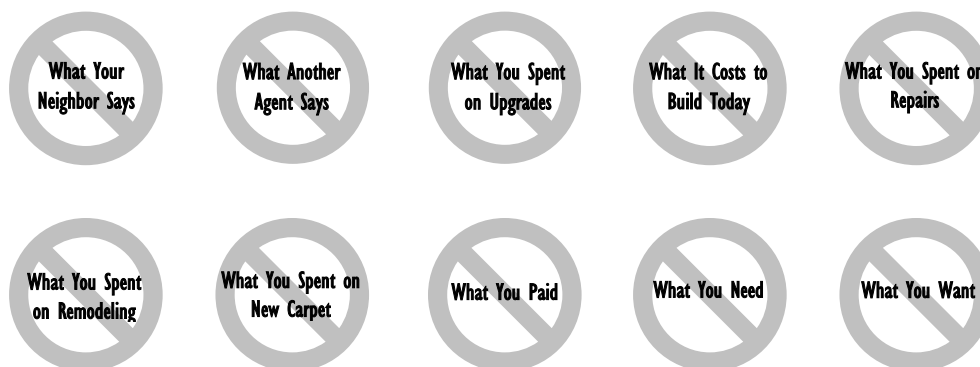
- Not attract as many buyers because they’ll think it’s out of their price range.
- Take longer to sell.
- Make competing properties look good.
- Become “shopworn.”
- Be overpriced in everyone’s minds (agents and buyers) and they tend not to forget.
- Cause you to lose valuable time and miss out on buying your dream home.
- Cause advertising dollars and marketing efforts to be wasted.
- Cause negotiations to stall.
- Cause appraisal problems.
- End up selling below market value in order to make up for all of the above.

4. Research conducted by the *National Association of REALTORS*® shows that more buyers purchase their properties at fair market value – not above it. The percentage of buyers increases even more when the price drops below *fair market value*.

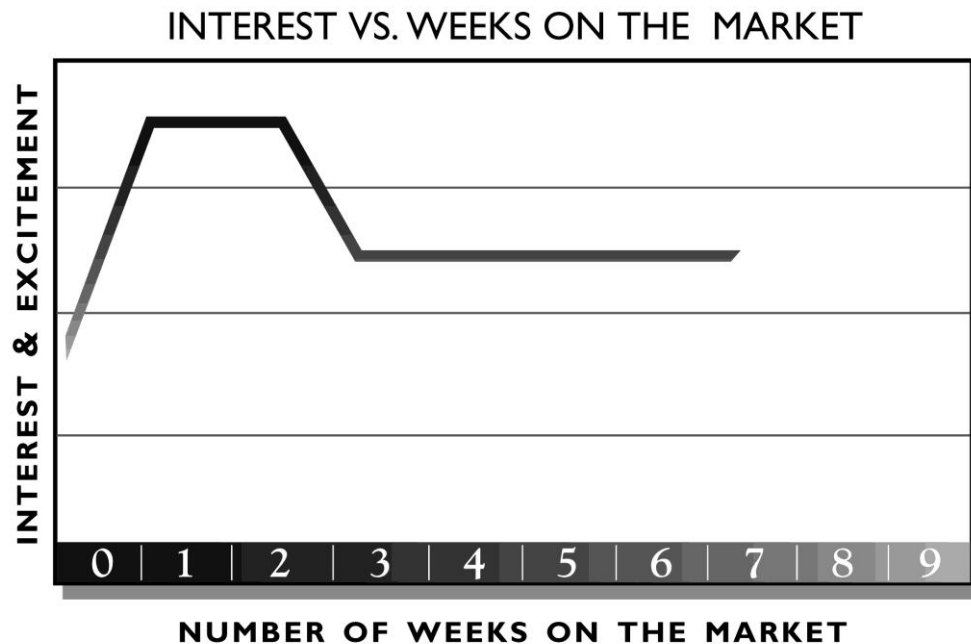
THE TRIANGLE
ASKING PRICE VS. PERCENTAGE OF BUYERS THAT VIEW THE PROPERTY



5. The fair market value of your home is determined by the market – that is, what today’s buyers are willing to pay. Buyers are comparing your home to other homes now on the market. They don’t care about:



6. Your home generates the most interest in the real estate community and among potential buyers during the first 30 days it is on the market. If it is not properly priced during this time, we miss out on this peak level of interest:



7. Ads are not very effective for selling real estate. Data compiled in 2006 by the *National Association of REALTORS*[®] showed that buyers first learned about the home they purchased from:

Real estate agent	36%	Builder	6%
Internet	29%	Knew the seller	2%
Yard Sign	15%	Home book or magazine	1%
Newspaper ad	5%	Friend, relative, or neighbor	6%

Pre-Listing Packet

Ten Steps to Selling Your Home

- 1. Define your goals, wants, needs and expectations.** A good place to begin is by exploring your short and long term goals in life and how selling your home fits in. I will walk through a process I use to thoroughly understand my client's goals, wants and needs to ensure that your expectations are met.
- 2. Determine the best price for what's going on in the market right now.** We assess the current state of the market and what comparable homes are actually selling for by reviewing a *Comparative Market Analysis* (CMA) on your home. That way, we can objectively determine its *fair market value* and price it right.
- 3. Prepare your property so that it is in top-selling condition.** Most of us don't keep our homes in top-selling condition. I will work with you to help you see things from a buyer's point of view. I will consult with you on what to repair, replace or remove so that your home makes a GREAT first impression.
- 4. Implement time-proven, research-based marketing strategies.** Your home will be marketed with a 10 point marketing plan that has the highest potential for bringing not only the most buyers, but also the most qualified buyers to your doorstep.
- 5. Show your property.** Always keep your home in top-selling condition. When you leave for work, make sure that your home remains in top-selling condition. You know what they say about first impressions!
- 6. Receive an offer.** When a buyer decides to buy your home, an offer will be presented. I will advise you on the offer and whether the buyer is qualified to purchase your home.
- 7. Negotiate to sell.** Most offers require some level of negotiation. We will work together to decide your parameter and I will negotiate on your behalf.
- 8. Have your home appraised and inspected.** Once you have accepted an offer, I will work with the buyer's agent to coordinate an appraisal, inspections and a survey (if required). If the buyer requires that certain repairs be made on your home, I will continue to negotiate on your behalf and recommend vendors so we move successfully from contract to closing.
- 9. Prepare for closing.** A few days before closing (also known as settlement), I will contact the title company and the buyer's agent to ensure that all the necessary forms and documents have been prepared. I will meet with you to review the closing documents and let you know what additional forms and information you need to bring to the closing meeting.
- 10. Close!** At the closing meeting, ownership of your property is legally transferred to the buyer. I will be present to advise you and ensure that everything goes according to plan.

Pre-Listing Packet About Keller Williams Realty

We judge people by the company they keep!

Keller Williams was founded in 1983, when most real estate companies were going out of business. Today, there are 400+ offices in the United States and Canada – and we’re still growing!

At Keller Williams, our culture is important. Our core beliefs are based upon WI4C2T.

	Our Belief	Your Benefit
W	Win-win...or no deal.	You will get the best possible price in the shortest possible amount of time.
I	Integrity...do the right thing.	You are represented by an agent who is ethical at all times.
C	Commitment...in all things.	You have an agent who keeps all promises to give you a 10+ experience in selling your home.
C	Communication...seek first to understand.	Before we implement any marketing strategies or enter into any agreements, your wants and needs will be thoroughly analyzed.
C	Creativity...ideas before results.	Your house will be marketed using a creative 10 Point Marketing Plan.
C	Customers...always come first.	You are pledged a 10+ Customer Service Commitment that promises an exceptional experience.
T	Teamwork...together everyone achieves more.	We will work together to decide the best strategies for selling your home for the best possible price, in the shortest amount of time.
T	Trust...starts with honesty.	You are represented by an agent who is honest with you at all times.
S	Success...results through people.	At Keller Williams, our offices support each other. For you, this ensures a smooth transaction.

We are led by these visionaries:



Gary Keller
Co-Founder

“We believe we have found the essential formula for success in the real estate industry.”



Mo Anderson
Chief Executive Officer

“At the center of all our platforms is one thing – the consumer.”



Mark Willis
President

“When you help others succeed, you succeed. It’s all about creating a win-win for your clients and team.”



Dave Jenks
Keller Williams University Dean

“It’s truth...it’s doing the right thing...it’s impacting other people’s lives.”



Pre-Listing Packet About Me

Qualifications	Occupation
<ul style="list-style-type: none">▪ Graduate North Penn High School▪ Graduate Schlicher Kratz Real Estate School▪ Licensed Real Estate Salesperson, Pennsylvania▪ Member National Association of Realtors▪ Member Pennsylvania Association of Realtors▪ Member Montgomery County Association of Realtors▪ Member Council of Residential Specialists▪ Graduate of Realtor Institute (GRI)▪ Internet Certified Specialist (e-PRO)	<ul style="list-style-type: none">▪ Prior to joining Keller Williams Real Estate, I was a Job Superintendent with TH Properties. I have supervised the construction of hundreds of local homes.▪ I went into real estate because I enjoy working with people. I also enjoy the challenge of running my own business.▪ I chose a career at Keller Williams Realty because the agents are partners in the business. They get a share in the profits, they have a say in the decisions, but more importantly, they are empowered to do whatever it takes to serve their client.
Recreation	Dreams
<ul style="list-style-type: none">▪ In my free time I enjoy reading and history, however my true passion is travel.	<ul style="list-style-type: none">▪ To positively impact the world on a daily basis.

Honesty · Integrity · Excellence

My Mission:

To help the people I work with achieve their dreams. I will accomplish this by consistently providing unparalleled customer service and the highest level of dedication by adhering to my core values of honest, integrity, and excellence.



Rob Gerhart has earned his GRI designation.

Why Choose a REALTOR® With a GRI designation?

Buying property is a complex and stressful task. In fact, it's often the biggest single investment you will make in your lifetime. At the same time, real estate transactions have become increasingly complicated.

New technology, laws, procedures and the increasing sophistication of buyers and sellers require real estate practitioners to perform at an ever-increasing level of professionalism.

So it's more important than ever that you work with an agent who has a keen understanding of the real estate business. The GRI program has helped the best and the brightest in the industry achieve that level of understanding.

GRIs are:

- Nationally recognized as top performers in the real estate industry
- Professionally trained
- Knowledgeable
- Dedicated to bringing you quality service

A GRI can make a difference

When you see the letters "GRI" after an agent's name, you can count on receiving the knowledge and guidance you need to make your transaction go smoothly. In short, you can count on getting the best service available from a real estate professional.

Don't you deserve the best?



Rob is also an e-PRO

What is an e-PRO— and why should you use one?

A short guide for the Internet consumer

When you're on the Internet, you don't have time to waste on endless searches for useful real estate information. You want to get things done quickly and without hassle. So chances are you'd like a real estate agent who

- Answers e-mail promptly and professionally.
- Respects your on-line privacy.
- Offers home listings and other Internet tools to help you find or market a home.

Enter the e-PRO.

An e-PRO is a REALTOR® who has successfully completed the e-PRO training program for real estate professionals. Endorsed by the National Association of REALTORS®, the e-PRO course teaches professionals the nuts and bolts of working with real estate on-line: Web sites, e-mail, on-line tools, and most of all, what today's consumer really wants.

What does all this mean to you? There are several benefits of working with a certified Internet professional.

More privacy

Are you reluctant to give out contact information through the Web for fear of being pestered or spammed? e-PROs understand. They've learned the Web isn't just a place to do business; you need information from someone you can trust.

That's why e-PROs respect your privacy. They respond quickly to your questions, but don't send you unwanted communication. And they protect your personal information.

Less hassle

Tired of struggling to find information? e-PROs are more likely to have access to the latest Internet utilities, making your life easier. The result: you get more information, more easily. With electronic files, you have less paperwork to deal with. And since your agent uses e-mail, you can even eliminate phone tag. The e-PRO streamlines your entire transaction, from showing to closing.

Less expense

An e-PRO's access to advanced technology can save you considerable expense. You have more tools to find or market your home, so you're likely to get a better price. With on-line home tours, you reduce in-person showings— and the costs involved. And by using e-mail, you save money on long-distance calls and fax charges.

Relocating? An e-PRO is ideal for you. With the tools to do your research electronically, you can make a decision on a home the first day you're in town—or without traveling at all. You and your family can save on travel costs. And after you've decided to buy, monitoring the sale by e-mail saves you even more.

SOLD

Should you use an e-PRO? Yes—especially if you're an Internet user. In this fast-paced age, technology has become a necessity. An e-PRO is someone who has recognized and responded to the needs of the new consumer. If you choose an e-PRO, it's a safe bet you'll get the kind of service you want—and need.

Preparing Your Home For Sale

With a little effort on your part, your home can be sold more quickly and at a better price. The following tips have proved invaluable to owners and are worth your special attention:

Preparation For Showing:

1. First impressions are lasting! The front door greets the prospect. Make sure it is fresh, clean, and paint the trim.
2. Keep lawn trimmed and edged, and the yard free of refuse. Reseed the lawn and fertilize if necessary, weed the gardens, and add mulch. Deep green grass makes a lasting impression. In winter, be sure snow and ice is removed from walks and steps.
3. Decorate for a quick sale. Faded walls and worn woodwork reduce appeal. Why try to tell the prospect how your home could look, when you can show him by redecorating? A quicker sale at a higher price will result. An investment in neutral new kitchen wallpaper will pay dividends.
4. Let the sun shine in. Open draperies and curtains and let the prospect see how cheerful your home can be. (Dark rooms do not appeal)
5. Do the windows and window screens work well and look good? Have the windows spotless.
6. Are the appliances operating properly and sparkling?
7. Fix the faucet! Dripping water discolors sinks and suggests faulty plumbing.
8. Repairs can make a big difference. Loose knobs, sticking doors and windows, warped cabinet drawers and other minor flaws detract from home value. Have them fixed.
9. From top to bottom. Display the full value of your attic, basement and other utility space by removing all unnecessary articles. Brighten dark, dull basements by painting walls and adding brighter light bulbs.
10. Safety first. Keep stairways clear. Avoid cluttered appearances and possible injuries.
11. Pack excess linens and clothing to make closets look bigger. Neat, well-ordered closets show the space is ample.
12. Bathrooms help sell homes. Check and repair grout in bathtubs and showers. Make this room sparkle. Don't let the Handy Man add gobs of caulking when grout is what you need.
13. Arrange bedrooms neatly. Remove excess furniture. Use attractive bedspreads and fresh looking window coverings.
14. Have I removed or mentioned to my realtor any attached items that are not included, such as

- special chandeliers, shelving or garden plants?
15. Am I familiar with similar homes on the market that I may be competing against?
 16. Have I asked my realtor for a list of ways I can improve the “marketability” of my home without wasting time and money?
 17. Can you see the light? Illumination is like a welcome sign. The potential buyer will feel a glowing evening when you turn on all your lights for an evening inspection.
 18. Am I ready to disclose any structural defects such as roof, foundation or wiring problems?
 19. Have I started looking for my new home? Do I know what I want in another home?
 20. What do I need to do to prepare for my upcoming move?

Showing The House:

1. Whenever possible leave your house for showings, if not, follow the tips below.
 2. Three's a crowd. Avoid having too many people present during showings. The potential buyer will feel like an intruder and will hurry through the house.
 3. Music is mellow. But not when showing a house. Turn off the blaring radio or television. Let the your agent and buyer talk, free of disturbances.
 4. Pets underfoot? Keep them out of the way--preferably out of the house.
 5. Silence is golden. Be courteous but don't force conversation with the potential buyer. He wants to inspect your house--not to pay a social call.
 6. Be it ever so humble. Never apologize for the appearance of your home. After all, it has been lived in. Let the trained agent answer any objections. This is his/her job.
 7. Remain in the background. The agent knows the buyer's requirements and can better emphasize the features of your home when you don't tag along. You will be called if needed. Allow the buyers to take "psychological possession."
 8. Why put the cart before the horse? Trying to dispose of furniture and furnishings to the potential buyer before he has purchased the house often loses a sale.
 9. A word to the wise. Let your Realtor discuss price, terms, possession and other factors with the customer. They are eminently qualified to bring negotiations to a favorable conclusion.
 10. Use Keller Williams Realty. We ask that you show your home to prospective customers only by appointment through this office. Your cooperation will be appreciated and will help us close the sale more quickly.
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Understanding Agency

It's important to understand what legal responsibilities your real estate salesperson has to you and to other parties in the transactions. Ask your salesperson to explain what type of agency relationship you have with him or her and with the brokerage company.

1. **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.

2. **Subagent**. A subagent owes the same fiduciary duties to the agent's principal as the agent does. Subagency usually arises when a cooperating sales associate from another brokerage, who is not representing the buyer as a buyer's representative or operating in a nonagency relationship, 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.

3. **Buyer's representative** (also known as a buyer's agent). A real estate licensee who 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 by a commission split with the listing broker.

4. **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 the 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.

5. **Designated agent** (also called, among other things, appointed agency). 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.

6. **Nonagency relationship** (called, among other things, a transaction broker or facilitator). Some states permit a real estate licensee to have a type of nonagency 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 nonagency relationship are less than the complete, traditional fiduciary duties of an agency relationship.

10 Ways to Make Your House More Salable

1. Get rid of clutter. Throw out or file stacks of newspapers and magazines. Pack away most of your small decorative items. Store out-of-season clothing to make closets seem roomier. Clean out the garage.
2. Wash your windows and screens to let more light into the interior.
3. Keep everything extra clean. Wash fingerprints from light switch plates. Mop and wax floors. Clean the stove and refrigerator. A clean house makes a better first impression and convinces buyers that the home has been well cared for.
4. Get rid of smells. Clean carpeting and drapes to eliminate cooking odors, smoke, and pet smells. Open the windows.
5. Put higher wattage bulbs in light sockets to make rooms seem brighter, especially basements and other dark rooms. Replace any burnt-out bulbs.
6. Make minor repairs that can create a bad impression. 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, trim the bushes, and edge the walks. Put a pot or two of bright flowers near the entryway.
8. Patch holes in your driveway and reapply sealant, if applicable.
9. Clean your gutters.
10. Polish your front doorknob and door numbers.

5 Ways to Speed Up Your Sale

1. Price it right. Set a price at the lower end of your property's realistic price range.
2. Get your house market-ready for 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 on the spur of the moment, but the more often someone can see your home, the sooner you'll find a seller.
4. Be ready for 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, be prepared to lower your asking price.

7 Steps to Preparing for an Open House

1. Hire a cleaning service. A spotlessly clean home is essential; dirt will turn off a prospect faster than anything.
2. Mow your lawn, and be sure toys and yard equipment are put away.
3. Serve cookies, coffee, and soft drinks. It creates a welcoming touch. But be sure the kitchen has been cleaned up; use disposable cups so the sink doesn't fill up.
4. Lock up your valuables, jewelry, and money. Although the real estate salesperson will be on site during the open house, it's impossible to watch everyone all the time.
5. Turn on all the lights. Even in the daytime, incandescent lights add sparkle.
6. Send your pets to a neighbor or take them outside. If that's not possible, crate them or confine them to one room (a basement or bath), and let the salesperson know where to find them.
7. Leave. It's awkward for prospective buyers to look in your closets and express their opinions of your home with you there.

10 Ways to Make Your Home Irresistible at an Open House

1. Put fresh or silk flowers in principal rooms for a touch of color.
2. Add a new shower curtain, fresh towels, and new guest soaps to every bath.
3. Set out potpourri or fresh baked goods for a homey smell.
4. Set the table with pretty dishes and candles.
5. Buy a fresh doormat with a clever saying.
6. Take one or two major pieces of furniture out of every room to create a sense of spaciousness.
7. Put away kitchen appliances and personal bathroom items to give the illusion of more counter space.
8. Lay a fire in the fireplace. Or put a basket of flowers there if it's not in use.
9. Depersonalize the rooms by putting away family photos, mementos, and distinctive artwork.
10. Turn on the sprinklers for 30 minutes to make the lawn sparkle.

7 Terms to Watch for in a Purchase Contract

1. **The closing date.** See if the date the buyer wants to take title is reasonable for you.
2. **Date of possession.** See if the date the buyer wants to move in is reasonable for you.
3. **The earnest money.** Look for the largest earnest-money deposit possible; since it is forfeited if the buyer backs out, a large deposit is usually a good indication of a sincere buyer.
4. **Fixtures and personal property.** Check the list of items that the buyer expects to remain with the property and be sure it's acceptable.
5. **Repairs.** Determine what the requested repairs will cost and whether you're willing to do the work or would rather lower the price by that amount.
6. **Contingencies.** See what other factors the buyer wants met before the contract is final—inspections, selling a home, obtaining a mortgage, review of the contract by an attorney. Set time limits on contingencies so that they won't drag on and keep your sale from becoming final.
7. **The contract expiration date.** See how long you have to make a decision on the offer.

Moving Tips for Sellers

1. Give your forwarding address to the post office, usually two to four weeks ahead of the move.
2. Notify your credit card companies, magazine subscriptions, and bank of the change of address.
3. Develop a list of friends, relatives, and business colleagues who need to be notified of the move.
4. Arrange to have utilities disconnected at your old home and connected at your new one.
5. Cancel the newspaper.
6. Check insurance coverage for moved items. Usually movers only cover what they pack.
7. Clean out appliances and prepare them for moving, if applicable.
8. 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.
9. Check with your condo or co-op about restrictions on using the elevator or particular exits.
10. Have a "first open" box with the things you'll need most—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:

1. Get copies of medical and dental records and prescriptions for your family and your pets.
2. Get copies of children's school records for transfer.
3. Ask friends for introductions to anyone they know in your new neighborhood.
4. Consider special car needs for pets when traveling.
5. Let a friend or relative know your route.
6. Carry traveler's checks or an ATM card for ready cash until you can open a bank account.
7. Empty your safety deposit box.
8. Put plants in boxes with holes for air circulation if you're moving in cold weather.

6 Items to Have on Hand for the New Owners

1. Owner's manuals for items left in the house.
2. Warranties for any items left in the house.
3. A list of local service providers—the best dry cleaner, yard service, etc.
4. Garage door opener.
5. Extra sets of house keys.
6. Code to burglar alarm and phone number of monitoring service if not discontinued.

20 Low-Cost Ways to Spruce Up Your Home

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

1. Trim bushes so they don't block windows and cut down on light.
2. Buy a new doormat.
3. Put a pot of bright flowers (or a small evergreen in winter) on your porch.
4. Put new doorknobs on your doors.
5. Put a fresh coating on your driveway.
6. Edge the grass around walks and trees.
7. Keep your garden tools out of site.
8. Be sure kids put away their toys.
9. Buy a new mailbox.
10. Upgrade the outside lighting.
11. Use warm, incandescent light bulbs for a homey feel.
12. Polish or replace your house numbers.
13. Clean your gutters.
14. Put out potpourri or burn scented candles.
15. Buy new pillows for the sofa.
16. Buy a flowering plant and put it in a window you pass by frequently.
17. Make a centerpiece for your table with fruit or artificial flowers.
18. Replace heavy curtains with sheer ones that let in more light.
19. Buy new towels.
20. Put a seasonal wreath on your door.

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 is true with 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 this:

1. Take the purchase price of the home: This is the sale price, not the amount of money you actually contributed at closing.
2. Add adjustments:
 - Cost of the purchase—including transfer fees, attorney fees, inspections, but not points you paid on your mortgage.
 - Cost of sale—including inspections, attorney's fee, 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. The total of this is the adjusted cost basis of your home.
4. Subtract this adjusted cost basis from the amount you sell your home for. This is 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.

Also note that as of 2003, you also may qualify for this exemption if you meet what the IRS calls “unforeseen circumstances,” such as job loss, divorce, or family medical emergency.



Remodeling That Pays

Upgrading your home is always appealing, but which enhancements really get you a good return for your money when it's time to sell? The 2003 Cost vs. Value Report by *Remodeling* magazine and REALTOR® Magazine has the answer.

	2003	2002	Variance
Bathroom Remodel			
Midrange	89.3%	87.5%	1.8%
Upscale	92.6	91.0	1.6
Bathroom Addition			
Midrange	95.0	94.2	0.08
Upscale	84.3	81.4	2.9
Major Kitchen Remodel			
Midrange	74.9	66.6	8.3
Upscale	79.6	79.8	-0.2
Master Suite			
Midrange	76.4	75.1	1.3
Upscale	76.9	76.8	0.1
Family Room			
Midrange	80.6	79.5	1.1
Deck			
Midrange	104.2	N/A*	N/A*
Basement Remodel			
Midrange	79.3	78.7	0.6
Siding Replacement			
Midrange	98.1	79.1	19.0
Window Replacement			
Midrange	84.8	73.8	11
Upscale	87.0	77.0	10
Attic Bedroom			
Midrange	92.8	N/A*	N/A*



12 Tips for Hiring a Remodeling Contractor

1. Get at least three written estimates.
2. Get references and call to check on the work. If possible, go by and visit earlier jobs.
3. Check with the local Chamber of Commerce or Better Business Bureau for complaints.
4. Be sure that the contract states exactly what is to be done and how change orders will be handled.
5. Make as small a downpayment 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. Be sure 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 do parts.
9. Get the contractor to indemnify you if work does not meet 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 materials used meet your specifications.
12. Don't make the final payment until you're satisfied with the work.



Pre-Listing Packet Real Estate Glossary

Acceptance: the date when both parties, seller and buyer, have agreed to and completed signing and/or initialing the contract.

Adjustable Rate Mortgage: a mortgage that permits the lender to adjust the mortgage's interest rate periodically on the basis of changes in a specified index. Interest rates may move up or down, as market conditions change.

Amortized Loan: a loan that is paid in equal installments during its term.

Appraisal: an estimate of real estate value, usually issued to standards of FHA, VA and FHMA. Recent comparable sales in the neighborhood is the most important factor in determining value

Appreciation: an increase in the value of a property due to changes in market conditions or other causes. The opposite of depreciation.

Assumable Mortgage: purchaser takes ownership to real estate encumbered by an existing mortgage and assumes responsibility as the guarantor for the unpaid balance of the mortgage.

Bill of Sale: document used to transfer title (ownership) of PERSONAL property.

Cloud on Title: any condition that affects the clear title to real property.

Consideration: anything of value to induce another to enter into a contract, i.e., money, services, a promise.

Deed: a written instrument, which when properly executed and delivered, conveys title to real property.

Discount Points: a loan fee charged by a lender of FHA, VA or conventional loans to increase the yield on the investment. One point = 1% of the loan amount.

Easement: the right to use the land of another.

Encumbrance: anything that burdens (limits) the title to property, such as a lien, easement, or restriction of any kind.

Equity: the value of real estate over and above the liens against it. It is obtained by subtracting the total liens from the value.

Escrow Payment: that portion of a mortgagor's monthly payment held in trust by the lender to pay for taxes, hazard insurance and other items as they become due.

Pre-Listing Packet Real Estate Glossary (continued)

Fannie Mae: nickname for *Federal National Mortgage Corporation* (FNMA), a tax-paying corporation created by congress to support the secondary mortgages insured by FHA or guaranteed by VA, as well as conventional loans.

Federal Housing Administration (FHA): an agency of the *U.S. Department of Housing and Urban Development* (HUD). Its main activity is the insuring of residential mortgage loans made by private lenders. The FHA sets standards for construction and underwriting but does not lend money or plan or construct housing.

FHA Insured Mortgage: a mortgage under which the *Federal Housing Administration* insures loans made, according to its regulations.

Fixed Rate Mortgage: a loan that fixes the interest rate at a prescribed rate for the duration of the loan.

Foreclosure: procedure whereby property pledged as security for a debt is sold to pay the debt in the event of default.

Freddie Mac: nickname for *Federal Home Loan Mortgage Corporation* (FHLMC), a federally controlled and operated corporation to support the secondary mortgage market. It purchases and sells residential conventional home mortgages.

Graduated Payment Mortgage: any loan where the borrower pays a portion of the interest due each month during the first few years of the loan. The payment increases gradually during the first few years to the amount necessary to fully amortize the loan during its life.

Lease Purchase Agreement: buyer makes a deposit for future purchases of a property with the right to lease property in the interim.

Lease with Option: a contract, which gives one the right to lease property at a certain sum with the option to purchase at a future date.

Loan to Value Ratio (LTV): the ratio of the mortgage loan principal (amount borrowed) to the property's appraised value (selling price). Example – on a \$100,000 home, with a mortgage loan principal of \$80,000 the loan to value ratio is 80%.

Mortgage: a legal document that pledges a property to the lender as security for payment of a debt.

Mortgage Insurance Premium (MIP): the amount paid by a mortgagor for mortgage insurance. This insurance protects the investor from possible loss in the event of a borrower's default on a loan.



Pre-Listing Packet Real Estate Glossary (continued)

Note: a written promise to pay a certain amount of money.

Origination Fee: a fee paid to a lender for services provided when granting a loan, usually a percentage of the face amount of the loan.

Private Mortgage Insurance (PMI): see *Mortgage Insurance Premium*.

Second Mortgage / Second Deed of Trust / Junior Mortgage / Junior Lien: an additional loan imposed on a property with a first mortgage. Generally, a higher interest rate and shorter term than a “first” mortgage.

Settlement Statement (HUD-1): a financial statement rendered to the buyer and seller at the time of transfer of ownership, giving an account of all funds received or expended.

Severalty Ownership: ownership by one person only. Sole ownership.

Tenancy In Common: ownership by two or more persons who hold an undivided interest without right of survivorship. (In event of the death of one owner, his/her share will pass to his/her heirs.

Title Insurance: an insurance policy that protects the insured (buyer or lender) against loss arising from defects in the title.