

# HOW TO SELL YOUR HOME

To sell your home, you'll need more than ads and signs. You need a Sales Associate who will work as your Trusted Advisor, Skilled Negotiator and Expert Facilitator<sup>SM</sup>. Your GMAC Real Estate Premier Service Sales Associate can offer you just that. First and foremost their goal as your representative is to:

- **Obtain the best possible price for your home**
- **Negotiate the most favorable terms**
- **Secure a buyer in the shortest period of time**
- **Relieve you of the stress and inconvenience that often occurs in selling a home**

## Five Critical Elements of a Sale

### 1. Asking Price

*This is the number one factor in the sale of your home.* The actual market value is determined by what a buyer is willing to pay. Through my research, I will assist you in determining the most appropriate sales price. Our customized sales and marketing program will then target exposure to a large segment of potential buyers.

### 2. Property Location

*The second most important factor in the buyer's mind is location.* The proximity to area amenities and schools is typically a concern. In addition, street traffic, proximity to expressways and public transportation are considerations.

### 3. Property Condition

*Buyers consider the structural and mechanical integrity of your home as well as the upkeep and cosmetic appeal.* Neutral décor, including floor and wall coverings, appliances and fixtures, offers the broadest appeal to potential buyers.

### 4. Market Conditions

*Interest rates, competition from other properties, the economy and consumer confidence* all influence the sale of your home. Each of these factors is beyond our control, so we must respond to these conditions with the appropriate marketing and price considerations.

### 5. Contract Terms

*The terms of the sale can make or break a contract.* House sale contingencies, closing dates and exclusions of accessories or fixtures should always be handled clearly up front in order to avoid any confusion that could affect the sale.

### 6. Marketing

*When marketing and advertising are done correctly, your home will sell more quickly and command a higher price.* But every property is unique and the marketing plan should be designed to target those buyers most likely to want your home. Special attention should be paid to the most popular sources buyers use to find the homes they purchase.

## **Making it easier on yourself**

Your GMAC Real Estate Sales Associate can help you sell your home more quickly and easily by:

- Helping you set the right price on your home to attract the right buyers and the sales professionals who work with them.
- Gathering data that will present your house and neighborhood in the best light
- Targeting the market where the most likely buyers will be.
- Handling calls from people who may be more curious than serious about buying
- Showing your home to the best prospects
- Accessing an established local network and the GMAC Global Relocation Services
- Representing you during the offer process.
- Doing the necessary paperwork and legwork.
- Guiding you through settlement.

## **Starting with you**

Before the yard sign goes up, you and your Sales Associate must do some homework — and it makes all the difference. We'll combine your knowledge of your home with the expertise of your Premier Service Sales Associate to make sure we attract the best buyer.

### ***Gather the facts***

Buyers want to know details; having the answers is a powerful sales tool. Your Sales Associate will ask you lots of questions and with the answers you provide to these questions, create a customized listing and marketing plan that targets the right buyer.

Help your sales professional by collecting or providing the following information:

- The legal description of the property.
- The number of rooms and their sizes.
- A list of things not attached to the house that you're offering for sale, such as window treatments, carpet, fixtures, swing sets, etc.
- Past utility bills, property taxes and insurance.
- Information about your mortgage including the type, terms and assumability.
- Financing assistance, potentially through your own lender.
- Any liens against the property.
- If you live in a condominium or townhouse, include a copy of the association's declaration, bylaws, and financial statement, monthly fees and special assessments.
- Special items or improvements about the house. (Point out things that may not be apparent on a walk-through.)
- The positive points about your neighborhood, such as demographic information and proximity to services, shopping, schools and other areas.
- Any defects that aren't apparent. (Most states require a seller disclosure be completed by seller listing these defects.)

## **Setting the price**

Before you set an asking price for your home, your GMAC Real Estate sales Associate will complete a Home Market Analysis. Using this process, you will establish a realistic and ambitious listing price and increase the percentage of qualified buyers who look at your property. When setting a realistic fair market value of your home, you'll want to consider a few points:

- Don't base your asking price simply on what you paid for the home. You may be asking too little or too much.
- Determine how much time you have in which to sell your home. If you must sell quickly, your sales professional may suggest a more competitive price or offer more favorable terms.
- Your Sales Associate will provide you with recent sales of comparable homes in your area, as well as homes currently available in your price range that will be your competition.
- Don't take a chance by pricing your home too high! It will just make your competition look better. You will lose a large pool of eligible buyers who may not even look at your home because it's out of their price range.
- Your GMAC Real Estate Sales Associate will counsel you on what you can do to maximize the value of your home, making it even more appealing to buyers.

### **Merchandising your home**

As you prepare your home to be shown to prospective buyers, you must look at your home through a buyer's eyes. Your GMAC Real Estate Sales Associate can help you spot the little things that buyers will notice — things they might otherwise use to try to negotiate a lower price. Ask your Sales Associate for the brochures about how to prepare your home for sale. Here's a sample:

- Unclutter all areas of your home to create an impression of spaciousness.
- Clean everything thoroughly. Ask a friend to help you assess your efforts — especially in sensitive areas such as odor removal.
- Neutralize your home by making any improvements in neutral colors that appeal to any decorating scheme. Your Sales Associate has helpful decorating information available — ask for tips from him or her.

### ***In the yard***

- Keep the lawn well-trimmed and edged. Keep shrubs and trees trimmed.
- Put away lawn equipment, toys and other outdoor items. Stack firewood neatly.
- Repair and paint or stain fences.
- Check exterior surfaces. Make repairs, clean or paint as needed.
- Clean, paint and repair or realign gutters.
- Fix broken windows and screens, then wash.
- Wash down the exterior of the house, driveways and sidewalks. Fix holes in pavement.
- Check the roof and repair loose shingles or flashing.
- Make sure the entry light and doorbell work. Replace house numbers and welcome mat as needed. Paint, stain or clean the door if needed.
- Brighten your landscaping with moveable, potted flowers.

### ***In the home***

- Discard all unused items to reduce clutter.
- Arrange clothes neatly in closets. Limit storage on the floor and overhead shelves.
- Leave kitchen countertops as clear as possible. Clean and organize cupboard interiors.
- Check walls for smudges, chipped paint and torn or loose wallpaper. Make repairs and paint surfaces in neutral colors.
- Clean and organize the basement, attic and garage. Launder window treatments and carpets.
- Replace worn, stained or smelly carpeting.
- Tighten loose doorknobs, switch plates, cabinets, drawer pulls and the like.
- Fix sticking doors and windows, and squeaking floors and steps.
- Fix leaky faucets, and remove water stains.
- Repair or clean caulking on tubs and sinks.
- Replace all lights with higher wattage bulbs and open all drapes.
- Arrange furniture to give an impression of spaciousness in each room.

## **Showing your home**

Your sales professional will try to give you as much advance notice as possible for a showing, but always be ready to show your home.

- Ask your Sales Associate if you should have an open house, usually scheduled for a weekend afternoon.
- Use a lockbox, provided by your Sales Associate, on your door to allow licensed Sales Associates to show your home when you're not there.
- Take the name and number of all drop-in buyers and refer them to your Sales Associate.

### ***When your home is to be shown***

- Turn on all your lights, including the outside entrance, even during the daytime.
- Turn off the TV.
- Take your pets with you or ask a friend to keep pets, especially during an open house.
- Put out fresh flowers, your best towels, a nice tablecloth and other accessories.
- Try to leave when the Sales Associate brings a buyer over, so the buyer feels free to ask questions or to linger. If you stay, be polite, but let the sales professional handle the questions – unless you are asked.

### **An offer to buy**

- Carefully review the offer to purchase submitted by the buyer. Attorney representation is common in many areas and you may wish to consult an attorney to assist in this review. The offer tells you the price the buyer is willing to pay and under what conditions. This offer is the most important document of the sale. Once you and the buyer sign it, it becomes the contract of sale.
- Ask your Sales Associate if you will be present when the offer is presented. In some areas this is customary; in others, your sales professional acts as your representative.

### ***Your options***

- Accept the terms with no changes and sign the offer.
- Make a counteroffer to the buyer by making some changes. Many counteroffers may take place before the final agreement is signed.
- Reject the offer entirely.
- Sign a binder, if applicable in your state. The binder is a more detailed contract that sets forth the major terms and is signed by both parties.
- Once you've signed an offer, you may accept a backup offer if the buyer clearly understands the house is under contract.

### ***Price***

- Decide on a price. Your sales professional can estimate your proceeds — the sale price minus fees, taxes and insurance.
- Don't be concerned if the offer is your asking price. It doesn't mean you underpriced your home, but rather that you priced it right.
- If the price is less than you wanted, look at the contract as a whole. Perhaps the buyer is assuming some of the closing expenses you expected to pay. Consider possession and financing terms, as well.
- Consider splitting the difference if you and the buyer are within a few thousand dollars of each other. Remember time on the market is an additional expense.

### ***Earnest money***

- An earnest money deposit will be held by a third party until an agreement is reached or there is a closing between you and the buyer. At that time, the money is usually credited to the buyer and applied to the down payment. Until you accept his or her offer, the buyer may withdraw the offer and get the earnest money back. On the other hand, if the buyer fails to

follow through with the contract once it's accepted, you may be entitled to the earnest money.

### ***Property title***

As part of the contract process, you must prove to the buyer that you have a clear title on the house — that you own the property, and there are no legal claims against it. Through a title search, proof is provided.

- The insurance company may search the title through the owner's policy of title insurance. Either the buyer's insurance company or your own may conduct this, depending on the buyer's reference of company.
- The abstract of title is a condensed history of a title to a property and a certification by the abstractor that the history is complete and accurate.
- The certificate of title is reviewed by an attorney who searches the title and issues an opinion that the title is clear.
- In some parts of the country, the Torrens system is used as a means of registering property. At closing, the duplicate Torrens certificate of title is turned over to the buyer.

### ***Property deed***

- Be prepared to convey the property with a deed — a legal document that transfers the title (or ownership rights) of the property to the new owner. Most buyers will require a general warranty deed, in which you guarantee that no one will bring a claim against the title.

### ***Conditions***

- Review the contract for the special conditions under which the buyer is offering to buy your home. A common condition is one in which the purchase of your home is contingent on the buyer selling his or her old home. The conditions may also be more specific, such as asking you to provide a survey of the property.

### ***Provisions***

- Read the fine print in your contract to understand the provisions (or ground rules) of who pays for what in the context of the sale. For instance, the contract should explain who is responsible if there's damage to the house after the contract is signed. The responsible party will want to insure the property through the transition. You or the buyer may add special provisions to the standard ones.

### ***Sale specifics***

- Double-check the list of everything you intend to sell that is included in the contract and make sure it is accurate. This list may include items such as fixtures, window treatments or appliances.

### ***Closing and possession***

- Depending on the area, either the buyer or seller will arrange the settlement and select the settlement agent. The person who handles the closing may be a broker, lender, title insurance company, escrow company or attorney.
- The closing will take place at a mutually convenient time and place, usually within a period of 30 to 60 days.
- Look over any terms in the contract that state when the buyer will take possession. If you aren't moved out by that date, the contract stipulates what will happen.
- Your sales professional or attorney can help you prepare any paperwork that the contract has called for you to supply, such as the title insurance or a survey.
- Expect the buyer's lender to send an appraiser and a surveyor to check your home.
- Notify your lender that you will be paying off the mortgage and ask for a statement of what you owe. Your outstanding balance will be subtracted from the amount you'd receive from the seller. (Any penalty for paying off the mortgage early will also be subtracted.)

- Have fix-up work done according to the contract so that final inspections may take place.
- Gather all warranties and instruction books for your home's appliances or major systems to give to the buyer.
- Once you have a closing date, notify the utility, telephone, water, trash and other services to advise them of your final billing date. Utility companies should make final meter readings on the day of closing.

### ***Preparing For The Closing***

- Prior to closing, your buyer will want to make a final inspection (or walk-through) to see that the home is still in good condition.
- Ask your settlement agent for a copy of the closing costs before closing. This document is known as the closing statement or settlement sheet and will contain most of the charges you'd be asked to pay.
- You may pay a loan discount fee or service fee. This fee — or points — is a percent of the mortgage amount and charged by the lender to adjust yield to reflect current market interest rates. For VA guaranteed loans, the seller pays the points. Otherwise, they're a negotiable item.
- Depending on your area and your negotiations, you might pay for charges related to the title such as title insurance or attorney's fees.
- The buyer will likely pay the fee for recording the mortgage, while you may be asked to pay the transfer fee and the deed recording fee. Other fees, such as settlement agent fees, document preparation, notary services or warranty coverage, are charged for preparation of closing. Discuss which fees you will be responsible for with your sales professional.
- Typically, you as the seller will pay the commission to the listing broker. If two brokers are involved, the fee is divided between them. Your listing agreement will spell this out.
- After the balance you owe on your mortgage is subtracted from your proceeds, as well as any early payment penalties if applicable, you also may pay a small charge to have the title cleared.
- You will typically be responsible for paying your prorated share of property taxes and hazard insurance until the date of settlement. If these charges have been paid from an escrow account, you may still have money in your account. Or, if the charges have already been paid in advance, you may receive money back from your lender.

### ***The Closing***

- Closing may involve more than one settlement activity: closing the property transaction, the buyer's loan and possibly your mortgage.
- Depending on your local customs, you may attend a closing meeting. An escrow agent may complete the entire transaction. Or, you may be part of group meetings in which you, the buyer, your sales professionals, attorneys, the lender's representatives and the settlement agent meet together or separately.
- Any issues or questions should be resolved by this time so that both parties can simply review and sign each document.
- You will sign over the deed to the buyer to convey the title to the property. You should also review the final version of the settlement statement to be sure it is in order.

Finally — it's the moment you've waited for! At the settlement meeting shortly thereafter, you'll turn over the keys to your house — and be given a check you can take right to the bank.

## Terms to know

**Abstract of title:** A history of ownership of a property and any documents that affect the title during that ownership.

**Appraisal:** An opinion by a licensed real estate appraiser about the fair market value of a home.

**Broker:** A person who has a real estate broker's license, who not only makes real estate transactions for others in exchange for a fee (or other consideration), but who may also operate a real estate business and employ sales professionals and other brokers.

**Buyer pool:** The entire market of prospective home buyers in a specific area or looking for a type of home.

**Clear or marketable title:** A title that does not have any liens or claims against it that would keep it from being transferred, put the buyer in a position to sue for property rights or be obligated for claims.

**Closing or settlement:** The date that the buyer and seller exchange funds and property.

**Deed:** The legal document that is used to transfer the title from one owner to another.

**Earnest money:** Money deposited by a potential buyer to show his or her seriousness about buying.

**Equity:** The amount of ownership that one has in a home. Equity is the sale price minus selling costs and the remaining mortgage principal.

**Exclusive right-to-sell contract:** A listing contract whereby the real estate broker has sole right to sell and receives a commission, regardless of who produces the buyer.

**General warranty deed:** The type of deed considered to provide the most protection to an owner, since the seller guarantees that he or she is the true owner of the property and that no claim will be brought against the property.

**Listing contract:** A contract with the broker or firm you hire to represent you in the sale of your home, according to the terms of the sale that you specify. In exchange for producing a ready, willing and able buyer for you, the sales professional is paid a commission.

**Multiple Listing Service (MLS):** A networking system, frequently on computer, in which a number of real estate firms share information about their clients' houses that are for sale.

**Offer to purchase/purchase offer/earnest money agreement/contract of purchase/deposit receipt:** A document that lists the price, conditions and terms under which the buyer is willing to purchase the property.

**Offer to purchase and acceptance/contract of sale/sales contract:** An offer of purchase that has been signed by both buyer and seller. A firm contract that outlines all details of the property transaction.

**Realtor®:** An active member of a local board of realtors. Local boards are affiliated with the National Association of Realtors.

**Title:** The right to ownership in real estate, which is transferred by a deed.

**Title search:** Checking all the records relating to the title.

**Title insurance:** Insurance, usually paid through a single premium at closing, that insures the owner against loss because of a claim against the title that was not found in the title search.

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