

SUMMARY – Anyone can sell their own home. Just be aware of the activities you need to do and don't be put-off to ask for some assistance that is readily available to you. The guide is intended to help you become familiar with what to expect, when activities need to be set in motion and how to accomplish them with the right tools and assistance.

SELL YOUR HOME YOURSELF

1. Why sell your home yourself? You will save money!

Of course you can sell your home by yourself! It merely requires some of your time and a small amount of money; a lot less money than the commission you will pay to a realtor. If you have the time and are willing to follow some simple requirements and ask questions - when needed - of readily available resources, will save you a significant amount of money and retain a significant portion of the equity you have in your home. However, there are some expenses you cannot avoid; a home inspection depending on what is required by municipality codes; and newspaper advertising, legal counseling. So compared to paying a commission out of the sale of your home and the items you'd have to pay for anyway, the standard additional costs, are almost minor (e.g. home appraisal). There is also the satisfaction of accomplishment, "I did this and saved a lot of money!"

2. The necessary information is readily available from your resources.

You already have many resources that can help you: your attorney, the bank, or Title Company when you bought your home. Let them know you want to sell your home by yourself and ask for advice. Like most professionals, they should not charge you for any consultation (even attorneys provide free short duration advice). If they are credible, they would inform you about the value of making sure the prospective buyer is pre-qualified so you don't waste time negotiating. You should get some preliminary info about the types of loans buyers' may use to purchase your home. You can also get an idea of the items (fees and legal) that will be costs incurred during the sale of your property. The title company can definitely provide the itemization of the fees, as well as the bottom line dollar amount you can expect

3. What is your home is worth? Ask your resources before specifying a price.

There are a few methods to set a price for your home. You can 1) get a professional appraisal or 2) get a realtor to provide a value based on similar properties in your area that recently sold. In either case, the value of your property is evaluated on the property size and shape, the style and size of the home, the condition of all structures (home, garage, barn), structural materials (brick or wood frame), The condition of the mechanicals (HVAC, plumbing, electrical system). And as many of us have heard, "location, locations, location," the neighborhood is important. However there is a difference between the costs: A realtor's Comparative Market Analysis (CMA) is free. A formal appraisal can run anywhere from \$300.00 to \$600.00. And also be aware that a realtor's "comparable market analysis" is not the same as a "property appraisal."

Your home must qualify for the mortgage the lender is providing to the buyer. Appraisers are professionals and certified, so be sure to retain an appraiser from a professional appraisal organization to ensure they are qualified to provide a reliable price opinion on the value of your home. Again, the Bank, your attorney, or title company can provide references. Once you contact the appraisal companies, ask about their fees. Show appraisal document to your prospective buyer, or better since it is a price credibility factor, provide to them a copy.

BEST REASONS TO SELL YOUR HOME BY YOURSELF?

... you will to save a significant amount of money by avoiding paying a real estate commission ...

Many expenses, the appraisal and inspections, are required whether or not you use a realtor ...

... the items you would have to pay for in any case, the standard additional costs, are almost minor.

... a real estate broker's involvement in marketing or selling your home is very small. Typically the seller's broker (your broker) lists your home and another broker brings a buyer to the seller's broker.

There is also the satisfaction of accomplishment, "I did this and saved a lot of money!"

... you have this guide.

A realtor can provide a “market analysis” price value of your home, it might also be called a “comparable” or the “Comp,” or it could be referred to as “run the numbers” on your home. This analysis associates the value of your home compared to the other homes in your area. These “comparable” are provided by a service called the MLS (Multiple Listing Service). Realtors will do this for free in hope that you will eventually “list” with them. Realtors want to work with you. They will not charge you until you actually sign an agreement that gives them exclusive rights to “list” your property on the MLS and this requires you to sign what’s called a Realty Agreement. While you do want to get this information for free, be candid when asking a broker for a market analysis. Inform them you are initially going to try sell your home on your own; this will give them reason to provide you with some information in hope that you will ask them for help if your efforts proves unsuccessful.

Homeowners who sell their homes themselves, are considered to be FSBOs, an acronym pronounced “fizz-bows” meaning For Sale by Owner. Some, probably most, realtors may even be helpful resources. Again because they realize you just may need them if you are not able to sell your home for the price or in the time that meet your requirements.

If you do need a realtor, shop around and ask good questions just like you would if you are hiring someone to do a job for you. Ask for a list of homes that have recently sold in your area; you want all homes in general, to see what kind and how many homes are selling in your area since it will also have those that are similar to your home. What’s important about this information is the homes currently on the market and how long it took to sell the homes or how long they have been for sale. This information will help you evaluate the price of your home relative to others and how long you may have to wait to get your home sold. However, when you compare homes be sure these homes are comparable to yours. They should have the same number of bedrooms, bathrooms, approximate size, style, and other features (e.g. garage, basement), and similar in sale prices. Ask the realtor what the average time is to sell a home in your area so you know what to expect.

There’s another resource to obtaining comparable value/price of your home and this is especially good for “off MLS” properties. These are homes that were **not** sold by a realtor and thus the information is not available through the MLS. The county recorder’s office has information of homes sold and the price they sold for.

The sale price of your home is also related to how much you have left to pay on your mortgage. Unless you are willing to pay the difference or reach an agreement with the bank, you cannot sell your home for **less** than the amount of the mortgage left to pay off. In any case, discuss this with your mortgage company because you will want to know additional facts that may help a buyer purchase your home. The price of your home is impacted by:

- How much equity you have in your home?
- How much money do you need from the sale of your home – perhaps it is for a down payment on you next home?
- Can you afford to make less and make a quicker sale?
- Could the buyer assume your mortgage?
- Will your mortgage company qualify prospective buyers?
- Could you or would you want to provide a second mortgage or a note for the buyer?

There are other factors that also impact your home’s value based when the buyer’s choses to purchase and financing options. Interest rates and the current market will impact the price. The market dictates prices based on how many houses are for sale and how many buyers are in the market at the same time. This information that should be provided when you asked for the list of homes that have recently sold in your area and if it’s not...ask.

Be objective as much as possible when pricing your home. Most homeowners are attached to their homes and the sentimental value often makes homes overpriced, which may reduce the number of offers and increase the time you will have to wait to get the home sold. However, if your home is totally paid for, or you are not in a rush to sell, you are in a much better position to get the price you want and expect. As you evaluate the appraiser’s price opinion and the comparable prices of homes in your market, settle on an average price, adding 10% or 15% for room to negotiate. Buyers will always offer a lower price – unless you are in a really hot market. Also stress that your price is lower than what would be expected in the market because you will not be paying a realtor commission

4. Preparing for the sale! The buyer sees you home before entering the house. Clean up your home and yard.

“Curb appeal” is what the buyer sees first and what you need to initially work on to ensure your home sells rapidly and for a good price. You **must** clean up and present the home as good as possible, that includes: general cleanup of the yard, power-wash the sidewalks and driveway, mow the lawn, trim bushes and add mulch around the landscaping, painting or repairing the fence, and planting seasonal flowers or hanging flower baskets and paint/refinish the front door. Of course flowers are seasonal and you should be aware that homes sell better in the summer and spring if you plan your sale for the spring or summer season. A well-kept yard creates the impression that the home is well cared for and arouses curiosity about the interior for your prospective buyer.

Clean the interior of your home. Your home needs to look clean and bright so all of the rooms are spotless as are all of the windows. Hire house cleaners if you must. It is a small investment that will create the right atmosphere and make the buyer feel comfortable. You will have to do this whether or not selling your house yourself, or using a realtor. The realtor will tell you that the home must be clean and without clutter. This includes cabinets and closets since you want the home to appear spacious with plenty of storage; you need to consider disposing, storing, or giving the clutter away. You may need to remove excess furniture. If you know the paint is old and/or carpet is very worn, consider replacing the carpet and repainting with a neutral color. Or better yet, repaint with a neutral color, have the carpet cleaned and offer the buyer compensation this way they can carpet as they choose. Proper painting can be one of the easiest and most inexpensive ways to score brownie points with your potential home buyers.

If you are considering anything more than repairing items in your home, like remodeling to replacing windows, consider the cost and return on your investment. While some professionals advised making more than the necessary repairs, most will inform you that it is not prudent since most of those costs will not be possible to recover with any increase in price to the home. So do the minimal amount of fix-up required. Those would be items that involve plumbing and electrical and safety issues. If there is any question as to what the issues are in your home, hire a professional to conduct a home inspection; this is different than a home appraisal. The home inspector informs you of items in disrepair or perhaps an actual housing code violation. This is absolutely better to find out sooner than later, and for sure if it is later than your prospective buyer. The home inspector will provide a complete list of items from electrical wiring issues to doors that stick or will not lock and help you understand which are the most significant.

5. Where or how will you find a buyer? Marketing and Advertising!

Advertising is simple. There are several inexpensive ways to do this:



- 1) Get a FOR SALE sign and conspicuously display it,
- 2) Create a flyer with a photo of your home and your contact information,
- 3) Advertise in the local printed paper
- 4) Advertise online – Craig's List
- 5) Tell your friends directly or use social media - Facebook



FOR SALE Sign - Buyers know where they want to live and may just be driving the neighborhood to see the homes in your area. You can put a sign in front of your home and at the end of the block. Of course, there are some limitations with signs. Check out your municipality since they may have restrictions. Sometimes it is worth posting a sign anyway even if it is discouraged. Display the sign **ONLY** on the weekends when the yard-sign-inspectors are less likely to encounter it. Also you should inform and ask permission of any home owner where/when you place a sign if this is not your property. You can buy signs at your home supply store or order it online printed with your contact information. A good idea, so that you are prepared and your home is ready to show the buyer (remember neat and clean?), is to have the sign indicate, "By Appointment." Keep the content on the sign simple since small print is hard to read as a car drives by. A yellow sign with bold black lettering is the best attention getting color combination.

Informational Flyer - A flyer that best describes your home. You've seen these in grocery stores and laundromats. Flyers contain the area, a photo, price and your contact information. List the best features of your home that are most interesting and differentiate it from other homes (e.g. number of bed/bath rooms, any recent remodeling (new cabinets and countertops), fireplace, pool, sun room, large lot, garage, perennials, ... , even financing information like assumable mortgage, owner financing, ...). Create the flyer on your computer at home or at the library and make the copies yourself. But your local office supply store can create many copies more inexpensively than your inkjet printer and color is always more eye catching. Place flyers near your for sale sign (get a covered tube to minimize weather impact) and at any location where community information is displayed (stores: grocery, drug, convenience), laundromat, the gym, your church, and where your work - be sure to get permission. And ask friends for help too.

Print Ad - Create a brief ad since it needs to create interest which causes the buyer to contact you. Too much information may include information that the buyer is not interested in. Include the following in your ad "**For Sale by Owner**", and, similar to the flyer, list the best features of your home that are most interesting and differentiate it from other homes. Your answering machine can help you by providing a brief description, screening potential buyers, and give you the time to prepare to discuss with the buyer any questions later. This way, you are not and they do not feel rushed, but also be prepared to respond promptly. Be sure ask the caller to leave their name and phone number. When you do respond to the caller, be positive, have notes on hand to respond to buyers questions (you may know some information, but others may be specifics that you recently learned about your home – e.g. when the HVAC was replaced). Take notes on what the buyer is most interested in (learn their needs) and always ask make appointment so they come to see your property. Ensure the ad is available every day...including Saturday and Sunday, especially if you are arranging to have an Open House.

There are many print resources besides your local paper. To find the print media in your area, do an online search using a search string similar to "**advertising, want ads, for sale, newspapers in <your city>**" where <your city> is the name of the city where you want to advertise.

Online advertising – Whatever can be accomplished with the print ad is available on the internet. In determining where to advertise on line, do a search, using "**advertising, want ads, for sale, online in <your city>**." Note that many of the print media also have an online version for advertising. Don't forget about using *YouTube, Linked-In* or *Facebook* and ask what your friends use when search to buy something online. It is amazing how fast the online community changes. Something not available today might be immensely popular 6 weeks from now.

All of this advertising could cause you to be contacted by individuals that are not buyers. Realtors may contact you and offer to help you. You know this is not for free, but don't tell them you are not interested. Listen to their offer of what they can do for you. If it is free advice or services, utilize it. However these offers are contingent upon securing their services, again, listen and remember those that present the best deal that will help you later. They could offer to assist with pricing by suggesting a price and helping you evaluate whether or not the asking price is reasonable. They may offer a lower commission, or pay advertising costs.

Sometimes they tell you they have buyers looking in your area, but be careful about signing a listing contract. They could present a buyer whether or not you list with them. Tell the realtors to contact to contact you in "X" weeks and you will certainly consider listing with them. However, despite what the realtor says this is about you having the ability to sell your home yourself. It is about gathering information and doing the work with confidence, patience and dedication.

6. Showing and presenting your home.

Allowing buyers to view you home should be done with an open house, or to by appointment. While this is not mentioned to dissuade you, never show your home alone. This is about safety and to ensure the items in your home remain in your home. Store any valuables and fragile items. Minimally inform neighbors and friends and ask them to drop by during your appointments/open house. Friendly traffic make your home look less vulnerable and more popular, which creates more interest with potential buyers.

Again, make sure your home is clean and neat. Review section four. Place an OPEN HOUSE sign where it is easily seen on your home and at the end of the block and at strategic intersections (recall considerations previously mentioned for the For Sale sign). 1) Prepare the outside and inside of your home for the best impression. 2) Open all of the drapes and blinds and turn on all of the lights, even if the sun is shining brightly, and, weather permitting, open the windows - let in the fresh air. 3) Place a vase with flowers and lit candles in various rooms. 4) Pets and children should be cared for by neighbors or friends; if not possible, have your child had out your informational flyers. 5) Consider light refreshments (e.g. water, coffee, soda, cookies and/or fresh fruit). 6) Have a sign-up sheet for name, contact information, and how they heard about your home (that way you know what is working). 7) Reduce the amount of furniture in your home and the items left on top of furniture, countertops, and shelves.

Make your home look spacious. This should be easily done; you are likely packing for your move. Reducing the items in your home allows the buyers to envision their items in your home with a few of your furnishing serving as the appropriate triggers to create that vision. If you have moved your furnishing out of the house, arrange to have a company stage your home with temporary "designer/upscale" furniture that will make your home look more inviting. This is an additional expense, but many professionals recommend staging as a very good investment since it greatly reduces the time to sell your home.

After the open house, call those that visited and certainly those that demonstrated the greatest interest. You should also respond by email and snail mail if you gathered that information – keep the potential buyers thinking about your home!

Be prepared to answer any and many questions. Obtain as much information about your home as possible – permits for remodeling and blueprints. There will be many so try to anticipate these ahead of time and disclosure laws may require you to be honest and accurate. Some will be easy and some uncomfortable for you, in any case, have an appropriate answer to keep the buyer comfortable with your answers.

- What do you like most about your home?
- Why are you selling?
- Are you offering a home warranty? (an attractive feature to buyers and can be offered with various levels of coverage)
- What is included, what is not included (e.g. appliances)?
- If you could change or improve anything about your home, what would it be?
- What is lot size, property lines, easements, square footage, taxes, association fees, ...?
- When were the roof, HVAC, water heater, windows replaced?
- Is the water supply city or well and is sewer or a septic system?
- Where your fuse box and circuit breaker box?

- When was the house built or remodeled?
- What are the utility costs at various times of the year (usually this mean winter or summer)?
- What are benefits or issues within this neighborhood (e.g. churches, public transportation, police or fire department, ...)

Buyers feel most comfortable if they are allowed to discover and discuss your home without you tagging along. Let them take their time. If they ask for a tour, *then* ask what they are interested in. Finding out their wants and needs allows you to focus your discussion without creating any pressure in selling your home. Be sincere, honest and patient and avoid being too enthusiastic or forceful. You should ask if they have an offer in mind or need for further consideration. Ask if they have questions or want to discuss the home, or if they would like some refreshments. The latter has the ability to get people to stay and talk with you more.

Have all inspection documents available for review or to give to the prospective buyers. Some of these will be required by the municipality and some the buyer may want to feel more comfortable. All of the required inspections will be required by the buyer's lender and you, the seller will pay for. The required inspections may will vary by community, age of the home and evidence that an inspection may be necessary, these include: termite, radon gas, mold, and/or lead. There are professional inspection organizations that can be found by searching the yellow-pages, online or some of your resources could provide a recommendation; be sure to ask about fees and if these are licensed inspectors and ask it include a written report. Be prepared to make the appropriate repairs if these are considered municipality code violations. Although, if the costs of repair is excessive, the seller may elect to offer a concession to the buyer to take the property in its present condition or "as-is." The seller must disclose to the buyer any that would affect the home's value or desirability. Some municipalities are exacting about disclosure, such location in a flood plain areas, structural defects or safety/health hazards in the property. Some you may not be aware of because laws may have changed since you acquired you home (buried oil tanks). You may want to have your home inspected so you know the potential problems and these do not derail you buyer or their lender and resulting in the deal falling apart.

7. A buyer made an offer! Now what?

So hear is the good news and the bad. You have your first offer! YEAH!!!! It is lower than you expected. WHAAA!!!! Don't be insulted or offended by a low offers. Thank the buyer, mention you will think it over, and you will call them. You do not have to accept a low offer. You have time to get other offers; you can make a counteroffer. However consider that many low offers, or no offers, may indicate a price adjustment. Another good problem is to have two or more similar offers at the same time. Even if these are lower than you expected, this allows you to announce that you have other offers and ask for the buyers to present a better/best offer. Keep in mind that none of the offers are binding until a contract is signed, so a qualified buyer offering a lower price is better than an unqualified buyer ("qualified" is discussed in the next section) with a higher price just as a closing date that is sooner is better than one that is later and a small or nob-refundable down-payment is better than a larger refundable down-payment.

The buyer and seller should agree on the price, earnest money, financing, and closing date. A legal expert is required to document the sale and hold any earnest money, which can be your title company, a real estate attorney, or an escrow company. A lawyer will draft the deed, review the sales contract, and represent you at the closing. Legal counsel is prudent and necessary for the protection of both the buyer and the seller.

Have all inspection documents available for review or to give to the prospective buyers. Some of these will be required by the municipality and some the buyer may want to feel more comfortable. All of the required inspections will be required by the buyer's lender and you, the seller will pay for. The required inspections may will vary by community, age of the home and evidence that an inspection may be necessary, these include: termite, radon gas, mold, and/or lead. There are professional inspection organizations that can be found by searching the yellow-pages, online or some of your resources could provide a recommendation; be sure to ask about fees and if these are licensed inspectors and ask it include a written report. Be prepared to make the appropriate repairs if these are considered municipality code violations. Although, if the costs of repair is excessive, the seller may elect to offer a concession to the buyer to take the property in its present condition or "as-is." The seller must disclose to the buyer any that would affect the home's value or desirability. Some municipalities are exacting about disclosure, such location in a flood plain areas, structural defects or safety/health hazards in the property. Some you may not be aware of because laws may have changed since you acquired you home (buried oil tanks). You may want to have your home inspected so you know the potential problems and these do not derail you buyer or their lender and resulting in the deal falling apart.

The seller must certify to the buyer the property conforms to building codes and there are no building code violations. The inspection and title search will reveal this during escrow and in some municipalities these re easily conducted online or by a trip to the

8. Do I need to be concerned about the buyer's financing?

There are many types of financing and it is constantly changing. It is possible, but not likely, that you will have an all cash offer, but more than likely, the buyer will be applying for a traditional mortgage. These are some items you should ask the prospective

buyer if they have been pre-qualified by a mortgage lender. If not, politely suggest that they do this right away. They should have already visited a lender to establish how much they can afford to purchase in a home.

Another financing option is "Seller Financing" where you are the mortgage company. If you own your home outright / "free and clear," a buyer may want you to carry a first mortgage. There are a lot of positives and negatives to these situations so seek advice. To sell your home "on contract" you would be the lender and collect monthly payments with interest. This is also called "holding the paper". Holding paper while retaining title can be called many things depending upon which part of the country you are in. It is also called bonds for title, or contracts for deed, or lease/sale contract, or land sales contract. The advantage for the buyer is a little or no down payment. This is beneficial for the seller if you do not need the full amount of the sale price paid at one time. You may be able to get a higher price for your property to sell it on contract. Closing costs are less also. You will need to have a title search performed. Have the buyer pay this fee or split the cost according to what is customary in your area. Again, you would have to verify their ability to pay by doing an employment and credit check. Find out from the buyer how much cash they have for a down payment, the maximum affordable mortgage payments, if they have another home for sale and the status of that sale. They may be hesitant providing this information. Depending upon the financial arrangements pursued, you may not need all of this info.

The buyer may want you to **carry back** a second or third mortgage for a portion of the purchase price. If you will take a 2nd mortgage (hold a note for the remaining equity) for most of the down payment, many more buyers can qualify for buying your home. The 2nd mortgage allows the buyer to pay off the equity gradually and allows you to sell with a lower down payment than a bank usually allows. This is attractive for buyers who do not have a large down payment, but the disadvantage to you is that if any legal action becomes necessary against the buyer, the 1st mortgage comes first. If you decide you want to sell your house this way be sure to do a credit check and employment check. Any commercial lender would require the same.

If you have a low interest rate on your current mortgage and it is assumable (a loan your buyer can simply take over), more buyers will be interested. This may be attractive to some buyers because they can assume your loan with no change in interest or terms. And with some older mortgages, the buyer(s) do not have to qualify for the loan. Some other advantages are there are no points and setting a convenient closing date for you and the buyers. Best of all, your home will sell more easily because buyers have a more affordable down payment. The buyer pays the difference in cash at the time of closing. One of the disadvantages though is that there may be a contingent liability if the mortgage foreclosed. The buyer can release the seller from this liability so seek legal advice before signing a sales agreement.

Many adjustable rate mortgages (ARMs) are assumable with the lender approval. On a FHA or VA "with approval" the buyer assuming the loan must prove financial qualification to the satisfaction of the lender. VA mortgages, after March 1, 1988, and FHA mortgages, after December 14, 1989, require that the lender approve the person assuming the mortgage. With a FHA insured loan or a VA guaranteed loan, interest rates are controlled by the Government and are usually lower than other types of mortgage loans. Points are frequently added cost to the seller on this type of loan.

Conventional loans are usually not assumable. Most must be paid off when the property is sold. Conventional loans are much less complicated and may be quicker to process but they usually involve a large down payment, a difficulty for some buyers.

If you are desperate to sell and you do not want to "hold paper", consider making arrangements with your mortgage company to let you pay extra points to "buy-down" the interest rate on any loan they make to your buyer. This will reduce the monthly payments for the buyer for the first few years of the loan. This makes it more affordable for them and easier for you to sell your home. You may even be able to add this cost to the price of your home so you will get it back at closing.

One more alternative way of holding paper is a "**wraparound**" or "**all-inclusive**" mortgage. You keep paying on the first mortgage while the buyer pays you and this way you always know it is current.

Ask lending institutions and stay informed about buyer assistance programs. While no longer offered, there was a recent program called the Nehemiah Down Payment Assistance Program which was a non-profit housing organization designed to assist buyers with a percentage of their down payment and closing costs on loans.

As an additional note, if you have a FHA loan that will be paid off at closing, send a written note of your intent to pay it off to your mortgage company. This will save many days interest by closing and paying off the FHA loan at closing.

If asked, let prospective buyers know you are just make suggestions regarding financial options. In all financial matters be sure to get legal advice from the professional you have chosen to consult through this process.

9. Sales Contract

A Purchase and Sale Agreements (P&S) is available on line, from office supply stores, from a realtor, and certainly your attorney will have one. In Illinois, the most familiar Real Estate contract is the *Multi-Board Residential Real Estate Contract 6.0*, also

available online. You can look up via Redfin (<http://www.redfin.com/home-buying-guide/purchase-and-sale-agreement>) and understand what you and the buyer should expect with respect to:

- Final Sales Price - price agreed upon by the buyer and seller
- Earnest Money Details - dollar amount, conditions for refunds if deal fails, and instructions for making the deposit
- Closing Date - the date the purchase will be completed
- Title Insurance Company - the buyer, generally has the right to select a title company
- Title Condition - seller will provide a clear or marketable title of ownership to the buyer
- Contingencies - conditions that must be met in order for the home purchase to be completed – example: if the buyer qualify for the loan, if the property appraises for the agreed upon price and the lender accepts that appraisal
- Addendums - additional request from the buyer to the seller that is not included in the actual P&S document – examples: who pays what at the closing, what is or is not included, repairs that will or will not be completed made, etc.

Usually a buyer presents a sales contract create by their attorney or mortgage company, but your attorney could create one if needed. The process goes like this. The buyer provides a signed offer to the seller, the seller accepts and accepts buy signing the buyer's offer, and both entities get a copy of the signed offer. Note, if you do not sign within a given amount of time the buyer's offer expires and the buyer is released from their offer. If the buyer does not deposit the money into escrow agent within a given amount of time the contract "expires" and neither is bound by the contract.

Be careful of any contingency may cause serious delays if there is not a time limit stated. Although 5 to 10 days is a reasonable duration. If you consent to contingencies that delay closing, be sure you also get an agreement that you are able to continue to advertise and show your home during that time. Your attorney should review all contract contingencies.

10. Escrow

A signed sales agreement and the deposit of the earnest money in escrow constitutes a fully execute sales agreement between the buyer and seller. Your legal agent, usually the title company, performs the following:

- Orders a new contract or deed.
- Orders a title insurance report or certificate of title.
- Ensure checks are deposited by buyer / lender.
- Secures a release of claims against your property.
- Orders new loan or assumption loan documents from the buyer's lending institution.

The title search identify all persons who have any legal right or interest in the property. This includes loans the seller has on the property, liens, or special assessments on your property. Special assessments can be items or utility charge the municipality assesses or by homeowners association. The seller you will needs pay unpaid taxes, home loans, and liens discovered prior to the finalization of the sale so the buyer can have a clear title.

11. Closing

While something could be discover and the closing postponed, the sale is completed and the following occurs:

- Documents are officially recorded at the courthouse.
- The prorated taxes are paid from the proceeds.
- The buyer and seller sign loan documents.
- The seller receives any proceeds once all of the other outstanding items are paid

As the seller you should be familiar with the fees involved in closing the sale of a home. As the seller you may be asked pay some or may pay none – but there is usually a legal limit to what the buyer can pay of the closing costs. Read all documents carefully, have an attorney review all documents before you sign and ask questions if you don't understand anything:

- Points – Points are part of the loan usually paid by the buyer, but the seller may be asked pay some or may pay none.
- Credit reports – paid by buyer. .
- Title insurance – may be paid by buyer or seller. .
- Escrow fee – may be paid by buyer or seller. .
- Deed fee – A deed is a bill of sale for real estate. Negotiable whether paid by buyer or seller. .
- Notary fee – may be paid by buyer or seller. .
- City and/or county transfer tax – Usually paid by seller. .
- Mortgage Insurance – Buyer pays for loans with down payments of less than 20 percent.

- Mailing fees – may be paid by buyer or seller. .
- Home warranty – may be paid by buyer or seller. .
- Survey – Buyer / lender may not require this, may be paid by buyer or seller.

Have an agreement on who pays which charges before you sign the sales agreement. If the seller is asked by the buyer to pay closing costs, negotiate what closing can be added to the purchase price. This can actually be good for both the seller and buyer since it allows the buyer to finance these costs and especially if they are limited on the money available for a down payment.

If the seller pay taxes in advance or prepays insurance, the excess will be refunded to the seller. Most mortgages carry an escrow account in which monies are collected in advance for tax and insurance expenses.

It is not a good idea to allow the buyer to start to move into the home before the final closing. Although If there are repairs to be made by the seller, upon reasonable notice to the seller by the buyer (perhaps 48 hours), an inspection should be scheduled to assess completion. As the seller, review the purchase contract to ensure you are complying with all agreements (maintain the property between the contract signing and the closing, making repairs etc).

What happens at this point is the buyer will go to their lender and they give them money in exchange for the trust deed on the property. The buyer gives you the money which you use to pay off your existing mortgage and you keep the remaining for yourself after paying your costs of the sale, less commission of course. The sale is now final. The agency handling the closing will provide a final written closing statement which will show how all funds were dispersed and all the fees were paid.

Record expenses in selling your home to claim on your income tax: advertising and printing, forms, cleaning bills, mailing, and refreshments.

Notify the post office of your new address. Inform the utility companies to discontinue services. Identify and leave the keys and any security codes needed by the buyer.

Questions? Contact Us
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