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10 Steps You Must Take Before You Sell Your Home

From Janet Wickell, Your Guide to Home Buying / Selling.

Essential Home Selling Preparations

The home selling process differs from state to state, but there are some important steps that you should take before you put your house on the market—all steps that protect your interests and help you get the most return from your investment.

1. Get Pre-Approved for a Home Loan

I've known sellers who signed a contract to sell their house before they knew if they were qualified to buy another. Either their financial circumstances had changed since their last purchase, and they could no longer qualify for a loan, or they weren't able to sell at a price that allowed them to buy the type of replacement house they wanted. They ended up renting or buying something that was far from ideal.

Before you decide to sell the house, get pre-approved by a lender you trust and research the housing market in the area where you wish to live so that you have a good idea how much it will take to buy a replacement.

How To Start Researching

Start looking for two types of real estate: houses that seem to match the one you'd like to buy and houses that are similar to your current home. How do the two categories compare in price? Can you handle the difference if you're planning a step up?

- Pick up free For Sale publications outside the grocery store, or wherever you find them in your town.
- Search the Internet for homes for sale in your area and read real estate ads in your local newspapers. You won't find house locations without making phone calls, but browsing the general market is a good start.

See: [Are You Pre-Approved for a Mortgage?](#) And to compare for-sale homes to your own, learn how to [Measure Residential Square Footage](#).

2. Check Your Mortgage Payoff

Call your lender to check the payoff for your current home mortgage. You'll need the figure to complete Step 6.

3. Determine How Much the House Is Worth

- Determine your home's fair market value. Real estate agents will usually help you determine value as a courtesy, but you might take it a step further and [order an appraisal](#).

4. Estimate Your Costs to Sell

- Real estate commission if you use an agency to sell.
- Advertising costs, signs, other fees if you plan to sell by owner.
- Attorney, closing agent and other professional fees.
- Excise tax for the sale.
- Prorated costs for your share of annual expenses, such as property taxes, home owner association fees, and fuel tank rentals.
- Any other fees typically paid by the seller in your area (surveys, inspections, etc.).
- Real estate agents deal with transactions every day and can give you a very close estimate of seller closing costs.

5. Determine Your Costs to Acquire a New Home

- Total your costs to acquire a new home: moving expenses, loan costs, downpayment, home inspections, title work and policy, paying fo

a new hazard insurance policy—all expenses related to buying a home. Your lender should give you a disclosure of estimated costs when you apply for pre-approval.

6. Calculate Your Estimated Proceeds

1. Deduct your mortgage payoff from your home's fair market value.
2. Deduct your costs to sell from the remainder to get an estimate of the proceeds you will be paid at closing.

Will your closing proceeds cover your costs to acquire a new home? If not, do you have cash or other funding to make up the difference?

7. Make Necessary Repairs

Make all needed repairs unless you want the house to be regarded as a fixer-upper. I'm not referring to cosmetic updates, but to items in need of repair. Anything that's obviously broken gives potential buyers a reason to submit a lower offer.

For a preview of several repair hot spots that worry buyers the most, read [Passing Your Home Inspection](#).

8. Get the House Ready to Show

Most houses need at least a little spiffing up before they are shown to potential buyers. Great curb appeal, fresh paint indoors (and sometimes out), organized closets and cabinets, sparkling clean windows and appliances, and a clutter-free atmosphere are essential if you want the house to appeal to buyers.

Read: [The Importance of Curb Appeal](#) and [Getting the House Ready for Showings](#) for more prep advice.

9. Get Psyched Up to Let People In

If you're listing with a real estate agent, she'll no doubt ask you to leave when the house is shown. Why? Because lurking sellers make buyers nervous—they don't feel comfortable inspecting the house when they feel they are intruding.

Unless there's a real reason for it, don't ask your agent to be present for all showings. That's the kiss of death for showing activity. Other agents want privacy with their buyers and they don't usually have time to work around your agent's schedule.

Make the house accessible. That means it's always ready to show. Many agents won't bother showing a house that takes 24 hours to get into.

For more about getting your home ready to show, read [Top 10 Ways to Make Buyers Hate Your House](#).

10. If you're ready to sell, move on to page 2 to learn [How To Find a Listing Agent](#).

How To Find a Listing Agent

You may decide to sell your house for sale by owner, but if you want to use an agent, pay attention as you research the market.

Research Real Estate Firms

- Which agency's ads or Web sites are the most appealing?
- Which agencies consistently feature virtual tours on their Web sites?
- Do house descriptions make you want to schedule an appointment?
- Does the agency provide multiple photos of homes? Are they of good quality?
- Which agencies advertise in multiple publications? On TV?
- Was their Web site easy to find when you searched for homes for sale in your town?
- Ask your friends for agent referrals. Have they worked with an agent who did a great job?

Once you have a list of agents, make an appointment with each one to learn more about their services. Find out if agents are willing to do a free comparative market analysis (CMA), a process that compares your home to similar homes that have sold recently. Agents use this tool to help

sellers set listing prices.

Interviewing Agents

- Ask agents to explain the marketing tactics that will be used to sell your house, including print, Web and other types of advertising (you'll already know much of this if you've done your research).
- Will the agency place your house in the Multiple Listing Service (MLS) *immediately*? Making your home available to every affiliated agent greatly increases the buyer pool.
- Find out if the agency belongs to more than one MLS. In some areas there's an overlap of popular neighborhoods, making multiple memberships important.
- What's their commission rate? How does it compare to that of other agencies that offer the same services?
- Find out how long they want you to list with them, keeping in mind that the time is usually negotiable.
- What's the average length of time it takes to sell a house in your area? What is their company's average?
- How long has the (potential) listing agent been licensed to sell real estate?
- What percentage of the agency's listings sell during the initial listing contract period?
- Buyer feedback is an important tool. If everyone makes the same negative comment, you should consider working on the problem. How often can you expect to receive buyer feedback? Weekly, twice a month, after every showing? Will the feedback be written?
- Will the agent hold an open house for other real estate agents? For buyers?
- How are showings handled? Will you receive advance notification that someone is coming? How much notice is typical? You can put restrictions on showings—certain days or times are off-limits—but that may cut down on the number of times your home is shown.
- If you have pets, make sure the agent is committed to a plan that ensures their safety. If it's a dog that bites, you will need a plan for buyer safety, too.
- Does the agency use lockboxes? Many agencies place a key inside a box that is secured to your home. Ask the agents to explain how it works.
- If your new home will be in the same area, ask the agent any questions you might have as a buyer. You may choose to use the same agent to buy and sell.

Estimating Home Selling Costs

Ask agents to give you an estimate of typical seller closing costs.

- Excise taxes.
- Attorney or other professional fees.
- How your share of property taxes for the year is calculated
- Your share of property owner association fees, etc.
- The real estate commission.
- Any other expenses that sellers are typically expected to pay for. (surveys, inspections, certifications, etc. Customs differ around the US)

Ask any other questions you think are important, but your decision to hire an agent should be based in part on a gut feeling that the two of you can work together.

Bottom Line

You don't need the biggest agency in town, the busiest agent, or the agent with the most experience. You need an agent who will market your home aggressively, to both buyers and other agents.

For details about different types of listing agreements, see [Before You Sign a Listing Agreement](#).