

Home Seller Guide



WORLD IMPACT
Real Estate



Jonathan Jeswald, PLLC.

Realtor Lic. #3348447

JonathanJeswald@gmail.com or

JonathanJeswald@jjemeraldcoast.com

Telephone: 850.830.9894

Fax: 855.710.7119

Website: www.jjemeraldcoast.com



Home Seller Guide

Things to Consider Before Selling Your Property “By Owner”

Most of us do not like to spend money unnecessarily, especially when we feel we could do the job at hand as well as the person or persons we are hiring to complete the task. It would be a good idea to consider the following questions to assess the process of handling the sale of your property yourself, before attempting to do so:

- Do you know how to determine the current market value of your home?
- Do you know how and where to advertise your home most effectively and what the costs will be?
- Did you know that each REALTOR® has access to a Multiple Listing Service (MLS), which is a database of properties listed for sale by REALTORS®. Real Estate Agents refer to MLS for prospective properties to show their clients and for comparable sales when determining value for a prospective listing. Only real estate agents have access to this information.
- Have you made arrangements for your home to be available for showing 12 hours a day, 7 days a week. If not, each hour that you do not provide this availability your home is “off the market”.
- Are you concerned about having strangers walking through your home?
- Do you know how to determine whether or not a buyer can qualify for a home?
- Are you acquainted with real estate law to write a legal and binding real estate contract?
- Do you understand the steps of an escrow and what is required of you and the buyer to complete the transaction?
- Do you know which title company, real estate attorney, termite company, inspection company and lender to hire that will provide the best service and costs to you?
- Do you have experience with resolving problems and protecting your rights in a real estate transaction?



Your home is probably your largest investment. You are the only one who can determine whether or not you should attempt to sell your home by yourself. Talk to a Realtor® before you decide. You may find that working with a professional is a lot less expensive and will get the job at hand done in a timelier and less stressful manner than attempting to do it yourself.

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Reasons to Use A Realtor® To Sell Your Home

Realtors® aren't just agents. They're professional members of the National Association of Realtors and subscribe to its strict code of ethics. Without the professional guidance and expertise of a Realtor®, selling a home can often entail many unnecessary complications.

The top reasons to work with a Realtor are:



- **An Expert guide:** Selling a home usually requires dozen of forms, reports, disclosures and other technical documents. A knowledgeable expert will help you prepare the best deal and avoid delays or costly mistakes.
- **Objective information:** Realtors provide local information on utilities, zoning, schools and more. They also have objective information about each property.
- **Property marketing power:** Property doesn't sell due to advertising alone. A large share of real estate sales comes as the result of a practitioner's contacts with previous clients, friends, family. When a property is marketed by a Realtor, you do not have to allow strangers into your home. Your Realtor will generally prescreen and accompany qualified prospects through your property.
- **Negotiation knowledge:** There are many factors up for discussion in a deal. A Realtor will look at every angle from your perspective, including crafting a purchase agreement that allows you the flexibility you need to take that next step.
- **Up-to-date experience:** Most people sell only a few homes in a lifetime, usually with quite a few years in between each sale. Even if you've done it before, laws and regulations change. Realtors handle hundreds of transactions over the course of their career.
- **Emotionally sound:** A home is so much more than four walls and a roof. And for most people, property represents the biggest purchase they'll ever make. Having a concerned, but objective, third party helps you stay focused on the issues most important to you.

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It Pays To Work With A Realtor®

Here are some ways a Realtor® can help you sell your home:

➤ **Promotion By:**

- Preparing a flyer to describe your property for public distribution.
- Posting a “For Sale” sign on your property.
- Advertising in the media. This includes MLS, flyers, local paper and home buyer magazines.

➤ **Viewing By:**

- “Open Houses” for the buying public.
- Conveniently scheduled appointments for house showings.

➤ **Networking By:**

- Neighborhood mailings.
- National relocation services.
- The Real Estate Association.
- Their personal network of clients.

➤ **Working With You By:**

- Conferring with you regarding when you want to place your home on the market.
- Establishing a sale price based on the following:
 - Research of comparable properties.
 - Considering the current local market conditions.
- Establishing your probable net proceeds.
- Advertising your home and making suggestions on what you can do to make your property more sell- able.
- Reviewing the necessary paper work with you.



➤ **Negotiating The Contract By:**

- Reviewing the contract and your obligations.
- Explaining contingencies and release clauses.
- Explaining the legal disclosure requirements.
- Explaining the ramifications of pest control inspections/reports.
- Explaining your responsibilities regarding the condition of the property.
- Examining offers closely and explaining the reasons behind a possible counter-offer.

➤ **Managing And Under Contract By:**

- Following closely the progress of the buyer’s loan and coordinating the payoff of your existing loan.
- Facilitating the appraisal process.
- Staying in constant communication with the buyer’s agent to ensure a smooth closing.
- Closely monitoring contingency removal dates and discussing these with you.
- Coordinating the details of the transaction with the escrow officer.
- Making sure you get your check and settlement documents promptly after closing.

Things to Consider when Selling Your Home

These questions will help you decide whether you're ready for a home that's larger or in a more desirable location. If you answer yes to most of the questions, you may be ready to move.

➤ **Is there equity in your current home?**

Check your annual mortgage statement or call your lender to find out how much you've paid down. Usually you don't build up much equity in the first few years of your mortgage, as monthly payments are mostly interest. But if you've owned your home for five or more years, you may have significant, unrealized gains.

➤ **Has your financial situation changed?**

If you're making more money, you may be able to afford higher mortgage payments and cover the costs of moving. If your income has decreased, you may want to consider downsizing.

➤ **Have you outgrown your neighborhood?**

The neighborhood you pick for your first home might not be the same one in which you want to settle down for good. You may have realized that you'd like to be closer to your job or live in a better school district.

➤ **Could you remodel or add on?**

Sometimes you can create a bigger home by adding a new room or building up. But if your property isn't large enough, your municipality doesn't allow it, or you're simply not interested in remodeling, then moving to a bigger home may be your best option.

➤ **How is the current housing market?**

If your market is hot, your home may sell quickly and for top dollar, but the home you buy will also be more expensive. If your market is slow, finding a buyer may take longer, but you'll have more selection and better pricing as you seek your new home. Ask your real estate professional what they see happening locally.

➤ **How are interest rates?**

Low rates help you buy "more" home, and also make it easier to find a buyer for your current place.

➤ **Is the effort and cost of maintaining your current home becoming difficult to manage?**

A Realtor® can help you decide whether a smaller house, condo, or rental would be appropriate.

Here are suggested items to take care of before listing your home for sale:

➤ **Consider a pre-sale home inspection.**

An inspector will be able to give you a good indication of the trouble areas that will stand out to potential buyers.

➤ **Organize and clean.**

Eliminate clutter and pack up your least-used items, such as large blenders and other kitchen tools, out-of-season clothes, toys, and seasonal items. Store items off-site or in boxes neatly arranged in the garage or basement. Clean the windows, carpets, walls, lighting fixtures, and baseboards to make the house shine. Hold a yard/garage sale to get rid of clutter and earn some money in the process.

➤ **Get replacement estimates.**

Do you have big-ticket items that will need to be replaced soon? Find out how much it will cost to repair an older roof or replace worn carpeting, even if you don't plan to do so. The figures will help buyers determine if they can afford the home, and they'll be handy when negotiations begin.

➤ **Add curb appeal.**

Walk out to the front of your home, close your eyes, and pretend you're a prospective buyer seeing the property for the first time. Some suggestions to add curb appeal:

- Trim bushes and branches. Make sure they don't block windows.
- Set a pot of flowers on your front porch or walkway.
- Install new matching locks and knobs on your front door.
- Repair any cracks or holes in the driveway and clean oil spots with degreaser and a steel brush.
- Edge the grass around trees and walkways.
- Clear toys and lawn tools from the yard.
- Buy a new mailbox.
- Purchase a new doormat for front door.

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Short Sales

A short sale is one where the net proceeds from the sale won't cover your total mortgage obligation and closing costs, and you don't have other sources of money to cover the deficiency. It's significantly different from a foreclosure, which is when your lender takes the title of your home through a lengthy legal process and then sells it directly. A short sale is sometimes the route sellers take to avoid foreclosure.

Preparing for a Short Sale:

- **Consider loan modification first.**
Contact your lender to see if it has programs to help you stay in your home. You may be able to refinance your loan at a lower interest rate, switch to a different payment plan to help you get caught up, or secure a temporary forbearance period.
- **Hire a qualified team.**
Find a qualified real estate agent and a real estate attorney who both specialize in short sales. Interview at least three candidates for each and look for prior short-sale experience. Find people who will advise you in your best interests. A qualified real estate professional can give you accurate pricing advice through a comparative market analysis or broker price opinion. The team will also be able to expertly market the home, negotiate complex contracts with buyers, and ease the process of working with your lender(s).
- **Prepare a short-sale package to send to your lender(s) for approval.**
You can't sell short without your lender (and any other lien holders) agreeing to the sale and releasing the lien so that the buyers can get clear title. This is another task where your team will be indispensable.
- **Gather documentation before offers come in.**
Your lender requires several documents in order to consider a short sale. This package accompanies the offer, typically including:
 - A hardship letter detailing your financial situation and why you require a short sale
 - A copy of the purchase contract and listing agreement
 - Proof of your income and assets
 - Copies of your federal income tax returns for the past two years

How to Navigate a Short Sale:

- **Be prepared for a lengthy waiting period.**
Even if you're well organized and have all the documents in place, short sales can still be a long process. Waiting for your lender's review of the short-sale package can take several weeks or even months. The length varies by lender and location, but these benchmarks can put your situation in perspective:
If you have only one mortgage, the review often takes about two months.
If you have a first and second mortgage with the same lender, the review can take about three months.
With two or more mortgages with different lenders, it can take four months or longer.
Your real estate professional and attorney, with your authorization, can work with your lender's loss mitigation department on your behalf to prepare the proper documentation and speed the process along.
- **When the bank does respond...**
it can approve the short sale, make a counteroffer, or deny the short sale. The last two actions can lengthen the process or put you back at square one.
- **Don't expect a short sale to solve your financial problems.**
Here are some post-short sale conditions to keep in mind:
Your lender may ask you to sign a promissory note agreeing to pay back the amount of your loan not paid off by the short sale. If your financial hardship is permanent and you can't pay back the balance, talk with your real estate attorney about your options. Any amount of your mortgage that is forgiven by your lender may be considered income, and you may have to pay taxes on that amount. Having a portion of your debt forgiven may have an adverse effect on your credit score. However, a short sale will generally affect your credit score less severely than foreclosure or bankruptcy.



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Capital Gains

A Special Real Estate Exemption for Capital Gains

Much like when you sell stock, you owe taxes on the difference between what you paid for the stock and how much you received from the sale. There are other considerations.

Up to \$250,000 in capital gains (\$500,000 for a married couple) on the home sale is exempt from taxation if you meet the following criteria: (1) You owned and lived in the home as your principal residence for two out of the last five years; and (2) you have not sold or exchanged another home during the two years preceding the sale. You may qualify for a reduced exclusion if you otherwise qualify but are short of the two-out-of-the-last-five-years requirement if you meet what the tax law calls “unforeseen circumstances,” such as job loss, divorce, or family medical emergency.

Calculating Gain:	
Your home's original sales price when you bought it (not what you brought to closing).	
Additional costs you paid toward the original purchase (include transfer fees, attorney fees, and inspections but not points you paid on your mortgage).	+
Cost of improvements you've made (including room additions, deck, etc. Improvements do not include repairing or replacing existing items).	+
Current selling costs (include inspections, attorney fees, real estate commission, and money you spent to fix up your home to prepare it for sale).	+
Add the above items to get your adjusted cost basis:	=
The final sale amount for your home.	
The adjusted cost basis figure from above.	-
Your capital gain:	=



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The Contract Process

- Escrow is a neutral depository for funds and documents needed to complete a real estate transaction. When a buyer and seller have signed a purchase contract, a copy of that contract along with the buyer's earnest money check are deposited into escrow. This constitutes opening of escrow and the escrow process begins and progresses as follows:
- A copy of existing deed is ordered by the escrow officer, to obtain the legal description of the property and the names of the record owners.
- The escrow officer or an assistant then orders a commitment for title insurance from the company's title department, in order to determine what will be required to close the transaction and to inform the buyer and the buyer's lender what will remain of record against the property after closing.
- Statements from the seller's existing lender and the homeowners association are ordered in order to determine the amounts needed for payoff and/or transfer at the close of escrow.
- Copies of the commitment for title insurance, covenants, conditions and restrictions and termite inspection reports are forwarded to buyer, seller and lender for their approval as received.
- Upon receipt of the buyer's loan documents from the buyer's lender, the escrow officer prepares the settlement statement (or HUD), based on the information provided by the buyer's new lender, the statements from homeowners association and payoff lenders and the purchase contract. The buyer and seller are contacted separately to schedule signing appointments for each. Buyer and seller sign separately. The buyer will deposit closing funds at the scheduled signing time unless other arrangements are previously made.
- After signing, the loan documents are returned to the buyer's lender for approval and funding. Upon receipt of the loan proceeds from the lender, the escrow officer will release the documents in the transaction for recording with the County Recorder on the agreed upon recording date. After recording, the funds are disbursed and copies of all documents are provided to Realtors®, buyers and sellers and the title insurance policies are issued to the buyer and the buyer's new lender.
- In Florida, real estate agents are authorized to write purchase contracts and escrow/title companies are authorized to complete standard documents to close a real estate transaction. As a result, attorneys are not commonly engaged in real estate closings of residential property. The real estate professionals generally involved include the real estate agents, the escrow officer and the buyer's loan officer.
- Be advised, however, that none of the above referenced professionals are allowed by law to offer legal advice. If you have a complex transaction or have questions or doubts that cannot be answered by your real estate professionals, it is important that you consult with an attorney.

Negotiating the Contract By:

- Reviewing the contract and your obligations.
- Explaining contingencies and release clauses.
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- Explaining the ramifications of pest control inspections/reports.
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Managing and Under Contract By:

- Following closely the progress of the buyer's loan and coordinating the payoff of your existing loan.
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Tips for Listing your Home

➤ **Price Your Home Right**

Your agent can research comparable sales in your area and advise you of the appropriate price range for your property.

➤ **Be Flexible on Financing Terms**

Have your agent explain what financing options are available. Flexibility on financing terms may secure a better selling price.

➤ **Time it Right**

Ask a real estate professional to determine whether the market cycle is poised to net you the most money.

➤ **Make Your Property Accessible to Buyers**

Lock boxes are a great way to make your home most accessible to agents for showing. Appointment-only showings are the most restrictive. If your lifestyle is not compatible with frequent showings, your agent will help you determine a solution to suit your needs. Remember, the easier a home is to show, the better the odds are of getting the deal you want.

➤ **Use the Latest Marketing Technology**

Make sure your agent utilizes the latest technology, such as Internet sites and social media that cater to home-buyers. In some areas, cable advertising is popular. Others use 800-number interactive voice response systems. A good agent will know where you can get the best exposure.

➤ **Stage Your Property Correctly**

Put some items in storage, create more light, play music or otherwise improve the ambience. Your agent can offer helpful advice to create the right first impression.

➤ **Remember that Selling Property is not Seasonal**

Do not base selling decisions on the seasons. Property sells year-round.

➤ **Re-Evaluate the Marketing Plan**

Re-evaluate your agent's marketing plan periodically. Make needed adjustments based on the current market and buyers.

➤ **Analyze Why You Are Not Getting Offers**

Eighty percent of all buyer activity comes from signs and MLS listings. So, if you are not getting offers and are flexible with showing your home, it may be time to re-evaluate your price, not necessarily your agent.

➤ **First Impressions are Golden**

Sales have gone south thanks to unkempt lawns, cluttered closets, unpainted front doors, hard-to-work locks, blown light bulbs, bad color, stains, unlit areas, and foul smells. Spend time on the little things. Double up on your gardening. Keep things cleaner than usual. Take serious control of your pets during this time period.

➤ **Make the Right Kind of Repairs**

Before making improvements, prior to listing, consult a real estate professional. Some upgrades will not yield any real increase in value, while others may increase property value substantially. Ask for low-cost solutions to minor repairs that will yield the best profits.

➤ **Give the Sales Process Enough Time**

Homes may take three to six months in any market. Estimate how much time you have before you need to sell and then plan ahead to allow extra time. You don't want to be forced to accept a disappointing offer.

➤ **Screen Prospects Adequately**

One of the best reasons for hiring an agent is their ability to pre-qualify a prospect financially so that you don't lose valuable negotiation time. Your agent may discover when a prospect has an ulterior motive for shopping homes.

➤ **Believe that You Can Make a Difference**

The top agents in the industry report that their sellers are responsible for at least one out of ten sales. You can network with your business and personal friends, hand out flyers, and keep your house in move-in condition. Your agent should be ready to hand you all sorts of assignments to make the team effort successful.

➤ **Test the Market**

Never put your property on the market unless you really want a sale! Get ready for a professional sales push when you list. If your plan harbors some indecision, resolve it before you list because success is every great agent's objective!



Tips for Showing Your Home

- **Clean windows make a huge difference.**
Remove window screens and place them outside on a tarp or other clean, waterproof surface. Use a garden hose, an all-purpose cleaner, and a soft brush to gently clean the screens. You don't need anything special to polish up window glass; just mix a solution of one part white vinegar to eight parts water, plus a drop or two of dishwashing liquid in a spray bottle. Wipe with newspaper to avoid streaks. (Washing on a cloudy day also reduces streaking.)
- **The fridge is the most common source of kitchen smells.**
Check the drip tray underneath your refrigerator and wash out any standing water from defrosting. Scrub the inside of the fridge with a baking soda and water solution. Activated charcoal in the fridge can help keep odors at bay.
- **Think outside the house.**
It's amazing the difference a sparkling entryway makes to your home's curb appeal. Wipe down your front door, give the doormat a good shake/vacuum, and make sure dust and dirt haven't collected on outdoor furniture. Use a pressure washer to give your driveway and garage floor a good cleaning. The acidity in dark cola drinks can help remove oil, rust, and grease stains, along with a little elbow grease.
- **Improve curb appeal.** Look at your home objectively from the street. Check the condition of the landscaping, paint, roof, shutters, front door, knocker, windows, and house number. Observe how your window treatments look from the outside. Something special—such as big flowerpots or an antique bench—can help your property stand out after a long day of house hunting.
- **Enrich with color.** Paint is cheap, but it can make a big impression. The shade doesn't have to be white or beige, but stay away from jarring pinks, oranges, and purples.
- **Upgrade the kitchen and bathrooms.** These are make-or-break rooms. Make sure they're squeaky clean and clutter-free, and update the pulls, sinks, and faucets. In a kitchen, add one cool appliance, such as an espresso maker.
- **Target the Bathroom.**
For tile floors, apply your usual cleaner and then run a wet/dry vac, which will suck contaminants out of the grout. Pour a quarter cup each of baking soda and vinegar down the drains, leaving the concoction overnight, then flush with boiling water. Clean soap scum and mildew from plastic shower curtains by tossing them into your washer on the gentle cycle in cold water, with detergent and ½ cup vinegar (if mildew is present, add ½ cup of bleach instead of vinegar). Put a couple of large towels into the machine to act as scrubbers. Allow the curtain to drip-dry on the rod.
- **Make your bed better.**
Vacuum mattresses and box springs, and then rotate and flip over. Do the same for removable furniture cushions. This is also a great time to wash or dry-clean the dust ruffle and mattress pad.
- **Wash the walls.**
Grease, smoke, and dust can adhere to walls and make even the best decorating look dingy. Resist the temptation to spot-clean since it will make the rest of the wall look dirtier. Mop walls using a general-purpose cleaner diluted with hot water. Don't press too hard, and rinse the mop head frequently in clean water. Use melamine foam cleaner to erase scuffs and stains.
- **hardwood floors.** Refinishing is costly, messy, and time-consuming, so consider screening instead. This entails a light sanding — not a full stripping of color or polyurethane — then a coat of finish.
- **Clean out and organize closets.** Remove anything you don't need. Closets should only be half-full so buyers can visualize fitting their belongings.
- **Update window treatments.** Buyers want light and views, not dated, heavy drapes. To diffuse light and add privacy, consider energy-efficient shades and blinds.
- **Hire a home inspector.** Do a preemptive strike to find and fix problems before you sell your home. Then you can show receipts to buyers, demonstrating your detailed care for their future home.

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Open Houses



Many times an open house is used to market your house to potential buyers. The open house will be scheduled on weekends and will be scheduled in advanced in order for the sellers to make arrangements to be away from the house. Below is a checklist in order to prepare your home for an open house.

- Make arrangements to be out of the house to permit the agent to do “their job.” If you are home, potential buyers feel uncomfortable as they are there to inspect your house and they may inadvertently insult you.
- Protect your pets. Keep them out of the way in a restrictive area or even out the house.
- Open all blinds and drapes to make the home light and cheerful.
- Turn on additional lights and lamps as needed.
- Remove excess clutter from the floor, tables and counter tops.
- Keep your valuables safely locked up or out of sight. Your agent can not be in all rooms and watch everyone.
- Clean the bathroom so they sparkle!
- Don't forget to make the bed and do the dishes.
- Dust and vacuum the house thoroughly.
- Remove excess toys and equipment from yards.
- Wash down your driveway and patios.
- Turn off all TVs. Very soft background music may be acceptable in some cases.
- Fresh flowers in the front yard, on the porch, and in the house can create a welcoming effect.

Chances of an Offer to Purchase

The first step of receiving an offer is to have a qualified buyer. Your Realtor will be sure that the offer is coming from a qualified buyer. The following determines a Qualified Buyer:

- **They are prequalified—or even better, preapproved—for a mortgage.**
Such buyers will be in a much better position to obtain a mortgage promptly.
- **They have enough money to make a down payment and cover closing costs.**
Ideally, buyers should have 20 percent of the home's price as a down payment and between 2 percent and 7 percent of the price to cover closing costs. If they plan to make a smaller down payment, they will need to purchase mortgage insurance, through either a government guarantee program or a private mortgage insurer. Their ability to provide earnest money in a timely fashion will be an indicator of liquid reserves.

How to Improve the Chances of an Offer

- **Price it right.** Set a price at the lower end of your property's realistic price range. Consider:
 - **Comparable properties:** A "comp" is what real estate professionals call home sales that can be reasonably used to help determine the price of your home. But just because you're in the same neighborhood doesn't mean that the houses will sell for the same amount. Your real estate professional will help you determine how to compare your home in terms of size, upkeep, and amenities.
 - **Competition:** How many other houses are for sale in your area right now? Are you competing against new homes or condos for sale in the area?
 - **Contingencies:** Do you have special needs that might turn away buyers? A common one is refusing to be flexible about a moving date.
 - **Asking a lender:** Since most buyers will need a mortgage, the home's sale price should be in line with a lender's estimate of its value.
 - **Accuracy:** Studies show homes priced more than 3 percent over the correct price take longer to sell.
- **Prepare for visitors.** Get your house market-ready at least two weeks before you begin showing it. Make all your repairs, and then do a deep clean (or hire a cleaning service to help).
- **Consider an appraisal.** For a few hundred dollars, a qualified appraiser can give you an estimate of your home's value. This is useful for sellers going through a divorce or needing to divide the proceeds for other reasons. Be sure to ask for a market-value appraisal, and find someone who understands the area and type of home you have. Your agent should be able to offer recommendations.
- **Be flexible about showings.** Spur-of-the-moment showings are disruptive, and making sure your home is constantly ready to show can be exhausting. But the more amenable you can be, the sooner you'll find a buyer.
- **Anticipate the offers.** Decide in advance the price range and terms that are acceptable. Be clear with yourself and your agent about what kind of offers you're comfortable with. It's critical to know what price you'll accept before entering negotiations with a potential buyer.
- **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 at least consider lowering your asking price.

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The Process while Under Contract

Inspections

The standard Florida Association of Realtors® purchase contract used by most real estate agents contains a provision that allows the buyer to physically inspect the property being purchased, either by himself or by a professional inspector or inspectors within the first ten days of acceptance of the contract by the seller. It is the seller's obligation to provide the buyer access to the property during this ten day inspection period for whatever inspections the buyer requires. Below is a list of common types of inspections.

Structural Pest Control

- To determine any active infestation by wood destroying organisms.
- To determine whether there is any earth to wood contact, cellulose debris or faulty grades on the property.

In the event that there are wood destroying organisms or secondary issues with regard to the property, generally these issues must be addressed prior to the close of escrow and if the termite company that did the initial report does not do the repairs, then the property must be reinspected by a termite company and a clear report deposited into escrow, prior to the close of escrow.

Physical Inspection

- This inspection can encompass inspection of the roof, plumbing, electrical, heating and any other accessible area of the property.
- A detailed report or reports will be written by the inspector or inspectors with recommendations for repairs, and same will be delivered to the buyer. Subsequently the buyer will request of the seller any repairs that the buyer wishes the seller to be responsible for, which, if the seller agrees to the repairs, would be completed prior to the close of escrow.

Other Common Inspections Might Include:

- Well and Septic
- Hazardous materials
- Chimney
- Heating and Cooling
- Survey
- Zoning and Building permit compliance
- Structural Engineering
- Appraisal (in-dept discussion of that Process follows)



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The Process while Under Contract: The Appraisal

Once you are under contract, the buyer's lender requires a licensed appraiser to make sure the purchase price is in line with the property's value.

➤ **Appraisals help guide mortgage terms.**

The appraised value of a home is an important factor in the loan underwriting process. Although lenders may use the sale price to determine the amount of the mortgage they will offer, they generally only do so when the property is sold for less than the appraisal amount. Also, the loan-to-value ratio is based on the appraised value and helps lenders figure out how much money may be borrowed to purchase the property and under what terms. If the LTV is high, the lender is more likely to require the borrower to purchase private mortgage insurance.

➤ **Appraised value is not a concrete number.**

Appraisals provide a professional opinion of value, but they aren't an exact science. Appraisals may differ quite a bit depending on when they're done and who's doing them. Changes in market conditions also can dramatically alter appraised value.

➤ **Appraised value doesn't represent the whole picture of home prices.**

There are special considerations that appraised value doesn't take into account, such as the need to sell rapidly.

➤ **Appraisers use data from the recent past.**

Appraisals are often considered somewhat backward looking, because they use sold data from comparable properties (often nicknamed "comps") to help come up with a reasonable price.

➤ **There are uses for appraised value outside of the purchase process.**

For selling purposes, appraisals are usually used to determine market value or factor into the pricing equation. But other appraisals are used to determine insurance value, replacement value, and assessed value for property tax purposes.



Home Warranty

Home Warranties are insurance policies designed to protect a seller during the listing period and a buyer for one year after the close of escrow, against repair costs for mechanical systems and major appliances. The cost of a home warranty policy is a one time fee which either the buyer or the seller can pay at the close of escrow and which is renewable annually. There are a variety of home warranty companies and plans. The plans vary according to the optional coverage chosen by the insured which might include, but not be limited to heating, air conditioning, dishwasher, washer, dryer, refrigerator, garbage disposals, and pool or pool and spa equipment.

A Few Of The Benefits Of A Home Warranty Are Listed As Follows:

- Replacement or repair of major or minor plumbing, heating or electrical problems during the policy period at a nominal service fee per incident.
- A full network of qualified technicians at your service.
- Protection of your budget against unexpected expenses for repairs or replacements of systems in your home for the first year of ownership (or subsequent years if renewed).



Home Seller Guide

Closing Costs

Although most costs involved in a real estate transaction can be negotiated between buyer and seller, there are a lot of costs that are traditionally paid by one party or the other. We have set forth below a list of these charges:

The Seller is expected to Pay:

- owner's policy of title insurance
- homeowners association fees
- real estate commissions
- escrow fees (50%)
- payoff all existing loans, liens and encumbrances, including all associated costs and fees
- termite work
- taxes due and payable or back taxes
- recording fee (50%)
- delivery fees

The Buyer can be expected to Pay:

- lenders policy of title insurance
- endorsement fees for title insurance
- escrow fees (50%)
- impounds and interest on new loan
- all new loan charges (including appraisal, origination and discount fees, document preparation, etc...).
- termite inspection fee
- hazard insurance premium for first year
- delivery fees
- homeowners association dues required by the association for future months
- recording fee (50%)

Below is a list of costs involved in a transaction that are negotiable and there is no general tradition as to which party pays them:

- Home Warranty
- Homeowners Association Transfer Fees

Mandatory Costs:

FHA AND VA regulations require the seller to pay the following fees in an FHA or VA transaction, if applicable: assignment fee, flood certification fee, bring down endorsements, document preparation fees, photo/inspection fees, tax service contract, warehousing fees, or any other loan cost or charge except the following: prepaid interest, impounds on new loan, loan origination, loan discount fees or appraisal. In addition, on a VA transaction the seller is required to pay the entire escrow fee.



Home Seller Guide

Transaction Documents

➤ **Property disclosure form**

This form requires you to reveal all known defects to your property. Your real estate agent will let you know if there is a special form required in your state.

➤ **Purchasers' access to premises agreement**

This agreement sets conditions for permitting the buyer to enter your home for activities such as measuring for draperies before you move.

➤ **Sales contract**

This is the agreement between the buyer and seller, which outlines the terms and conditions of sale. Your agent or your state's real estate department can tell you if a specific form is required.



➤ **Sales contract contingency clauses**

In addition to the contract, you may need to add one or more attachments to the contract to address special contingencies — such as the buyer's need to sell a home before purchasing.

➤ **Pre- and post-occupancy agreements**

Unless you're planning on "moving day" being on or before "closing day," you'll need an agreement on the terms and costs of occupancy once the sale closes.

➤ **Lead-based paint disclosure pamphlet**

If your home was built before 1978, you must provide this pamphlet. The buyers will also have to sign a statement indicating they received the pamphlet.

➤ **Deed**

This document officially transfers ownership of the property to the buyers or their lender.

➤ **Affidavits**

These are binding statements by either party. For example, you may end up signing an affidavit stating that you haven't incurred any liens on your home.

➤ **Riders**

These are amendments to the sales contract that affect your rights. For example, you may wish to negotiate to stay in the home for a specified period after closing, paying rent to the buyers during that period.

Home Seller Guide

Closing Costs Worksheet

Be prepared and know who's responsible for the variety of fees and expenses at the closing table.

	BUYER COST	SELLER COST	OTHER COST
Down Payment			
Loan Origination			
Points paid to receive a lower interest rate			
Home Inspection			
Appraisal			
Credit Report			
Mortgage Insurance Premium			
Escrow for homeowner's insurance			
Property tax escrow			
Deed recording			
Title insurance Policy Premiums			
Land Survey			
Notary Fees			
Home Warranty			
Proration* for your share of costs (such as utility bills and property taxes).			

*Lenders keep funds for taxes and insurance in escrow accounts as they are paid with the mortgage, then pay the insurance or taxes for you.

** Because such costs are usually paid on either a monthly or yearly basis, the buyers may have to pay a bill for services that you actually used before moving or vice versa. Proration is a way to even out bills you may have paid in advance, or that buyers may later pay for services you used.



Home Seller Guide

Q & A: Seller's Frequently Asked Questions

Question: **When do I get my proceeds check?**

- On the date of recording, you may request that your escrow officer either cut you a check for your proceeds or wire the funds directly into your bank account.

Question:

Why do I have to pay interest on my loan pay-off past the day of recording?

- Your lender continues to accrue Interest to the date that they post your loan as being paid in full. This could be one or two days from the date your escrow officer sends your pay-off check via overnight mail or wire transfer.

Question:

When do I get a refund from my impound account?

- After your escrow officer sends your pay-off check to your existing lender, you can expect to get impound account back direct from your lender within 30-60 days.
- If you have any questions after that time, I suggest calling your lender.

Question:

When do I cancel Homeowner's Insurance?

- Please do not cancel your insurance until you have confirmed that your transaction has closed.

Question:

Why does my escrow officer require that I complete a 1099 form?

- A 1099 form is the reporting form adopted by the IRS for submitting the information required by law. Under guidelines established by the IRS, sellers of real property are required to have their sales price reported on the 1099 form.

Question:

What is Statement of Information?

- Statements of information provide title companies with the information they need to distinguish the buyers and sellers of real property from others with similar names, for the issuance of title insurance at close of Escrow.
- After identifying the true buyers and sellers, title companies may disregard the judgements, liens or other matters on the public records under similar names.

Question:

I don't understand tax pro-rations. How do they work?

- Each year on January 1st, the lien of that year's property taxes attached to the land, pursuant to Florida Law. However, the lien is not due and payable until October 1st of that year for the first half of that year's bill and the second half of that year's bill is not due until March 1st of the following year.
- Pro-rations are done to reimburse the buyer for the portion of the year that the seller has owned the property and has not yet paid taxes.

Question:

What will I need to take with me to the Title Company to sign my closing documents?

- Take one of the following: Florida Driver's License, Florida ID, or Military ID



Home Seller Guide

Prepare for Your Move

Old Residence:

Preparing for the Move

- Leave Keys & Garage Door Openers
- Defrost Refrigerator
- Unplug, disassemble, clean out appliances
- Pack an "Open First" Box (Include items you'll need most, such as toilet paper, soap, trash bags, pens and paper, cups & plates, water, snacks towels, and basic toiletries).
- Pet Transportation

Change Address For:

- Bank Accounts
- Subscriptions/Magazines
- Forward Address to Post Office
- Credit Cards

Utilities (Check for Refund)

- Telephone
- Gas
- Electric
- Water
- Cable
- Garbage Pickup

Obtain Documents

- Medical Records
- Dental Records
- School Transcripts
- Veterinary Records

New Residence:

Address Change

- Ask post office to hold mail for your arrival (this can be done online usps.com or in office)
- Utilities
- Telephone
- Electric
- Gas
- Water
- Garbage pickup
- Cable

Schools, Licenses, Service

- Register Children for School
- Register to Vote
- Register Car
- Driver's License

Medical Services (if applicable)

- New Doctor
- New Dentist
- New Veterinarian

Before the property changes hands, be sure these items are transferred with the house.

- Owner's manuals and warranties for any appliances left in the house.
- Extra set of keys and other keys to the house
- Code to the security alarm (if applicable)
- List of local service providers (I provide a list when listing for the new owners).

