

Steps to Follow When Selling Your Home

Whether you have accepted a job offer in another part of the country or have decided that it is time to move to a larger (or smaller) home, you will first need to sell your home. Regardless of whether you have ever sold a home before, you will need to do some research and invest time before listing your home for sale. Doing your homework will make you a more prepared and better educated home seller. Your realtor will respect your willingness to be prepared, and buyers will be pleased to learn that they are dealing with a serious seller.

Here is a list of steps that you should follow after you have made the decision to sell. Following these steps will allow you to assess your current financial situation with regards to your home and to be better prepared for the selling process.



If You Plan to Purchase a New Home, Begin Talking to Potential Mortgage Lenders

It may seem strange that the first step in preparing to sell your home is to investigate home loans, but your financial situation has probably changed since you purchased your current home. Mortgage programs change frequently with changing interest rates and the health of the economy.

Most lenders now offer mortgage pre-approvals to homebuyers. Getting pre-approval is important, because you need to know whether you will be able to afford and be approved for a mortgage for the type of home that you are considering.

Once you have received pre-approval, you can feel secure in knowing that you will be prepared to complete a real-estate transaction of your own once your home has been sold.

Additionally, you will want to investigate “bridge loans.” Lenders offer bridge loans for individuals in situations similar to yours. The purpose is to help you to cover the expenses incurred should you need to purchase a new home before you can sell your current home. Several different types of bridge loan programs are available and your lender is the best source for additional information.

Find Out How Much You Still Owe on Your Home, if You Have an Existing Mortgage

Your lender can provide you with detailed pay-off information about your existing mortgage, including any prepayment penalties.

Research the Value of Your Home

Whether you bought your home one year ago or 30 years ago, chances are that the fair market value will not be equal to what you paid for the home. The best possible discovery that anyone selling a home can make is to find out that his or her home is now worth significantly more than the home's original purchase price. This does not apply only to those who have owned a home for a long period of time. Sometimes certain developments and geographic locations increase in popularity quite suddenly. In these areas,

sellers may be selling with the intention of taking advantage of increased demand for their property and making a tidy profit.



Even if you have opted to forego updating, you must ensure that your home is sparkling when potential buyers view it. Clean the bathrooms and kitchen daily while the home is listed for sale. Take a walk through your home with the mindset of a potential buyer and try to spot any problem areas.



Determine How Much Cash You Will Need to Purchase Your New Home

Many sellers err by failing to consider the costs of buying in addition to the costs of selling. Because you will need to pay closing costs and possibly a down payment, it is wise to have a contingency plan just in case you need to buy before your home is sold.

Add in the cost of moving-related expenses, particularly if you are relocating to a new city. Talk to your lender one more time and request a cost disclosure in order to ensure that you are not overlooking anything in your estimate.

Consider the Costs You Will Incur While Selling Your Home

Some of the costs that you will incur while selling your home appear only on the day of closing. These costs include agent commissions, a percentage of the property's annual real-estate taxes, and the excise tax imposed at the time of the sale.

Still other costs will not become apparent until well after the time of the sale. For example, a major cost associated with a home sale is the capital gains tax. This tax applies only if the sale price of the home far exceeds the value of the home, yet many sellers find themselves subject to this tax. There are very specific criteria for assessing capital gains taxes, and there are deferment options for sellers who plan to buy a home of equal or greater value within a certain amount of time following the sale.

If you anticipate facing a significant capital gains tax when your home sells, discuss your individual situation with a tax advisor or financial planner. Your real-estate agent may prove to be an excellent

asset and may be able to offer some suggestions if you are not already working with a tax advisor or financial planner.

Figure Out How Much You Will Earn When Your Home Sells

This step allows you to determine how much liability remains on your existing mortgage and how much profit you will earn. If you expect to earn a significant amount from the sale of your home, you may be able to reduce significantly the size of the mortgage that you will need to purchase your next home.

Consider Repairing and Updating Your Home

Some home improvements are free, while others are extremely costly. As a seller, you want to attract as many potential buyers as you can once the home is listed. Therefore, investing in your home's exterior appearance and landscaping may prove quite effective in drawing potential buyers through your front door.

Clean Your Home

Even if you have opted to forego updating, you must ensure that your home is sparkling when potential buyers view it. Clean the bathrooms and kitchen daily while the home is listed for sale. Take a walk through your home with the mindset of a potential buyer and try to spot any problem areas. Cluttered garages or basements are a buyer turn-off, so take some time to de-clutter them, even if that means placing some of your belongings into a temporary storage unit.

Following these simple steps will increase the chance that your home will sell quickly and without any problems. Remember that attracting potential buyers is as much your responsibility as it is your agent's responsibility. By presenting potential buyers with a home that they will want to drive by repeatedly, you are increasing your chances of receiving a great sale price.

Also, it cannot be stressed enough that you must know where you intend to live once your home is sold. Some sellers have been forced to resort to renting after their home sold, simply because they did not keep this in mind.

Your realtor can help you determine which of the above steps will work best for your particular situation. The expertise and experience of a licensed realtor will add to the benefits that you get when your home sells.