

What are Sellers' Costs?



Selling a home, very much like buying a home, can be an expensive procedure. First-time sellers often do not realize the extent of the costs that they may face. Educated sellers who have done their research are almost always able to significantly reduce the costs that they incur while selling their home.

If you are selling your home with the intention of moving to another home or relocating to another city, the first step in the selling process is the same as the first step in the buying process: contact a mortgage lender for a loan pre-approval. This step is important because there have been cases where sellers have sold their home before learning that they could not qualify for a mortgage to buy the home they wanted. In these cases, the sellers come out of the transaction unhappy and end up living in a home that is less

than what they had expected.

The next step is to carefully research the costs associated with the new home that you intend to purchase. If you plan to move to an area with a higher cost of living, you will need to evaluate affordability just like you did when you purchased your first home.

In most cases, the costs associated with obtaining a mortgage pre-approval and buying a new home cannot be avoided. Fortunately, a seller who is also a well educated buyer usually can reduce the costs that he or she incurs to purchase a new home and assume a new mortgage loan.

In addition to the costs mentioned above, here is a list of other costs commonly associated with selling a home.

Agent Costs

Choose to work with a certified realtor who has vast expertise and years of experience. The realtor fee that he or she will receive from your sale will be paid in the form of a commission at the time of the closing.

Closing Costs

The seller often assists the potential buyer by offering to pay some percentage of the closing costs. Depending on the mortgage program that the buyer has chosen to use, the amount that the seller can pay may be limited. This limit may be percentage-based or it may depend on the size of the buyer's down payment. Some Veteran's Administration (VA) mortgage programs allow the seller to pay all of the closing costs.

Closing costs are one of the most variable costs for sellers, and the only way to clearly know the amount ahead of time is say that you will pay none of the closing costs, or to impose a ceiling on the amount that you are willing to pay.

Keep in mind that when you offer to pay closing costs, the offered price for the home is usually raised. In effect, the buyer reimburses you for your contribution.

Repairs

The cost of preparing your home for sale is highly variable. If you merely clean and apply a coat of paint to the interior walls, your repair costs will be insignificant. However, if you determine that the home will sell for more with a new roof and an enclosed patio, the cost of making these modifications could be quite high.

Naturally, these are not the only possible repair costs. Home inspections often reveal problems that the seller is obligated to repair or update before the sales transaction can be finalized. Sometimes the buyer is willing to assist with these costs, but at other time the seller must bear the burden alone. Depending on the age, location and style of your home, as well as its upkeep over time, the home inspection may be favorable or unfavorable for the seller.

You can often reduce the unexpected cash outlay by getting a home inspection of your own before placing your home on the market.

Advertising Costs


When you opt to sell your home with a realtor's assistance, you avoid the expense of advertising your home for sale. However, if you opt to sell without an agent in the hopes of avoiding the agent commission, then you are responsible for all the advertising costs. These costs can be insignificant or substantial, depending on the location, the type of advertising you select, and the number of people who pass by your home daily.

A realtor will advertise your home to other realtors in the area, who will then pass along information to their clients, potential buyers. Their expertise is in successful advertising, and they will do everything possible to make sure that you are pleased with the results.


Capital Gains Tax

Capital gains taxes apply only to those sellers whose home has increased in value. The increase in value must be significant before the tax becomes a concern.

The capital gains tax does not necessarily mean that you will need to write a large check. The laws governing capital gains taxes defer payment for sellers who are going to buy a new home with an equal or greater value within a certain amount of time following the sale of their home.



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In some cases, particularly when the owner was the home's primary occupant while the property was owned, capital gains taxes do not apply. A tax advisor or governmental taxing agency can provide you with the information you need to estimate and pay any capital gains taxes that will be assessed when your home sells.

FSBO Costs

If you opt to sell your home as "For Sale by Owner" (FSBO) without a realtor, you will face many expenses during the sales process. These costs can vary significantly, depending on how you market the home, which professional(s) you select to handle your paperwork, and how of the sale you can handle on your own. Contact an FSBO expert for information about sellers' costs in FSBO transactions.

Many realtors are experienced in FSBO sales, as well as traditional sales. If you are considering selling your home FSBO, contact a realtor at any time with questions or concerns.

Hopefully this list of sellers' costs has helped you to determine the amount of cash that you will need to have on hand in order to successfully sell your home.

By selecting me a realtor to watch out for your interests and act as your seller's agent throughout the sale of your home, you can greatly decrease your expenditures. A good realtor can offer you expertise based on years of experience. He or she can also tell you where you should spend your hard-earned money and where you can save it.

You have control over many of the costs listed above, but there may be additional costs that are not included in this list. Contact your realtor and mortgage lender for more information, and even work directly with the buyer in order to make the sale of your home work for you.