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11 Steps to Selling Your Property

1. **Selling Objectives**

Selling your property is a big decision and requires a lot of preparatory work on the part of the seller. The best way to start is by writing down your motivations for selling. Are you being relocated, upsizing, downsizing, wishing to move to the country or to town. What are some of your objectives: when you want to list your property, your asking price, what do you need to do to get your property market ready (click here for checklist) and when do you need to be, or want to be out of your property.

It is always a good idea to consult your attorney and tax advisor as to the ramifications of the sale of your property. This is particularly important if you have lived in the property less than 2 years and are planning on realizing sales proceeds in excess of the current capitol gains limits.

2. **Select a Real Estate Broker**

It is always advisable to interview several brokers. Have a list of questions prepared. This is a job interview and should be treated as such. Evaluate their experience, their level of professionalism, their ability to answer difficult questions and how they will market your property. You will typically be tied to this individual for 6 months or more. You want to make sure it is a good fit for both parties (click here for Listing Agreement.)

Your interview should include a comprehensive CMA (Comparative Market Analysis.) This presentation should comprise lists of recent sold properties, active properties plus expired and withdrawn listings. Also look for statistical analysis on what is happening in your market in relation to your home. Finally, there should also be a comprehensive marketing plan. This outlines, step by step, what the broker will do to bring your property to the market place and provide sustained marketing and advertising.

During this presentation the broker will also make a price recommendation for listing your home. Remember, it is not a good practice to select the broker who recommends the highest price.

Carefully review the comparable information each broker provides and compare the CMA's to each other. Most of the properties should be the same since they are all generated from the MLS database. If you see glaring inconsistencies ask why they have included the property as this can sometimes be the reason for extreme price differences. Do not be misled into believing a broker can get more for a property than the market indicates. You may list with this individual and waste six months of marketing time before you realize this was a bad decision.

3. Seller Representation

In the State of Colorado, sellers may be represented by real estate brokers in two different ways either as a Seller's Agent or as a Transaction-Broker. There is such a close relationship between a seller and their broker that we strongly recommend selecting Seller Agency as your form of representation.

As a Transaction-Broker, the broker is working as a facilitator between the buyer and the seller. In the Seller Agency relationship the broker becomes an "advocate" for the seller. You should be aware that in the event you are working with your broker as a Seller's Agent and the broker is also working with the buyer of your property the broker automatically reverts to a Transaction-Broker or "facilitator" between the parties.

4. Pricing Strategy

Pricing is usually a seller's most challenging decision. You don't want to price the property too high and risk losing those very valuable first weeks on the market which you can never regain. Sellers are also worried about pricing their property too low and "leaving money on the table". If you have followed the steps recommended for selecting your real estate broker now is the time to rely on their expertise. They have a pulse on the market. They tend to be more objective than you are because they are not emotionally attached to the property. They also have the advantage of having seen numerous properties in your market.

It is a common mistake for sellers to set their price too high under the assumption that the buyer can always offer less. The reality is that today's buyer is very well informed and savvy about the price and values of property. They will immediately detect when a home is overpriced and may opt not to even look at it. The other risk with this strategy is that agents working with buyers will use the overpriced home as leverage when showing homes that are priced at fair market value. There are two strong indicators to determine if you have overpriced your home. 1. If you don't have any showings or 2. If you have had 10 or more showings within a 30 day timeframe and no offers.

Some other things to consider in you pricing strategy is the condition of your home, its location, its age, functional obsolescence (i.e. 2nd level master, small rooms, dated kitchen, etc.) If any of these items are inconsistent with the present market trends one of the only ways to address these issues, in lieu of a major renovation, is through your price. Again, consult your broker regarding these areas.

When considering your strategy you also want to evaluate the type of market your area is experiencing. You always want to position yourself ahead of the market. If you are in a strong upward moving seller's market you will want to price your home slightly above recent comparable sales. Your anticipation here is that appreciation will continue.

On the other hand if you are in a softening buyer's market you still want to position yourself in front of the market but it will be in the opposite direction. In this case you are going to consider the recent comparable sales but, more importantly, take a very close look at the current active listings. These are your immediate competition. If you want your property to be the next to sell you will have to strategically price your home against these active listings. You definitely do not want to make the mistake of over pricing your home in this type of market. Once you do, you inevitably try to play "catch up" with price reductions. This lengthens your days on the market and causes your property to become "stale" in the eyes of the market.

5. Property Staging

This is such an important part of marketing a property that there are actually companies that can be contracted to "stage" your property for showings. This is where "the devil is in the details" truly pays. Call it curb appeal, first impressions, etc. the more attention you pay to the way your property presents itself the more you receive at the bottom line.

We can all be "owner blind". The things we live with daily become invisible to us but can be glaring to an outside observer (buyer). Again, this is a good time to rely on the expertise of your broker. If you have selected the right person they will be very objective and constructive in their comments. Don't take the suggestions personally realize they are trying to help you get the most out of your property.

Use all of your senses when evaluating your property. What will be the buyer's first impressions? What will they see, hear and smell. These are all very strong signals and can have some dramatic subliminal impact.

Make sure your property has an inviting "hello" from curbside to front door. This is a time when less is more so clear as much from your rooms as possible to give them an open and spacious feeling. It's okay to pack things in boxes and store them neatly in one place. Buyer's know you are moving just avoid anything that looks cluttered. During the day let in as much light as possible. In the evenings, turn on lights to make a home look bright and cheerful. It is best to de-personalize your property as much as possible removing photos, trophies, etc. It allows the buyer to project themselves into the property. If it's winter and you have lovely landscaping display some summer photos of the property. A fresh coat of paint is an inexpensive fix for a fresher, cleaner look. And speaking of cleanliness, nothing can go further than attending to all of the housekeeping details prior to a showing.

It is always a good idea to have a home inspection completed on your property. This will cost you a little bit of money up front but could very well save you time and money in the long run. It is also an excellent hedge against any last minute surprises popping up when the buyer conducts their home inspection.

6. Marketing Your Home

Here is where selecting the right broker to represent your property really pays off. Now you want to refer to your broker's Marketing Plan to be sure all of the items listed are fulfilled. You will also want to agree on a timeline for the completion of each of these items. There are many ways to market your property: signage, direct mail, internet, MLS, brochures and flyers, advertising, etc. These should all be handled via your broker's Marketing Plan.

Keep in mind that when your property enters the market there are other agents representing buyers who have been waiting for new properties to be listed. If your property has been positioned correctly you should see an immediate response. We generally expect good activity within the first 2 to 3 weeks of a property entering the market. If you don't see this type of activity you need to re-evaluate your pricing and marketing strategy.

Because of this pent up demand of buyers, don't be surprised if you have an offer early in the process. These people have been waiting for a property like yours to be listed and are usually anxious to purchase it. Also, remember that your first offers are typically your best. Try to work with these buyers as you don't know when or if the next offer will come.

7. Receiving an Offer

When an offer is received it is important to remain objective. Sellers frequently react emotionally when first presented with an offer especially if it is not close to the price they have been expecting. Remember that there are a number of other factors to consider in an offer than just the price. You will want to consider the terms, inclusions, timeframes and qualifications of the buyer during your review. Rely on the expertise of your agent to help address all of the pros and cons the offer may include.

As mentioned in the previous section, statistics show that your first offers are typically your best. You will want to work with these buyers to the best of your ability. Be objective and try to treat the negotiations as a business transaction. Don't be angry or insulted by the offer, instead reflect on all of the other potential buyers who saw your home and didn't make the effort to put an offer in writing. By having a written offer it gives you a place to start towards negotiating a favorable sale. Try never to allow the negotiations to end on your side of the table.

Once an offer has been made, the seller has three options:

Accept the offer as written

Reject the offer outright

Reject the offer and make a counter offer with different conditions, terms and amounts

Should the seller make a counter offer, which is always encouraged, the buyer then has the same three options.

When all parties agree on the terms of a contract, have initialed all changes, and have signed the agreement, the contract is then in full force and binding upon all parties to the agreement subject to any contingencies. Possible contingencies include loan approval, inspections, sale of another property, and delivery of pertinent documents. Specific time limits are set for each contingency in the contract. However, a Seller may negotiate with anyone at anytime **until a contract is signed by both parties.** The seller may also accept backup offers on the property in the event the first buyer is unable to perform.

Should an offer contain a contingency on the sale of a buyer's property we strongly recommend the inclusion of a "kick out" clause. Typically 72 hours or three business days, this clause stipulates that should another party present a written offer, acceptable to the seller, the buyer in first position must either remove the sale contingency or terminate the contract. This provides protection to the seller should another willing and able party wish to purchase the property.

8. Earnest Money

The earnest money is not deposited until both parties have signed the contract. Once deposited it will be kept in a trust account of the real estate company handling the listing and not turned over to the seller. This money represents the buyer's commitment to the purchase of the property and is totally refundable if the offer is not accepted or if some condition in the contract is not satisfied (example: financing is not approved). The deposit applies in full toward the purchase price at closing if the offer is accepted and all conditions are satisfied. In the event of a buyer defaulting on the contract, it is the earnest money that is typically at jeopardy of being forfeited.

9. Contract to Closing

Once your property is under contract, the dates within the contract will govern the necessary activities until the day of closing. The majority of these dates concern actions that must be fulfilled by the buyer as part of their due diligence process. These will include title and document review, survey review, any and all inspections the buyer wishes to conduct, appraisal deadline and loan commitment deadline. On or before each of the dates listed in the contract the buyer has the opportunity to research and object to any issue they find unsatisfactory. In many cases the seller has the opportunity to attempt to correct the issue, however in some cases, as with the Inspection Objection, the buyer does have the ability to terminate the contract without forfeiting their earnest money.

10. Settlement Statement & Pre Closing

Once you are comfortably past the major contingencies in the contract you will want to begin notifying all of the necessary service providers of your move from your existing property to your new location. This will include all utility companies, telephone, trash, change of address cards, etc. If you are moving out of town don't forget to contact doctors, dentists, veterinarians for personal records to be transferred.

Several days prior to closing the Title Company will prepare a Settlement Statement itemizing all of the closing costs. This will include loan payoffs, pro-rations for taxes, homeowner's association dues, Title Company closing cost, etc. You will want to notify the title company as to where you wish the proceeds to be deposited.

11. Closing

This is the day we have all been working towards. It is not necessary for you to physically attend closing. But if you are not planning on being present advance notice and provisions must be made in order that all documents are signed and notarized in advance and have been received by the Title Company.

If you are attending the closing have your driver's license for proof of identification. You will also want to bring the keys and garage door opener to transfer to the buyer. Be sure to leave all important documentation at the property for the appliances, etc. The Title Company will want your forwarding phone number and address in order to mail the closing documents.

Congratulations on the sale of your property!

If you have any questions about these steps, please feel free to contact me:

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