



Real Estate Mortgage Title Insurance

Selling Your Home



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Because home is everything.

Welcome!

Since the days of horse and buggy, houses have been sold the same way: people travel to your house, walk around in it and decide if they want it. Those days are over!

The truth is that most of the decisions being made by potential buyers are being made on computers and phones before they ever think about visiting. Look on any real estate website and you will see the pictures. Some listing pictures include ugly photos of dirty bathrooms while some are beautiful, well-lit pictures of nicely staged homes. Which houses do you think will get the most visitors and receive the best offers?

Good media marketing used to be important because it was designed to get people into your house. That was the goal. And done properly, it worked!

Now, nobody wants to be in a parade going in and out of your house. Nobody wants to spend their weekend afternoons at crowded open houses.

To sell your house for the best outcome, your media marketing *must* be designed to give the buyer a superb in-person experience. You need to be ready to make a great, *detailed* presentation online.

9 Steps to Selling Your Home

1. Creating Your Sales Team

- Involve a Realtor early on in the process
- Communicate clearly

2. Assessing Your Home

- Use a fresh perspective to see your home through a buyer's eyes
- Evaluate the value of various improvements
- Emphasize your home's best features
- Price your home to sell

3. Preparing the Interior

- The importance of proper staging
- Prepare your home for showing

4. Preparing the Exterior

- Curb appeal
- Evaluate and prepare the house exterior
- Landscaping

5. Marketing

- Have professional pictures taken
- Design quality brochures
- Create "dollhouse" 3-D model
- Advertise on social media
- Enter property data into the MLS
- Advertise online with Zillow, Realtor.com, Trulia, etc.

6. Showings

- Open houses
- Scheduled, in-person showings
- Secure, programmable lockbox
- Final preparations

7. Receiving Offers and Negotiating

- Review offers with agent
- Analyze your net profit and terms of offers
- Negotiate offers
- Contract becomes binding once signed by both parties

8. Home Inspections and Appraisals

- Any inspections required by the contract terms are conducted by buyer
- Any repairs, costs or appraisal issues are negotiated during contingency period
- Buyer arranges financing and bank appraisal, if required
- Buyer conducts final walk-through to confirm house has remained in same condition

9. Closing

- Usually done through title company
- Required documents are signed
- Property is legally transferred and recorded
- Revenue is received by cashier's check or wire transfer

1

Creating Your Sales Team



*Involve a Realtor early on in the process and consult together often.
(It doesn't cost extra to do it that way.)*

Your real estate agent is your best ally for selling your home quickly, easily and for the greatest profit.

It is important to have a full-time professional real estate agent on your side who has spent the time, money and effort to develop the necessary skills. This is not the time to choose an agent because he or she is your best friend's sister's boyfriend's cousin or because they spend the most money advertising themselves.

Get started ASAP.

It benefits you to begin working with an agent sooner rather than later, so that you can best take advantage of their expertise when listing your home for sale. Even if you find your agent a year (or more!) before you sell, it won't cost you any more than if you started working with your agent the day before you want to be on the market. We are not paid by the hour, so use us early and often! Don't be afraid to ask questions! You have a right to know what you are paying for.

Communicate your needs clearly.

Make your expectations clear to your real estate agent at the start of your working relationship. Be sure that you have a good understanding of what they bring to the table to help you sell your home. Let your agent know what matters most: timing, profit, convenience, emotional support? Do you want to be involved in every step, just updated as necessary or have everything taken care of? Are there other people legally or emotionally involved in the sale? Is the property in a trust or estate? Good communication on both sides is the key to a successful relationship with your agent.

2

Assessing Your Home



Look at your home through a buyer's eyes.

Imagine you are a buyer and tour your home.

Your realtor can help with objectivity. What improvements are necessary in order to not detract from the house? What are some of its best features?

Select improvements carefully.

It is easy to fall victim to over-improving. Be sure to only fix or improve those things which will be a detractor or cause a problem in inspections. Any broken items should be repaired, such as doors or faucets. Are rooms too dark, or have too much color on the walls? A fresh coat of paint is one of the least expensive and most effective improvements. Neutral colors allow the buyers to imagine themselves and their furniture in the home. Unified paint and carpet colors encourage a flow from one room to the next. Your realtor should be an expert at discerning which improvements will reap the most profit in the sale of your home.

Highlight your home's best features.

Do you have an architectural feature that you need to emphasize? Every room should have a focal point. With paint and furniture arrangements, you can help bring out the most important features of each room.

Price your home to sell.

Setting the right price for your home - one that encourages a lot of interest but does not devalue your home - is an art. Savvy real estate agents spend their career learning how to best price a house for sale. This skill will help you realize the maximum profit.

3

Preparing the Interior

It's the little things that count! Don't neglect those details when preparing the inside of your home.

Staging is designed to allow buyers to see the best use of each room and to be able to imagine themselves living there. Personal items should be removed. Not only do they prevent a buyer from seeing your home as their house, personal items are a great distractor and take away from the permanent features of your home. Family pictures, religious items, nicknacks; even interesting books can pull a buyer's eye away from what is really important. And don't forget to add a green element to each room, such as plants or throw pillows. It will help to relax the buyer!

Kitchens are the most important room in the house and should be kept free of clutter. Counters should be cleared to give the impression of a large workspace and the refrigerator should be free of magnets and notes. Appliances, sinks, faucets, counters and floors should be cleaned until they sparkle. Even the interior of cupboards and refrigerator should be streamlined and straightened to give the appearance of ample storage space.

Bathrooms are also a very important feature, and probably the most important room to be clean. As with the kitchen, all faucets, sinks and tub or shower should be hotel-room clean. Prospective buyers can't imagine themselves using someone else's dirty bathroom! Invest in some new towels and a new coordinating shower curtain to pull it all together. Be sure to remove all personal items such as shampoo, soaps, lotions, etc. Sometimes even removing the trash can make the room appear less cluttered.

Bedrooms should also be staged. It is important to stage the closets as well as the rest of the bedroom. A good rule of thumb is to keep an inch between each of the hanging items, and remove stored items from the floor. Items on shelves should be neatened. It may be a good investment to replace the bedspread and curtains if they are showing wear or if they are dated.

Living spaces should be as free from clutter and personal items as possible. Furniture should be arranged to invite conversation and placed to help bring out the best features of the room. Don't forget the green element!

4

Preparing the Exterior



Strive for simple and easy-to-care-for landscaping.

Curb appeal is not just a trade buzz-word. It is extremely important, as this is the first impression that a buyer will get of your home. When pictures of homes appear in the MLS or on commercial sites such as Zillow or Realtor.com, it is almost always the exterior pictures that appear first. If buyers are not impressed by that first picture, they will pass over your listing. If they are driving by and the property is in disarray, they won't bother to see the inside.

Prepare the exterior of your home as carefully as you would the interior. Does your front door need a fresh coat of paint? Is your garage door in good shape? If the front door or garage door needs painting, it can make your whole house appear less valuable to buyers. Sometimes a few hundred dollars worth of work, like cleaning gutters or fixing doors and windows, can bring many thousands of dollars in profit. Are the windows dirty? Are there any items cluttering up your yard? Garbage cans, equipment, toys, etc. should not be visible from the street. In some situations, having the whole house painted is a worthwhile expense, especially if the paint is worn or outdated. Are there any rotten boards that need to be replaced? If there is a deck, is it cleaned and staged with deck furniture?

Landscaping is important because it is crucial to a first impression. Minimalist and simple landscaping is best. Be sure that all bushes are neatly trimmed and the lawn is mowed. Plan ahead and provide the care your lawn needs to look fresh and healthy. Buyers generally don't want to inherit a lot of weeding and yard work. Hiring a lawn care service is easiest, but a bag of fertilizer can go a long way!

5

Marketing



Marketing in today's world is more than a sign in the yard. It involves exposing your home to as many qualified buyers as possible, through a variety of venues.

Professional photography is one of the most important elements of marketing. No amount of marketing can overcome bad pictures. Pictures offer the first impression of your home and determine if a buyer will investigate further. These pictures will be entered into the local MLS and distributed to sites like Zillow, Trulia, Realtor.com and others. The photos provide the foundation for all advertising and marketing.

Quality brochures are an important first impression. If the brochure is well-made and available for passers-by on the signpost, it will keep them - and any friends or relatives - thinking about your home.

3-D models and floorplans give buyers the opportunity to understand the layout of your house. A bunch of disconnected pictures is not enough in today's online world.

Social media campaigns that target selected areas and demographics can easily reach your future buyer. This is especially helpful in advertising open houses or newly on market. Since the outbreak of the pandemic, use of social media has increased dramatically. Over 80% of Americans have a social media profile, with Facebook being the dominant platform.

Placement on the MLS and commercial sites like Zillow is important since most buyers go online for their initial searches - even before selecting an agent. Once again, photographs and the wording used in the description of your property can make or break a prospective buyer's impression.

6

Showings



You have one shot once a buyer steps into your home. It is important to make a good first impression!

At this point, your home becomes a house for sale. It is sometimes hard to make this transference, but once you see your home in this light, it will be easier to prepare it for sale.

Open houses are a chance for neighbors and casual shoppers a chance to see your home. Even if they are not interested in buying, they often tell others about it.

Scheduled, in-person showings through the MLS are the most common way for people to view your home. Your agent can schedule them as close to or far apart as desired. In- person showings allow buyers to be able to experience your house as their new possible home.

A secure, programmable lockbox allows agents to show your home only when the lockbox is programmed to allow it and records which agents have brought people into your house.

The day before showings, touch up landscaping by mowing and making sure no weeds are cropping up in the lawn or beds. Make last-minute de-cluttering inside, and do not cook anything that will smell up the house! Remove all medicines and valuables and either put them in a safe or take them with you. Clear out any ant traps, mouse traps, poisons and bug sprays unless you want the buyer to think you have a pest problem!

Before you leave on the day of showings, make sure everything in your home is put away. Make one last pass with the vacuum and wipe down all surfaces. Have the thermostat set at a comfortable temperature and leave lights on to brighten up each room. If you have pets, bring them and their beds and bowls with you.

Never be present at showings! Except in extremely rare circumstances, buyers and their agents should be allowed to view your home without being watched. Having the owner present prevents buyers from being able to imagine the home as theirs. Don't loiter near your house, either. It will make buyers uncomfortable!

7

Receiving Offers and Negotiating



Your work is done - now comes the fun part! This is the goal that preparations and marketing was designed to meet.

Review all offers with your agent. Your agent is required by law to present all offers. This can be done all at once at a designated time, or individually as they come in.

Single-offer negotiations occur when only one offer is received. In this case, you will need to maximize your profit and convenience while not causing the buyer to walk away. An agent with excellent negotiations skills is critical to your success.

Multiple-offer negotiations are also common in today's market. It is important to carefully compare competing offers. Often, the offer that looks like the best isn't as good as it looks. Other than the money, is the buyer truly qualified? Will it close on time? Are there other contingencies? In addition, many agents will publish a "highest and best" deadline for offers and then just pick the best. There is no reason to just pick an offer at the deadline. As the seller, you are in control! Negotiations with top offers can continue.

Personal letters written to you will often accompany offers in competitive situations. This can be very dangerous for you as the seller. If the letter reveals anything about the buyers' race, color, religion, national origin, age, sex, height, weight or marital status, you are opening yourself up to the possibility of being sued for discrimination. Even if you did not discriminate, if you didn't choose their offer they might sue for discrimination. And if you did choose their offer, a competing offer might sue. So, it is best to not accept those letters. In fact, there is no way to know if they are even telling the truth!

You are bound by the terms of the contract once each party "bottom lines" the agreement, even if you get a better offer the following day. The only way to cancel is by exercising a contingency, and most of those are at the option of the buyer.

****Dave is one of only 40 Master Certified Negotiation Experts in Michigan and one of only three in Washtenaw County (as of November 2023).***

8

Inspections and Appraisals



There is no licensing process or requirement for home inspectors in Michigan. Anyone can call themselves a home inspector!

A home inspector is hired while the sale is pending, and they can be anyone the buyer chooses: uncle, sister, childhood friend. Just remember that you have a right to know who the inspector is and you always have the right to deny entry to anyone. After all, it is still your house! The inspector does not have the right to cause damage during the inspection but you will need to give the buyer a reasonable accommodation to inspect areas like the attic, crawlspaces and other difficult to access places. If the appliances are included in the sale, don't leave dishes in the dishwasher or clothes in the washer or dryer. The inspector will run them to see how they work. He or she will also inspect the faucets, furnace, air conditioner, electrical system and check to see if the windows and doors operate properly.

Other inspections could be ordered, depending on your location or the type of loan the buyer has. Some these include pest inspections, septic system inspections, sewer line inspections, well water testing or radon testing. In fact, the buyer can inspect almost anything that would be part of the purchase.

The "inspection contingency" is usually a "contingency" in the sales contract. That means that the buyers can reject the sale if they don't like the results of the home inspection. They can also choose to renegotiate with you or ask for repairs to be made. This is an important part of the process and having an agent who can tell the difference between a real issue and attempt to just lower the price is critical. Even legitimate problems can be negotiated in your best interest instead of favoring the buyer.

A bank appraisal is usually ordered when the buyer arranges financing. This is another situation where the price is often renegotiated after the sales agreement is signed. You are not required to accept a lower appraisal. This is another point where an agent's negotiating skills are important.

A final walk-through is conducted by the buyer, usually within the 24 hours before the closing, to be sure that the house is in the same condition that it was when the purchase agreement was signed.

****Having an agent who can tell the difference between a real issue and an attempt to just lower the price is critical in the negotiation process. Dave is a licensed builder with previous experience as a residential remodeler. (Michigan Residential Builders License #2101196465)***

9

Closing



Closing on a home involves banks, governments, lawyers, title companies, agents, buyers, sellers and a lot of coordinating among them all.

The closing process should go smoothly with everybody walking away happy. If you and your agent have stayed on top of the process up until now, the chances of that happening increase considerably. All money paid out or received by both parties will be documented on a combined statement. The total amount of the sales price will be credited to you and then the expenses will be taken out.

The closing time and place in Michigan usually takes place at the title company, but can also be at a lawyer's office or other location (even a hospital room), if necessary. Some documents are required to be signed in the presence of a notary. The buyer and seller do not need to be in the same place or sign at the same time. Either party or both could conclude the transaction while out of town.

The title company will do a search to determine if there are any liens against your property. A lien is a legal document that prevents you from selling the property unless a debt is paid. It can be a tax lien for unpaid taxes, a mechanics lien if you didn't pay a contractor for work done on the house, or any lien that is approved by the court. Any that were discovered will need to be paid either before or during the closing from your proceeds of the sale. The title company will also search to see if anyone else has a legal claim to the property and make sure that you can transfer the deed without problems.

The title insurance that you are paying for guarantees the buyer that the deed is clean and that they are the new true owner. If it turns out to not be true, the title insurance company will pay the buyer for the house and you won't have to give the money back!

Taxes Michigan has a formula for the real estate transfer tax to the state and county, but a good estimate is .86% of the sales price or \$860 on a \$100,000 sale price. The title company will also adjust the property taxes as of the day of closing. If you owe property taxes, they will be taken out. If you have paid them in advance, the buyer will reimburse you for what you have already paid.

Commission The agreed-to commission and fees from the listing agreement will be deducted from your proceeds and the buyer's broker and your broker will each be paid at this time. This money goes to the brokerage the agents work for and the agents are then paid their earnings by their individual broker.

9

Closing, continued



In Michigan, ownership is transferred and monies are dispersed at a “round table” closing.

Other expenses The major expense here is the title insurance policy. The cost per \$1,000 of title insurance goes down as the sale price goes up. There is a certain amount of work that is the same on a \$100,000 house as a \$1,000,000 house, so the first \$100,000 costs the most. The first \$100,000 is normally between \$800 and \$900, depending on which policy you choose. The second \$100,000 cost is about half of that and continues to decrease as the sale price goes up.

Additional expenses are pretty minor, like wiring costs, document preparation, courier fees. Together, they rarely exceed a few hundred dollars.

Money Dispersal At the conclusion of the closing, you can receive a cashier’s check for your proceeds or have the money wired directly into your account. I usually recommend paying the little bit extra to have the money wired instead of taking a chance with the check. If it blows away, your money is gone and will not be replaced!

Congratulations! You and your realtor-team have successfully navigated a complicated process involving banks, lawyers, governments, title companies, buyers and their agents and the coordination among them all. Now you are all set to start the next chapter of your life!