

Pricing the House to Sell - Q & A

Q: Is a low offer a good idea?

A: While your low offer in a normal market might be rejected immediately, in a buyer's market a motivated seller will either accept or make a counteroffer.

Full-price offers or above are more likely to be accepted by the seller. But there are other considerations involved:

* Is the offer contingent upon anything, such as the sale of the buyer's current house? If so, a low offer, even a full price offer, may not be as attractive as an offer without that condition.

* Is the offer made on the house as is, or does the buyer want the seller to make some repairs or lower the price instead?

* Is the offer all cash, meaning the buyer has waived the financing contingency? If so, then an offer at less than the asking price may be more attractive to the seller than a full-price offer with a financing contingency.

Q: What is the difference between market value and appraised value?

A: Appraised value is a certified appraiser's opinion of the worth of a home at a given point in time. Lenders require appraisals as part of the loan application process; fees range from \$200 and up.

Market value is what price the house will bring at a given point in time. A comparative market analysis is an informal estimate of market value, based on sales of comparable properties, performed by a real estate agent or broker.

Q: How does someone sell a slow mover?

A: Even in a down market, real estate experts say that price and condition are the two most important factors in selling a home.

The first step is to lower the price. Also, go through the house and see if there are cosmetic defects that you missed and can be repaired.

Secondly, home sellers should make sure that the home is getting the exposure it deserves through open houses, broker open houses, advertising, good signage and a listing on the multiple listing service (MLS).

Another option is to pull the home off the market and wait for the market to improve.

Finally, frustrated sellers who have no equity and are forced to sell because of a divorce or financial considerations could discuss a short sale or a deed in lieu of a foreclosure with the mortgage lender.

A short sale is when the seller finds a buyer for a price that is below the mortgage amount and negotiates the difference with the lender.

In a deed-in-lieu-of-foreclosure situation, the lender agrees to take the house back without instituting foreclosure proceedings. But these would be considered more

radical options than lowering the price.

Q: How is the price set?

A: It's very important to price your home appropriately relative to current market conditions. Because the real estate market is continually changing, and market fluctuations have an effect on property values, it's imperative to select your list price based on the most recent comparable sales in your neighborhood.

A comparative market analysis provides the background data on which to base your list-price decision. Study the comparable sales material presented to you by the different agents you interviewed initially. If the analyses are more than two or three months old, have your agent update the report for you.

If all agents agreed on a price range for your home, go with the consensus. Watch out for an agent whose opinion of value is considerably higher than the others.

Q: How do you prepare a house to sell?

A: Doing whatever you can to put your house's best face forward is very important if you want to get close to your asking price or sell as quickly as possible. Short of spending a lot of money, there are several steps people can take to make their home show better:

- * Sweep the sidewalk, mow the lawn, prune the bushes, weed the garden and clean debris from the yard.
- * Clean the windows (both inside and out) and make sure the paint is not chipped or flaking. And speaking of paint, if your home was built before 1978, new federal law gives a buyer the right to request a lead inspection. If you think you might have some problems, do the inspection yourself beforehand and make any fixes you can.
- * Be sure that the doorbell works.
- * Clean and spruce up all rooms, furnishings, floors, walls and ceilings. It's especially important that the bathroom and kitchen are spotless.
- * Organize closets.
- * Make sure the basic appliances and fixtures work. Get rid of leaky faucets and frayed cords.
- * Make sure the house smells good: from an apple pie, cookies baking or spaghetti sauce simmering on the stove. Hide the kitty litter.
- * Put vases of fresh flowers throughout the house.
- * Having pleasant background music playing in the background also will help set your stage.

Q: What are the standard ways of finding out what a house is valued at?

A: A comparative market analysis and an appraisal are the standard ways consumers, lenders and realty agents determined what a home is worth.

Your real estate agent will be happy to provide a comparative market analysis, an informal estimate of value based on comparable sales in the neighborhood. You also can research "the comps" yourself by checking on recent sales in public records. Be sure that you are researching properties that are similar in size, construction and location.

This information is not only available at your local recorder's or assessor's office

but also through private companies and on the Internet.

An appraisal, which generally costs \$200 to \$300 to perform, is a certified appraiser's opinion of the value of a home at any given time. Appraisers review numerous factors including recent comparable sales, location, square footage and construction quality.

Q: What is the difference between list and sales prices?

A: The list price is the price tag put on a house in a real estate listing; it usually is only an estimate of what the seller would like to get for the property. The sales price is the amount a property actually sells for. It may be the same as the listing price, or higher or lower, depending on how accurately the property was originally priced and on market conditions.

A seller may need to adjust the listing price if there have been no offers within the first few months of the property's listing period.

Q: What is the best time to buy?

A: Because many buyers prefer to move in the spring or summer, the market starts to heat up as early as February. Families with children are anxious to buy so they can move during summer vacation, before the new school year begins.

The market slows down in late summer before picking up again briefly in the fall. November and December have traditionally been slow months, although some astute buyers look for bargains during this period.

Q: What are the two most important factors when selling a home?

A: Even in a down market, real estate experts say price and condition are the two most important factors in selling a home. So, the first step is to lower the price. Also, go through the house and see if there are cosmetic defects that you missed and can be repaired.

Home sellers should make sure that the home is getting the exposure it deserves through open houses, broker open houses, advertising, good signage and a listing on the local multiple listing service.

If the seller is using a real estate agent and the property isn't getting proper exposure, find another agent.

Q: Where do I get information on housing market stats?

A: A real estate agent is a good source for finding out the status of the local housing market. So is your statewide association of REALTORS®, most of which are continuously compiling such statistics from local real estate boards.

For overall housing statistics, U.S. Housing Markets regularly publishes quarterly reports on home building and home buying. Your local builders association probably gets this report. If not, the housing research firm is located in Canton, Mich.; call (800) 755-6269 for information; the firm also maintains an Internet site.

Finally, check with the U.S. Bureau of the Census in Washington, D.C.; (301) 495-4700. The census bureau also maintains a site on the Internet. The Chicago Title company also has published a pamphlet, "Who's Buying Homes in America." Write Chicago Title and Trust Family of Title Insurers, 171 North Clark St., Chicago, IL 60601-3294.

Q: What is the difference between list price, sales price and appraised value?

A: The list price is a seller's advertised price, a figure that usually is only a rough estimate of what the seller wants to get. Sellers can price high, low or close to what they hope to get. To judge whether the list price is a fair one, be sure to consult comparable sales prices in the area.

The sales price is the amount of money you as a buyer would pay for a property.

The appraisal value is a certified appraiser's estimate of the worth of a property, and is based on comparable sales, the condition of the property and numerous other factors.
