

Selling Your Home for Maximum Gain in Minimal Time

If you're like many Americans, your home probably represents your biggest investment. But the current tax treatment of capital gains from the sale of personal residences is favorable - gains of up to \$250,000 for singles and \$500,000 for married couples are generally tax-free, provided you have occupied the property for at least 2 years and it is your primary residence. So depending on your circumstances, moving up to a larger home or one in a better school district, or trading down to a smaller dwelling and realizing gains for your retirement, certainly can be appealing.



Once you have decided to try to sell your home, the next big decision you will face is whether you want to sell it yourself or go through a real estate broker. A broker usually charges 5-6% of the selling price for his or her services. However, realtors often earn their commission (and then some) by knowing the local market, helping you determine a reasonable selling price, and saving you a lot of time and hassles, not to mention the risk and liability that come with selling your home yourself.

In selecting a broker, invite several realtors to tell you what they would deem to be a fair selling price, explain their commissions and fees, and present a marketing plan. They'll probably do this for free in return for the chance to win your business. You will also want to ask about their past experience in the area.

Nearly 90% of all home sales are through agents and brokers. But if the market is a "sellers market" - that is, homes are selling quickly and at or above asking price - and your home is in stellar condition, perhaps you might want to try selling it yourself. There are a number of resources on the Internet designed to help you do just that.

HEAD: Does My House Need Fixing Up Before Listing?

It doesn't hurt to do minor repairs and cosmetic touch-ups prior to showing your home to potential buyers. We hear a lot about "curb appeal" -- how a house appears from the street. Is it attractive enough for a buyer to even want to come in and look? If there are major repair problems, you may have to lower your price in the end. Maybe what you think is important to do to fix up the house will not appeal to potential buyer - they'd rather do it the updating to suit their own taste.

Most real estate and interior design experts will tell you that two of the best "bang for your buck" upgrades are new carpet and a fresh coat of paint. Select neutral colors that will appeal to the maximum number of buyers. Odors from pets, smoking, and unconventional foods should be eliminated as much as possible, or masked by baking cookies or putting a few drops of vanilla into a hot sauce pan for a moment or two. Reduce clutter and consider moving some items into your garage or storage to make the home appear larger. And above all, keep it clean - especially during those times when you know prospective buyers will or may be visiting.

How Much Should You Charge?

This is a more complex question than it appears at first glance. In this situation, you and the buyer are at odds - you want the highest price possible, they want to pay as little as possible. But listing your house for more than it's really worth can backfire. You'll attract fewer buyers to begin with, as your house may be above the top end of their budget, and you may turn away buyers with the resources to purchase your home. Once that initial flush of interest wanes - since realtors

and home seekers usually flock to a new listing early - you'll be left with fewer and fewer people who may buy your home.

By definition, the value of any asset is whatever someone is willing to pay for it. A buyer and seller generally find it easier to reach an agreement upon when both parties have access to all the relevant facts. With homes, there are several ways to arrive at a "starting point" from which to begin this process.

A good first step is to see what similar houses in similar locations in your community have sold for in the recent past, known as "comparable sales" or "comps." A good local real estate agent should have ample information about recent sales in your area. Don't be overly impressed by the asking price of comparable homes, which may be inflated or unrealistic; instead, look to actual sales prices as your best guides.

You may also want to enlist the help of a professional home appraiser. For a cost generally between \$300 and \$500, an appraiser will prepare a detailed evaluation of the estimated value of your home. Then, in conjunction with your agent, arrive at a price low enough to entice a high number of buyers but high enough to meet your goals. In a market where homes are selling briskly, don't worry too much about pricing your home too low - such a tactic could actually result in multiple offers and may even trigger a bidding war for your home!

What If Nothing Happens?

If the real estate market is slow in your community due to national or local economic issues, there isn't much you can do (besides continually lowering the price, which you probably won't want to do). If no one is expressing any interest in your home, or it simply does not sell, you could consider the following:

Lower your asking price.

Make some obvious repairs or upgrades.

Confirm your real estate agent is working aggressively to sell your home and change agents if you do not feel they are.

Try selling the house yourself, lowering the price to reflect the commission you won't have to pay (please note, however, that the buyer's agent will still expect a commission).

Offer to finance all or part of the purchase price yourself.

Offer to include items from the home, such as hot tubs, certain furniture or built-ins, lighting fixtures, and perhaps even a big-screen TV that would be costly to move anyway.

Selling your home may take time and patience, but it deserves your most detailed attention as it is one of the largest transactions you will undertake in your financial life. If you're successful, you'll be saying "Home Sweet Home!" after the sale has closed.

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