

THINGS TO CONSIDER WHEN **SELLING** YOUR HOUSE



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4 THINGS YOU NEED FROM YOUR LISTING AGENT

Are you thinking of selling your house? Are you dreading having to deal with strangers walking through your home? Are you worried about getting the paperwork correct? Hiring a professional real estate agent can take away most of the challenges of selling. A great agent is always worth more than the commission they charge just like a great doctor or great accountant. You want to deal with one of the best agents in your marketplace. To do this, you must be able to distinguish the **average agent** from the **great one**.

If you plan to hire an agent to sell your home, require that they:

1. Understand the Timetable with Which Your Family is Under

You will be moving your family to a new home. Whether the move revolves around the start of a new school year or the start of a new job, you will be trying to put the move to a plan. This can be very emotionally draining. Demand from your agent an appreciation for the timetables you are setting. You must understand that your agent can not pick the exact date for your move, but you want them to exert any influence that they can.

2. Remove as Many of the Challenges as Possible

It is imperative that your agent know how to handle the challenges that will arise. An agent's ability to negotiate is critical in this market.

Remember: If you have an agent who was weak negotiating with you on the parts of the listing contract that were most important to them (commission, length, etc.), don't expect them to turn into Superman when they are negotiating for you with your buyer.

3. Help with the Relocation

If you haven't yet picked your new home, make sure the agent is capable and willing to help you. The coordination of the move is crucial. You don't want to be without a roof over your head the night of the closing. Likewise, you don't want to end up paying two housing expenses (whether it is rent or mortgage). You should, in most cases, be able to close on your current home and immediately move into your new residence.

4. Get the House SOLD!

There is a reason you are putting yourself and your family through the process of moving. You are moving on with your life in some way. The reason is important or you wouldn't be dealing with the headaches and challenges that come along with selling. Do not allow your agent to forget these motivations. Constantly remind them that selling the house is why you hired them. If they discover something needs to be done to attain your goal (i.e. price correction, repair, removing clutter), insist they have the courage to inform you.

Make sure you let your agent know what you and your family expect from him or her.





SHOULD I RENT MY HOUSE INSTEAD OF SELLING IT?

A recent study has concluded that **39%** of buyers prefer to rent out their last residence rather than sell it when purchasing their next home.

The study cites that many homeowners were able to refinance and “locked in a very low mortgage rate in recent years. That low rate, combined with a strong rental market, means they can charge more in rent than they pay in mortgage each month... so they are going for it.”

This logic makes sense in some cases. Residential real estate is a great investment right now. However, if you have no desire to actually become an educated investor in this sector, you may be headed for more trouble than you were looking for. Are you ready to be a landlord?

Before renting your home, you should answer the following questions to make sure this is the right course of action for you and your family.

10 Questions to Ask BEFORE Renting Your Home

1. How will you respond if your tenant says they can't afford to pay the rent this month because of more pressing obligations? (This happens most often during holiday season and back-to-school time when families with children have extra expenses).
2. Because of the economy, many homeowners can no longer make their mortgage payment. What percent of tenants do you think can no longer afford to pay their rent?
3. Have you interviewed experienced eviction attorneys in case a challenge does arise?

4. Have you talked to your insurance company about a possible increase in premiums as liability is greater in a non-owner occupied home?
5. Will you allow pets? Cats? Dogs? How big a dog?
6. How will you actually collect the rent? By mail? In person?
7. Repairs are part of being a landlord. Who will take tenant calls when repairs arise?
8. Do you have a list of craftspeople readily available to handle these repairs?
9. How often will you do a physical inspection of the property?
10. Will you alert your current neighbors that you are renting the house?

Bottom Line

Again, renting out residential real estate historically is a great investment. However, it is not without its challenges. Make sure you have decided to rent the house because you want to be an investor, not because you are hoping to get a few extra dollars by postponing a sale.





THE #1 REASON YOU SHOULD SELL NOW

The price of any item (including residential real estate) is determined by 'supply and demand'. If many people are looking to buy an item and the supply of that item is limited, the price of that item increases.

According to the National Association of Realtors (NAR), the supply of homes for sale dramatically **increases every summer**. Putting your home on the market now instead of waiting for the increased competition of the summer might make a lot of sense.

Buyers in the market during the spring months are motivated. They want to buy now. With limited inventory available in most markets currently, a seller will be in a great position to negotiate.

2013 Available Inventory *in millions*





DON'T WAIT! MOVE UP TO THE HOME YOUR FAMILY ALWAYS WANTED

Now that the housing market has stabilized, more and more homeowners are considering moving up to the home they have always dreamed of. Prices are still below those of a few years ago and interest rates are **still below 5%**.

There is no way to predict the future. However, you look at what happened over the last year. Let's look at buyers that considered moving up last year but decided to wait instead.

Assume they had a home worth \$300,000 and were looking at a home for \$400,000 (putting 10% down and taking a mortgage of \$360,000). By waiting, their house appreciated by 13.8% over the last year (national average based on the Case Shiller Pricing Index). Their home would now be worth \$341,400. But, the \$400,000 home would now be worth \$455,200 (requiring a mortgage of \$409,680).

Here is a table showing what additional monthly cost would be incurred by waiting:

Date	Mortgage	Interest Rate*	P&I**
Last Year	\$360,000	3.41%	\$1,598.53
Today	\$409,680	4.43%	\$2,058.78

Difference in Monthly Payment = \$460.25

* Monthly Average Commitment Rate per Freddie Mac

** Principle & Interest Payment

Sellers should also realize that as rates **increase**, the price of the house you can buy will **decrease**. Here is a chart detailing this point:

Buyer's Purchasing Power

RATE	House Price				
	\$ 400,000	\$ 390,000	\$ 380,000	\$ 370,000	\$ 360,000
6.00	\$ 2,398	\$ 2,338	\$ 2,278	\$ 2,218	\$ 2,158
5.75	\$ 2,334	\$ 2,276	\$ 2,218	\$ 2,160	\$ 2,100
5.50	\$ 2,272	\$ 2,214	\$ 2,158	\$ 2,100	\$ 2,044
5.25	\$ 2,208	\$ 2,154	\$ 2,098	\$ 2,044	\$ 1,988
5.00	\$ 2,148	\$ 2,094	\$ 2,040	\$ 1,986	\$ 1,932
4.75	\$ 2,086	\$ 2,034	\$ 1,982	\$ 1,930	\$ 1,878
4.50	\$ 2,026	\$ 1,976	\$ 1,926	\$ 1,874	\$ 1,824
		-2.5%	-5%	-7.5%	-10%

Principal and Interest Payments rounded to the nearest dollar amount.

Waiting to make the move while mortgage rates are increasing probably doesn't make sense.



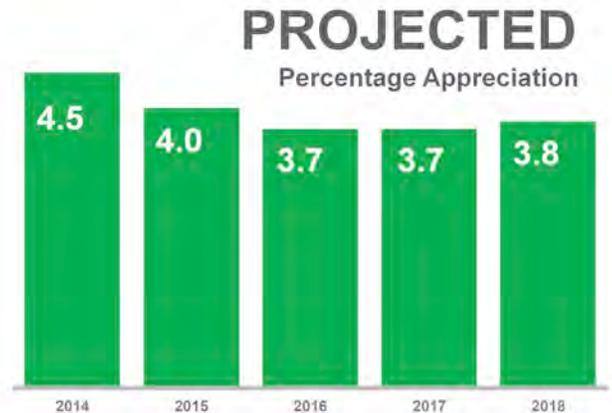
WHERE ARE PRICES HEADED OVER THE NEXT 5 YEARS?

Today, many real estate conversations center on housing prices and where they may be headed. Every quarter, *Pulsenomics* surveys a nationwide panel of over one hundred economists, real estate experts and investment & market strategists about where prices are headed over the next five years. They then average the projections of all 100+ experts into a single number.

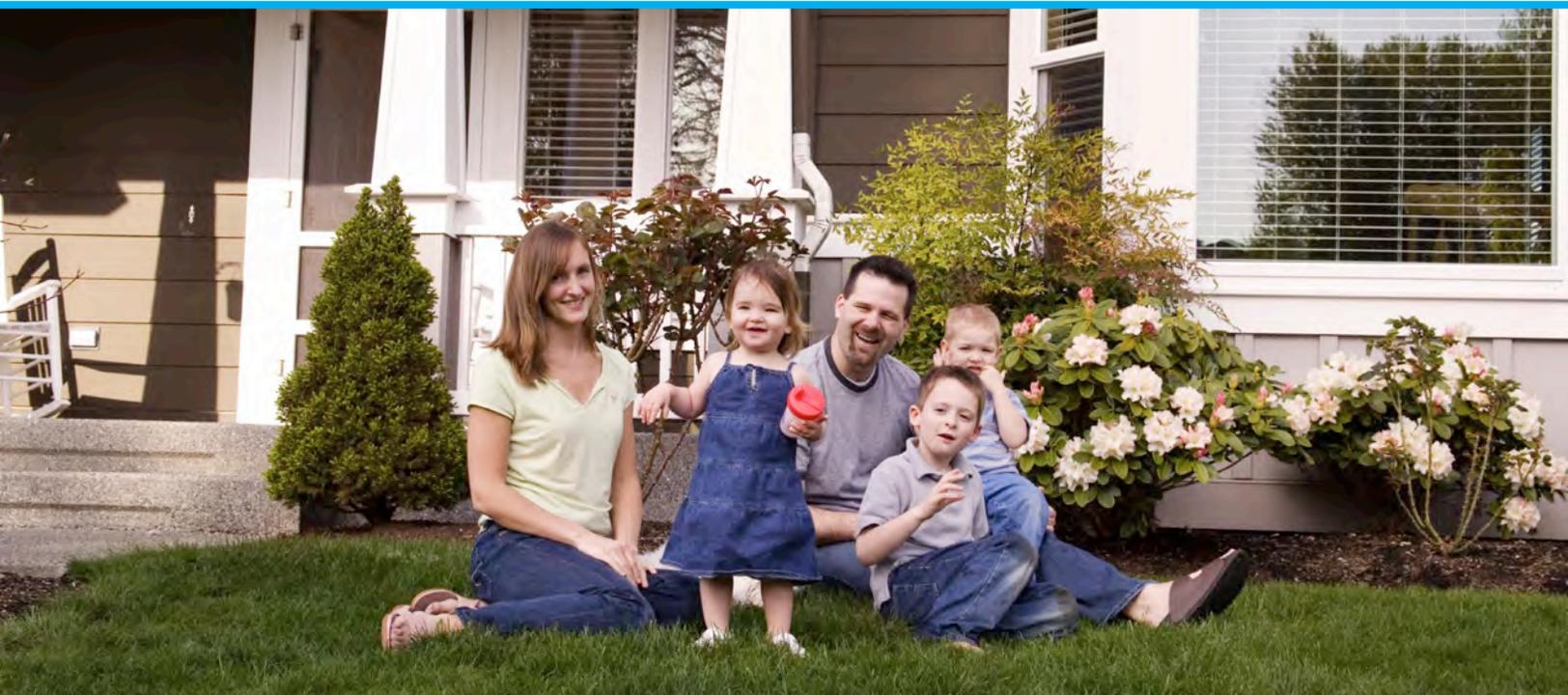
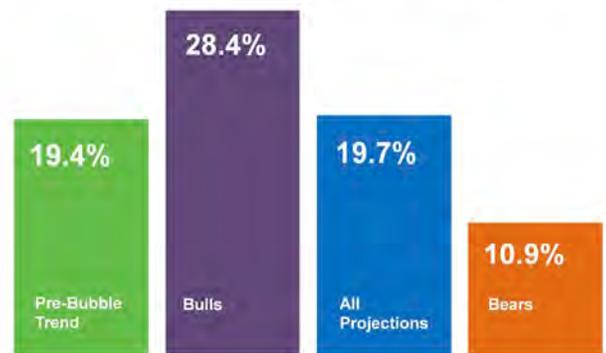
The results of their latest survey:

- Values will appreciate by **4.5%** in 2014
- Cumulative appreciation will be **19.7%** by 2018
- Even the experts making up the most bearish quartile of the survey still are projecting a cumulative appreciation of almost **11%** by 2018

Individual opinions make headlines. This survey is a fair depiction of future values.



Cumulative House Appreciation by 2018





5 REASONS YOU SHOULDN'T FOR SALE BY OWNER

Some homeowners consider trying to sell their home on their own, known in the industry as a For Sale by Owner (FSBO). There are several reasons this might not be a good idea for the vast majority of sellers.

Here are five reasons:

1. There Are Too Many People to Negotiate With

Here is a list of some of the people with whom you must be prepared to negotiate if you decide to FSBO.

- The buyer who wants the best deal possible
- The buyer's agent who solely represents the best interest of the buyer
- The buyer's attorney (in some parts of the country)
- The home inspection companies which work for the buyer and will almost always find some problems with the house
- The appraiser if there is a question of value
- Your bank in the case of a short sale

2. Exposure to Prospective Purchasers

Recent studies have shown that **92%** of buyers search online for a home. That is in comparison to only **28%** looking at print newspaper ads. Most real estate agents have an internet strategy to promote the sale of your home. Do you?

3. Results Come from the Internet

Where do buyers find the home they actually purchased?

- **43%** on the internet
- **9%** from a yard sign
- **1%** from newspapers

The days of selling your house by just putting up a sign and putting it in the paper are long gone. Having a strong internet strategy is crucial.

4. FSBOing has Become More and More Difficult

The paperwork involved in selling and buying a home has increased dramatically as industry disclosures and regulations have become mandatory. This is one of the reasons that the percentage of people FSBOing has dropped from **19%** to **9%** over the last 20+ years.

5. You Net More Money when Using an Agent

Many homeowners believe that they will save the real estate commission by selling on their own. Realize that the main reason buyers look at FSBOs is because they also believe they can save the real commission. The seller and buyer can't both save the commission.

Studies have shown that the typical house sold by the homeowner sells for \$184,000 while the typical house sold by an agent sells for \$230,000. This doesn't mean that an agent can get \$46,000 more for your home as studies have shown that people are more likely to FSBO in markets with lower price points. However, it does show that selling on your own might not make sense.

Bottom Line

Before you decide to take on the challenges of selling your house on your own, sit with a real estate professional in your marketplace and see what they have to offer.

