



Seller's Guide



Tuscaloosa | Pensacola

Deciding to Sell Your Home

CONSIDER THE FOLLOWING QUESTIONS:

- Why are you thinking of selling your home?
- How flexible is your time frame?
- Have you sold a property previously? If so, what worked well and what did not?
- Do you have set expectations of the selling price you would like to achieve? If so, what's the basis for your figure?
- Would you like assistance in relocating to another area?

PRICING YOUR PROPERTY

Pricing a home properly is a skill that combines a strong knowledge of current market data, with an appreciation for predicting future trends. Some of the factors to be considered include:

Price – The price should reflect the location and condition of your home, considering current market conditions and comparable recent sales.

Time – A reasonable time period should be allotted to find a suitable purchaser.

Market Conditions – The market conditions are influenced by the number of homes for sale, the number of buyers and the financing conditions available at lending institutions.



What Distinguishes Your Property?

Each property has special features that attract buyers. Take some time to consider the special features of your property.

QUESTIONS TO CONSIDER

1. What first attracted you to your home?
2. What features of your property distinguish it from other properties in your neighborhood?
3. What do you consider the most appealing improvements to your property?
4. Are you aware of any problems or concerns about your property or surrounding neighborhood that will need to be disclosed to potential buyers?

FULL HOME EVALUATION

Take some time to walk around your house and note any improvements that should be made before listing it for sale. Your agent will be happy to assist you.

Exterior

Living / Dining Rooms

Kitchen

Family Room

Bedrooms

Bathrooms

Garage / Basement

Other

Preparing Your Property for Sale

First impressions are vital. Evaluate the condition of your home and focus on visual appeal. A small investment of time and energy will make a big difference, bringing you the highest possible price in the shortest period of time. If major improvements or renovations are required, be sure to complete them before you put your property on the market. It is also essential to have all building permits and certificates of occupancy in place.

INTERIOR PREPARATION

Painting – Consider repainting any discolored walls and those that are currently painted in dark or drab colors. Color schemes should have neutral, off-white, or antique white tones.

Carpeting – All carpeting should be steam cleaned. Consider replacing any worn or stained carpeting, or removing it if you have hardwood floors.

Operation – Be sure that all plumbing, heating, and electrical items are functioning properly.

Safety – Be sure your house is safe. For a potential homebuyer unfamiliar with your house, a wobbly railing or uneven floors could pose a risk.

Fireplaces – Arrange for professional cleaning and inspection of fireplaces. Although the homebuyer may request an inspection or cleaning, your performing one will create a good impression and remove any possible issues.

Closets – Clean and organize all closets, paying attention to floors, shelves, and overhead spaces.

Doors and Windows – Ensure that all doors and windows operate smoothly.

Cleaning – A thorough professional cleaning will always make a house appear more attractive.

EXTERIOR PREPARATION

Overall Appearance – Remove any clutter from the property. This includes tree limbs and leaves, lawn tractors, etc. Power wash the exterior of the house, if necessary, and repaint, if necessary.

Lawn – Be sure the grass is cut, and if necessary, reseed any bare lawn areas.

Landscaping – Trim all shrubbery, plantings, and trees and remove dead limbs. Add mulch to planting beds and around trees. If the weather is appropriate, plant seasonal flowers where suitable.

Driveway – If the driveway is stone and appears lean, add another layer of gravel. If the driveway is asphalt, consider resealing it.

Decks and Porches – Power wash and seal, stain, or paint all decks and porches.

Gutters and Downspouts – Check gutters and downspouts to ensure they are clear and functioning properly.

Lights – Be sure all exterior lights are operable.

Windows – Be sure that both the exterior and interior of all windows are clean.



5 STEPS TO HELP YOU SELL YOUR PROPERTY QUICKLY

1. *Prepare yourself to sell your house* – Do your best to assess your property differently, no longer as your home, but as a marketable product. This will take some effort, especially if you have lived in your home for a number of years and have many memories, but it is necessary for maximizing your potential.
2. *Prepare your house* – Consider working with a professional home stager. Friends and neighbors can also provide useful feedback in the preparation process. Overlooking flaws now could be costly later, so repair them prior to putting your house on the market.
3. *Do what is necessary to make your house stand out from the competition* – Make certain that your house is fresh, clean, and well maintained, both on the exterior and in the interior.
4. *Remove some of your “imprint” on the house* – For instance, displaying a few family photographs is fine, but remember that buyers must be able to envision themselves living there. This can be difficult if too many personal items are displayed.
5. *Consider a professional house inspection* – An inspector will probably discover any major defects before they create problems with potential buyers. Performing an inspection will also signal to buyers that you are responsible and ready to sell your house.

Legal and Environmental Issues

DISCLOSURES AND INSPECTIONS

- Your REALTOR® will spend time with you going over important Agency Disclosures and the different ways they are able to represent you as an agent.
- You may also discuss any Environmental issues that may be pertinent during the sale of your property.
- Such things as FEMA Flood Zones, Lead Based Paint, Well Testing, Septic Tanks, Mold, etc. are all items that might need to be addressed.
- Your agent can advise you on the states requirements and how best to handle any problems.



The Acceptable Offer and Contract of Sale



An acceptable offer is not binding to either party until the contracts have been signed by both parties and delivered back to the buyer's attorney.

Once we have achieved our goal of an acceptable offer you can expect the following to occur:

Home Inspection – Ordinarily, the buyer will schedule an inspection as soon as possible. The selling agent is responsible for accompanying the inspector as well as the buyer. A thorough inspection includes the basement, attic, electrical, plumbing, septic systems, and well, if applicable. The buyer may also inspect the oil tank, radon levels, and for the presence of lead paint (if the home was built prior to 1978), according to federal law. Our agents recommend ONLY licensed inspectors, although buyers may use whomever they wish.

Appraisal – This occurs early in the mortgage process, and is required for mortgage approval.

Written Mortgage Commitment – The borrower will receive a commitment letter with various conditions that must be cleared prior to scheduling a closing date.

The Closing Date – This must accommodate you and the purchasers, as well as the three attorneys involved: yours, the purchaser's, and the attorney representing the lending institution. Your real estate agent will make every effort to attend the closing.

The Walk-Through – Customarily performed 24-48 hours prior to closing after the premises have been vacated, ensuring that all fixtures previously agreed upon remain and that the overall condition of the property is acceptable.

The Closing – Your agent can explain the closing process.

Closing Costs and Taxes

Buyers and sellers both pay closing costs, which vary with each transaction.

SELLER'S CLOSING COSTS

Outstanding Liens – Any remaining mortgage principal, home equity, or other loans must be satisfied at closing.

New York State Transfer Tax – The New York State transfer tax is computed at a rate of .4% of the sale price or \$4.00 per \$1,000 of the sale price.

Property Taxes – All property taxes on the property through the closing date. If the appropriate tax or taxes are paid for a period ending after the closing date the buyer will reimburse the seller through bank funds at closing.

Property Condition Disclosure Credit – Sellers can decline to fill out the Property Condition Disclosure Statement form and credit the buyer \$500 at closing.

Attorney – Seller's attorney fees are usually agreed upon between attorney and seller prior to retaining services.

Commission – The real estate commission agreed upon by the seller and the seller's real estate broker when signing the listing agreement.

IRS Form 2119 – Sellers of property are expected to file this form (Sale or Exchange of Principal Residence) for the year in which the property was sold. Consult your accountant for further information.

BUYER'S CLOSING COSTS

Taxes Paid At Closing

Mansion Tax – All home sales of \$1,000,000 and over are subject to this New York State tax of 1% of the entire purchase price.

Mortgage Tax – A New York State tax between 1.05% and 1.55% of the total mortgage minus the \$30 residential fee exemption.

Reimbursement to Seller for Prepaid Taxes – The buyer will owe the seller a portion of the property taxes previously paid for by the seller.

Tax Escrow – The lender may require the buyer to deposit funds into an escrow account for bank payment of the next year's taxes and insurance.



The provisions of this paragraph shall not apply: (1) to the rental of a housing accommodation in a building which contains housing accommodation for not more than two families living independently of each other, if the owner or member of his family restricts the rental of all rooms in a housing accommodation to the individuals of the same sex or (2) to the rental of a room or rooms in a housing accommodation, if such a rental is by the occupant of the housing accommodation or by the owner of the housing accommodation, and he or a member of his family resides in such housing accommodation.

FAIR HOUSING AMENDMENTS ACT OF 1988

This Act strengthened the enforcement of the 1968 Fair Housing Law. It also provided substantial additional protection for handicapped persons seeking housing and limited restrictions on purchasers or renters on account of age or familial status. Sellers or landlords who would decline to sell or rent to persons on account of handicap or familial status are advised to consult an attorney beforehand.

ARTICLE 10 OF THE NATIONAL ASSOCIATION OF REALTORS CODE OF ETHICS

REALTORS® shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. REALTORS® shall not be parties to any plan or agreement to discriminate against a person or persons on the basis of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. (Amended 1/14)



INSURANCE COSTS

Departmental Searches – A fee for the search of municipal records for property violations.

Endorsements – A fee for added insurance coverage to the basic title requirement.

Title Insurance – A premium paid to ensure the purchaser's clear title and the lender's lien on the property. Cost will vary according to purchase price of house.

Homeowners Insurance Policy – The buyer is required to bring to the closing a paid receipt for an insurance policy listing the lender as the loss payee. Cost will vary according to type of coverage and insurance company.

Recording Fee – A fee paid to the county clerk to record the deed and mortgage.

Survey (if required) – A fee to survey the property. A bank may require a new survey if the existing one is more than ten years old.

Survey Inspection – A fee for the title company to inspect the existing survey and property.

MISCELLANEOUS COSTS

Attorney – Buyer's attorney fees will vary depending on the attorney, and may be billed on an hourly basis or as a preset amount.

Adjustments or Apportionments – Fees that are pro-rated to determine the buyer's costs, including adjustments on taxes and on fuel remaining in the tank.

Glossary of Terms

ACCEPTABLE OFFER

An acceptable offer is not binding to either party until the contracts have been signed by both parties and delivered back to the buyer's attorney.

ADJUSTABLE-RATE MORTGAGE (ARM)

A loan in which the interest rate can adjust up or down according to an interest rate index at set adjustment periods. The initial monthly payments will be lower with an ARM than with a fixed-rate mortgage and payments will fluctuate according to index performance.

ADJUSTMENT CAP

The maximum percentage the interest rate can go up or down each time it is adjusted.

ADJUSTMENT PERIOD

The time period between interest rate changes on an ARM. You can select an adjustment period from six months up to ten years.

AMORTIZATION

The payment of debt in regular installments of principal and interest, reducing the mortgage balance owed.

ANNUAL PERCENTAGE RATE (APR)

The interest rate reflecting the annual cost of the mortgage annually. It is usually higher than the advertised rate because it takes into account points and other credit costs, allowing comparison of real costs.

APPRAISAL

An estimate of the current value of a property based upon recent, similar home sales within the area, the current condition of the home, real estate market conditions, and other factors.

ASSUMPTION OF MORTGAGE

A buyer's agreement to assume liability under an existing note secured by a mortgage or deed of trust. The lender must approve the buyer in order to release the original borrower (usually the seller) from liability.

BALLOON PAYMENT

A lump sum principal payment due at the end of certain types of mortgages or other long-term loans.

CERTIFICATE OF OCCUPANCY (CO)

A certificate issued by the municipality's building inspector declaring that the house and any improvements have been constructed in compliance with all applicable state, county, and town codes and confirms that the homeowner has legal permission to use these improvements.

CLOSING

The meeting during which the deed to the home is legally transferred from the seller to the buyer and final documents involving the sale and its financing are signed.

CLOSING DISCLOSURE

The financial disclosure summary accounting for all funds received and expended at closing, including deposits for taxes, hazard insurance, and mortgage insurance.

COMMITMENT

An agreement or written guarantee from a lending institution to provide a loan of a specific amount on specified terms to finance a home purchase.

CONDOMINIUM

A form of real estate ownership in which the owner has title to a particular unit of a multi-unit complex and also has a proportional interest in certain common areas. The unit's interior surfaces generally serve as boundaries of the owned space.

CONTINGENCY

A condition agreed upon by both parties that must be satisfied before a contract is binding.

CONVERSION CLAUSE

A provision in some ARMs offering the option to change the ARM to a fixed-rate mortgage, usually after the first adjustment period.

COOPERATIVE (CO-OP)

A form of multiple ownership in which a corporation or business trust entity holds title to a property and grants occupancy rights to shareholders by means of proprietary leases or similar arrangements.

COVENANTS, CONDITIONS, AND RESTRICTIONS

Documents that control the usage, and stipulate the requirements and restrictions of, a property.

CREDIT REPORT

A report compiled by one or more credit bureaus that details credit history, credit inquiries, and facts about all accounts ever opened with respective credit lines and on-time or late payment behavior.

DEED

A legal document that transfers ownership of a property (i.e., title) from the seller to the buyer.

DUE-ON-SALE CLAUSE

An acceleration clause requiring full payment of a mortgage or deed of trust when the secured property changes ownership.

EASEMENT

A right conferred by grant or agreement that allows use of another owner's land for a specific purpose.

ENCROACHMENT

Construction (e.g., a fence, driveway, or building) that illegally intrudes on another owner's property.

EQUITY

An owner's financial interest in a property, representing the property's current market value minus the mortgage balance.

ESCROW

A procedure in which a third party acts as a stakeholder for both buyer and seller, assuming responsibility for handling the paperwork and the distribution of funds.

ESCROW ACCOUNT

An account maintained by the lender to pay for future taxes, hazard insurance, and other items. A portion of your monthly mortgage payment (exceeding principal and interest) is deposited into this account for such usage.

FEE SIMPLE

The most comprehensive form of real estate ownership, in which the owner has unrestricted power to dispose of the property as desired, including leaving by will or inheritance.

FINANCE CHARGE

The total charge for obtaining a loan, including interest payments, any interim interest paid at closing, origination fee, and other charges levied by the lender.

FIXED-RATE MORTGAGE

A mortgage in which the interest rate and monthly payments remain the same over the life of the loan.

INDEX

A published rate used to determine changes in the interest rate of an ARM over the term of the loan.

INSPECTION

A comprehensive and exhaustive examination of a home by a licensed inspector. Often required as part of a mortgage and home loan process.

JOINT TENANCY

An equal undivided ownership of property by two or more persons. Upon the death of any owner, the survivors assume the decedent's interest in the property.

LIEN

A legal hold or claim on property as security for a debt or charge.

LIFETIME ADJUSTMENT CAP

The maximum interest rate that can be charged on an ARM.



LOAN TO VALUE RATIO (LTV)

The ratio of the loan amount to the value of the property. Different loan programs have different maximum LTVs.

MANSION TAX

A NY State tax levied on all home sales of \$1,000,000 and over.

MARGIN

The percentage added to the index rate for each interest rate adjustment on an ARM.

MORTGAGE LIFE INSURANCE

A life insurance policy whose coverage decreases as the mortgage balance declines. If the borrower dies while the policy is still in force, the debt is automatically covered by insurance proceeds.

NEGATIVE AMORTIZATION

An increase in the mortgage balance occurring when monthly payments do not cover the interest cost. The uncovered interest is then added to the unpaid principal balance.

ORIGINATION FEE

A fee charged by the lender for work involved in evaluating, preparing, and submitting a proposed mortgage.

POINT

A one-time charge equal to one percent (1%) of the total loan amount. Points may be tax-deductible in some cases.

PRE-APPROVAL

The commitment a lender makes to a potential borrower of a loan amount based on a completed loan application. This application contains credit reports, income, debt, and savings information. The commitment is subject to the borrower meeting qualification requirements at time of purchase and review of collateral by an underwriter.

PREPAYMENT PENALTY

A fee charged to the mortgagor for payment of a loan before it is due.

PRIVATE MORTGAGE INSURANCE (PMI)

Insurance written by a private company to protect the lender against loss if the borrower defaults on the mortgage.

RATE CAP

The limit of how much the interest rate may change on an ARM at each adjustment and over the life of the loan.

RATE LOCK

A guarantee of a specific current interest rate through the closing date if it occurs within a specific time period.

REAL ESTATE SALES CONTRACT

A contract for the sale of real estate, in which the purchaser promises to pay the agreed purchase price and the seller agrees to deliver title to the property.

SURVEY

A measurement or drawing determining the exact location, boundaries, and other physical features of a property.

TERM

The length of time it will take to pay a mortgage in full.

TITLE INSURANCE POLICY

A policy that protects the purchaser and/or lender against loss resulting from defects of title.