



## 5 Feng Shui Concepts to Help a Home Sell

To put the best face on a listing and appeal to buyers who follow feng shui principles, keep these tips in mind.

- 1.** Pay special attention to the front door, which is considered the “mouth of chi” (chi is the “life force” of all things) and one of the most powerful aspects of the entire property. Abundance, blessings, opportunities, and good fortune enter through the front door. It’s also the first impression buyers have of how well the sellers have taken care of the rest of the property. Make sure the area around the front door is swept clean, free of cobwebs and clutter. Make sure all lighting is straight and properly hung. Better yet, light the path leading up to the front door to create an inviting atmosphere.
- 2.** Chi energy can be flushed away wherever there are drains in the home. To keep the good forces of a home in, always keep the toilet seats down and close the doors to bathrooms.
- 3.** The master bed should be in a place of honor, power, and protection, which is farthest from and facing toward the entryway of the room. It’s even better if you can place the bed diagonally in the farthest corner. Paint the room in colors that promote serenity, relaxation, and romance, such as soft tones of green, blue, and lavender.
- 4.** The dining room symbolizes the energy and power of family togetherness. Make sure the table is clear and uncluttered during showings. Use an attractive tablecloth to enhance the look of the table while also softening sharp corners.
- 5.** The windows are considered to be the eyes of the home. Getting the windows professionally cleaned will make the home sparkle and ensure that the view will be optimally displayed.

*Source: Sell Your Home Faster With Feng Shui by Holly Ziegler (Dragon Chi Publications, 2001)*

## 5 Things to do Before Putting Your Home on the Market

**1. Have a pre-sale home inspection.** Be proactive by arranging for a pre-sale home inspection. An inspector will be able to give you a good indication of the trouble areas that will stand out to potential buyers, and you'll be able to make repairs before open houses begin.

**2. Organize and clean.** Pare down clutter and pack up your least-used items, such as large blenders and other kitchen tools, out-of-season clothes, toys, and exercise equipment. Store items off-site or in boxes neatly arranged in the garage or basement. Clean the windows, carpets, walls, lighting fixtures, and baseboards to make the house shine.

**3. Get replacement estimates.** Do you have big-ticket items that are worn out or will need to be replaced soon, such as your roof or carpeting? Get estimates on how much it would cost to replace them, even if you don't plan to do it yourself. The figures will help buyers determine if they can afford the home, and will be handy when negotiations begin.

**4. Find your warranties.** Gather up the warranties, guarantees, and user manuals for the furnace, washer and dryer, dishwasher, and any other items that will remain with the house.

**5. Spruce up the curb appeal.** Pretend you're a buyer and stand outside of your home. As you approach the front door, what is your impression of the property? Do the lawn and bushes look neatly manicured? Is the address clearly visible? Are pretty flowers or plants framing the entrance? Is the walkway free from cracks and impediments?

## 8 Reasons Why You Should Work With a REALTOR®

Not all real estate practitioners are REALTORS®. The term REALTOR® is a registered trademark that identifies a real estate professional who is a member of the NATIONAL ASSOCIATION of REALTORS® and subscribes to its strict Code of Ethics. Here are five reasons why it pays to work with a REALTOR®.

**1. Navigate a complicated process.** Buying or selling a home usually requires disclosure forms, inspection reports, mortgage documents, insurance policies, deeds, and multipage settlement statements. A knowledgeable expert will help you prepare the best deal, and avoid delays or costly mistakes.

**2. Information and opinions.** REALTORS® can provide local community information on utilities, zoning, schools, and more. They'll also be able to provide objective information about each property. A professional will be able to help you answer these two important questions: Will the property provide the environment I want for a home or investment? Second, will the property have resale value when I am ready to sell?

**3. Help finding the best property out there.** Sometimes the property you are seeking is available but not actively advertised in the market, and it will take some investigation by your REALTOR® to find all available properties.

**4. Negotiating skills.** There are many negotiating factors, including but not limited to price, financing, terms, date of possession, and inclusion or exclusion of repairs, furnishings, or equipment. In addition, the purchase agreement should provide a period of time for you to complete appropriate inspections and investigations of the property before you are bound to complete the purchase. Your agent can advise you as to which investigations and inspections are recommended or required.

**5. Property marketing power.** Real estate doesn't sell due to advertising alone. In fact, a large share of real estate sales comes as the result of a practitioner's contacts through previous clients, referrals, friends, and family. When a property is marketed with the help of a REALTOR®, you do not have to allow strangers into your home. Your REALTOR® will generally prescreen and accompany qualified prospects through your property.

**6. Someone who speaks the language.** If you don't know a CMA from a PUD, you can understand why it's important to work with a professional who is immersed in the industry and knows the real estate language.

**7. Experience.** Most people buy and sell only a few homes in a lifetime, usually with quite a few years in between each purchase. Even if you have done it before, laws and regulations change. REALTORS®, on the other hand, handle hundreds of real estate transactions over the course of their career. Having an expert on your side is critical.

**8. Objective voice.** A home often symbolizes family, rest, and security — it's not just four walls and a roof. Because of this, homebuying and selling can be an emotional undertaking. And for most people, a home is the biggest purchase they'll ever make. Having a concerned, but objective, third party helps you stay focused on both the emotional and financial issues most important to you.

# 12 Questions to Ask When Choosing Your REALTOR®

Make sure you choose a REALTOR® who will provide top-notch service and meet your unique needs.

- 1. How long have you been in residential real estate sales? Is it your full-time job?** While experience is no guarantee of skill, real estate — like many other professions — is mostly learned on the job.
- 2. What designations do you hold?** Designations such as GRI and CRS®, which require that agents take additional, specialized real estate training, are held only by about one-quarter of real estate practitioners.
- 3. How many homes did you and your real estate brokerage sell last year?** By asking this question, you'll get a good idea of how much experience the practitioner has.
- 4. How many days did it take you to sell the average home? How did that compare to the overall market?** The REALTOR® you interview should have these facts on hand, and be able to present market statistics from the local MLS to provide a comparison.
- 5. How close to the initial asking prices of the homes you sold were the final sale prices?** This is one indication of how skilled the REALTOR® is at pricing homes and marketing to suitable buyers. Of course, other factors also may be at play, including an exceptionally hot or cool real estate market.
- 6. What types of specific marketing systems and approaches will you use to sell my home?** You don't want someone who's going to put a For Sale sign in the yard and hope for the best. Look for someone who has aggressive and innovative approaches, and knows how to market your property competitively on the Internet. Buyers today want information fast, so it's important that your REALTOR® is responsive.
- 7. Will you represent me exclusively, or will you represent both the buyer and the seller in the transaction?** While it's usually legal to represent both parties in a transaction, it's important to understand where the practitioner's obligations lie. Your REALTOR® should explain his or her agency relationship to you and describe the rights of each party.
- 8. Can you recommend service providers who can help me obtain a mortgage, make home repairs, and help with other things I need done?** Because REALTORS® are immersed in the industry, they're wonderful resources as you seek lenders, home improvement companies, and other home service providers. Practitioners should generally recommend more than one provider and let you know if they have any special relationship with or receive compensation from any of the providers.
- 9. What type of support and supervision does your brokerage office provide to you?** Having resources such as in-house support staff, access to a real estate attorney, and assistance with technology can help an agent sell your home.
- 10. What's your business philosophy?** While there's no right answer to this question, the response will help you assess what's important to the agent and determine how closely the agent's goals and business emphasis mesh with your own.
- 11. How will you keep me informed about the progress of my transaction? How frequently?** Again, this is not a question with a correct answer, but how you judge the response will reflect your own desires. Do you want updates twice a week or do you prefer not to be bothered unless there's a hot prospect? Do you prefer phone, e-mail, or a personal visit?
- 12. Could you please give me the names and phone numbers of your three most recent clients?** Ask recent clients if they would work with this REALTOR® again. Find out whether they were pleased with the communication style, follow-up, and work ethic of the REALTOR®.

## Checklist: 17 Service Providers You'll Need When You Sell

- Real estate attorney
- Appraiser
- Home inspector
- Mortgage loan officer
- Environmental specialist
- Lead paint inspector
- Radon inspector
- Tax adviser
- Sanitary systems expert
- Occupancy permit inspector
- Zoning inspector
- Survey company
- Flood plain inspector
- Termite inspector
- Title company
- Insurance consultant
- Moving company

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## Does Moving Up Make Sense?

These questions will help you decide whether you're ready for a home that's larger or in a more desirable location. If you answer yes to most of the questions, it's a sign that you may be ready to move.

**1. Have you built substantial equity in your current home?** Look at your annual mortgage statement or call your lender to find out. Usually, you don't build up much equity in the first few years of your mortgage, as monthly payments are mostly interest, but if you've owned your home for five or more years, you may have significant, unrealized gains.

**2. Has your income or financial situation improved?** If you're making more money, you may be able to afford higher mortgage payments and cover the costs of moving.

**3. Have you outgrown your neighborhood?** The neighborhood you pick for your first home might not be the same neighborhood you want to settle down in for good. For example, you may have realized that you'd like to be closer to your job or live in a better school district.

**4. Are there reasons why you can't remodel or add on?** Sometimes you can create a bigger home by adding a new room or building up. But if your property isn't large enough, your municipality doesn't allow it, or you're simply not interested in remodeling, then moving to a bigger home may be your best option.

**5. Are you comfortable moving in the current housing market?** If your market is hot, your home may sell quickly and for top dollar, but the home you buy also will be more expensive. If your market is slow, finding a buyer may take longer, but you'll have more selection and better pricing as you seek your new home.

**6. Are interest rates attractive?** A low rate not only helps you buy a larger home, but also makes it easier to find a buyer.

## Forms You'll Need to Sell Your Home

- 1. Property disclosure form.** This form requires you to reveal all known defects to your property. Check with your state government to see if there is a special form required in your state.
- 2. Purchasers access to premises agreement.** This agreement sets conditions for permitting the buyer to enter your home for activities such as measuring for draperies before you move.
- 3. Sales contract.** The agreement between you and the seller on terms and conditions of sale. Again, check with your state real estate department to see if there is a required form.
- 4. Sales contract contingency clauses.** In addition to the contract, you may need to add one or more attachments to the contract to address special contingencies — such as the buyer's need to sell a home before purchasing yours.
- 5. Pre- and post-occupancy agreements.** Unless you're planning on moving out and the buyer moving in on the day of closing, you'll need an agreement on the terms and costs of occupancy once the sale closes.
- 6. Lead-based paint disclosure pamphlet.** If your home was built before 1978, you must provide the pamphlet to all sellers. You must also have buyers sign a statement indicating they received the pamphlet.

## Open House Safety Tips

An open house can be a great sales tool, but it also exposes you to numerous unfamiliar people for the first time. Stay safe by practicing these guidelines.

- Call the local police department and ask them to have a squad care drive by during your open-house hours.
- Check your cell phone's strength and signal prior to the open house. Have emergency numbers programmed on speed dial. Carry an extra, fully charged cell phone battery.
- Determine several "escape" routes that you can use in case of an emergency. Make sure all deadbolt locks are unlocked to facilitate a faster escape.
- Turn on the lights and open the curtains. These are not only sound safety procedures, but also great marketing tactics.
- Make sure that if you were to escape by the back door, you could escape from the backyard. Frequently, high fences surround yards that contain swimming pools or hot tubs.
- When prospective buyers begin to arrive, jot down their car descriptions, license numbers and physical descriptions.
- When showing the house, always walk behind the prospect. Direct them; don't lead them. Say, for example, "The kitchen is on your left," and gesture for them to go ahead of you.
- Notify a friend or a relative that you will be calling in every hour on the hour. And if you don't call, they are to notify the police immediately.
- Inform a neighbor that you will be showing the house and ask if he or she would keep an eye and ear open for anything out of the ordinary.

*Source: National Association of REALTORS® Safety Week kit*



## How to Get an Offer on Your Home

- 1. Price it right.** Set a price at the lower end of your property's realistic price range.
- 2. Prepare for visitors.** Get your house market ready at least two weeks before you begin showing it.
- 3. Be flexible about showings.** It's often disruptive to have a house ready to show at the spur of the moment. But the more amenable you can be about letting people see your home, the sooner you'll find a buyer.
- 4. Anticipate the offers.** Decide in advance what price and terms you'll find acceptable.
- 5. Don't refuse to drop the price.** If your home has been on the market for more than 30 days without an offer, you should be prepared to at least consider lowering your asking price.

## Moving Checklist for Sellers

- Provide the post office with your forwarding address two to four weeks ahead of the move.
- Notify your credit card companies, magazine subscriptions, and bank of your change of address.
- Create a list of friends, relatives, and business colleagues who need to be notified about your move.
- Arrange to disconnect utilities and have them connected at your new home.
- Cancel the newspaper, or change the address so it will arrive at your new home.
- Check insurance coverage for the items you're moving. Usually movers only cover what they pack.
- Clean out appliances and prepare them for moving, if applicable.
- Note the weight of the goods you'll have moved, since long-distance moves are usually billed according to weight. Watch for movers that use excessive padding to add weight.
- Check with your condo or co-op about any restrictions on using the elevator or particular exits for moving.
- Have a "first open" box with the things you'll need most, such as toilet paper, soap, trash bags, scissors, hammer, screwdriver, pencils and paper, cups and plates, water, snacks, and toothpaste.

### Plus, if you're moving out of town, be sure to:

- Get copies of medical and dental records and prescriptions for your family and your pets.
- Get copies of children's school records for transfer.
- Ask friends for introductions to anyone they know in your new neighborhood.
- Consider special car needs for pets when traveling.
- Let a friend or relative know your route.
- Empty your safety deposit box.
- Put plants in boxes with holes for air circulation if you're moving in cold weather.

## Simple Tips for Better Home Showings

- 1. Remove clutter and clear off counters.** Throw out stacks of newspapers and magazines and stow away most of your small decorative items. Put excess furniture in storage, and remove out-of-season clothing items that are cramping closet space. Don't forget to clean out the garage, too.
- 2. Wash your windows and screens.** This will help get more light into the interior of the home.
- 3. Keep everything extra clean.** A clean house will make a strong first impression and send a message to buyers that the home has been well-cared for. Wash fingerprints from light switch plates, mop and wax floors, and clean the stove and refrigerator. Polish your doorknobs and address numbers. It's worth hiring a cleaning service if you can afford it.
- 4. Get rid of smells.** Clean carpeting and drapes to eliminate cooking odors, smoke, and pet smells. Open the windows to air out the house. Potpourri or scented candles will help.
- 5. Brighten your rooms.** Put higher wattage bulbs in light fixtures to brighten up rooms and basements. Replace any burned-out bulbs in closets. Clean the walls, or better yet, brush on a fresh coat of neutral color paint.
- 6. Don't disregard minor repairs.** Small problems such as sticky doors, torn screens, cracked caulking, or a dripping faucet may seem trivial, but they'll give buyers the impression that the house isn't well-maintained.
- 7. Tidy your yard.** Cut the grass, rake the leaves, add new mulch, trim the bushes, edge the walkways, and clean the gutters. For added curb appeal, place a pot of bright flowers near the entryway.
- 8. Patch holes.** Repair any holes in your driveway and reapply sealant, if applicable.
- 9. Add a touch of color in the living room.** A colored afghan or throw on the couch will jazz up a dull room. Buy new accent pillows for the sofa.
- 10. Buy a flowering plant and put it near a window you pass by frequently.**
- 11. Make centerpieces for your tables.** Use brightly colored fruit or flowers.
- 12. Set the scene.** Set the table with fancy dishes and candles, and create other vignettes throughout the home to help buyers picture living there. For example, in the basement you might display a chess game in progress.
- 13. Replace heavy curtains with sheer ones that let in more light.** Show off the view if you have one.
- 14. Accentuate the fireplace.** Lay fresh logs in the fireplace or put a basket of flowers there if it's not in use.
- 15. Make the bathrooms feel luxurious.** Put away those old towels and toothbrushes. When buyers enter your bathroom, they should feel pampered. Add a new shower curtain, new towels, and fancy guest soaps. Make sure your personal toiletry items are out of sight.
- 16. Send your pets to a neighbor or take them outside.** If that's not possible, crate them or confine them to one room (ideally in the basement), and let the real estate practitioner know where they'll be to eliminate surprises.
- 17. Lock up valuables, jewelry, and money.** While a real estate salesperson will be on site during the showing or open house, it's impossible to watch everyone all the time.
- 18. Leave the home.** It's usually best if the sellers are not at home. It's awkward for prospective buyers to look in your closets and express their opinions of your home with you there.

## Low-Cost Ways to Spruce Up Your Home's Exterior

Make your home more appealing for yourself and potential buyers with these quick and easy tips:

1. Trim bushes so they don't block windows or architectural details.
2. Mow your lawn, and turn on the sprinklers for 30 minutes before the showing to make the lawn sparkle.
3. Put a pot of bright flowers (or a small evergreen in winter) on your porch.
4. Install new doorknobs on your front door.
5. Repair any cracks in the driveway.
6. Edge the grass around walkways and trees.
7. Keep your garden tools and hoses out of sight.
8. Clear toys from the lawn.
9. Buy a new mailbox.
10. Upgrade your outside lighting.
11. Buy a new doormat for the outside of your front door.
12. Clean your windows, inside and outside.
13. Polish or replace your house numbers.
14. Place a seasonal wreath on your door.

## 12 Tips for Hiring a Remodeling Contractor

1. Get at least three written estimates.
2. Check references. If possible, view earlier jobs the contractor completed.
3. Check with the local Chamber of Commerce or Better Business Bureau for complaints.
4. Be sure the contract states exactly what is to be done and how change orders will be handled.
5. Make as small of a down payment as possible so you won't lose a lot if the contractor fails to complete the job.
6. Be sure that the contractor has the necessary permits, licenses, and insurance.
7. Check that the contract states when the work will be completed and what recourse you have if it isn't. Also, remember that in many instances you can cancel a contract within three business days of signing it.
8. Ask if the contractor's workers will do the entire job or whether subcontractors will be involved too.
9. Get the contractor to indemnify you if work does not meet any local building codes or regulations.
10. Be sure that the contract specifies the contractor will clean up after the job and be responsible for any damage.
11. Guarantee that the materials that will be used meet your specifications.
12. Don't make the final payment until you're satisfied with the work.

# Understanding Capital Gains in Real Estate

When you sell a stock, you owe taxes on your gain — the difference between what you paid for the stock and what you sold it for. The same holds true when selling a home (or a second home), but there are some special considerations.

## How to Calculate Gain

In real estate, capital gains are based not on what you paid for the home, but on its adjusted cost basis. To calculate, follow these steps:

### 1. Purchase price: \_\_\_\_\_

The purchase price of the home is the sale price, not the amount of money you actually contributed at closing.

### 2. Total adjustments: \_\_\_\_\_

To calculate this, add the following:

- Cost of the purchase — including transfer fees, attorney fees, and inspections, but not points you paid on your mortgage.
- Cost of sale — including inspections, attorney fees, real estate commission, and money you spent to fix up your home just prior to sale.
- Cost of improvements — including room additions, deck, etc. Note here that improvements do not include repairing or replacing something already there, such as putting on a new roof or buying a new furnace.

### 3. Your home's adjusted cost basis: \_\_\_\_\_

The total of your purchase price and adjustments is the adjusted cost basis of your home.

### 4. Your capital gain: \_\_\_\_\_

Subtract the adjusted cost basis from the amount your home sells for to get your capital gain.

## A Special Real Estate Exemption for Capital Gains

Since 1997, up to \$250,000 in capital gains (\$500,000 for a married couple) on the sale of a home is exempt from taxation if you meet the following criteria:

- You have lived in the home as your principal residence for two out of the last five years.
- You have not sold or exchanged another home during the two years preceding the sale.
- You meet what the IRS calls “unforeseen circumstances,” such as job loss, divorce, or family medical emergency.

## What to Have on Hand for the New Owners

- Owner's manuals and warranties for appliances left in the house.
- Garage door opener.
- Extra sets of house keys.
- A list of local service providers — the best dry cleaner, yard service, plumber, etc.
- Code to the security alarm and phone number of the monitoring service if not discontinued.
- As a courtesy, you could provide numbers to the local utility companies.
- If it's a condo, leave information on how to contact the condo board.