

# The Smart Seller

A guide through the sale process &  
to maximizing value



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A city skyline at dusk with a river in the foreground. The sky is a mix of soft pinks, oranges, and purples. The city lights are visible, including a prominent building with a red sign. The river is in the foreground, reflecting the sky.

*Appendices*

*42. How Buyers Found Their Home*

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*A collection of experience & knowledge from  
the many great agents at BRIX Real Estate.*

*Special thanks to Kirk & Adam Duckwall.*

According to a Zillow Group study, the top five reasons that sellers find the home sale process stressful are:

1. Not knowing when their home would sell.
2. Being uncertain what price their home would sell for.
3. Knowing what improvements should be made in preparation for their sale.
4. Concern that an offer may fall through on their home.
5. Timing the sale of their current home with the purchase of a new home.

This book will address all of these concerns. We'll give you the knowledge to limit these stresses and move through the home sale process with confidence.

# The Two Ways to Sell a Home

There are two ways to sell a home: the Shotgun Approach and the Surgical Approach.

## **Shotgun Approach**

A lot of people accidentally find themselves in this position. A common way to end up here is to start looking at houses before thinking about the sale process of your current home. You then find yourself falling in love with a home and wanting to make an offer. But that means you have to rush to get your current home on the market, ultimately creating a loss of control, and putting yourself in the position of making one of the top five home-selling mistakes (which we will discuss further on the next page).

## **Surgical Approach**

This is where a seller plans out their process, step by step. They start with an analysis of their home and what may need to be done to get it market-ready. They also take time to understand their own personal timelines, seasonal market trends, and—if a new home purchase is involved—carefully strategize the purchase of the new home with the sale of the current home. In addition, they formulate a plan for moving out their belongings.

The Surgical Approach alleviates much of the stress, anxiety, and unknowns created by the Shotgun Approach.

# Don't be in a Rush

Being rushed will create unneeded stress and anxiety. It's setting the stage for making one, if not more, of the top five home-selling mistakes. Often, one who is rushed through this process will find themselves taking longer to sell their home and selling for less money.

Here is a list of the top five home-selling mistakes:

1. Not having time to get your home ready for sale.
2. Putting focus on the wrong tasks to make your home sale-ready.
3. Being rushed to accept an offer with less than optimal terms or price.
4. Being forced to make an unwanted temporary move due to poor planning or negotiation.
5. Having to pay more for the home you are buying, or potentially losing out on your dream home due to being in a weakened negotiating position as a result of an unsatisfied sale contingency.

# Where You Should Start

Start with a realtor. Many potential home sellers feel that they should get their home ready for sale before even reaching out to a realtor. This is often due to concerns regarding value or embarrassment about cleanliness, organization or condition of the home. An experienced real estate professional will look past those items and provide you with valuable insight at the beginning of the process as to the best use of time and resources to streamline your sale process and maximize your value.

If you are planning to purchase a home at the same time or soon after selling your existing home, an experienced agent will be able to help you understand your options, as well as anticipate any hurdles you may need to navigate.

They will also give you insight into specific market considerations to achieve a precise outcome on both your sale and purchase. More to follow regarding this in “Buying a Home with a Home to Sell” on page 19.

# Calculating the Value of an Agent

You should never calculate the value of an agent based on how low a commission they charge. A high quality agent over a low quality agent can net you as much as fourteen percent more based on the practices they use. It is a common myth that choosing an agent from a large or well known brokerage will result in working with a high-quality agent.

Both high and low quality agents can be found side-by-side in many brokerages. Most agents are independent contractors.

How do you separate the good from the bad?

1. Look for an agent that utilizes market data to give you a price opinion. Be wary of an agent that gives you a price they “feel” your home is worth, but doesn’t use factual data to support their pricing.
2. Look for an agent who has resources; a network including staging consultants to contractors, cleaners, or anyone else needed to help the home preparation and sale process go smoothly.
3. Find an agent that has a comprehensive marketing plan (not just involve putting it on the MLS and hosting an open house).
4. Don’t go immediately to an agent who gives you the highest estimate of value without first seeing the data that supports that as the correct value.
5. Shows good service and timely communication.

An agent's job is not just to sell your home. Anyone can sell a home. If you price a Ferrari at five hundred dollars, you will have plenty of buyers. But is that the best price?

An agent's job, first and foremost, is to listen to you.

Additionally, your agent's job entails:

- understanding your priorities
- educating you on the sales process and market conditions
- sharing needed home preparation
- providing resources as needed
- understanding your expectations
- marketing your property
- driving a maximum amount of quality showings
- negotiating on your behalf to achieve the best price and terms

Then, once a bonafide purchase agreement is achieved, the agent is responsible for carefully managing all elements of the transaction to ensure a successful closing.

# Commissions

As mentioned previously, the quality of the agent you choose could affect your sales price of up to fourteen percent.

When comparing the results of discount agents versus high-quality full-service agents, the difference can clearly be seen and felt in the average price per square foot received at sale.

From a pure business standpoint, the amount that an agent will net from your sale is proportional to the budget (both in time and dollars) that an agent can dedicate towards your sale. It's a hard truth, but it just makes sense.

Furthermore, understand that the commission which you and your agent agree upon is split between your agent/broker and the buyer's agent/broker. Therefore, any reduction in commission will likely reduce the buyer's agent's commission as well, potentially affecting the number of showings you receive.

A quality agent will provide the resources and expertise to reduce your upfront costs, as well as negotiate to secure a higher price and better terms. If paying one to two percent more in your listing fee nets you as much as five to fourteen percent more in your sales price, is that a service worth paying for? You don't want to be jumping over dollars to save pennies.



*Discount approach, no sale after ninety days*



*Same home, staged and high quality marketing, sold right away.*

# The Fry Effect

Imagine test driving a new car. It's freshly washed, has that new car smell, handles like a dream, and the price is right. Would you buy it?

Now, imagine you're getting into that same exact perfect car. This time, though, there's a sack of french fries spilled over the passenger seat and a half-empty cup of pop in the cup holder. The new car smell is replaced by the smell of stale fries; the pristine look of the new car is tarnished.

How would you feel about your experience now? Would you still pay the same price? Would you even want to buy it anymore?

In the next section "Preparing your Home for Sale," we will show you how to avoid the fry effect.



# Preparing Your Home For Sale

We typically recommend the below action items when preparing your home for sale. Addressing these issues can result in an increased sales price of fifteen to twenty percent.

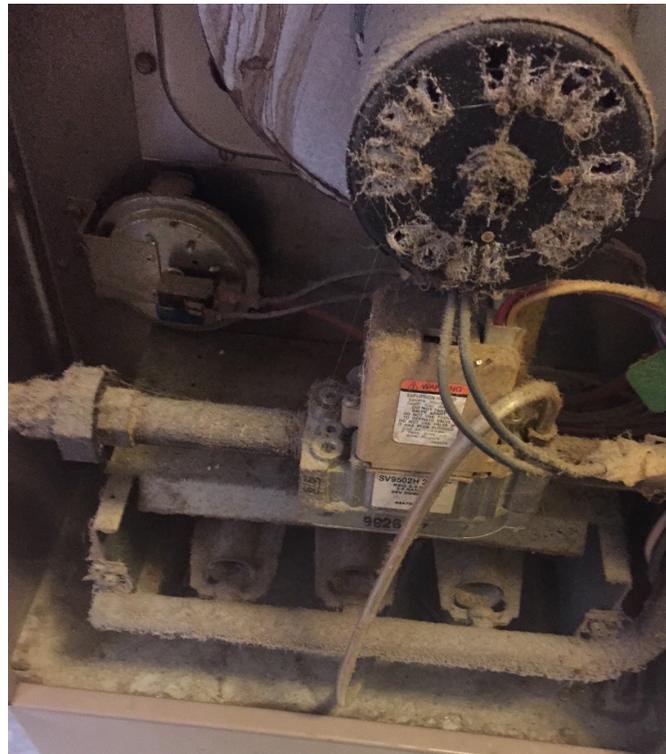
## INTERIOR

1. Hardwood floors should have a minimal amount of scratches, wear, unfinished or pet-stained areas.
2. Carpet should be well-maintained, showing no heavy traffic on the carpet or pad. If your carpet is in good condition, you should have it professionally cleaned several days prior to putting your home on the market. If you're wondering if you should replace the carpet because of the obvious stain that you can't get out, the answer is YES. If you are asking yourself if the stain is obvious, the answer is also YES.
3. If you have managed to maintain your 1960s-70s vinyl kitchen flooring: congratulations! Let everyone know that you were right all along; it is now back in style! However, if it is torn, worn, stained or scratched, it should be replaced.
4. If you have broken floor tiles or missing grout, you should replace the missing tiles with matching ones and regrout the floor. Hopefully, there is a box of extra tiles sitting in your garage, basement or attic. If you can't find matching replacements for your missing tiles, you may need to replace that flooring.

5. Fresh paint or like-new condition on the walls, trim and ceilings is recommended. Scratched, damaged, and missing finish on trim is one of the greatest eyesores for buyers.
6. Have the furnace or boiler cleaned, tuned and safety-checked. A home inspector will be less likely to recommend a replacement or safety check if they see a recent inspection sticker from a licensed HVAC technician on the unit.
7. Remove any fixtures or appliances you intend to keep and replace with a tasteful option. If you do not, don't be surprised if a buyer wants to keep them.



*New paint, carpet, and a cleaning can go a long way.*



## EXTERIOR

1. Remove any chipping and peeling paint and repaint the affected areas with a matching exterior paint. If your home was built prior to 1978, this will be a must if you want your home to be eligible for Federal Housing Authority (FHA) qualified buyers.
2. Pull weeds and remove excess brush. If applicable, put down fresh mulch, and edge the sidewalks and driveway. Be sure to also clean gutters, trim overgrown bushes and trees, especially if they are blocking windows or come into contact with the home or roof.
3. If the roof on your home or garage has fewer than two years of life remaining, this will almost certainly come up in the home buyer's inspection, as well as the lender's appraisal. If this concern is not addressed, the buyer's lender will not lend on the property. It is typically less expensive to fix this ahead of time than mid-transaction as you will be able to choose the contractor and roofing material. You will also be able to market your home with a new roof, which may likely increase the price of the offer(s) you receive.



*The outside matters, too!*

### *A Note about Repair Allowances*

Offering an allowance for repairs is ineffective for a couple of reasons. A buyer (especially a first-time buyer) will often believe that a repair will cost two to four times the actual cost. Therefore, the credit that a buyer will expect and accept will be far more costly to the seller than a simple repair. Since buyers are typically emotionally driven, they tend to make their offer based upon what they actually see and how they feel in the property. So if you offer a credit, you will still be receiving an offer based upon the current condition of the home. You'll then be expected to make the repair credit concession as well. This can end up costing the seller at least twice as much as doing the repair prior to listing.

### *Another Note*

If someone has been smoking inside the property you will most likely need to replace all carpets, wash all woodwork, paint all walls and ceilings.

**IN CONCLUSION**, it is best practice to consult an experienced real estate agent as soon as you start to consider selling your home. Even if selling your home is years away, it is never too early to engage professional advice and create a timeline for preparation. A real estate agent will provide the objective third-party opinions needed for your sale.

Remember, you are not preparing your home for your own purchase; rather, you are preparing it for today or tomorrow's most likely buyer. Anticipating the correct buyer demographics for your home is an important part of the skillset of an experienced real estate professional.

# What is My Home Worth?

Some people may think that getting an appraisal will help calculate the value of their home. However, appraisals are meant to calculate risk tolerance to a bank and not market value. Others may use automated valuation tools found on many real estate websites. Although these may be interesting data points, these methods use past sales in order to ascertain current market value. This can often be misleading.

Furthermore, these online tools are blunt instruments compared to the precision of a Comparative Market Analysis. Some people will look at the average price per square foot and apply that to their own home when trying to estimate their home's value. Although price per square foot is a useful tool for analysis of real estate trends, it is a wildly inaccurate tool

when estimating a single property's value due to variations in a homes construction quality, maintenance, updating, age, style and presentation.

The preferred method for calculation of a property's market value is to use a comparative sales approach to establish the value range of the property.

## WHAT IS A COMPARATIVE SALE?

A comparative sale (commonly referred to as a “Comp”) is most likely not the house next door or across the street from your own that has recently sold. Just as you would not compare a pickup truck to a sedan just because they’re on the same car lot, you do not want to compare a rambler to a split-level or two-story home even if it is on your block. A “Comp” is a recent “Comparable Sale” of similar size, style, condition and age.

A Comparative Market Analysis will typically include recent sales, pending/contingent sales, and possibly active listings. This approach provides a comprehensive survey of the recent sales history, market trends, and the current competition in your immediate area.

It is unlikely that your agent will find a recent sale or active listing that is exactly the same as your own home. Therefore, your agent should make adjustments between your home and the comparable properties/sales to account for differences in size, amenities, and condition; thus establishing the estimated range within which your home should sell.

# Buying a Home with a Home to Sell

Attempting to purchase a home while owning a home is something that can cause sellers anxiety. However, there are a few options to help a seller avoid this particular stressor.

The most commonly known option is referred to as a “**contingent offer**,” meaning purchasing the new home is contingent on the sale of one’s existing property. This makes a lot of buyers more comfortable as it eliminates the possibility of owning two homes at once.

There are significant downsides to this approach, though, which should be fully understood.

1. Due to the fact that your offer on the new home is contingent upon receiving an offer and the successful closing of your existing home, this type of offer is inherently weaker than other types of offers. Due to this weakness, the chances of getting your offer accepted are lower. This usually means that a contingent offer will need to be higher in purchase price than other offers in order to be accepted.
2. Someone purchasing a home with a contingent offer often feels pressured to accept a lower offer on their existing home than they might otherwise. This is because a contingent offer can be “bumped” by the other seller at any time prior to receiving an executed purchase agreement for their existing home.

The second way to purchase a home while having a home to sell is to purchase “**non-contingent.**” There are two ways to do this:

1. Have a low enough debt-to-income ratio where you can qualify for the payments on both homes.
2. Utilize a “bridge loan” or “equity loan.” Either of which provides temporary financing for the down payment of the new home until the existing home has sold.

There are a few benefits to making a non-contingent offer.

1. You are able to make a far more attractive and possibly more conservative offer since your offer does not rely on a contingency of sale for your existing home. This will increase your chances of acceptance by upwards of seventy percent (depending on the price point) over a contingent offer.

2. If you have kids or pets, you will be able to close on your new home and move in. Next you’ll put your current home on the market, thereby relieving stress on your family and pets. This can also allow you and your agent to create the perfect showing environment at any time for potential buyers. On average, a well-staged, easy-to-show home will sell faster and for four to six percent more than an unstaged home.
3. You will remain in control of the sale process for your existing home since you are not operating under the constraints of a contingent purchase. This will allow you to better prepare your home for sale, as mentioned above, and also time the listing of your sale to optimize for market conditions (as discussed in the next section.)

The last approach is to sell your existing home prior to finding or making an offer to purchase your new home. Although this is a fiscally conservative approach, it can be logistically precarious in the event that you don't find a new home prior to closing on your existing home.

However, you can eliminate the possibility of being homeless by creating a “drop-dead” date. This means that if you have not found and secured a purchase agreement for your new home, you will then sign a lease for a temporary rental (either month-to-month or a short-term). In this scenario, you will find that the added expenses of your “double move” will be overshadowed by the flexibility and purchasing power that you have now gained by becoming a non-contingent buyer on a flexible timeline. Although it may add logistical stress, this option can be far more cost-effective than utilizing a contingent offer.

Selling your home first doesn't always mean you should be prepared for a “double move.” Another option is to sell your current home contingent upon your ability to find and purchase a home within

a prescribed timeline. This timeline is typically fifteen to thirty days. If you are unable to find and purchase a home, then the sale would be automatically cancelled. This may sound like the best option of all; however, there is one significant drawback. Many buyers aren't willing to purchase without knowing it will be a sure thing. As a result, this will mean fewer potential buyers and possibly a lower sales price for your home.

*Note: The “double move” isn't what it used to be. With flexible moving options such as pods, you can take just what you need on a temporary basis to your rental while keeping the rest of your belongings in storage for convenient delivery when you are ready to move into your permanent home.*

As you can see, there are different options that you will want to consider when purchasing a home while also having a home to sell. It is best to discuss these with your family, your realtor, and your loan officer before choosing how to move forward.

# Timing the Market

Timing is less about putting your home on the market during the “best time of year to sell” and more about knowing the nuances around timing that may have a significant impact on your showing activity and sale price.

The two slower times of year tend to be late summer or early winter. However, with proper preparation, you will minimize any seasonal impact to your showing activity if you follow steps three through five.

1. The Spring Market starts in January. Yes, you read that correctly—it starts in January. The largest jump in showing activity all year happens just after the New Year. Activity will double in just a few days at that point.
2. The spring market usually peaks during the last few weeks of March or the first few weeks of April. We usually say, “if you wait to list until it is green, you will miss out on some green.”
3. Don’t list or make price changes right before a holiday. If a home lists and there is no one to see it, did it really come on to the market?
4. Watch the weather. If it looks like there will be a big snow storm right before or the day you were planning on listing wait until the roads are clear.
5. Listing Wednesday through Friday will typically get you forty percent more showing activity in the first week than listing Saturday through Tuesday.



*Make sure you have seasonally appropriate photos to prevent your listing from appearing old.*



# The Dangers of Overpricing

A home will usually sell within a plus or minus five percent range of an appropriately evaluated home (see “What is My Home Worth?”, pg. 17). This we call the “Market Value Range,” as not every buyer will be willing to pay the exact same price. Usually a majority of them will be close to the asking price.

Surpassing the market value range when pricing your home will usually cause a multitude of problems. Such as:

1. Buyers look at your home’s location and the square footage. They think it is overpriced and decide against seeing the house.
2. The lower showing activity means the home will spend more time on the market in comparison to other homes.
3. The additional days on market have buyers wonder what is wrong with it.
4. The more time on market you spend, even if you followed our advice on “timing the market”, pg. 22), the more

likely it is that you may end up passing those best times of opportunity.

You got it: all of that adds up to you receiving less for your listing.

Maybe you’re thinking you’ll try the higher price for a little bit and then drop it back down, just to see what happens.

Here’s the problem: once buyers think there is something wrong with the house (due to the high days on market), they will pay even less for it than one that was priced correctly at the beginning.

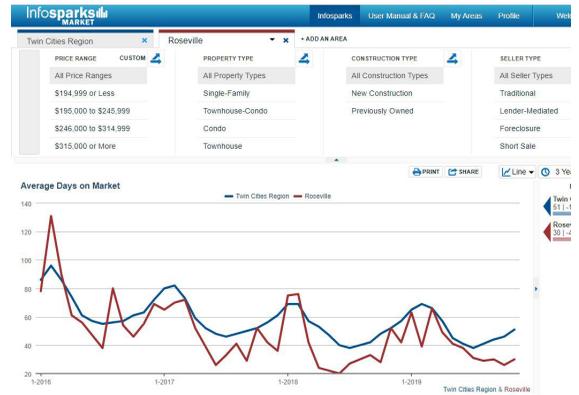
If you want to play with pricing, try “pre-listing” with your agent either on the MLS or other sites that offer that option. The best time to do this is while you are getting your home market ready (see “What is Market Ready”, pg. 26). This will let you see what potential interest there is in your home without the pressure of showings or accumulating days on market.

# Showing Expectations and Days on Market

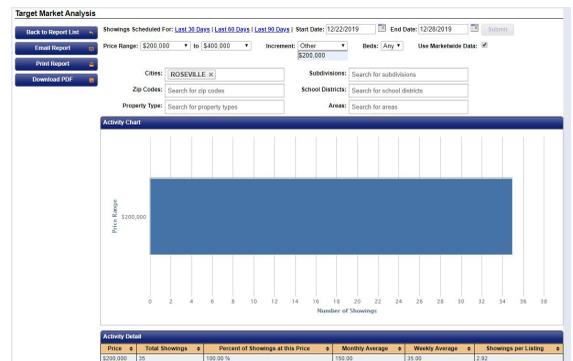
Everyone knows someone who sold their home in just a couple of days. Did you ever think that maybe it was priced as a “fire sale?” Maybe even unintentionally?

As mentioned previously, anyone or any agent can sell a home. The key to getting the best price and terms you want out of your sale is to understand the market trends for your area, the price point, and type of property you’re selling. Your agent should be going over the average number of showings prior to an accepted offer along with average days to expect.

You want to give your home the right amount of time to find the right offer. That may be in the first few days on the market or it may be on day ten or after. You and your agent want to analyze the market together before making that decision.



*Track average days on the market.*



*Track average number of showings to expect.*

# What is Market Ready?

Market ready is when the stage is set for the buyer to have the best experience we can provide them during a viewing of your home. Your agent will arrange for many of these items below, hopefully alleviating your stress.

1. **Complete any city inspections if required.**
2. **Declutter.** If you are still living in the home, this is an easy one. If you are moving anyway, think of it as packing early.
3. **Staging.** Pare back your furniture and wall hangings. This is more for photos to show how much space is in a given room (see example photos). Your garage, closets, or basement storage area are perfectly acceptable spaces to store the items or packed boxes you do not need at this point.
4. **Professional real estate photography has been completed.** If your agent is taking their own photos you may want to reconsider agents.

*\*Special note: If you have pets, it is best to have them out for showings. Many people have pet allergies and pets in the home can take away from those buyer's experiences. If having them out is not possible, try to use a kennel during the showing times.*

5. **Neutralize smells.** This is especially important if you have pets or like to cook a lot. It is best to let the home air out if temperatures allow. However, if that is not possible try a neutral plug-in air freshener.
6. **Temperature.** Again don't be jumping over dollars to save pennies. Keep your home warm for winter showings, 72, or cool for summer showings, 68. If a buyer is not comfortable in your home they will leave. This can cost you days on the market and, most likely, thousands of dollars.



*These rooms are not market ready.*



*These rooms are market ready.*

# What should a Listing Agent have to get Showings? A Marketing Plan!

Anyone can just put a home on the MLS. That is not marketing and that will not get you top dollar. If there is just one job of a listing agent, it is to provide you with high-quality marketing and a marketing plan.

This will get you not only the most buyers, but the right buyers into your home.

Here's a start:

1. **Prelist marketing.** Not only is this a great way to test prices, as mentioned before, it is also perfect for getting the snowball of interest going on your property.
2. **Utilizing national real estate search engines.** It sounds basic, but some agents never post their listings on these sites. Many agents also never verify the accuracy of the information listed. Make sure your home shows up and specs out correctly. Keep in mind these sites can take a few days to update past information.
3. If your price range allows, **bracket pricing** may get you 1.5 to 2 times the amount of buyers viewing your property. The old days of listing at 299,900 are over. 300k on the button will get you all buyers looking up to 300k and all buyers looking 300k and above, due to how most search tools work. List your home at 299k and miss out on those who are looking at 300k and over. This not only applies at the

100k marks, but also the 50 and 25k marks. It may be worth it to bump or drop your price a bit for the added activity. Sometimes this can be the difference in achieving multiple offers driving the sale price even higher.

4. Using **social media** is at least ten times more effective than print and is where most of the marketing money should be spent on your listing, outside of photography and staging. This is hands down the most effective way to target your most likely buyers.
5. **Your agent networking** is one of the early forms of marketing, and is still very effective in spreading the word and getting more buyers in to see your listing.
6. **Open houses.** It is not to likely that a buyer will come to the open house and decide to make an offer. However, what is more likely is that a neighbor, parent, friend, or coworker comes to the open house and tells a potential buyer that they might like it and to set up a showing. Those nosy neighbors can now be your friends when it is time to sell. In fact, up to ten percent of home sales can be directly or indirectly tied to open houses.
7. **An extended marketing plan.** If you do not have an accepted offer after the first couple weeks of hype have passed, it is good to know your agent has some additional marketing contingencies in place, other than just asking for a price reduction. Sometimes a simple photo order change, exterior photo reshoot, or relisting under a new MLS number can assist in generating additional activity.

# HOW WE SELL YOUR HOME

## PRESALE



*Preparation  
Walkthrough*



*Staging &  
Photography*



*Zillow  
Coming Soon*



*Pre-MLS  
Facebook Ads*



*Agent to Agent  
Networking*

## ON MLS



## BEYOND MLS



*Homespotter, Social Media Ads, Open Houses,  
Mailers, & Reverse Prospecting*

# Don't Oversell It!

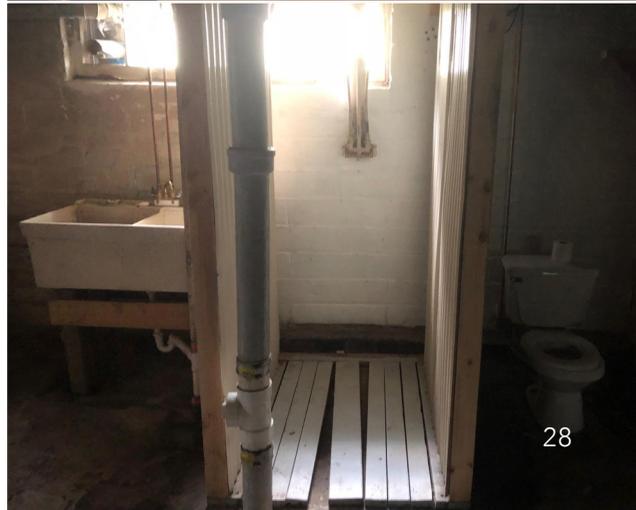
Setting and meeting a buyer's expectations is one of the most important things when trying to get someone excited about your house.

Imagine you're a buyer, reading listing remarks that describe a master bath, a fourth bedroom, a fantastic guestroom, and a lower level three-quarter bath.

Then imagine that the photos to the right are what you see when you go in for a showing.

Would you feel excited or disappointed?

Although the examples here are extreme, it can sometimes be better to say nothing about the non-traditional spaces in your home. Whether it is a finished basement with painted foundation walls and flooring or that extra room with low ceilings upstairs, it is best to let the buyer find those extra spaces themselves and see the potential.



# The Importance of Feedback

Only thirty to fifty percent of buyer's agents will submit feedback. Most agents that plan to submit an offer will never share feedback. It makes sense. Would you want to show your hand and let the seller know how you really feel about the home and how it is priced in feedback or just say nothing while you put together your plan for your offer? Some agents even say the only real feedback is an offer.

That said, there is value to feedback. However, it is not something you want to stress over on the individual basis. We have seen listings that are advertised as 600 square feet and the feedback says, "the buyer did not like the home because it was too small and it is overpriced." In that instance, either the buyer did not take the time to look at the specs or the agent did not listen to the buyer's needs. So is that buyer feedback really useful?

Where we think feedback to be most valuable is in helping identify fixable issues: offensive smells, cosmetic repairs/updates, or just priced too high for the current market conditions. If you are hearing the same thing regarding a fixable issue from three or more buyers, take the feedback very seriously.

## Is a Lowball Offer a Bad Offer?

All offers are good offers. You just need to decide how you are going to respond to or leverage an offer. The first thing to understand is that often the reason for a buyer's lowball offer has to do with their own emotional attachment. They see and love your house, but also start seeing the repairs and improvements they would like to make. Then, they start slashing those estimated costs off your listing price.

Here's the thing: they love your house. With recognition and minimal concessions, whether it is on the closing timeline, earnest money, closing costs or price, you may see drastic movement on the buyers behalf. Ninety percent or more of the time, the first offer you receive after counteroffers to their highest point, will be the best offer you see during your active time on the market.

So what if you have pretty high activity on your listing but you get a lowball offer?

Whatever you do, don't ignore it, leverage it! To properly leverage a lowball offer, buy yourself some time. Have your agent let the buyer's agent know that due to high activity, you want to think about it over the next day or so before countering. During this time, you want to let any showings booked go through over the next day or so, and let new potential buyers know that there's already an offer on the house after their viewing. Then, let any potential buyer's agents know you have another offer you're planning on countering soon.

You are now using the first offer as "bait" to get other bigger offers. If no bigger or better offers come, then counter that first offer you received.

# Handling Multiple Offers

With the right pricing, market conditions, and marketing, you may find yourself with multiple offers.

However, don't drag your feet and try to force multiples and potentially lose a good offer. You may have heard the old saying, "bird in the hand is better than two in the bush." You never want to risk losing a good offer only for the purpose to try to get another offer.

If you have multiple offers, or it looks like you are going to have multiple offers, be decisive and set deadlines. Let any standing offers know you are calling for "highest and best offers" within twenty-four to forty-eight hours.

Only let showings know about the other offers after they have viewed the home. If you notify them prior to showing, there is a high likelihood they might cancel their showing to avoid a bidding war. Give them an opportunity to fall in love with your home first.

Multiple offer situations are not actually bidding wars. It is very rare that any of the offers know what the other offers are.

Usually each buyer will have an opportunity to put forth their “highest and best offer” and the seller will choose one to work with. Sometimes you may counter a “best offer” to get it to be “highest and best.”

Sometimes, the best offer isn't just about pricing. Some questions you may ask about each offer:

- Does the closing timeline work for you?
- What type of financing are they using?
- Is the buyer's lender reputable?
- Are there any concerns that the home might not appraise at the offer price? If that is a concern are the buyers willing to give an appraisal guarantee?
- Has the buyer owned a home before?

Your agent should talk through each offer so they can be vetted properly, allowing you to choose the one that works the best for you.

# Who Pays the Closing Costs?

Closing costs are one of the most confusing concepts of the sale process for both buyers and sellers.

This is completely understandable, because most real estate agents and loan officers do not effectively communicate what the closing costs are, who pays them, and what the net effect is. The first thing to understand is what the closing costs are for both the buyer and seller.

Seller's closing costs are composed of the following:

- Realtor commissions for both the buyer's agent and seller's agent
- Broker administrative fee
- Title fees
- State deed tax

Buyer's closing costs are composed of the following:

- Property tax escrow
- Homeowner's insurance escrow
- Loan fees, including rate buydown if applicable
- Broker administrative fee
- Title settlement charges
- Lender's and buyer's title insurance

Another thing to understand is that if the buyer is asking the seller to pay the closing costs in the offer—known as seller paid contribution to buyer's closing costs—the seller never actually pays the closing costs.

See the next page for an example that will hopefully clarify closing costs.

A buyer goes to make an offer on a one-bedroom condo. The list price of this condo is \$105,000. The buyer and their agent determine that the condo is valued at \$97,000.

Here are the different ways the buyer can cover their closing costs:

#### **A) FINANCED CLOSING COSTS**

The buyer decides that they would like to finance the closing costs into the loan. Therefore, they will offer the seller \$100,000 and request \$3,000 in “seller paid contribution to buyer’s closing costs.” This is what is known as financed closing costs. This is essentially offering the seller a net offer of \$97,000. The benefit to the buyer is that they have reduced their cash out of pocket at closing by \$3,000.

#### **B) OUT OF POCKET**

The buyer decides to pay their closing costs out of pocket thus increasing their cash required at closing by \$3,000. They offer the seller \$97,000.

These examples have the same net effect on the seller. The only difference is the loan amount is higher for the buyer in the first example.

The buyer’s cash out of pocket is greater in the second example and the seller never actually paid the closing costs. This is simply a vehicle to allow buyers to finance their closing costs by artificially inflating the value of the home.

So at the end of the day, the buyer always pays their closing costs in one form or another and the seller pays their own closing costs.

# Navigating an Inspection Contingency

It is understandable to not want to be nicked and dimed by a buyer. Keep in mind that it may be worth a few nickels if they've offered you a whole bunch of dimes over your asking price.

That being said, how do you keep an average buyer from doing this?

This goes all the way back to the "preparing your home for sale" section (pg 13). There can be little things like getting your furnace checked ahead of time that can save you a whole bunch of money later.

Every home will still have lots of little things show up in inspection you may have missed when getting your home ready. That is okay; every home has them!

To maximize your sale price, you will need to be okay with fixing life safety items such as: electrical, plumbing, gas, and structural issues. Almost any buyer will request these items to be fixed if they come up during inspection.

The other items you will want to be willing to take care of are items not common for a home's age such as: non-operational windows, doors, garage doors, fireplaces and appliances, just to name a few. You also want your agent to communicate to the buyers agent at the time you are accepting the offer that you are okay with taking care of those items, if they arise. However, state that you are not interested in fixing non-safety related items such as cosmetic repairs or upgrades the buyer would like.

If some real issues come up, your agent should be able to get you in contact with or arrange for affordable options to take care of any items that you agree to correct. You could offer a price concession instead of the work completion. That does tend to be the more costly route, however.

Another option you may consider is to offer the buyer a home warranty if they have concerns due to mechanical systems' or appliances' age. This is a third-party product you can purchase which will cover any repairs that may come up over the first year of ownership.

Taking these steps should minimize the cost to you. If you come across an unreasonable buyer, be cautious before canceling their offer due to requests they have made. Depending on their requests, it may be worth accepting it even if unreasonable to avoid the cost of cancellation. Buyers that see a home come back on the market wonder immediately what's wrong with it. Typically a home that has come back on to the market after failing a buyer's inspection will sell for about 10k less than whatever the previous offer was for. If you can, avoid canceling unless the request costs are too much or if you have a good backup offer in hand.

## Post Offer Timeline

Once the offer is received the first thing that takes place is the inspection. This is typically within the first ten days after acceptance. Once the inspection contingency is cleared, or an inspection amendment agreement is made, there is a ninety-five percent chance or more that you will make it to closing with that buyer.

This is usually followed by the appraisal. No news is usually good news when it comes to the appraisal. Only if there is an appraisal issue with the value or condition will you hear from the buyer's side regarding it. You are usually in the clear if you do not hear from them within three to four days after the appraisal.

A closing day is set in the purchase agreement, but usually an exact time is not set until a few weeks out from closing. This is normal. You may also not see final numbers versus estimates until just a few days to a week or so before closing. This is also normal. The reason is that there are many people from both the buyers and sellers title companies that need to work together to come up with and verify the prorated numbers. They do not want to do this work until it looks like everything is going to clear the loan underwriters in time to make that closing date.

The closing date is a goal. With over thirty people involved in every real estate transaction from the buyers and sellers to the agents, brokers, title company personnel, inspectors, lenders, processors, appraisers, underwriters, and more, sometimes unintentional delays happen. It can take one person calling in sick to potentially throw a closing day off. That said, the odds are pretty good to hit your closing date. Typically eighty percent or more of homes close on the originally scheduled closing date.

If you are scheduling movers, try to find ones that are flexible just in case. Wait until a few days out from closing to transfer utilities so you don't have to do it twice.

*\*Special note: If you are selling a condo, townhome or any property with an association, make sure you order a copy of all association documents for the buyers review. This is a requirement and includes, but is not limited to, association bylaws, rules and regulations, financials and resale disclosure certificate.*

# The Stats

Congratulations, **Smart Seller!**

If you follow the steps in this book, you will have not just accomplished selling your home, but you will have most likely received the best price or terms or both that the market conditions in your area will allow.

How can you know this for sure? Below is a list of the resources used for the market stats mentioned in this book.

## The Northstar MLS

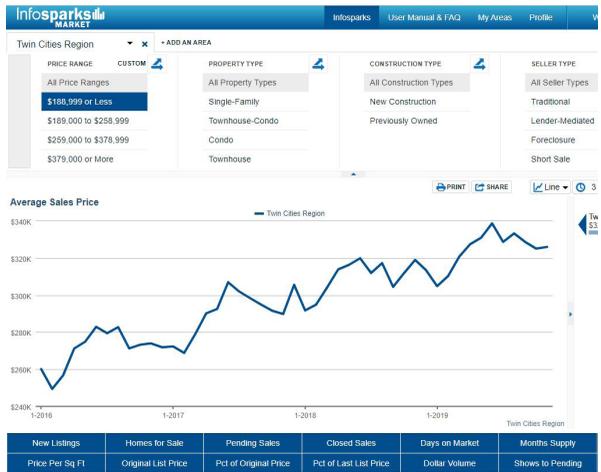
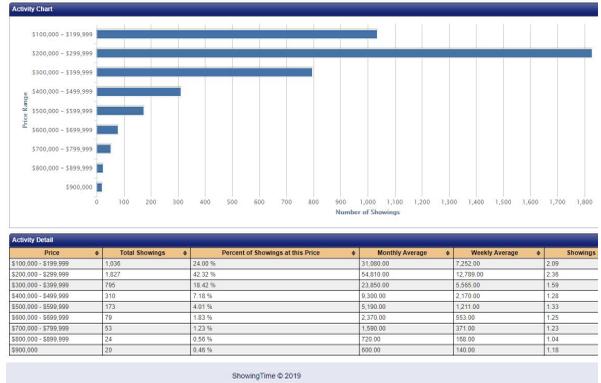
Quality of marketing sale price stats, days on market, commission differential, staged versus not-staged sale prices.

## Showingtime

Days on market stats, feedback rate, days of the week to list stats.

## Infosparks

Time of year market conditions.



## BRIX Real Estate

Open house stats, offer closing rate, closing date stats.

# Frequently Asked Questions

## **How are showings scheduled?**

When your listing goes live, you will receive access to a mobile app that will allow you to review, approve or decline showing requests. Alternatively, you can confirm showing requests via text or email. If there is any difficulty with this, you can always communicate with your agent and she/he can approve or decline a showing for you.

## **Should a seller allow overlapping showings?**

Yes, this creates a sense of urgency with any buyers that are viewing the property at the same time as others.

## **Should a seller be present for showings or the inspection?**

No, it is best to practice to leave the property for showings and inspections as this is the buyer's opportunity to experience the property for themselves with their chosen representatives.

## **Will the listing agent be attending buyer showings?**

It is typically not advised to have the listing agent at a showing as this is a time for the buyer to discuss the property with their trusted agent. There are some exceptions to this for very unique properties. If this is a concern, please discuss this with your agent.

## **Who hosts an open house?**

An open house can be hosted by either the listing agent or an associate from the listing agent's brokerage. An agent who is not the listing agent adds a degree of separation between the seller and buyer and can better facilitate the openness and questions that can lead to offers.

**Should a seller be present for the lender appraisal?**

It is not necessary to be home during an appraisal. If it is inconvenient to leave, it is typically okay to be home during the appraisal as a buyer is rarely in attendance.

**How clean should the house be at the time of closing?**

All personal property and pets which were not negotiated to transfer should be removed as well as any trash. Carpets should be vacuumed, floors swept, refrigerator/freezer cleaned and countertops/cupboards wiped clean.

**What should a seller bring to closing?**

The title company will usually have all the documentation needed regarding the mortgage and title/deed. However, if they don't, they will reach out regarding document requests. Most of the time, all you will need is government-issued ID.

**Who arranges to pay off the seller's mortgage when the property closes?**

The title company will arrange to satisfy any mortgages/equity loans or other liens at closing.

## APPENDIX A: HOW BUYERS FOUND THEIR HOME

The National Association of Realtors did a recent study of how buyers found out about the home they purchased. Here are those results:

Internet: 50%

Recommendation from their real estate agent: 28%

Yard sign or open house: 7%

Friend, relative or neighbor: 7%

Through a home builder: 5%

Directly from sellers/knew the sellers:  
2%

Print advertisement: 1%

## APPENDIX B: INSTANT OR GUARANTEED OFFERS

The instant offer or guaranteed offer has been around for a long time. Traditionally, these have been offered by local real estate investors and usually target estate sale properties. They would have tag lines such as “sell your house for cash now” or “sell as-is.” Only recently have larger national corporations taken on these endeavors.

These types of sales can make sense for a seller in the right situation. However, these companies completely understand that this is only about one percent of homeowners. It typically makes the most sense for a seller who does not have time to deal with the property and doesn't care about the money that may be lost.

As mentioned in the section of this book “Preparing your home for sale” (pg 13), you could lose up to fifteen to twenty percent by not putting in the effort to get your house ready to sell or selling it as-is. It should be no surprise then that these companies on average offer between eighteen to twenty percent under the after repair value or market value (ARV).

That being said, it does not usually hurt anything to get an estimated offer from one of these companies. However, do not take it as a best value of your property without getting a second opinion from a professional.

## APPENDIX C: AGENCY DISCLOSURES

When you start meeting with real estate agents they are required by their governing rules to present to you a form called Agency Relationships in a Real Estate Transaction.

We have included a copy of this form on the next page so you are prepared when the time is right.

## AGENCY RELATIONSHIPS IN REAL ESTATE TRANSACTIONS

1. Page 1

2. **MINNESOTA LAW REQUIRES** that early in any relationship, real estate brokers or salespersons discuss with  
3. consumers what type of agency representation or relationship they desire.<sup>(1)</sup> The available options are listed below. This  
4. is **not** a contract. **This is an agency disclosure form only. If you desire representation you must enter into a**  
5. **written contract, according to state law** (a listing contract or a buyer/tenant representation contract). Until such time  
6. as you choose to enter into a written contract for representation, you will be treated as a customer and will not receive  
7. any representation from the broker or salesperson. The broker or salesperson will be acting as a Facilitator (see  
8. paragraph IV on page two (2)), unless the broker or salesperson is representing another party, as described below.
9. **ACKNOWLEDGMENT: I/We acknowledge that I/we have been presented with the below-described options.**  
10. **I/We understand that until I/we have signed a representation contract, I/we am/are not represented by the**  
11. **broker/salesperson. I/We understand that written consent is required for a dual agency relationship.**

12. **THIS IS A DISCLOSURE ONLY, NOT A CONTRACT FOR REPRESENTATION.**

13. \_\_\_\_\_  
(Signature) (Date) (Signature) (Date)

14. I. **Seller's/Landlord's Broker:** A broker who lists a property, or a salesperson who is licensed to the listing broker,  
15. represents the Seller/Landlord and acts on behalf of the Seller/Landlord. A Seller's/Landlord's broker owes to  
16. the Seller/Landlord the fiduciary duties described on page two (2).<sup>(2)</sup> The broker must also disclose to the Buyer  
17. material facts as defined in MN Statute 82.68, Subd. 3, of which the broker is aware that could adversely and  
18. significantly affect the Buyer's use or enjoyment of the property. (MN Statute 82.68, Subd. 3 does not apply to  
19. rental/lease transactions.) If a broker or salesperson working with a Buyer/Tenant as a customer is representing the  
20. Seller/Landlord, he or she must act in the Seller's/Landlord's best interest and must tell the Seller/Landlord any  
21. information disclosed to him or her, except confidential information acquired in a facilitator relationship (see paragraph  
22. IV on page two (2)). In that case, the Buyer/Tenant will not be represented and will not receive advice and counsel  
23. from the broker or salesperson.

24. II. **Buyer's/Tenant's Broker:** A Buyer/Tenant may enter into an agreement for the broker or salesperson to represent  
25. and act on behalf of the Buyer/Tenant. The broker may represent the Buyer/Tenant only, and not the Seller/Landlord,  
26. even if he or she is being paid in whole or in part by the Seller/Landlord. A Buyer's/Tenant's broker owes to the  
27. Buyer/Tenant the fiduciary duties described on page two (2).<sup>(2)</sup> The broker must disclose to the Buyer material facts  
28. as defined in MN Statute 82.68, Subd. 3, of which the broker is aware that could adversely and significantly affect  
29. the Buyer's use or enjoyment of the property. (MN Statute 82.68, Subd. 3 does not apply to rental/lease transactions.)  
30. If a broker or salesperson working with a Seller/Landlord as a customer is representing the Buyer/Tenant, he or  
31. she must act in the Buyer's/Tenant's best interest and must tell the Buyer/Tenant any information disclosed to him  
32. or her, except confidential information acquired in a facilitator relationship (see paragraph IV on page two (2)). In  
33. that case, the Seller/Landlord will not be represented and will not receive advice and counsel from the broker or  
34. salesperson.

35. III. **Dual Agency - Broker Representing both Seller/Landlord and Buyer/Tenant:** Dual agency occurs when one  
36. broker or salesperson represents both parties to a transaction, or when two salespersons licensed to the same  
37. broker each represent a party to the transaction. Dual agency requires the informed consent of all parties, and  
38. means that the broker and salesperson owe the same duties to the Seller/Landlord and the Buyer/Tenant. This  
39. role limits the level of representation the broker and salesperson can provide, and prohibits them from acting  
40. exclusively for either party. In a dual agency, confidential information about price, terms and motivation for pursuing  
41. a transaction will be kept confidential unless one party instructs the broker or salesperson in writing to disclose  
42. specific information about him or her. Other information will be shared. Dual agents may not advocate for one party  
43. to the detriment of the other.<sup>(3)</sup>

44. Within the limitations described above, dual agents owe to both Seller/Landlord and Buyer/Tenant the fiduciary  
45. duties described below.<sup>(2)</sup> Dual agents must disclose to Buyers material facts as defined in MN Statute 82.68, Subd.  
46. 3, of which the broker is aware that could adversely and significantly affect the Buyer's use or enjoyment of the  
47. property. (MN Statute 82.68, Subd. 3 does not apply to rental/lease transactions.)

48. \_\_\_\_\_ I have had the opportunity to review the "Notice Regarding Predatory Offender Information" on  
(initial) (initial)

49. \_\_\_\_\_ page two. (2)

## AGENCY RELATIONSHIPS IN REAL ESTATE TRANSACTIONS

50. Page 2

51. IV. **Facilitator:** A broker or salesperson who performs services for a Buyer/Tenant, a Seller/Landlord or both but  
52. does not represent either in a fiduciary capacity as a Buyer's/Tenant's Broker, Seller's/Landlord's Broker or Dual  
53. Agent. **THE FACILITATOR BROKER OR SALESPERSON DOES NOT OWE ANY PARTY ANY OF THE FIDUCIARY**  
54. **DUTIES LISTED BELOW, EXCEPT CONFIDENTIALITY, UNLESS THOSE DUTIES ARE INCLUDED IN A**  
55. **WRITTEN FACILITATOR SERVICES AGREEMENT.** The facilitator broker or salesperson owes the duty of  
56. confidentiality to the party but owes no other duty to the party except those duties required by law or contained in  
57. a written facilitator services agreement, if any. In the event a facilitator broker or salesperson working with a Buyer/  
58. Tenant shows a property listed by the facilitator broker or salesperson, then the facilitator broker or salesperson  
59. must act as a Seller's/Landlord's Broker (see paragraph I on page one (1)). In the event a facilitator broker or  
60. salesperson, working with a Seller/Landlord, accepts a showing of the property by a Buyer/Tenant being represented  
61. by the facilitator broker or salesperson, then the facilitator broker or salesperson must act as a Buyer's/Tenant's  
62. Broker (see paragraph III on page one (1)).

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63. <sup>(1)</sup> This disclosure is required by law in any transaction involving property occupied or intended to be occupied by  
64. one to four families as their residence.

65. <sup>(2)</sup> The fiduciary duties mentioned above are listed below and have the following meanings:  
66. Loyalty - broker/salesperson will act only in client(s)' best interest.  
67. Obedience - broker/salesperson will carry out all client(s)' lawful instructions.  
68. Disclosure - broker/salesperson will disclose to client(s) all material facts of which broker/salesperson has knowledge  
69. which might reasonably affect the client(s)' use and enjoyment of the property.  
70. Confidentiality - broker/salesperson will keep client(s)' confidences unless required by law to disclose specific  
71. information (such as disclosure of material facts to Buyers).  
72. Reasonable Care - broker/salesperson will use reasonable care in performing duties as an agent.  
73. Accounting - broker/salesperson will account to client(s) for all client(s)' money and property received as agent.

74. <sup>(3)</sup> If Seller(s)/Landlord(s) elect(s) not to agree to a dual agency relationship, Seller(s)/Landlord(s) may give up the  
75. opportunity to sell/lease the property to Buyer(s)/Tenant(s) represented by the broker/salesperson. If Buyer(s)/  
76. Tenant(s) elect(s) not to agree to a dual agency relationship, Buyer(s)/Tenant(s) may give up the opportunity to  
77. purchase/lease properties listed by the broker.

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78. **NOTICE REGARDING PREDATORY OFFENDER INFORMATION: Information regarding the predatory offender**  
79. **registry and persons registered with the predatory offender registry under MN Statute 243.166 may be**  
80. **obtained by contacting the local law enforcement offices in the community where the property is located,**  
81. **or the Minnesota Department of Corrections at (651) 361-7200, or from the Department of Corrections Web site at**  
82. **[www.corr.state.mn.us](http://www.corr.state.mn.us).**

MN:AGCYDISC-2 (8/14)



BRIX Real Estate is a boutique brokerage operating in the Twin Cities that puts clients first in every respect. By celebrating and refining the craft of real estate, participating in the betterment of our local community and taking great pride in the relationships we build, we work tirelessly to provide exceptional service and an elegant, streamlined approach to every aspect of our service.

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# The Right Tools & Techniques

Selling your home is likely one of the largest financial transactions you will make. This is a concise, yet comprehensive guide to the home selling process, from selecting a real estate agent to understanding closing costs. As a smart seller, you will have the right tools and techniques to give you an edge in today's real estate market.

