



Eric Stewart
SMART
GUIDE

Market Ready Guide

Get Your House Ready To Sell
For Maximum Profit

By Eric Stewart

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800-900-9104

www.EricStewartGroup.com

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A Note From Eric Stewart



Dear Prospective Seller,

Here is your copy of the Market Ready Guide. Every year, I meet sellers facing the same questions and challenges regarding real estate. So, I put this guide together to help you avoid these common struggles. I hope that you find it helpful as you prepare to sell what may be your most lucrative investment: Your home!

Your reasons for moving will drive the process of getting ready, selling, settling, and moving. It is imperative that you understand your motivation and that you remind yourself of it throughout the process. If you want more help figuring this out and also thinking through how to sort through your belongings, you will find my complementary Rightsizing Guide very helpful.

Ultimately, to get you to the settlement table, you need a proper preparation plan and an organized process. Within these pages, we will discuss selecting a Realtor® and the necessary steps for putting your house on the market.

If you plan on selling your home in the next one to two years, let us assist you! Call 1-800-900-9104 or visit EricStewartGroup.com to request a complimentary market evaluation of your current home. It's never too early to start the market ready process.

Enthusiastically,

A handwritten signature in black ink that reads "Eric Stewart". The signature is fluid and cursive, with the first name "Eric" being more prominent.

I am not an attorney or an accountant. I am licensed to advise on real estate matters only. Any ideas presented here are the expressed opinion of Eric Stewart and should be treated as such.

The 3 Legs of a Successful Sale

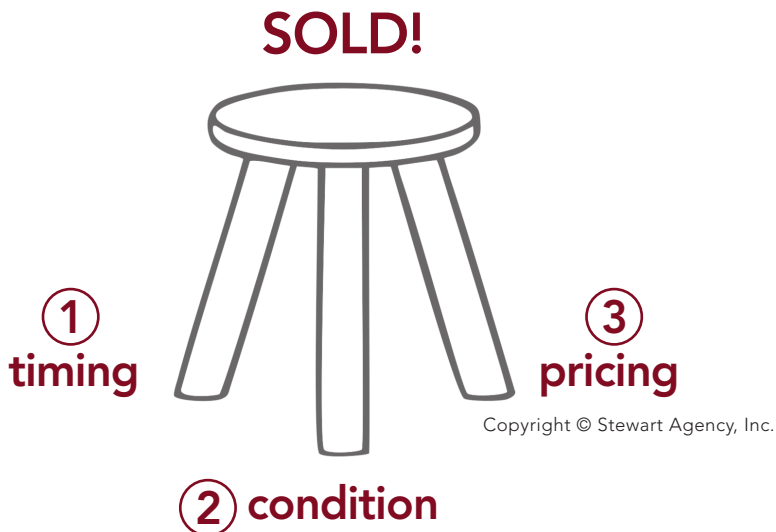
Imagine the sale of your home as a stool you are building in a carpenter's shop.

Market timing, the condition of your house, and pricing are the legs of the stool, and the sale itself is the seat. Your Realtor of choice is the craftsman who will fit it all together.

The legs hold the stool up, but only when they are correctly sized. It is vital to start marketing your property at the right time, to prepare it to sell in its best condition when appropriate, and to price it correctly based on supply and demand. The combination of these three factors will result in getting your house sold fast and for top dollar.

A good Realtor will help you to understand the market, to improve the condition of your home, and to set an accurate price. So, hiring the right agent is vital.

Let's start by examining your motivation for putting the pieces of the stool together. Next, we'll look at hiring an agent to help you build it. Then, we'll cover timing, condition, and, last of all, pricing.



Entering the Market

In every play or movie, each character has a purpose. Their major motivation (or "throughline") drives every choice they make. Actors have to discover this motivation to bring their characters to life. In the same way, we will find your motivation, which will drive every choice you make in moving. Answer the following questions candidly:

1 Why are you moving? List your top three reasons.

a. _____

b. _____

c. _____

2 When do you want/need to move?

3 What three things do you enjoy most about your home and neighborhood?

a. _____

b. _____

c. _____

4 How long have you lived in your present home?

5 Do you have any liens on the property? If so, how many and for how much?

6 What major improvements have you made to your present home? Will you have capital gains?

7 What are your major concerns in making a move?

a. _____

b. _____

c. _____

8 What is most important to you: Pricing? Timing? Convenience?

9 What qualities are you looking for in a real estate agent? Number your top picks below. There are no right or wrong answers here.

- | | |
|---|---|
| <input type="checkbox"/> Aggressive, fast-moving | <input type="checkbox"/> Experienced, confident |
| <input type="checkbox"/> Cautious, methodical | <input type="checkbox"/> Willing to listen |
| <input type="checkbox"/> Step-by-step involvement | <input type="checkbox"/> Independent |
| <input type="checkbox"/> Hands-off approach | <input type="checkbox"/> Team approach
(for optimal marketing) |
| <input type="checkbox"/> Weekly communication | |

10 Are there any items that won't convey? A special chandelier? Washer/dryer set?

11 Have you had an appraisal done in the past few years?

12 What do you believe is the market value for your house? Give one or two reasons why.

13 Are there any repairs that you feel need to be done before putting the house on the market?

14 How soon could you give possession if a buyer made an offer today?

15 How much cash do you have available to invest in getting your home sold fast and for top dollar?

The Decision

The questions you just answered will be helpful when discussing your move with your family, advisors, and potential agents. Here are a few other questions to ask yourself:

What are the financial implications of selling your house?

Have you been living in your house for two out of the last five years? If not, you need to consider how capital gains taxes may affect you. Although we are not accountants, we have an understanding of basic real estate accounting red flags. If you own a rental property and you have a large gain, you may want to buy your future home through a tax-free exchange to avoid the capital gains tax.

If you were a buyer, what would immediately catch your eye?

Your answer to this question will reveal many of the things that need to be taken care of prior to putting your house on the market. A Realtor will help you decide what is worth fixing in order to get your house sold quickly for the best price.


Can you be objective during the selling process?

Sentimentality is a major stumbling block for people when selling their homes. If you allow your emotional connection to the property to interfere with the selling process, you can make poor decisions regarding pricing, spruce-ups, and contract negotiation.

Recently, my team sold a property that the owners had lived in for 20 years. They had raised their children in this home and spent most of their married life there. They were ready to sell only after years of preparing themselves emotionally. If you find yourself overwhelmed by your home or the thought of moving and getting rid of all your stuff, order or download a copy of our Rightsizing Guide at EricStewartGroup.com. This guide will walk you through the daunting task of parting with your belongings, evaluating the financial benefits of downsizing, and more.



Taking a video of every part of your home is an effective way to remember it down the road.



Now, based on all the questions you've just considered, describe the two or three main reasons for your move.

1.

2.

3.

Finally, using your reasons from above, write a motivational sentence describing why you are moving, to which you can refer from time to time. Your sentence might read something like this: "I am moving with the things I need now to improve my health and gain financial independence."

Try to avoid a negative sentence, such as: "I am moving to start a new season without clutter, with fewer physical challenges, and with less expense," and instead try something like: "I am moving to start a new season with more meaningful possessions, greater physical freedom, and in a better financial position."

Selecting a Realtor®

Okay, now you have your motivation. It's time to build the stool of a successful sale. You'll need the right craftsman to fit all the pieces together: Your Realtor.

Before you choose a real estate agent to help you sell the house, call us. We can identify a reputable agent near your home using our careful vetting process. You may also want to get recommendations from friends, family, and neighbors, and look on the web.

Meet with the agent, explain your needs, and determine whether you would be comfortable working with them. Ask whatever questions you like, or simply explain your goals and listen carefully to what they propose to do for you. In addition to making you feel comfortable about the process, they will be able to explain all you need to know about the listing agreement. When you fill out this agreement, ask questions if you do not understand something. Be sure to disclose everything about the property; the agent will be able to determine which items need to be disclosed to potential buyers.

Agents who work individually inevitably face the constraints of time and inefficiency while dealing with the many steps of the selling process. A group approach, however, enables an agent to meet each client's needs on time and with the best results, by relying on a team of qualified individuals, each of whom specializes in a particular area of the selling process. Local knowledge has some benefit, but superior marketing disseminates information further and drives more activity.

Find a Realtor who has experience selling homes in the area where your home is located. Your Realtor should provide you with an analysis of recently sold comparable properties in the neighborhood, noting how many days they had been on the market, how many properties are currently on the market, and those which have recently been withdrawn. With this information you should be able to determine a sales price that is competitive but reasonable.



Relocating or have a house to sell out of state? Go to EricStewartGroup.com for information on finding a real estate agent in other parts of the country.

Working With a Realtor®



"Real estate agent" and "Realtor" are not always interchangeable terms. A real estate agent becomes a Realtor only when he or she joins the National Association of Realtors and agrees to subscribe to the NAR code of ethics. The biggest question regarding hiring a Realtor is, "Why?"



If you want to find out more about the National Association of Realtors® and its strict code of ethics, please visit realtor.org.

What Does a Realtor® Do?

A Realtor serves as a trustworthy guide through the pitfalls of the selling process. They will negotiate the terms of the contract on your behalf. They will help you through home inspections. They will be your advocates through each of the steps of your real estate transaction. Their experience with hundreds of sales over the years will prove invaluable to you. A master Realtor will craft your home buying or selling process like an experienced carpenter, using the right tools in the right order to construct the successful sale stool.

American billionaire Warren Buffett once said, "Price is what you pay. Value is what you get." A great Realtor will sell the value of your home. In other words, the price is just a number, but the value is everything a buyer gets for the price. Thus, an excellent Realtor will know how to sell the value to get top dollar.

Services Realtors® Provide

Agents perform three roles for you. They will coach you in getting ready, they will market your house and negotiate for you, and they will coordinate the escrow and closing.

A Realtor will:

1. **Clarify what work needs to be done:** A Realtor will help you determine a plan for preparing to get top dollar for your house. If a Realtor offers staging with their listings, this will increase value and speed up the selling time.
2. **Help you determine the best time to enter the market:** A Realtor is expected to understand the current market conditions, market timing, and tax implications (although you should always consult a professional accountant for issues pertaining to taxes).
3. **Market your home to the public:** Many agents simply follow the four P's of marketing a home: pricing your house, putting it into the system, planting a sign in the front yard, and praying that buyers come to look at it. In reality, however, there are over 100 steps in the selling process. You need to make sure that your Realtor has a strong understanding of each of them, along with a marketing plan that will position your house to stand out.
4. **Review and negotiate the purchase agreement:** When a Realtor reviews an offer for the purchase of your home, you want to be sure that he or she will protect your interests and negotiate the best possible terms.
5. **Oversee the contract process:** The process of selling a home is complex. An equipped Realtor will guide you through it, from preparation to contract to the settlement table, with as few headaches as possible. Having reviewed the offer, your agent will assist you in complying with all the elements and conditions of the contract.



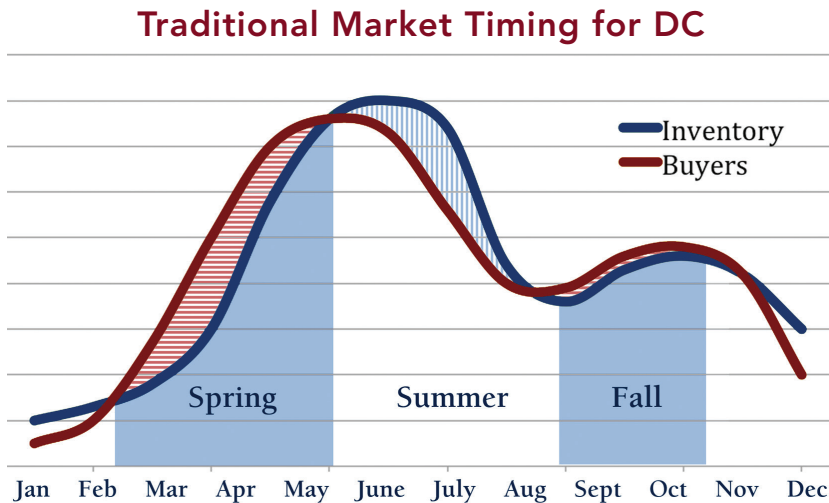
Before you hire a Realtor® be sure to check out my "10 Questions to Ask a Realtor®" in the Appendix.

Market Timing

Let's say you have found the right Realtor for the job. Now we must look at putting the pieces of the sale together. The first leg you need to fit to your stool is timing.

Why is market timing important? The specific date you want to have your house sold and settled will determine how much time you have to prepare, and therefore how quickly you need to complete the work.

At what point in the calendar year are you looking to sell and, more importantly, at what point in the year did comparable properties sell? Every market is different, but the Washington, DC area market looks like this:



Note the delta that typically occurs in the spring when the number of buyers searching for a home outpaces the supply available.

If you do not understand the market and its timing, you may find that your desired timing does not match up with a profitable time of year. Consult your Realtor as to the best timing for your particular area. Generally, in the DC area, early spring (late February-early March) is the best time to come to the market, as the inventory is lighter and the demand is strong. However, in beach markets, the best time to sell is in the summer, from late April to early September. I personally cannot overemphasize the importance of timing. Timing trumps condition at certain times of the year.

Getting Top Dollar

The second leg of the successful sale stool is the condition of your home. Making certain improvements to both the exterior and interior of your home will increase its value, attracting more buyers and getting you a higher price.

Getting your house ready for the market:

Many houses require work in preparation for the market, which costs money. Your motivation for moving will determine how much you are willing to invest to get your house ready.

My philosophy is to put one dollar in where you can get two dollars back. Otherwise, don't do it.

Let's start on the outside:

The old saying "you never get a second chance to make a first impression" is true of the exterior of your house. **Curb appeal** is key to drawing potential buyers into your house. Ensuring that your house is well-polished on the outside will invite prospective buyers to see what is on the inside. In some cases, the curb appeal is limited because of the type of lot, or position of the house on the lot.



**Caveat: "As Is" sales — Don't want to fix up your home?
Download our As Is Guide on EricStewartGroup.com.**

The Exterior

Some basic things that you can do to increase the curb appeal of your house:

- Keep your garage door(s) closed.
- Remove screens and clean the windows.
- Store RVs or old and beaten up cars elsewhere.
- Apply a fresh coat of paint to the front door.
- Keep the lawn edged, cut, and watered regularly.
- Trim hedges, weed flowerbeds, and prune trees.
- Remove any large shrubs that might block your house from view.
- Apply a fresh layer of mulch to the beds surrounding your house.
- If possible, plant some flowers.
- Power wash the driveway and walkway leading to your house as well as the porch, deck, and patio.
- Inspect and repair peeling paint on doors and windows.
- Repair and replace loose or damaged roof shingles.
- Repair loose siding and caulking.
- Re-seal an asphalt driveway.

A Realtor can assist you in making the proper choices regarding what should be done to create the desired curb appeal for your house. You may have lived with that faded front door for so long that you barely even notice it anymore, but potential buyers will notice it in a heartbeat.



BEFORE



AFTER

The Interior: Why Prep?

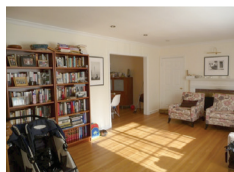
Strong curb appeal will invite potential buyers inside, so the interior must meet the expectations set by the exterior of the property. The goal of making your house look and smell clean is to give potential buyers a sense that your house has been well-maintained. Nobody wants to buy someone else's mess.

The top three home improvement categories that get you the best returns on investment are:

1. **Decluttering:** Get rid of junk! Potential buyers want to be able to envision their furniture fitting into your house. Clutter can make a spacious room seem cramped. If your house has too much furniture, consider taking some things out and putting them in storage. This often results in a 250% ROI.
2. **Vertical Surfaces:** Paint walls and clean windows. Repair and patch any holes in the drywall and remove stains. These simple improvements bring a two-for-one return.
3. **Horizontal Surfaces:** Clean your carpets and repair hardwood floors. Replace cracked tiles in your kitchen and bathroom. This also brings a two-for-one return.

In addition to all these, you should give your home an overall deep-cleaning. Your floors, bathrooms, windows, and kitchen should shine. Repair any other obvious defects (like leaky faucets). Additionally, remove all personal items (jewelry, knick knacks, etc.) for safekeeping. Do your best to get rid of smells that might offend buyers, especially if you own pets or if you smoke. A good cleaning and a dehumidifier will eliminate the smell of mildew, common in basements.

Staging can also improve the aesthetic appeal of the interior. A professional stager can help you arrange your furniture in the most buyer-friendly way.



BEFORE



AFTER

Short-Term Improvement Projects

There are many improvements that can be made to a home that will pay big dividends when the house is sold. There are instances when it is better to have professional contractors do the work to ensure the best possible result.

Consider these short-term repairs when you are looking at selling in two years or less:

Project	Typical Cost	Potential Value Increase	Return on Investment	% of Agents Recommending*
Clean, declutter	\$1000-2000	\$6000-7000	250%	91%
Landscaping, trim front/back yards	\$1500	\$5000	233%	72%
Staging your home	\$2500	\$7500	200%	76%
Repair damaged flooring	\$1500-1700	\$2200-2500	47%	62%
Update kitchen/bathrooms	\$5000	\$10,000	100%	83%
Clean carpets	\$400	\$1500	275%	65%
Paint exterior	\$2000-4000	\$4000-7000	100%	57%
Paint interior	\$4500	\$9200	104%	69%

**Data taken from a HomeGain survey of 2000 real estate agents in 46 states nationwide.*

On the next page, you'll find a table detailing long-term projects, which you may want to consider. They can be worth doing now because you will get to enjoy the benefits until you sell!

Long-Term Improvement Projects

You may want to take on a more involved project that would raise the overall value of your house. This table outlines the costs and benefits of the five most common projects. On the following page, find a detailed explanation of what each entails.

5 Long-Term Projects	DC Metro Area Average Cost	Average Resale Value	Average Cost Recouped
Minor Cost Kitchen Remodel	\$20,742	\$19,999	96.4%
Bathroom Addition	\$44,220	\$24,361	55.1%
Bathroom Remodel	\$18,642	\$12,202	65.5%
Window Replacement	\$15,001	\$10,994	73.3 %
Roofing Replacement	\$19,306	\$13,949	72.3%

Source: Remodeling 2016 Cost vs. Value Report (www.costvsvalue.com)

1. **Minor Cost Kitchen Remodel** - (Based on 200 sq. ft.) This includes new laminate counters, mid-priced sink and faucet replacements, and the installation of an energy efficient wall oven, cook-top, and slide-in refrigerator. Additionally, homeowners replace lighting and flooring; paint walls, trim, and ceiling; and re-face cabinets. Average Cost Recouped: 96.4%
2. **Bathroom Addition** - (Based on 6'-by-8-foot' addition.) Includes cultured-marble vanity top with molded sink; standard chrome faucets; 30-by-60-inch white fiberglass tub/ shower with ceramic tile surround; single-lever temperature and pressure-balanced faucet; white low-profile toilet; general and spot lighting; mirrored medicine cabinet; linen storage closet or cabinet; vinyl wallpaper; painted trim; and ceramic tile floor. Average Cost Recouped: 55.1%
3. **Bathroom Remodel** - (Based on an existing 5' x 7' bathroom.) This involves replacing all fixtures to include a standard-sized tub with ceramic tile surround, toilet, solid surface vanity countertop with double sinks, recessed medicine cabinet, ceramic tile floors, and vinyl wallpaper. Average Cost Recouped: 65.5%
4. **Window Replacement** - (Based on replacing 10 3' x 5' double-hung, vinyl replacement windows.) Average Cost Recouped: 73.3%
5. **Roofing Replacement** - (Based on removal and disposal of existing roofing.) This involves the installation of 30 squares of fiberglass asphalt shingles with new felt underlayment, galvanized drip edges, and mill-finished aluminum flashing. Average Cost Recouped: 72.3%

Setting a Price

The third leg of the successful sale stool is pricing. You will build this leg based on supply and demand and the first two legs of timing and condition.

There is a direct relationship between how your house is priced and how many buyers will be interested in it. If you are trying to get top dollar and need to ask a premium price, be sure the value is there first, especially if the price you are asking is inconsistent with your area's history. Consider the following:

- **Don't be fooled by your tax assessment:** Tax assessments are not a way of evaluating a home's market value. Much of the criteria that inform an assessment are not related to the sale price of your home.
- **Fulcrum Pricing:** Pricing on the edge of two price ranges, fulcrum pricing broadens the range of people who will look at your house. For example, if you price your home at \$500,000, you can expect interest from buyers in both the \$400,000-\$500,000 range and the \$500,000-\$600,000 range. Yes, this contradicts the typical philosophy that says price a home at \$499,000 rather than \$500,000. But, it works better!
- **Get a Comparative Market Analysis (CMA):** Your agent should provide you with a CMA, which shows the prices of comparable, recently sold homes. The active homes are your competition, so make sure you have a clear understanding of how they compare to your house. Your Realtor should explain to you why each home was included in the CMA and whether any other comparable homes were eliminated from the CMA.
- **Appraisal:** An appraisal is based on what has already happened and can be a predictor of value. However, think of placing your home in a tide at the beach. You must recognize whether it is coming in or going out and plan accordingly.
- **Reading trends of demand:** When demand outstrips supply, you can price higher as it is a seller's market.



Price reductions are a valuable tool for renewing interest in your property.

Here are some criteria to evaluate when reviewing the CMA:

- **Comparable Area/Location:** In any given part of your county, some areas demand a higher price than others. Your Realtor should understand your area or neighborhood and how it compares to the surrounding areas/neighborhoods.
- **Market History for Your Area:** It is important for your Realtor to show you the price history of your area and how the trends have been over the last three to 12 months.
- **Home Style:** Some floor plans of homes are more desirable and demand a higher price. Colonials sell for more than split-levels, split-levels sell for more than bi-levels, for instance.
- **Home Size:** Make sure that you are comparing your home to homes that are of similar type and square footage. This will help you compare apples to apples and give you a clear price range.
- **Home Condition:** If you are not in a position to make necessary fixes prior to putting your house on the market, buyers will ask for the price to reflect needed improvements.
- **Lot:** Generally, flag lots and lots backing to power lines or in front of roads with double yellow lines are less desirable. Lots backing to parkland are attractive. If you bought your home at a premium or discount based on the type of lot, you will need to pass that pricing on as you look to sell it.

My Puddle Economic Theory is that rain fills the low lying areas first. Similarly, demand runs to areas that have the perceived best value. Once these areas rise in value, the flow of value runs out to surrounding areas, increasing home values in general.



See the Appendix for 8 Tips for Getting Top Dollar.

Pricing Strategies

When the Market Moves to Correction, Don't Chase the Price Down!

If the value of your house is dropping due to market trends, you need to take that into account. Generally, it is best to lower the price of your house before the market drops. That way, prospective buyers will see that your house is priced realistically relative to comparable homes. Ask your agent for advice on predicting the market and setting a reasonable price for your property. Adjusting the price according to the market instead of your personal preference is the best way of finding interested buyers.

With the Internet, the average consumer can see the inside of your house, the outside of your house, and a satellite map of your lot. You will literally have hundreds, if not thousands, of people see your house virtually and decide if they think the value is there. If you aren't getting showings, it is most likely a price issue.

When inventory in your area is low and the market is fluid, you can test the market by offering your property at a price a little higher than recent comps. After a couple of weeks, you will know if the demand is there. If not, it's probably time to adjust your price.

When inventory is higher and a trend of slowing sales occurs, pricing below most current sales is the surest way to draw an offer and potentially competitive interest to drive your price to where the value is.

Marketing Your Home

According to the National Association of Realtors, 92% of homebuyers begin their search online. Therefore, when it comes time to put your house on the market, a significant online presence with attractive photos is imperative.

At the Eric Stewart Group, we attract more buyers to our listings through high-end photos and interactive floor plans. We work with professional photographers who use optimal lighting and a wide camera lens to capture the best features of a home. These photos are then incorporated into an interactive floor plan so that buyers have 24/7 access to a virtual open house. Room dimensions and square footage are provided for each room in the floor plan. When you hover over a particular room with your mouse, that room's photo will automatically pop up (see example below). Potential buyers can visualize themselves living in the home before they even walk through the front door.



Impact on Marketing Tactics

With such an emphasis nowadays on the online experience, age-old marketing tactics such as magazine ads, postcards, and open houses have become less important. In fact, less than 1% of houses sell through an open house. Why have a Realtor hold an open house and expose your home to strangers, some of whom may be there not to tour your house, but rather to see what they can take from your house? With the Internet, as discussed above, buyers can view high-resolution photos and virtual tours of homes online to determine whether they want to take the next step of touring the home in person. If they do, they can make an appointment to see the property with a licensed agent, which the seller can approve or decline.

You should always ask your agent how they plan to market your home online. In addition to my own website, my listings are featured on over 350+ sites, including Zillow, Trulia, and Realtor.com. My group also leverages social media to promote our listings. When appropriate, we can develop Facebook ads that are targeted at potential buyers with specific demographics, such as horse lovers (for a home we sold that had stables on the property) or avid gardeners (an ad we did for another home with two acres of stunning landscaping). With a prominent online presence, you have a better chance of selling your home fast and for top dollar.

Appointments and Showings

The Power of a Lockbox

A lockbox outside your door is a convenient, and when used correctly, a secure way to allow showings at your property. Lockboxes require a combination or code card, so you can be sure only showing agents and their clients will have access to your home. You also have the option to hang the lockbox when you leave your house and remove it when you get back. Typically, this is a simple matter of using an over-the-door hanger.

The lockbox releases you from the necessity of being present at every showing, appraisal, or inspection. Take advantage of this tool.

Appointment-Only Showings

You can request that all showings be done by appointment so that you can keep track of who is going to be in your home and when a showing will take place. This helps protect your privacy and allows you to track the activity your house generates on the market. Appointments are typically set up through a third party, such as Centralized Showing System (CSS).

The Two Minute Rule

My real estate group follows a strict rule: Call leads back within two minutes of their leaving a message. Your agent should be familiar with this rule. It is vital to act immediately on calls about your house. Your agent will contact the buyers and/or showing agent right away to ensure their interest is prioritized. A prompt response shows buyers respect and is often the difference between a showing occurring or falling through. You never know: The next person to contact your agent could be the buyer you've been looking for. Make sure your agent adheres to the two minute rule.

Tips for Showings

1. If the buyers approach you without a buyer's agent, ALWAYS get their name and contact information, so your agent can follow up with them.
2. Let your agent sell your property to the buyer. If asked about the house, be courteous in answering specific questions, of course. You never know when graciousness will tip a buyer in favor of your house. A kind word encourages the heart.
3. Open all curtains and window shades prior to a showing. Turn on the lights in the bathrooms or in poorly lit rooms: You want your house to look bright, cheerful, and sunny.
4. Do not leave your house until the buyer's agent arrives for the showing. Appointments are often set for a one or two hour window. But, the agent may arrive at the beginning or very end of that window. So, wait until they arrive and greet them with a smile. Then give the agent your cell number and ask the agent to call or text you when they are done.
5. Your agent should follow up with the showing agent to get specific feedback for you. Do not get into a conversation with the buyer's agent about why you are moving. Let your agent address questions and handle negotiations for you.
6. If you plan to be out of town during a showing, let your agent know as this may change how appointments will be booked.
7. If there are any items not included in the sale (such as chandeliers), make a note on the conveyance checklist to this effect. Don't put stickers on items that don't stay. This distracts buyers during their visit.
8. If your home is vacant, the general public should have no idea that it is until they arrive to see your home.

Guaranteed Buy Program

As a seller, you should be aware that one of the obstacles buyers must overcome in their purchase of a new home is getting the equity out of their old home.

For many buyers, the ability to finance a new home is only possible with the profit gained by selling a current house. Buyers procrastinate due to the risk of signing a contract without the assurance of their property being sold. Sometimes, they never move because of it!

My guaranteed buy program frees buyers' minds from the weight of this contingency by ensuring the sale of the buyers' current house. This means that I will guarantee to sell the buyer's house within a certain period of active marketing. If the property does not sell, I will buy it at an upfront, agreed-upon price (usually 90% of the list price).

As a seller of a house offering a guaranteed buy program to contingent buyers, you will be able to generate more interest. These potential buyers can be converted from contingent to non-contingent by the guaranteed buy program.

Most guaranteed buy programs are offered through corporate relocation companies, however, there are a handful of Realtors who will personally offer it, taking the risk to grant their clients peace of mind.



If you would like to work with a Realtor® in your area who offers a guarantee, we can help. Contact us at 1-800-900-9104 or at EricStewartGroup.com

You Have a Contract: Now What?

Let's look at what happens after you get an offer you are willing to accept. The stool has its three legs in place. But what is going to hold it all together? Depending on the terms of your sales contract, here is a list of the things that have to be attended to after you accept a contract and go into escrow:

1. Home Inspection

A home inspection often uncovers issues that were not noticed when the buyers first saw the home. The cost of a home inspection starts at around \$300 and increases relative to the size of the property. An average inspection takes anywhere from two and a half to four hours. A good inspector will allow the buyer to tag along and show them any issues that they see and how they might be corrected. The home inspector usually starts outside the house, looking at the grading of the property and the structural soundness of the home. The inspector then moves into the home to look at the electrical system, the plumbing system, the heating and cooling systems, the appliances, any attic areas, and the basement area. When the inspection is completed, the inspector will issue a report including a list of recommended improvements. Your buyer will usually provide an inspection report and a list of requests. This is where your Realtor takes over to negotiate on your behalf.



See the Appendix for the Top 10 Home Inspection Problems.

Radon Gas Inspection

Radon is an odorless and colorless gas that has been found in homes throughout the United States. Radon comes from radioactive isotopes at the earth's core that rise to the surface in differing quantities based on geological variables. Every home has some level of radon. The higher the level, the more likely radon mitigation may be necessary. Installing a radon mitigation system will draw the radon gas out of your home and disperse it into the air. Fortunately, radon is relatively easy and cheap to get out of one's house with effective systems ranging from \$800 - \$1500. If you find radon in a home that you are selling, you are expected to pick up the cost of the system installation, but it can be negotiated. If you are selling a house that already has a radon gas mitigation system, you need to make sure that it is working properly and that the levels are acceptable.



If you want more information regarding radon gas and its effects, you can visit [epa.gov/radon](https://www.epa.gov/radon)

3. Homeowner Association/Condo Association Documents

Buyers have the right to review any legal or financial documents connected to the community. The buyers also have the right to cancel the contract based on these documents. The timeframe can vary by state, so check with your Realtor to understand exactly how much time the buyers have from the date they receive the documents to review them and make their decision. For example, in Maryland and Virginia the time is seven and three calendar days, respectively. In DC, buyers have three business days. As with the inspections, the dates for reviewing these documents are hard dates and must be adhered to in the strictest sense.

Here are some areas that buyers should pay special attention to when they review these documents:

- Fees - what they include and what potential increases are possible
- Rules and regulations - parking, trash removal, pets, property appearance rules
- Pending law suits against the association
- Anticipated major renovations to the community and special assessments



Unless the contract says otherwise, make sure that any covenants that go with the land are disclosed. Often, this disclosure is not required in older communities, but is good to disclose anyway. Ask your Realtor® to be sure.

4. Termite Inspection

The termite inspection is conducted independently of the home inspection and is usually required by the lender. Any infestation or termite damage that is found during the inspection must be taken care of by the seller of the property. If the buyer is purchasing the home in "as is" condition, the termite contingency is usually struck and no termite inspection is performed.

5. Appraisal

The appraisal helps the lender determine if the property is worth the sales price. The appraiser will look at your property's details, as well as side-by-side comparisons with similar properties in the area. They will provide an evaluation of the overall real estate market in the area. The appraiser will disclose any issues that he or she finds harmful to the property's value, such as a crumbling foundation.

There are two common methods for appraising residential properties:

- **The Sales Comparison Approach** involves the appraiser estimating the property's value by comparing similar properties that have sold in the area.
- **The Cost Approach** uses known building costs to estimate how much it would cost to replace the house if it were destroyed. This is most useful for newer properties.

If you disagree with the results of the appraisal, you can appeal the evaluation to the appraiser or the buyer's lending institution to try to raise the value of your home.

Some additional inspection/contingencies that may apply:

- Mold – Every house has mold, but only some kinds of mold are unhealthy
- Lead based paint for houses built prior to 1978
- Septic and well inspections to be sure the septic tank is not leaking and is clean, and to be sure the water is potable (drinkable and healthy)
- Survey of property boundaries to be sure encroachments from the neighbors don't exist
- Structural – When evidence suggests an engineer may be necessary to ensure the home's foundation and structure are sound
- Hazard Insurance

6. The Final Walk-through

The buyer has the right to conduct a final walk-through of the property prior to settlement. This will allow the buyer to make sure that all of the appliances and systems are in working order and that you have left the property broom-cleaned and clear of trash. The property should be left in similar condition as it was on the date the contract was ratified, or the date of the home inspection. The final walk-through also allows the buyer to make sure all of the home inspection items that were agreed to have been remedied to the satisfaction of the contract.

7. The Settlement Process

Inevitably, people are nervous when they sit down at the settlement table with their agent. Understanding the settlement process will help you proceed to the settlement table without this stress. Here is a typical agenda for a settlement:

- Resolve any remaining walk-through issues - this has to be worked out before moving on to anything else
- Approve the Closing Disclosure (previously HUD-1), which lists all of the numbers that make up the closing costs
- Seller signs the deed and any other necessary paperwork
- Seller provides the keys and a copy of their driver's license
- Seller brings wiring instructions for where funds should be sent (if applicable)
- Purchasers provide their cashiers check and the sellers receive their check or wire if they prefer
- All costs related to settlement including commission are paid out of closing
- Everyone shakes hands and goes on their way!

Note: Some settlements are handled by overnight mail if one of the parties is out of town. Remember to bring a picture ID, as well as any receipts for work that was professionally done in order to remedy issues uncovered in the home inspection. Also, don't forget the keys!

Getting to the Settlement Table

Preparing for Settlement

Your home is sold! Once all of the inspections have been completed and your buyer's financing is secured, there are still some things that have to be attended to prior to completing the transaction.

- **Contact a mover** - Once you are firm on a settlement date, call movers to compare rates and services provided.
- **Contact the appropriate utility companies** - Many people forget that they need to tell the utility companies that they will no longer be responsible for the utilities after their settlement. You should contact the utility companies about a week prior to settlement to give them notice. On the day of settlement make sure you contact your utility companies again with all of the final readings. Your agent will sometimes assist you in this task. Be sure to transfer rather than turn off your utility use.
- **Establish a final walk-through time** - Your Realtor should coordinate this for you, and it usually takes place 24 hours prior to the settlement, after you have vacated the property. If you are renting your property back, a walk-through is done two times: once before settlement and once after vacancy.
- **Make sure you know the settlement office location** - Just in case!

Final walk-throughs are typically painless, but occasionally repairs need to be done. This is where your Realtor needs to step in and make sure that a financial arrangement is worked out between you and the buyer to make the necessary repairs. Otherwise, the settlement may not take place. It is in everyone's best interests to work things out!

Congratulations! You've successfully incorporated the three legs of timing, condition, and pricing to craft the stool of a successful sale. The settlement puts the finishing touches on the project: You and your agent ought to be proud of your craftsmanship.



A home warranty is an optional addition to your contract that provides for unexpected repairs to the house you are buying or selling. It is a service contract for the maintenance of appliances or mechanical systems within your home that break down due to normal wear and tear (as opposed to neglect or pre-existing conditions).

Different Move Out Dates

There are three times in the sale that you might want to consider moving.

The first is before you start all your preparations like paint, floor work etc. This is the best way for the seller to avoid the headaches of living in the middle of ongoing prep work, agent showings, and all of the inconveniences that come with that.

The second possibility is just before settlement.

The third option is to settle the sale and rent back your house from the new owner for as little as a day or two to as long as you and the buyer agree. Two advantages to renting back include receiving all of your funds and enjoying the freedom from worry that something could happen to your buyer's ability to settle. You can build your rent back length to keep you from moving twice when you are moving to a new home.

APPENDIX

The Quiet Listing

Want to avoid the hassle of putting your home on the market and yet provide an opportunity for buyers to know about your upcoming sale? The Eric Stewart Group has developed a “quiet listing” for sellers, a useful middle ground between being on and off the open market. In a quiet listing your home is available, by appointment, to potential buyers, but it avoids the inconvenience of showings and open houses. It also enables you to complete the work your home needs, while still welcoming offers.

Advantages	What We Do
<ul style="list-style-type: none">• No Signs• No Photos• No Lockbox• No Open Houses• Reduced Commission• Not in MRIS• Less Hassle• Private• Less Prep to Sell	<ul style="list-style-type: none">• Word Of Mouth• Top Agent Network (Top 10%)• Builders (if applicable)• Coming Soon Listing on Eric Stewart Group Website• Showings Attended by Associate• Private and Discreet Discussions of Your Property

Other Realtors might have different strategies, but we have found the quiet listing allows you to move at your own pace, customizing your marketing plan over time. Maybe you still need to finish some changes, but you want to start testing the marketing waters. Perhaps your house is ready to go on the market, but you are dealing with personal issues that are keeping you from being ready to move. Regardless of your circumstances, we are ready to talk with you about a quiet listing to see if it will serve you.

Another benefit of the quiet listing is that it provides an opportunity to formalize our relationship with our clients, allowing them to start the preparation process months to years in advance.

This time will allow you to make necessary fixes and changes to your home. We will work together to prepare your house for the market, coaching you on the prep.

During this period of quiet marketing, we will talk with other agents and garner interest in your home. We use this non-competitive advantage to find a buyer to purchase your house in its current condition, thus saving you the trouble of further fixes and the aggravations of the market.

Recently, a doctor hired us to sell his house while he was still a couple months away from being ready to openly market it. We quietly listed it and were able to generate two offers from other Realtors using only word-of-mouth marketing. One of the offers came in above asking price and had no appraisal contingency. It was a perfect situation for this seller.

In another case, we listed a home for a lady whose house would probably never be “show ready.” It was packed full of stuff! We agreed to list it quietly and within two weeks it was under contract for 99% of the listing price. She couldn’t have been more grateful!

The takeaway here is that you don’t have to be ready to move to start preparing your home, and sometimes you don’t have to have it all the way prepared before finding a buyer. The quiet listing is a strategic move for some sellers.



8 Tips for Getting Top Dollar

1. Don't price yourself into a corner.

Before setting your price make sure you give yourself room to negotiate. You should understand not only the highest price you want, but also the lowest price you'll accept.

Looking at the competition will also give you a good idea of where to set your price. But make sure you look with an objective eye. It's not in your best interest to be overly critical of the competition and overly generous regarding your own property. As you assess the competition, look at other listings priced 5% above and 5% below what you want to ask to see what else buyers can get for their money.

2. Make it shine.

A good cleaning is a crucial step in preparing to sell your home. Be a clutter buster! Potential buyers want to be able to envision their furniture fitting into your house; if there is too much clutter in the way they will never have that opportunity. Additionally, clutter can make a spacious room seem small and cramped. Consider taking some things out and putting them into storage.

3. Keep it fresh!

Take a deep breath: how does your home smell? You may be used to the smells that are in your house, but potential buyers are not. If you have odors from pets, cooking, or smoke, do your best to eliminate them.

4. Keep emotions in check.

Selling a home can be an emotional process, but keep in mind that this is a business transaction. You'll have an advantage over a buyer who gets caught up emotionally in the situation.

5. Disclose any issues up front.

Be smart: don't try to hide any defects or issues from the buyer. Any problems you are aware of should be fixed before your house goes on the market. We usually don't recommend pre-market inspections: you want to be concerned primarily with issues that the buyer raises.

6. Don't be offended by a low offer.

Sometimes the first offer you receive is below your asking price. Don't get offended; evaluate the offer objectively. Consider the price, the deposit, the amount of the down payment, the mortgage amount, the closing date, and any special requests. This is the starting point from which you can negotiate. You can always counter a low offer.

7. Make sure the contract is solid.

To avoid problems, make sure that all terms, costs, and responsibilities are clearly spelled out in the contract. Your agent should review in detail where the earnest money deposit will be held, the date for loan approval, the date and the place of closing, as well as any contingencies that remain to be settled, and what is and isn't included in the sale. Follow through is vital.

8. Make sure all changes are in writing.

If there are any changes requested by the buyer or yourself, make sure that they are in writing. That way there is less chance that any changes will be a surprise and put the transaction at risk.

10 Questions to Ask a Realtor®

Before you hire an agent to help you sell your house, call us. You can also get recommendations from friends, family, and neighbors, and look on the web.

Meet with the agent, explain your needs, and determine whether you would be comfortable working with them. Ask whatever questions you like, or simply explain your goals and listen carefully to what they propose to do for you. To assist you in the interview process, here are some general questions that you may want to start with:

1. Why should I hire you? What makes you different?

What unique ideas does this agent have to help you sell or find the right home? What do they offer you that others don't? Take note of whether this agent is asking enough questions to understand what you want and need. Remember, regardless of what the agent promises, you need to connect and trust them first.

2. Describe your marketing strategy.

Does the agent have a clear marketing plan for your house? You need to see marketing samples. What unique selling tools does the agent use that will help sell your home? What media does he or she use to effectively market your listings? Radio? Internet? Magazines? Ask the agent which websites your property will be marketed on: It should be at least 50 (the average agent uses only five to ten).

3. How long does it usually take to sell your listings?

Any agent you interview should be able to provide you with this information. In a correcting market, this is critical. It should be statistically provable.

4. Do you offer a Guaranteed Buy Program?

Is the agent willing to buy a prospective buyer's current home so that you can accept a contract without it being contingent on the buyer's home sale?

5. Do you offer an in-depth staging consultation as part of your fee?

An agent dedicated to selling your home will help you present it in the best possible light. Providing room-by-room advice on what to move out, what color to paint or what minor updates are necessary will increase the price of your home and decrease the time to sell. Spending a dollar to get two dollars in return makes sense!

6. Do you offer a single contact to look out for me throughout the sales process?

Does the agent provide regular updates? Is the agent readily available to answer questions that you might have, at any time? Are they with you all the way through the transaction or are you passed from one person to the next?

7. Do you have a reference list of clients?

Be sure to spot-call some of the names.

8. What kind of online marketing do you do?

92% of homebuyers begin their search online. How will this agent make your home stand out and shine?

9. How will you research my particular area?

An agent that is adept at researching schools, parks, and other amenities can sell the value of your location better than one who can't.

10. Do you have experience selling homes in the price range of my property?

The agent should be familiar with how to market homes in your price bracket. If you have a \$300,000 or a \$3,000,000 home, you want to ensure that your agent has a marketing plan that will reach the right target of buyers.

When you ask these suggested questions, you will find that there are excellent agents working for firms both large and small, franchised and independent. The real decision must be made based on the competency of the individual agent you will be working with on a day-to-day basis.



Relocating? Ask about our relocation program! If you would like to be introduced to a great Realtor®, call us at 1-800-900-9104.

Top 10 Home Inspection Problems

Below are some of the more common problems found in a typical home inspection. While most of these problems are obvious and may have already been reflected in the purchase price, a home inspection informs the buyer if the property is in as good a shape as you think it is.

- 1. Minor maintenance problems:** Poor overall maintenance usually leads to a large range of problems that will require the new homeowner's attention. These can include everything from peeling paint to rotting decks.
- 2. Minor structural problems:** These problems are typical in older homes, and they range from cracked plaster to small movements in the foundation. While they are not likely to cause the house to fall down, they should be corrected before they become more serious.
- 3. Grading/drainage problems:** Improper grading and drainage can often lead to damp or wet footings/basements. Correction can range from installing new gutters and downspouts to installing French drains. It should be noted that simply re-grading the surrounding lawn to channel surface water away from the house is sometimes sufficient.
- 4. Older/insufficient electrical system:** It is common to find older homes with undersized services, aluminum wiring, double tapped circuit breakers, and ungrounded outlets.
- 5. Older/poorly installed plumbing:** It is also common to find plumbing problems in older homes. You may be surprised about faucet leaks, a toilet flush issue or pinhole leaks in copper pipes.

6. **Older/leaking roof:** On average, an asphalt roof lasts 20 to 30 years. If your roof is failing, you need to know how many layers there are in order to determine if the roof needs to be completely stripped before installing the new shingles.
7. **Older heating/cooling system:** Older and poorly maintained heating/cooling systems are inefficient and could pose a serious safety and health risk. While replacement may seem expensive, the newer, more efficient systems reduce heating/cooling costs substantially, thus helping to recoup your investment.
8. **Poor ventilation:** Excessive moisture from un-vented bathrooms and cooking areas can damage plaster, promote the growth of mold and fungus, deteriorate windows, and cause allergic reactions.
9. **Excessive air leakage:** Poor weather stripping, badly fitted doors, deteriorated caulking, and poor attic seals all contribute to a cold and drafty home.
10. **Environmental problems:** These can include asbestos, formaldehyde, leaking underground oil tanks, nearby gas stations, contaminated drinking water, lead-based paint, and radon gas. It is important to discuss these potential hazards with a professional and arrange for a specialized inspection if necessary.

Note: I never recommend doing a pre-inspection prior to putting a house up for sale. Why pay hundreds of dollars to discover what needs to be fixed and then pay to have those items fixed when the buyer is going to hire their own inspector? The buyer's inspector may or may not find the same issues. So, you may end up paying to fix things that didn't need fixing. Let the buyers feel like they got their money's worth from their own inspection.



If you need to repair any of these problems, your Realtor® can recommend qualified contractors to do the work. To see my list of Preferred Local Vendors, visit EricStewartGroup.com

Daily Checklist for Showing Your Home

- ☐ Turn on all lights and make sure all light bulbs are in working condition
- ☐ Open all window shades – hang window shades at the same length and open the same direction
- ☐ Make beds and arrange pillows
- ☐ Clean and organize countertops
- ☐ Decorate bathrooms with fresh towels
- ☐ Play soft music
- ☐ Remove any pets
- ☐ Adjust heating/cooling for the season
- ☐ Put out fresh flowers in vases, if possible
- ☐ Hide trash cans
- ☐ Keep the lawn presentable: Trimmed and free of debris

Relocation Notification Checklist

When transitioning to your new home in your new location, make sure you notify the following people:

- ☐ Post Office
- ☐ Cable TV Provider
- ☐ Electric Company
- ☐ Gas Company
- ☐ Home Heating Oil Company
- ☐ Internet Provider
- ☐ Lawn Maintenance Company
- ☐ Newspaper Circulation Office
- ☐ Security Company
- ☐ Telephone Company
- ☐ Water Company
- ☐ Doctor/Dentist
- ☐ Medicare and any Supplemental Providers
- ☐ Medicare Part D (Drug Benefit) Provider
- ☐ Pharmacy
- ☐ Bank
- ☐ Credit Card Company
- ☐ IRS
- ☐ Social Security
- ☐ Motor Vehicle Administration
- ☐ Home/Car Insurance Carrier
- ☐ Life Insurance Carrier
- ☐ Lawyer
- ☐ Accountant
- ☐ Financial Advisor

The Short Sale

What is a short sale?

A short sale is an agreement between the seller and the mortgage lender that allows a home to be sold for less than the balance of the loan. The lender agrees to accept a reduced payoff amount to cut losses, and releases the lien on the property. The lender may or may not release the owner from the remaining balance on the loan.

Why would a lender accept a short sale?

- To avoid the cost of foreclosure.
- To avoid acquiring the property and dealing with selling costs.
- To keep liquidity ratios in line with federal regulations, which require that lenders maintain a certain ratio of bad loans to cash/liquidity. The fewer bad loans on the books, the smaller the amount of funds the lender has to have in reserves.

What factors result in a short sale?

- The homeowner is in a demonstrably difficult financial situation or time crunch, such as cases of divorce, family illness or death, active military duty, unemployment, or job relocation.
- Condition of the local real estate economy.

Remember:

- The purchaser cannot be a family member.
- The owner/seller cannot receive any proceeds from the sale.
- A short sale might look better than foreclosure on a seller's credit report.



Important: Seek legal advice from a bankruptcy attorney before short selling. Seek tax advice from an accountant about the tax implications of the loan deficiency write-off. Have questions on short sales? Call us at 1-800-900-9104.

About Eric Stewart



Eric Stewart started his real estate career in 1987, and each year sells over a hundred homes in Washington, DC, Maryland, and Virginia. He has completed more than 2,500 real estate transactions, placing him in the top 1% of Realtors® in the nation.

Eric is from a family of doctors, which means he thinks like one. His greatest interest is centered on his clients, listening and prescribing a plan of action for each one.

As a Senior Real Estate Specialist (SRES®), Eric's focus is on helping seniors in the downsizing process, or as he calls it, rightsizing your life. Eric has also conducted many seminars and workshops at retirement, continuing care, and assisted living communities throughout the DC metro area. At these events, Eric provides tips on how to sell your home for top dollar and also helps to provide seniors with the vision, motivation, and resources to make a move.

In addition to working tirelessly with home buyers and sellers, since 2004 Eric has been the host of a weekly residential real estate show that airs every Sunday from 7am – 8am on WMAL AM 630/105.9 FM. Eric dispenses timely information on the local real estate market and provides coaching on how to best approach your real estate purchase or sale.

Many years in real estate have taught Eric that by utilizing a group approach, he can most effectively serve his clients. Realtors are required to juggle over 119 tasks in order to sell a single home. Independent agents will eventually encounter the limits of time, energy, and money, restricting their ability to sell homes. But, with the Eric Stewart Group, you get a whole team of real estate professionals working for you, resulting in properties sold fast and for maximum profit.

With his commitment to community development and social good, Eric is also the founder of Widow Care, a new 501(c)3 nonprofit designed to provide connections to widows and widowers in distress. For more information on Widow Care, please visit www.WidowCare.org.

Eric Stewart's Other Smart Guides



See the complete lineup of available guides:

www.EricStewartGroup.com

or call 800-900-9104.

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