

SELLING YOUR HOME - INITIAL CONSIDERATIONS

The information in this series will save you time, money, headaches, and possibly heartaches. Selling your home is an extremely important undertaking, and in these times, a complex one. You need to know what to expect before you begin. Accomplishing the task in the best fashion can make an enormous difference by enabling you to:

- ◆ Save a sum of money over 10% of your home's value.
- ◆ Spend much less time on the market.
- ◆ Have the ability to plan your move when it is most convenient for **you**.
- ◆ Avoid major pitfalls such as selling your home to two different parties (it does happen) or getting tied up inextricably with an unreasonable, unqualified, or unwilling buyer.

This series contains inside information to help you cut through the task with insight and direction. Although analytical, it is not just theory, but it contains verifiable facts and practical ideas that work in today's market.

The information presented applies specifically to the Washington, D.C. metropolitan area, which includes Suburban Maryland and Northern Virginia, areas that share the important factors that control market characteristics. The statistical data presented have been sampled and verified through the Multiple Listing Service (MLS) database that serves the region.

This information is intended to complement the experience and technical knowledge of licensed professionals. It will reinforce important concepts and will debunk more than a few of the currently popular myths, formerly known as "old wives' tales" (is that the correct homonym?), which are running around loose in the local real estate market.

Other useful information of a more general nature is available from the following sources:

- ◆ Newspapers, libraries, and bookstores
- ◆ Internet resources (realtor.com / amazon.com / davidr.net / irs.ustreas.gov / and many, many more)
- ◆ Government agencies such as the Government Printing Office and the Internal Revenue Service
- ◆ Active and well-informed real estate agents
- ◆ Free publications from local real estate firms
- ◆ Local Associations of Realtors
- ◆ Real estate attorneys.

But **stop** for a minute and ask yourself if selling your home is the right thing to do. Most of us who have bought and sold a few personal residences over the years can imagine how much better off we would be financially if we had kept each home instead of selling it when we moved. So, maybe this is the time to start a real estate collection, save the trouble and expense of selling, and become an investor.

Some who have sold homes in the past have had to **take** money to the closing. Even some who bought homes many years ago might have this problem if they refinanced their property for a large amount of money and spent the proceeds. If you share this position and have a choice, you might elect to stay put until the equity in your home is a number greater than zero. Another option to avoid selling and moving is to expand your current

homestead to accommodate present needs or desires. If expanding is for you, heed the following:

- ◆ Always seek professional advice, right from the concept and design stage.
- ◆ Be sure that the construction is of the highest standard and that the materials used complement the existing home, inside as well as outside.
- ◆ Obtain a professional opinion regarding whether your home's new higher value will be recoverable when it is sold.
- ◆ Beware of over-improvement of your home compared with other properties in the immediate area.
- ◆ Recognize that the cost of adding space can be \$100 to \$200 per square foot and that the real estate market and appraisers generally value a marginal square foot at \$30 to \$50. This means that your next buyer might give you only \$14,000 for an addition that cost \$80,000.

Of course, there **are** legitimate reasons why you might elect to forge ahead on the selling trail:

- ◆ Need for a larger home, a larger mortgage, or a larger income tax deduction
- ◆ Unwillingness to become a landlord and property manager
- ◆ Need for your present home's equity to purchase your next home
- ◆ Desire to raise capital for a business venture or an investment
- ◆ A job transfer out of the area
- ◆ Sudden loss of income.

Perhaps you have a reason of your own, but now is the time to sort it out. To sell or not to sell, is that the question?

For tax information, in addition to local accountants, some free Internal Revenue Service (IRS) literature might help:

- ◆ Publication 523 - Selling Your Home
- ◆ Publication 527 - Residential Rental Property
- ◆ Publication 530 - Tax Information for First-Time Homeowners.

These publications and many more, as well as tax forms, are available on the Internet at irs.ustreas.gov.

Now that you are firmly committed to selling your home, it will be of great value to determine where you will live after the sale. If your move is voluntary and local, consider whether you should find your next home and execute a contract contingent upon the sale of your present home, or sell your home first then find and purchase your next home. Selling first is clearly the only choice for most sellers in today's market. If you wish to move directly from your present home to your next home, then the purchase of your next home probably will have to be executed quickly. If you are willing to rent temporarily between the sale of your current home and the subsequent purchase of your next home, you will gain flexibility, peace of mind, and a negotiating advantage at the expense of an additional move.

No doubt you have an idea of how soon your home needs to be sold. This factor will control many details of the process. So... just in case this needs to be a quick sale, hastened by bad news from your employer or mortgage company... let's get moving (no fun intended).

*This series is excerpted from David Rathgeber's **SELLING YOUR HOME in the Washington, DC Metropolitan Area**
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For the entire text of David's SELLING YOUR HOME... book, visit: www.davidr.net