

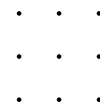


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Our Complete  
Seller's Guide



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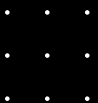
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PART ONE

# First Things First

In this section, we will answer some of the basic but pressing questions you're likely thinking about as you contemplate selling your home.





# Top 10 Tips for Choosing a Realtor

By Allison Goodhart

Let's be honest. Most of you put more time and energy into finding a hairdresser than you do into choosing your Realtor. Think I'm kidding? I'm not!

How many of you (especially ladies) would dare go to the first available "up" person at a hair salon you just wandered into? Not many! Yet, time and again we meet people who choose their Realtors exactly that way.

When you're selling your house, you're making a major life decision. It's a decision that affects your heart, your life, and your wallet.

Your home is an expression of who you are as a person. It's where you spend time, entertain friends and family, and recharge after a stressful day. It's where you raise

kids and put down roots in a community. Your home dictates how you live your life through your commute, your access to food and entertainment, your relationships with neighbors, and your budget. But, it's also likely the biggest financial investment you'll make in your life. Home ownership is how you can grow your investment portfolio or pass on wealth to other generations.

So, both financially and emotionally, buying or selling your home is a big deal. That's why it's so important to choose the right person to guide you through the process. You want someone who understands the nuances of both the emotions and the numbers.

It's a tall order, but here are our top 10 tips for choosing the right real estate professional.

## **RELATIONSHIP WITH YOU**

Whether you are buying or selling, it's important to "click" with whomever you work with. You'll be spending a lot of time together for a few months, so be sure it's someone you enjoy being around and someone whose opinions you trust.

## **RELATIONSHIP WITH OTHER AGENTS**

You want to make sure your Realtor is respected by other agents in the community and works easily with others. Reputation is everything in the real estate business and all parties need to know they will be treated fairly. Therefore, it's important for your agent to know the agents that frequently do business where you're buying or selling. It will lead to an easier transaction for you. There's a lot of agent networking done behind the scenes, especially before listings go on the active market, so it's important your agent has a finger on the local pulse.

## **AREA KNOWLEDGE**

In addition to knowing (and getting along with) other agents in the area, your agent needs to actually know the neighborhoods! If you're selling, that means knowing what else has sold, what's on the market now (that you will be competing with), and what the lifestyle is like in the area so the agent can sell it to buyers.

## **EXPERIENCE, NEGOTIATION & PROBLEM-SOLVING SKILLS**

Whether you're buying, selling, or both, you

need an agent who's been around the block and has seen all of the problems that can come up in the course of a transaction. The agent's job doesn't end once you're under contract. Often, the biggest problems can occur between contract and closing. You're dealing with thirty page, legally binding contracts; it's essential your agent knows his or her way around the contract. Being a problem solver is probably the most important attribute an agent can bring to the table.

## **COMMUNICATION**

Make sure you find an agent that communicates in your style. Do you prefer phone calls, texts, email, or in-person discussions? Make sure your agent can communicate with you in the modes you prefer.

## **AVAILABILITY**

Be sure your agent works when you don't! Some agents work part-time or only during regular working hours. Make sure your schedules align. Be sure the agent or someone on the agent's team is answering phone and emails in case someone calls about your home. If your agent has a team, that team can more than likely answer questions very quickly for eager buyers who call wanting to know how many bedrooms are upstairs!

## **MANAGING THE BUYING AND SELLING PROCESS AT THE SAME TIME**

Buying and selling homes at the same time? Then it's IMPERATIVE that you pick an experienced agent who knows how to manage the process. Should you buy first and sell your



house quickly? Should you sell first and then rush to find a property? There are many ways to approach this process that won't make you feel like your hair is on fire! Find an agent who can walk you through the different options.

## **RELOCATION CONNECTIONS**

If you're buying or selling in the DC metro area with the other end of your transaction out of the area, pick an agent who has great referral connections in other markets. You want both of your agents on the same page so your contracts, dates, and deadlines work together seamlessly. See if your agent can connect you with another great agent in your other market. We have personal friendships with top agents from across the US and Canada to which we often refer clients – and that's something you want. If an agent doesn't have a personal connection, see if they have a referral network. These networks mean even when Realtors don't have a personal relationship, they do have a partnership with the properly-vetted top brokerages from around the globe. Then they will interview those agents to find you the right match. When your Realtors work together and they're on the same page, everyone wins.

## **PRICING, PREPARING AND PRESENTING YOUR HOME**

Sellers, it's crucial for your agent to know how to price, prepare, and present your home to the market properly. Preparing your home is almost as important as the pricing! It's critical to getting maximum exposure. Speaking of which – your Realtor **MUST** have a marketing plan. That plan should include a fantastic website with content and other listings that people actually visit. Website traffic increases the number of people who will see your house online. They should use a mix of traditional and digital marketing (if they are not using paid social media advertising, rule them out immediately), have a dogged personal outreach program to other Realtors, have access to their buyer database (so it's also important to ask if they actually have one), as well as to public relations professionals to get your home placed in the right publications.



## OUTLOOK ON THEIR BUSINESS AND THEIR CLIENTS

This last one is a personal thought and probably not one you'll find on many similar "how to" lists. Does your agent constantly strive to improve her service to her clients? Does she operate like a true business or more like a part-time job out of her house and car? Is her focus on creating lifelong clients or on getting the next deal done? Is it about the client or the transaction?

Here at The Goodhart Group, we take our jobs very personally, because it's personal to you. We're here after the deal goes to settlement for recommendations for anything under the sun. We also help clients and any of their friends and family with any real estate needs for the rest of their lives. We want to be your trusted Realtors for life, and we take that role seriously. Because when you love where you live, we've done our jobs.



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# Advice for Selling a Home: My Top Tips



By Sue Goodhart

When people learn that I'm a Realtor, they often ask my best advice for selling a home. In my 25+ years of selling real estate, I've learned a thing or two about selling a home quickly and for top dollar. So here is my tried-and-true advice for selling a home. Follow these tips and you will have success!

## **NEUTRALIZE, DECLUTTER AND DEPERSONALIZE IT**

As much as you love your family photos and personal mementos, remove them from your home while it's on the market. While you may have received lots of compliments on your red kitchen walls but they very likely won't appeal to a broad range of buyers. You want potential buyers to envision themselves and their things in your home (not you and your things!)

## **STAGE IT**

We cannot stress the importance of staging enough. Whether it's a quick "fluffing" or bringing furniture and accessories into a vacant home, properly staging your home is essential to selling it quickly. In today's digital world, sellers only have a matter of seconds to capture buyers' interest before they click or swipe to the next listing.

## **PRICE IT RIGHT**

Know the market and listen to your agent when pricing your home. Try not to "own" the listing price of your home, as buyers ultimately determine the value of your home. If your home hasn't sold after 30 days, revisit the price. Time is not on your side when you're selling.





## **MAXIMIZE SHOWINGS**

Have your home “show ready” at all times. Respond quickly to showing requests. Make your home as available as possible for showings. The more people through the door, the quicker your home will sell. Read our recent case study on this topic.

## **SAY GOODBYE TO FIDO (FOR NOW)**

Get your pet out of the picture (and house!) as much as possible while your home is on the market.

## **COMMUNICATE WITH YOUR REALTOR**

Let your agent know about any issues or concerns you have. It's very important to communicate with your Realtor to know about any changes in your thinking or plans. Also let your agent know about all showings in a timely fashion so she can follow up. Your agent will do the same for you by sharing the feedback she receives from other agents and buyers on how the home shows, its price, and more. She will suggest improvements along the way to keep your home looking its best.

## **KEEP YOUR BUYERS HAPPY**

Even with a ratified contract, it can be a long road to a successful settlement. You'll want to be as accommodating as possible through the home inspection, subsequent negotiations, and working through any other contingencies (appraisal, financing, home sale, etc.). Once again, an experienced agent will help you navigate the way to a successful closing.

## **USE A PROFESSIONAL**

This is the most important tip of all. As tempting as it may be to try to sell your home yourself (especially in a hot market), hire an experienced Realtor or team. As the saying goes, “You don't know what you don't know!” Make sure your agent knows and works in your neighborhood and has a strong network of fellow local agents. You'd be surprised how many homes are sold before they even go on the market thanks to “behind the scenes” agent networking.

## **HOW MUCH MONEY WILL YOU GET WHEN YOU SELL YOUR HOME?**

Let's cut to the chase. The #1 thing on all sellers' minds is how much money they will get when they sell their home. SO, here's the basic equation...

$$\text{Sales Price} - (\text{Seller Closing Costs} + \text{Loan Payoff}) = \text{Bottom Line Proceeds}$$

...and how to break it down. You'll calculate how much cash you'll net in no time.

## **SALES PRICE**

Of course, the most important factor is the property's final sales price. In our market, some houses sell over list price, while others will sell for significantly less. The final sales price depends on how realistically the house is priced from the start. Now, how do you calculate closing costs? We thought you'd never ask...

## **SELLER CLOSING COSTS AND COVERING PURCHASERS' CLOSING COSTS**

Some buyers need part of their closing costs covered by the seller (typically, those who don't have a lot of cash). This practice is most common at first-time buyer price points. If this is the case, buyers will often increase the offer price by the amount they request in closing costs.

## **WOOD DESTROYING INSECT INSPECTION FEE AND REPAIRS**

Most lenders require this inspection to process a loan. In Virginia, the purchaser selects whether they or the seller will pay for the inspection. This cost (approximately \$60) appears on the closing disclosure at settlement, charged to the party indicated in the contract. The seller is always responsible for the cost of any repairs needed per

the inspector. They can pay the treatment company directly or deduct the cost from the proceeds at settlement. (Note: in D.C., the purchaser is always responsible for paying for the inspection, as stated in the contract. One caveat for both jurisdictions is if the purchaser is using a VA loan, the seller must pay for the termite inspection).

## **HOME INSPECTION REPAIRS**

The purchaser will pay for any other inspections they would like performed on the property. The purchaser can request that the seller make certain repairs on the home in an inspection contingency negotiation. If the seller does not agree, the buyers can void the contract. Sellers should plan to make (and budget for) some home inspection repairs. Like the termite inspection, sellers can pay the contractor directly or, after the work is done, the settlement company can pay them out of their proceeds at settlement.



## HOME WARRANTY

A home warranty is another item the purchaser might ask for in a sales contract. Warranties typically cost no more than \$550. While not in all contracts, we see warranties requested in about half of the resale contracts that come across our desks.

## TRANSFER TAXES

Both parties will pay some transfer taxes at settlement. Some fees are paid by the purchaser; others by the seller. In Northern Virginia, the seller pays a transfer tax (1% of sales price) and a grantor's tax (1.5% of sales price). In D.C., both buyer and seller pay a tax of 1.1% of sales price if the purchase price is \$399,999 or less, or 1.45% if the purchase price is above \$400,000.

## PROPERTY TAXES

The settlement date will impact your closing costs, as everything is pro-rated as of the day of settlement. For example, property taxes are typically escrowed by your lender (if you have a loan), who pays them on your behalf twice per year directly to the county or city. However, you will need to pay what is owed at settlement.

Let's assume your yearly property taxes are \$10,000 and the first half of the year's taxes (\$5,000) are due on June 15th. If you settle on June 1st, most likely your taxes have not yet been paid. So the title company will pay them from your proceeds. But, fear not – after settlement the bank will return to you the money you escrowed for taxes (and

insurance) so you're not out of that cash. The check will be sent to you within a couple of weeks, so be sure to give the title company your forwarding address!

Conversely, if you settle on July 1, and your taxes due June 15th were likely already paid, the buyers will pay for the entire second tax period. You will then just credit 15 days' worth of taxes for the time you owned the home during that tax period (June 15-July 1).

## CONDO OR HOA FEES

The same goes for prorations for any HOA or condo fees, if applicable. Everything will be prorated as of the day of settlement.



## COMMISSION

There is no “set” real estate commission, but in our market, you will tend to see the commission at 6% of the final sales price, plus an administration fee ranging from \$200-\$500. The 6% is paid to the listing brokerage selling your home, not to your Realtor. For example, if you hire The Goodhart Group, the commission would be paid to our broker. Of that 6%, the 3% goes to the real estate brokerage that represented the buyer of your home. From each 3%, the listing and buyer agents receive a portion from the brokerage.

## SETTLEMENT FEES

There are also fees to the settlement company to conduct the settlement, draft the documents, and record the deed. These fees tend to be under \$1,000. Keep in mind that all settlement company fees do vary slightly. Purchasers have the irrevocable right to select their title company in our area, so this isn't a negotiable term of the contract. The variance in fees is minimal.

## FIRPTA WITHHOLDING (IF APPLICABLE)

If you're a foreign resident living in the US, you may encounter further tax withholdings due to FIRPTA (Foreign Investment in Real Estate Property Tax Act of 1980). If you're not a U.S. citizen, read more on the FIRPTA tax [here](#).

## LOAN PAYOFF

The last piece of the puzzle in determining how much money you'll net from selling your home is the loan payoff(s). You need to review what you owe to each bank. The title company will pay off any loans at settlement. Each loan has a payoff release fee, usually running about \$150-\$200 per loan.

Sales Price – (Seller Closing Costs + Loan Payoff) = Bottom Line Proceeds

That's it! Just add up all the costs outlined above and subtract it from your sales price.

Math not your strong suit? Don't fret! There's an app for that...

We love the free app Closelt! You simply fill in some basic info (some of the items above – others are automatically generated) and Voila! It generates your estimated proceeds. Since a title company created the app, the numbers are very accurate. You can play around with the numbers very easily to test different scenarios. Using the app is quick and easy.

Now that you have a ballpark for your proceeds, you're probably wondering when you will get the cash. In DC, you'll get it almost right away. In Virginia, it can take up to two business days. The settlement company can either send you a check or wire you the money when it's available. If you opt for a wire, bring your wiring information along to settlement ([here's more on what happens at settlement](#)).





## Buying and Selling at the Same Time

Grasping how to juggle buying and selling begins with understanding your needs and your financial situation. **Typically, our downsizing clients fall into one of the following categories:**

- Current house is too small or too big, so clients need to sell and buy a new home, which will be easy to find
- Current house is too small or too big, so clients need to sell and buy a new home, but it's more difficult to find the next house that meet their criteria
- Need to buy but don't need to sell immediately
- Don't have to buy, but need to sell in order to buy

**Any discussion of buying and selling begins with:**

- An in-depth discussion with a mortgage lender
- A thorough review of the selling process
- A thorough review of the buying process
- A market analysis of your current home

The discussion with your lender should help you understand what you qualify for, what monthly payments you can afford, general closing costs, and how interest rates will affect your monthly payment. The lender can help you determine if you must sell before buying, if you can buy non-contingent on the sale of your home (selling your home at a later date), or if you can buy and just need to rent your home. Exploring each of these options is very important.



The best market analysis of your home is what a buyer in an open market will agree to pay within a given timeframe. Since that can't be achieved without actually putting your home on the market, you'll want an agent who knows your market well enough to review your home's condition. The agent will then evaluate it against other nearby homes that have sold, as well as against what homes are currently on the market. With that estimated sales price, you can determine the "equity" you will gain from the property after fees and taxes are paid. It's best to review a range of prices, from worst-case to best-case selling prices. Furthermore, an agent can assess what your home may rent for if you decide to keep it.

The best-case scenario is the following: You're buying and selling when your current home is in good condition, in a desirable location, and the area where you want to buy offers plenty of choices in your price range.

This is often the case when a buyer is looking for more space and will move from an urban location to a more suburban or rural area. The same is true if someone is moving from an area such as the DC metro area to a city or state with a lower median price point.

Of course, you're not always dealing with a best-case scenario. A more difficult – but certainly feasible – scenario might be when you need to move and the area where you want to buy has tight inventory. If you must sell to buy, your options are more limited. One strategy might be to plan for two moves. You can put your home on the market and then, when it sells, move into a rental until you can

find the right home. Another option that's more difficult to maneuver is to explore finding a home where the seller will accept a contingent offer on the sale of your home. However, keep in mind if you are buying in a smaller or tighter market, most sellers are not interested in a contingent offer on the sale of your home. This scenario works best if you are buying in a higher price point that is moving slower than that of your current home.

Another good situation is when you can write a contract and go to closing without selling your current home. However, there's risk in this as well. It's important to work with a market evaluation of your current home that considers the trends of the market and whether it's going up or down. For this reason, we recommend using a conservative forecast. In the late 1980s when the market was skyrocketing, too many people bought new homes they priced above the market. Then they got caught when the market crashed and chased the market downward, lowering their homes' prices well beyond what they had forecasted.

Similar circumstances occurred between 2006 – 2008. Many sellers were stuck with two houses. They could rent one of them, but often at a rate below their mortgage payment.

Both examples show that you must use caution when buying a second house without selling the first. That caution starts with carefully determining the ultimate sale price of your current home.

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There's yet another scenario to consider. It's when buyers are happy with their home, but would like to capture additional amenities such as a pool or a large yard. They would like to move, but they don't have to. If they need to sell their home to move, it becomes even more problematic. When the right house comes along, it might be the right one for someone else, too.

In a competitive market, this prospective buyer can either be hampered by comparing the quality of their prospective home to their current home, or discover that they can list their current home on the market and sell it quickly to move into their new home.

In all these scenarios (and practically any other scenario move-up buyers find themselves in!) this advice applies:

- Your house must be three days away from being show-ready! Sellers considering a contingent offer want the house on the market quickly.
- You need an agent searching with you, beating the bushes for properties whose owners might consider a contingency, or properties your agent can make an offer on before it goes on the market so you aren't competing.

The Goodhart Group has helped buyers through each of these scenarios, and they are all workable with the right approach.

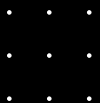




PART TWO

# Preparing Your Home for Sale

There's a lot that goes into preparing your home for the market! From staging to cleaning and decluttering, we'll cover how to get your home in showing condition!



# Preparing Your Home For Sale



## DETACH YOURSELF

You've made memories in your first home; saying goodbye is hard. Be careful not to let your emotional attachment get in the way of making decisions, especially when it comes to staging, decluttering, and pricing your home.

## PRICING YOUR HOME

Selecting a Realtor and pricing your home go together. Pricing your home properly is extremely important. It can determine if you receive an offer on your home within a few weeks or if the home sits on the market for months.

## REPAIRS AND UPGRADES

Ensure that all systems and appliances are functioning properly, as these items will be assessed during a home inspection. Your Realtor will advise you if any upgrades are needed to make the home more appealing to buyers.

## DECLUTTER

As soon as you start to think about selling, begin paring down your belongings. You can do this before you even know where exactly you'll be living. This process is certainly a long-term effort — don't feel you need to do it all in one weekend! Enlist family members to come help you tackle this chore.

Consider hiring a professional organizer who can help you navigate this process. We also have plenty of contacts that can help.

Every item in your home falls into one of the following three categories:

- Junk
- Donate/sell
- Take to the new house

Start this sorting as soon as possible to declutter your home for listing — consider it pre-packing for your eventual move. Specifically, your counters should be clear, and items on shelves should appear neat and organized. Closets shouldn't be overstuffed as potential buyers will open them. Toys should be pared down as much as possible.



The pre-listing period is a great time to get rid of items that you no longer need (think baby items, clothes that no longer fit, etc). You may want to consider renting a storage unit for some items you aren't quite ready to part with. The less "stuff" in your home, the larger it will seem to house hunters who come through.

## **DEPERSONALIZE**

It's very important to depersonalize your home as much as possible. Doing so allows prospective buyers to imagine themselves living there instead of you. Believe us, people get distracted looking at your things instead of focusing on the home! Remove all personal photos (yes, even your wedding portrait and those adorable baby photos) and mementos such as diplomas and trophies. Put any unique collections into storage. Take down refrigerator magnets, team flags and banners.

## **WASH YOUR WINDOWS**

Your home may have amazing views, but if your windows are dirty, no one can appreciate them. Check all windows on all levels of the home. At certain times of day, windows may look clean, but if the sun hits them at a certain angle, it's another story! Use lots of elbow grease, or consider hiring a professional. A quality window-washing treatment is an investment worth every penny.

## **CLEAN**

Your home should be the cleanest it's ever been! Susan Campbell of Lemon Tree Staging & Interiors offers the following tips:

- Look high and low. Cobwebs and dust may accumulate in the corners of ceilings and floors. Check light fixtures and ceiling fans for dust and clean them thoroughly.
- Scan around door frames, light switches, doorknobs, and along walls in high-traffic areas (think hallways and stairs). Invest in a couple of Mr. Clean Magic Erasers to remove any scuff marks.

If you have a pet, make sure the home is free of its hair and odors. Consider having your carpets deep-cleaned. You may even want to ask a trusted friend for an honest assessment of how your home smells.

## **LANDSCAPING**

Your home's landscaping should look its best! Focus on the following:

- Keep grass trimmed and neatly edged.
- Spruce up your beds with a layer of fresh mulch. Prune and trim any shrubs that are overgrown or have dead spots.
- Check for and remove any tree branches hanging over the house or electrical wires. You may need to call a professional for this task.
- Plant a few colorful blooms near your main entry.
- Pull weeds out of any walkways, patios and driveways.



## CURB APPEAL

When listing your home, you want to make its entry and exterior as welcoming as possible. Try a few of these easy ways to boost your home's curb appeal:

- Replace your exterior lighting, including porch lights, entry door lighting, and walkway lighting.
- Add a fresh coat of paint on the shutters and/or front door.
- Replace your house number with a more modern one.
- Purchase a fresh welcome mat, door knocker, and/or mailbox.
- Clear your roof of any fallen branches.
- Ensure gutters are clear.

## INTERIOR PAINTING

Touch up any nicks in your home's paint job. Be sure to check the aforementioned high-traffic areas that will likely need these touch-ups the most. Consider neutralizing any strong or vibrant paint color choices. Your home's color palette should be as neutral as possible to appeal to the greatest number of potential buyers. However, before undertaking any painting, please consult with us! We can recommend shades that work well in general and tones that complement your style of home.

If you have any wallpaper in your home, we suggest removing it. Not everyone is a fan of wallpaper, and even if they are, they may not like the pattern(s) you have chosen. A room in a neutral paint tone will appeal to a broader range of possible buyers, which is always the goal.





## RENOVATIONS

Before undertaking any renovations or spending money on improvements, be sure to consult with us or your Realtor. While some home improvement projects are worth undertaking prior to listing, some can definitely be skipped. In some cases, it's better to allow potential buyers to imagine the renovations they would undertake versus renovating to your tastes. Bear in mind, the listing price will reflect any updates – or lack thereof.

## THE BOTTOM LINE

We know this is a lot of information to take in and that every situation is different. We are always happy to advise you on these decisions and anything related to your home. If you need recommendations for contractors to get your home listing-ready, we can help on this front too.

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# Staging Your Home: What to Expect and Why It's So Important

Staging. Never has a real estate concept meant so many different things to so many people. To some, staging your home means rearranging existing furniture. To others, it means reducing clutter. There are also those who think staging translates to a total redo of their homes.

To us at The Goodhart Group, staging your home means preparing it to appeal to the likely buyer who walks through your home or who may view it online.

How a home appears online is probably more critical than how it appears when you walk in the door. Ninety-two percent of buyers see a home online first and odds are that first view will be on a mobile device. How a home appears on a mobile device is as important as removing clutter.

Your audience, active buyers, will likely have set up a search and when the alert appears on their device, they will speed through the offerings quickly. You have about eight seconds to grab their attention and cause them to slow down enough to look at the listing. Selling a home is about the visuals almost as much as location and price.

## THE STAGING STATISTICS

The statistics prove that staging your home is well worth the effort and expense. Staged homes sell for 10% more than unstaged homes. Additionally, staged homes sell faster than unstaged homes (23 days vs. 40 days). Worried about the expense? Staging pays for itself and then some!

Research has shown that a 1-3% investment in staging will result in a 10% return.





## THE LEVELS OF STAGING

So what types of staging can you expect us to discuss with you?

Staging “as is” means that nothing is to be changed. If the house is perfect (and there are a very few which are) then it needs no staging.

If the house is in poor showing condition, then selling “as is” becomes an option. This happens most often when it’s an estate, when renters occupy the property, or a situation in which the party living in the home does not want to leave (divorce, foreclosure or eviction). An as is sale means the owner will sell for less.

One step up from as is – spending money on paint, new carpets and refinishing hardwoods – can go a long way, often helping the home to sell faster and likely for more money. Other improvements in this category include updating doors, cabinet hardware, and fixtures such as faucets and lighting. Sometimes we’ll recommend updating countertops and appliances too. The investment on these improvements is almost always recouped.

“Clutter is worse than dirt.” This is a saying I like to relay to my clients, but dirt is also bad. Clutter can mean too much furniture or too much stuff. The stuff can be quite nice. I have often had to tell clients who do design work that they need to remove their very expensive decorative items and art. Removing excessive furniture can make rooms seem larger and more appealing to buyers.



“Fluffing” a home is the next option. Such fluffing means bringing in accessories to spruce up the home and give it a visual punch for those online views. Sometimes a home needs just a few rugs, pillows, fresh flowers, or art on the walls.

The last (and perhaps most involved) kind of staging is bringing in new furniture to either replace existing furniture or to fill vacant rooms. This type of staging is done to help potential buyers envision how the space could be used. The right furniture can turn a room with an awkward layout into a buyer’s dream space. We’ve seen it happen!

## THE BOTTOM LINE

No matter which staging option you choose, remember the exterior of your home. Clear out your beds, lay fresh mulch, trim overgrown trees and bushes, and add a punch of color with blooms. Make sure your windows are sparkling clean and there’s no peeling paint. Consider a mini facelift for your home’s exterior with a new mailbox, house number or front door color.

## COMPASS CONCIERGE

Exclusive to Compass, the Concierge program is designed to help sellers with the costs of preparing their home for sale. As the listing agent, we work with sellers to assess every opportunity to increase their home’s value through cosmetic fixes. Our tailored plan may include services such as staging, painting, deep cleaning, and landscaping. Once we settle on the necessary improvements, Compass will cover the upfront costs. The seller will contract directly with qualified home improvement service providers and then Compass Concierge will pay for the work. Compass will collect payment for the services rendered at the time of the home’s closing.

By investing in a home’s potential, we will provide for a faster, easier, and more profitable sale for the seller.





# How to Appeal to Millennial Home Buyers When Selling Your Home

Big news! A recent study by the National Association of Realtors shows that Millennials make up the highest percentage of home buyers nationwide. We've found this to be true of our local market in the DC Metro area as well. We've also found that these younger buyers' tastes may differ from those of other buyers! Therefore, it's critical if you're selling your home to prepare it to appeal to millennial home buyers. Even though you may not currently live in or decorate your home like a Millennial, this approach can net you more money in the end. So, how do you prepare your home to appeal to Millennial home buyers? We have a comprehensive plan we reserve specifically for our listings, but here is a sampling of our insider secrets!

**1. Consider the color palette of your home.** Younger buyers prefer cool color tones such as whites, grays, light creams and blues over warmer color tones like darker beige or bolder colors. While you don't need to change everything in your house, repainting goes a long way to making homes seem more updated and Millennial-friendly. Our stagers are experts in recommending colors that will complement your existing cabinet and counter colors. Of course, we can recommend changes to these as well if needed (and the budget allows). We're seeing that most sellers are doubling their investment when they repaint and make other appropriate color adjustments.

- 2. Swap out old hardware.** These are quick fixes that go a long way! If you have older fixtures in your bathrooms or kitchens, you can go to Home Depot and switch them out for just a few bucks. Your space will instantly look updated.
- 3. Add drama with lighting.** While more expensive than hardware, adding more dramatic (yet still neutral) light fixtures add a WOW factor that younger buyers love! While you may prefer a ceiling fan in your bedroom, Millennials often prefer a chandelier or pendant light to make the space feel more luxurious. Again, a few hundred bucks can add instant drama.



**4. Make it kid-friendly.** Not all Millennials have kids, but many are starting to think about that next step. When they buy their home, they want to make sure there are spaces convenient for nurseries and playtime.

**5. Maximize outdoor space.** Millennials LOVE outdoor space. Often these buyers are moving from condos and want to be able to entertain outdoors. Create cozy outdoor living spaces with your furniture, a firepit, and cozy chairs. If you have photos of gatherings you've hosted over the years, show 'em off!

**6. Stage!** This is the most expensive item on the list, but can make the biggest impact. Interestingly, even though they came of age during the HGTV era, many Millennials don't have the vision to see past furniture – both the style and the way it's arranged in the room. That's why it's critical to make the space feel like them from the outset. Successful staging means taking great photographs to get buyers in the door. Once they're inside, they can envision themselves (instead of their parents or grandparents) in the space. You want them to feel immediately at home. We have countless of examples of homes that sold immediately after staging when previously the homes had been on the market for months.



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# Our Top Showing Tips



While your home is on the market, it's important that it's "showing ready" at all times. Based on how you have set up your showings, you may have anywhere from one hour to 24 hours' notice before showings. Below are our top tips to have your home ready for showing at all times.

## **To make a great first impression on any potential buyer, you will want to:**

- Clear the sidewalk of weeds in the summer, leaves in the fall (which can be slippery when wet), and snow or ice in the winter.
- Keep temperatures cool in the warmer months and warm (a comfortable setting) in the fall/winter.
- Declutter all surface spaces throughout the house, especially in the kitchen and bathrooms.
- Purge closets and keep them tidy.
- Place a mat at all entrances and exits during inclement weather. If it is raining, have a place where people can put umbrellas and wipe their feet.



- Keep fresh flowers in the dining areas and anywhere else that might work.

**Before a showing, just before leaving the house:**

- Remove trash from all bins.
- Refrain from using any harsh smelling cleaners for quick touch up cleaning.
- Don't cook with any pungent spices/ herbs and foods (onions, etc.)
- Avoid spraying perfumes and air fresheners and lighting candles.
- Turn ALL lights on (yes, ALL lights – closets, etc).
- Make sure all beds are made.
- Make sure all blinds/shades are open and up. You want the home to look as bright as possible.
- Have soft music playing and turn all TVs off.
- Avoid running any appliances (dishwasher, laundry, etc).
- If you have a gas fireplace and are comfortable doing so, have a fire going.
- Wipe down all appliances, countertops and light fixtures.
- Sweep floors and vacuum carpets.

- Make sure no dirty dishes are left in the sink.
- Flush all toilets and close the toilet lids.
- Remove personal products from sight in the bathrooms (toothbrushes, deodorants, etc).
- If you have a cat litter box, move it to the garage.
- Secure or remove all valuables and breakables.
- Lock away any prescription drugs (or at least hide from sight), as well as any firearms and weapons.
- Remove any pets from the home.
- Set out cold bottled water if it's a very hot day — always a nice touch.

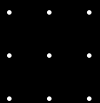




### PART THREE

# On the Market

Your home's first week and weekend on the market are an exciting - but often stressful - time! In this section, we'll explore what will happen and how you can keep the process moving smoothly to get a quick offer on your home. We'll also go over important terminology and how it can affect your sale.







## Your Home's First Weekend on the Market: What to Expect

You've been planning and prepping to sell your home for months. The big day is finally here – the day your home goes on the market and is open for all to see! Here's what you can expect from your home's first weekend on the market.

Usually, listings are entered into the Multiple Listing Service (MLS) on Thursdays or Fridays. This entry means your home will immediately start appearing in agents' and buyers' searches and on third-party sites like Zillow. Your home will likely appear in some print advertising and digital marketing as well.

Soon after your home goes "live," you should begin to receive showing requests through whatever arrangement you have set up with your agent. Allow us to break down for you the

most common showing and offer scenarios we see during your home's first weekend on the market.

### THE SCENARIOS

#### **Multiple Offers Expected**

While everyone hopes for a multiple offer scenario, they are NOT the norm. These days, we see multiple offers only on homes in hot areas or priced incredibly well. If your home is likely to generate multiple offers, set an offer deadline for sometime after the planned open house. You and your agent can review offers Monday evening or Tuesday afternoon to do a true "apples to apples" comparison of the various offers and allow interested parties time to do due diligence to possibly waive or minimize contingencies.

### **An Offer Before the Open House**

This scenario is perhaps the most perplexing for our clients. We recently had a client in this situation who was quite torn about what to do. Should she accept the full price offer that came in the Saturday before the open house? Did such a solid offer so early on mean that more than one offer would come? The short answer is, it depends.

In this case, we strongly suggested our client accept the offer. The home, while beautiful and in a very desirable location, was at a high price point. It wasn't receiving many showing requests. We had a feeling there would be a lot of people through the open house but probably not many serious buyers (more neighbors than potential buyers). Additionally, the terms of the offer were excellent. However, in many cases it DOES make sense to wait.

If your home is in a popular price point with many showings, and agents are asking the appropriate "pre-offer questions," it's best to wait until after the weekend to review offers.

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### **How Should I Expect My First Week on the Market to Go?**

There have been plenty of showings during your home's first weekend on the market and lots of positive feedback. Potential buyers are "circling," but no one is making an offer. Typically, the homes we see selling in the first weekend are in hot, walkable locations, near Metro, and/or staged to perfection! If you're getting good traffic but no offers, it may mean you're slightly above the mark in price. Remember these real estate rules of thumb when comparing your home's price after it's been on the market:

- Only drivebys and online views = 13% overpriced
- Low or infrequent showings = 9% overpriced
- Showings but no offers = 5% overpriced
- Receiving Offers = Priced Correctly

### **Showings, But No Interest**

If buyers are looking at your home, but no one is expressing ANY interest, you are priced too high. You'll want to know what's holding potential buyers back – is it the price, layout, location, amount of work needed? If there's something that can be fixed, go for it. If not, price usually is the unspoken objection since buyers are comparing your home to others and are finding it too small, unique, dated, or "far out."

### **No Showings**

If no one has requested to see your home during your home's first weekend on the

market, have a conversation with your Realtor. Take a close look at how your home appears online – both the photos and the copy. Make sure it appeals to buyers looking on PCs, tablets, and phones. Check to make sure your showing instructions are not off-putting in any way (such as very limited hours or requiring 24 hours' notice).

Keep in mind: if your home is at a high price point or unique in some way (for example, a very specific architectural style that may not have broad appeal), fret not. You may not have as much traffic through your home, but if your home looks great and is priced well, it will sell. All it takes is that one right buyer!

## THE BOTTOM LINE

As with most things in real estate, there's no way to predict what will happen!

Our best advice, as always, is to work with a trusted and experienced Realtor, stage and price your home well, adjust as necessary, and it WILL sell!

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# Selling Your Home As Is

Are you considering selling your home as is? While this option can be great for some sellers, there's a lot you need to know. It's not as easy as sellers may think. Read on for more information on selling your home as is.

## What is an "As Is" Sale?

Selling a property as is means that you are selling it in its current state, with an understanding that no repairs will be made. The home will convey in its present condition — flaws and all.

The most common reasons people sell their homes as is:

- They don't have the time or funds needed to fix it up

- They inherited a home
- The land is more valuable than the house
- They have already moved and don't want to manage repairs long-distance

## WHAT DOES AS IS REALLY MEAN?

What confuses matters about an as is sale is that the Virginia contract states that all homes are sold as is — unless otherwise agreed otherwise. That means the seller will consider making repairs requested in the contract, a home inspection addendum, or by a lender (for example, damage from termites that was discovered). It doesn't mean they will repair everything, simply that the sellers are amenable to considering some repairs.



A true as is sale is one in which the seller will not fix or repair anything in the house, as part of a home inspection or otherwise. Note that when a sales contract is written, the words "as is" need to be spelled out. The buyer must initial this language, ensuring they can't later claim they didn't know they were buying the home as is. The contract also includes different as is clauses that can delete standard parts of the contract, such as termite extermination or repair, compliance with codes regarding smoke detectors, orders or notices of violations of a local authority, or requirements imposed by a property owner or condominium owner association. The seller may not need to deliver the property free and clear of trash and debris.

### **DOES THE SELLER HAVE TO DISCLOSE ANY DEFECTS?**

It's important to note that Virginia is a "buyer beware" state, which means that sellers aren't required to disclose much information about their property (though there are some disclosures required by federal law such as lead-based paint disclosure if the home is built prior to 1978 and residential property disclosure required by the Commonwealth of Virginia). That said, sellers can't be dishonest about their homes or actively conceal a known problem. While a seller would need to honestly answer questions about the home's condition, they aren't obligated to point out the home's flaws to buyers.

### **USE AN AGENT EXPERIENCED IN AS IS SALES**

Seasoned Realtors will have experience selling homes as is. They will help you decide what, if any, improvements should be made, prepare the required disclosures, and negotiate on your behalf. Of course, your Realtor will do all these things to obtain the best price possible for your home.

### **PRICING AN "AS IS" HOME**

When you sell a home as is, buyers typically assume there will be problems with the home and discount the price accordingly. The listing price for a such a home often reflects the amount it would cost a buyer to make the needed improvements.

Know that when selling as is, your home will attract investors, flippers, contractors, and buyers with limited budgets. Don't be surprised if you receive some low-ball offers and don't be discouraged. All offers are worth countering – we've seen low offers turn into contracts time and again!

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## HOW AGENTS, BUYERS, AND LENDERS VIEW "AS-IS" HOMES

The phrase "as is" tends to raise a red flag with buyers. This language makes some house hunters think, "What are the sellers hiding? Is there something really awful in this home?" Buyers can suspect "as is" homes, passing on even looking at these properties, effectively shrinking your pool of potential buyers. That said, agents know exactly what as is means. They can explain the process to nervous buyers and help them see the potential value of buying an as is home.

While your home is on the market, you need to keep the home clean and in "show ready" condition. Selling your home as is doesn't mean the home doesn't have to show well. A messy or dirty home is another major red flag for buyers, even those choosing to look at these properties.

It's important to note that here most lenders require an as is home be free of structural, health, and safety issues. For example, if your home is not up to certain codes (and you opt not to fix them), you are likely limiting your pool of potential buyers to those who can pay cash. Keep in mind that even these cash buyers will expect a bargain price if the home is not up to current code.

Buyers may wish to have an informational-only home inspection with an option to void if the repairs are over their budget.

## THE BOTTOM LINE

Selling your home as is can be an excellent option for some sellers. An experienced Realtor will guide you through the many nuances of selling your home as is and help you get the best possible price for it. Often, to obtain the best price for your home, selling your home as is isn't the best option. However, most who sell in this way understand that the time, stress, and cost of repairs make an as is sale best for them.

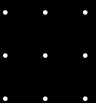
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PART FOUR

# Your Have an Offer!

You have an offer! That's great! But, what does all of it mean? We will go over the real estate contract and decode it step-by-step. We will also discuss how multiple offers are handled and how different contingencies play a role in the offer.





# Real Estate Contract Explained

In our market, any offer for sale is made up of the basic body of the contract, addenda or contingencies to the contract, and any required disclosures. While not the most riveting of subjects, this article is one of the most important blogs we've written. Here's what you need to know to decode the real estate contract in the DC Metro area, including the most important terms of the real estate contract so you are prepared to negotiate to the best of your ability – as a buyer OR a seller.

## **BASIC TERMS IN THE BODY OF THE SALES CONTRACT**

### **Price**

The most important part of every sales contract is the sales price. While all terms discussed below make up the full scope of the offer, or real estate contract – money talks. Thus, price is the first thing sellers want to talk about.

### **Closing Costs**

Some buyers need help with closing costs from the seller. This is more common on properties under \$700,000 and with FHA and VA loans. Whatever number the buyer asks for in closing cost assistance is effectively deducted from your net proceeds. So, an offer of \$510,000 with \$10,000 in closing cost assistance equals an offer to the seller of \$500,000.

### **Earnest Money Check**

When a buyer writes an offer, she will need to submit an earnest money deposit (EMD) that will be held in escrow by the real estate brokerage company or settlement company. The check will remain in escrow until settlement, when it's credited back to her for closing costs or down payment. Read more here about earnest money deposits.

### **Settlement Date**

Typically, settlement dates are anywhere from 30-60 days from contract date to closing,



depending on the needs of the buyer or seller. Vacant properties typically will settle as quickly as possible, about 30 days from the real estate contract negotiation.

### **Settlement Company**

In our market, the buyer has the right to select the title company. This is a non-negotiable portion of the contract.

### **Wood-Destroying Insect Inspection**

This inspection is required by most lenders to process a loan (exceptions can be new construction or mid- to high-rise condo buildings). In Virginia, the purchaser selects whether they or the seller will pay for the inspection. This cost (approximately \$60) will appear on the closing disclosure at settlement and charged to whichever party is indicated in the contract. If any repairs need to be made per the inspector, you as the seller are always responsible for that cost.

You can pay the treatment company directly or have the cost taken out of your proceeds at settlement. In D.C., the contract doesn't offer an option for who pays for the inspection; it's always the purchaser. One caveat for both jurisdictions: if the purchaser is using a VA loan, the seller is obligated to pay for the termite inspection.

### **Home Warranty**

Buyers have the option of asking you to provide a home warranty. Usually, buyers make this request on older properties or when they are afraid an appliance or major system won't last long. The cost is about \$550 and either the buyer or seller can pay for this

warranty. Again, this option can be negotiated, but in most cases, it isn't.

### **Condominium (Condo)/Homeowners' Association (HOA) Documents**

For properties in HOA or condo associations, the following contingency is part of the contract. Once the buyers receive the condo/HOA documents about the association, they have three days to review them. If within those three days they find something in the rules or documents they don't like (for example, a regulation on renting out the unit or types of pets allowed), they have the option to void the contract. However, that right automatically expires three calendar days after they receive the documents.

### **Real Estate Contract Standard Contingencies & Terms**

In addition to the main body of the contract, buyers can include addenda (typically made up of contingencies) to the contract. Like any other term of the real estate contract, contingencies can be negotiated between the buyer and seller.

Contingencies that are part of most contracts are the home inspection contingency (and radon contingency for homes with basements), appraisal contingency, and financing contingency.

### **Home Inspection Contingency**

Allows buyers to void the contract or negotiate for repairs if the home inspection reveals issues with the property.

### **Radon Contingency**

Allows buyers to void the contract or negotiate for remediation if radon levels in the home are higher than 4.0 pC/L. This contingency typically appears for homes with basements.

### **Appraisal Contingency**

Allows buyers to void the contract or negotiate the sales price if the appraised value is lower than the negotiated sales price.

### **Financing Contingency**

Allows buyers to void the contract if they are rejected for their loan.

### **Additional Contingencies, Clauses, or Amendments**

The items below are a part of most contracts, but are not as common as the contingencies discussed above.

### **Purchaser's Home Sale Contingency**

This contingency is used when buyers have to sell their home to qualify for the purchase of the next home. With the home sale contingency, the buyers would have a certain number of days to put their home on the market (if it's not already) and write a contract with the home inspection contingency removed. They would also need to indicate the number of days required to put their home on the market and the listing price. Most sellers want to see the house listed for sale within a week or so. However, this contingency can be difficult to negotiate and is more likely to work with a home that's been on the market for a while or for homes in higher price points. If the buyer's house does not sell, you and the buyer can agree

to extend the timeline, or allow the contract to become void.

### **Contract Contingent on Successful Settlement of Purchasers' Home**

If the buyer's house is already under contract, the contract would then be contingent on the successful settlement of the home. The successful settlement option is preferable (over the home sale contingency), as no major contingencies remain on the buyer's contract. Most sellers will accept a settlement contingency because it is likely that everything will proceed smoothly to settlement. As in a home sale contingency, if the buyer's house doesn't settle for some reason, you and the buyers can negotiate an extension, or they can void the contract.

### **Home of Choice Contingency**

As the seller, you can include a home of choice contingency. This contingency allows you to accept a buyer's contract, but it's contingent on you finding another home to purchase. If you don't find a new house within the designated time period, you can void the contract.

### **Post or Pre-Settlement Occupancy**

Depending on when the buyer or seller needs to move, a post- or pre-settlement occupancy may be required. In the real estate world, a post-settlement occupancy is often referred to as a "rent-back," when you stay in the home after settlement. You then rent the home from the buyer for a certain time frame. The maximum time a lender will allow for a rent-back is 60 days. A rent-back is more common than a pre-settlement occupancy. In a pre-settlement occupancy, the buyer moves into

the house prior to settlement. The pre-settlement occupancy is not as common as it can muddy the waters if something breaks in the house during that timeframe.

### **Escalation Clause**

In a competitive market, you may see an escalation clause, which automatically increases a buyer's offer over a competing offer with a price equal to or higher than the competition's offer.

## **FINAL THOUGHTS**

The above points are a good primer on decoding the real estate contract – and what you need to consider as you review any offers. However, there are exceptions to every rule. Many of the situations discussed above will vary in a competitive situation

– another reason why it's critical to have a great listing agent guiding you. Keep in mind that real estate contracts are binding, legal documents and represent the largest amount of money you will probably ever invest – serious stuff!

An important note on multiple offers: sellers, if you receive multiple offers on your home, only respond to one offer at a time. You would not want both buyers to accept! Then you would be legally obligated to sell to both.

Also, remember there's no set timeline for either party to respond in a contract negotiation – unless a deadline is added to the contract. Without a deadline, the rule of

thumb is that parties should respond in about 24 hours. However, keep in mind that everyone is different. Some parties respond within the hour, while others take several days if they are in a busy time at work or traveling. Don't panic! Just stay in communication with your Realtor about any next steps.

Prepare as much as you can when it's time to review any contract. If you want to talk it through, our team is always here to help.

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## Choosing Between Multiple Offers

If you are selling your home and find yourself in the fortunate position of receiving multiple offers on your home, it's important to look closely at all the offers in hand, after taking a moment to celebrate! While price is often the deciding factor in choosing between multiple offers, sellers should always look at all the terms of each sales contract. Key terms such as settlement date and contingencies are just as important (sometimes more so) than price.

### **LOOK FOR THE BEST AND STRONGEST TERMS**

While tempting to focus on the amount of each offer, it's very important to also look at the other terms of the contract in a multiple-offer situation. Does the settlement date align with your plans? Would you need a rent-back? If so, do any of the offers include a free rent-back?

### **CONTINGENCIES**

Can the buyer back out of the contract? You want to look for any contingencies included in each offer and assess how easily a buyer could get out of the contract. Some contingencies are significantly more palatable to sellers than others. You will want to discuss the details of any contingencies with your Realtor.

### **OTHER FEES**

Is the buyer requesting you to pay for a home warranty or pest inspection? While these fees are not substantial, a buyer who is willing to pay for their own inspections and warranty is preferable to one asking you to pay.



## **AMOUNT OF THE EARNEST MONEY DEPOSIT**

The earnest money deposit (EMD) shows the seller that the buyers are “earnest” about buying the house. The higher the EMD, the more serious the buyer. If for some reason the buyers back out or defaults on the contract, they would lose their EMD.

## **CHECK THE BUYERS’ FINANCING**

Review how the buyers are paying for the house and double check it! If it is a cash offer, make sure the buyers have proof of funds in the form of a letter from their bank or a copy of their most recent statement. If the buyers are financing the home, first check that they are pre-approved, with a lender letter. Then look at the type of program and bank they are using. Not all are lenders and loan programs are created equal! Listing agents prefer to work with local lenders whenever possible.

## **CHECK THE BUYERS’ TITLE COMPANY**

Check the title company the buyer plans to use for closing. Your agent should be able to tell you if it’s a reputable company. Your agent may have a preferred title company with a proven track record that he or she prefers to use.

## **DON’T GET PERSONAL**

Remember, choosing an offer is a business decision, not a personal one. Try not to look at any heartfelt letters or photos buyers may have included in their offers. Review

the contract terms and pick the one that makes the most sense for you financially and logistically.

## **LISTEN TO YOUR REALTOR**

You will want to heed your Realtor’s advice when choosing between multiple offers. This situation is one of the main reasons you want a trusted and experienced agent on your side. Your Realtor will help you sort through the offers and present you with an “apples-to-apples” comparison and suggest the best course of action.

## **THE BOTTOM LINE**

Choosing between multiple offers is every home seller’s dream! Enjoy the moment but take the time to look closely at the terms and conditions of each offer. Your Realtor will guide you through the process and suggest the best course of action.

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# What is an Appraisal Contingency?

## WHEN IS IT USED?

If your buyer is using a VA or FHA loan, the lender will require an appraisal as part of the loan to approve it. Lenders want to make sure the house is actually worth the price the buyer is paying, essentially protecting buyers from overpaying for a house. The appraisal contingency is an option in conventional loans.

## HOW DOES THE APPRAISAL CONTINGENCY WORK?

The lender will order an appraiser to go to the property in person, and measure, note the amenities, and place a value on it based on comparable sales in the past six months. If the value is equal to or above the sales price, the property has “appraised” and the

contingency can be removed. If the value is lower than the sales price, lenders will not approve the loan as currently structured, as they will only lend up to the appraised value. In this scenario, the buyer and seller have three options.

1. Buyers could decide to bring the difference between the appraised value and the sales price in cash to be added to their down payment.
2. Alternatively, you as the seller could lower the sales price to the appraised value.
3. Most frequently, negotiations take place and the parties meet somewhere in the middle where the seller lowers the sales price and the buyer brings additional cash to the table.

If none of those options is acceptable to the parties, the buyer can void the contract. If the buyers feel that the valuation was faulty, they can also decide to use a new lender and get a new appraisal.

### **HOW LONG IS A NORMAL APPRAISAL CONTINGENCY?**

Typically, we recommend 21 days for an appraisal contingency for conventional loans – as mentioned above, for FHA and VA loans, automatically build this contingency into the financing contingency. The timeline can be shorter if the lender is able to do a rush order.

### **WHY MIGHT A PROPERTY NOT APPRAISE?**

If no sales in the defined neighborhood have occurred in the past six months, or if sold homes have been smaller or in poor condition, the value might not appraise. In a market where values are going up (which often happens in spring markets), the value may not be as high as the market conditions are dictating. Be sure to discuss all these factors with your listing agent when an appraisal comes in below the contract price.

### **THE BOTTOM LINE**

The appraisal contingency protects buyers from overpaying for a house. Removing it from a contract can also be a good way for the buyers to strengthen an offer in a competitive situation.

## **EVERYTHING YOU NEED TO KNOW ABOUT HOME INSPECTIONS**

While we realize this might not be the most riveting topic, it is without a doubt one of the most important. Not understanding how home inspections work can literally leave you with thousands of dollars on the table. Don't let that happen to you!

### **SO REALLY, WHAT IS A HOME INSPECTION CONTINGENCY?**

When writing the contract, the purchaser has the option to include a home inspection contingency. There are two types of inspection contingencies.

The first is the standard inspection contingency, which allows the purchaser to

have a licensed home inspector conduct a home inspection on the property and from the findings either negotiate for repairs or void the contract.

The second is what is known as an "up or down" inspection contingency, or a contingency with a right to void only. This means the buyer can still void the contract if they don't like what they find in the inspection, but they cannot negotiate for repairs.

During either contingency period, the purchaser is also free to conduct any other type of inspection they might want to do including roof, pool, chimney, and mold or radon tests. Without either of the above contingencies, the purchaser is still able to arrange an inspection for informational purposes (if approved by the seller), but cannot void the contract or negotiate repairs if they don't like what they find.





## WHAT HAPPENS AT THE ACTUAL INSPECTION

The inspector, the buyer, and the buyer's agent attend the home inspections. As the seller, you should not be present at the home during the inspection. We know... your home is under contract so you've let things slip, but it's time to get things back in show condition! Remove the dirty dishes, replace burnt-out light bulbs, change the HVAC filter, and make sure the electrical panel and attic or crawl space entries are accessible. If you don't have smoke detectors on each floor and in each bedroom (or they don't have batteries), now is a good time to install them.

In our market, sellers aren't obligated to make any fixes since all homes convey in as-is condition. However, sellers will often make repairs, especially safety concerns or electrical and plumbing deficiencies. Items that are cosmetic or are considered "upgrades" are typically not negotiated as part of the inspection.

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## HOW THE CONTINGENCY WORKS FOR HOME INSPECTIONS

If a home inspection contingency is part of the contract, one of the things buyers will specify in their offer is the length of the contingency. Typically, we see seven days (or five business days), but it can vary from one day to two weeks depending on the situation. As with other terms of the buyer's offer, you can accept that timeframe, or counter with something shorter, the shorter the better so you know if the buyer will move forward.

For this example, let's assume you have agreed to the buyer's seven-day home inspection contingency timeline. So, within seven calendar days of both parties agreeing on all terms of the contract (which we call ratifying the contract), buyers should plan to conduct any inspections they would like. Before the deadline, they will need to decide to move forward or void the contract, taking one of the below actions or inactions:

### 1. If the Buyer Fails to Take Action Before Home Inspection Expires

If buyers fail to either void the contract or submit their list of requests with the home inspection report by the deadline, the home inspection contingency expires and the contract moves forward. You are under no obligation to fix anything and the buyer is required to move forward. This doesn't happen often, but we see it on occasion.

### 2. If the Buyer Decides to Void The Contract

If buyers no longer wish to buy the house after the inspection, they can void the contract by sending a notice voiding the

contract along with the inspection report. This option for the unilateral “out” by the purchaser is one of the reasons this contingency is the biggest hurdle in any real estate transaction. This happens occasionally, but is usually done when a buyer gets cold feet.

### **3. If the Buyer Decides to Move Forward and Requests Repairs**

This is the most common scenario. Within the time frame agreed on for a home inspection contingency and IF the buyer has selected the contingency with the right to negotiate and not just the right to void, the buyers can request that you make certain repairs, or can request that you credit a dollar amount to them at settlement in lieu of making the repairs.

If the buyer decides to move forward and makes requests, the process moves to the next step below, which varies depending on if you are in DC or Virginia. Essentially, you would either agree to fix all items, none of the items, or some of the items.

## **VIRGINIA HOME INSPECTION**

When the buyers write the initial offer with a standard home inspection contingency (again – not if they selected the right to void only), they select two more dates in addition to the initial home inspection contingency period for a total of three dates. Again, the seller can counter the dates proposed by the buyer. Here are the important dates in Virginia:

Length of time of initial contingency: This is the contingency period discussed above that’s typically about seven days. This date is chosen for both types of contingencies.

Length of time of the negotiation period: This is typically around five days. This timeframe starts when the buyer submits the copy of the home inspection report along with any repair requests. Within this time frame, the parties negotiate the list of requests. If they can’t come to an agreement by the end of that time frame, they enter the walk-away period.

Length of time of the “walk away” time frame: The walk-away period is typically one or two days. If buyers aren’t satisfied with what you’ll agree to fix or credit at the end of this time frame, they can then decide if they will either accept your last offer or void the contract.

For right to void only, you only select the length of time of the initial contingency since there is no negotiation period or walk away period.

In most cases, the buyer will submit a copy of the report along with a list of requests. There might be a counter or two in the negotiation period, after which the buyer and seller agree to the terms.

## **WASHINGTON, D.C. HOME INSPECTION**

In DC there’s no negotiation window for the standard inspection. Instead, the buyer and seller alternate their own three-day windows in which each has an opportunity to respond. So, once the initial request is made, you have three days to respond. From whichever day

you respond, the buyer then has three days to respond. After the first back and forth, the other party always has the opportunity to either accept the terms of the last offer, counter the last offer, or deliver notice that the contract will be void if the other party does not accept the last offer. Therefore, the purchaser only requests one date – the length of the initial contingency. The other timeframes are automatically built into the contract.

**THE BOTTOM LINE**

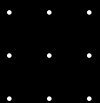
There are two types of home inspections. One allows buyers the right to void the contract. The other allows buyers the right to void, but also the right to negotiate. In this scenario, the home inspection is the mechanism by which the buyer can decide if the price of the house they are paying is appropriate to the condition of the house. It's the buyer's opportunity to understand potential future costs for maintaining the home. It's not an opportunity to renegotiate the contract, only to request that deficiencies be corrected or ask for a credit to do the repairs. You as the seller can go a long way towards making this a smoother process by ensuring the house is in great showing condition and fostering a welcoming feeling in the home. After all, the home inspection is when the final deal is made to move forward.



PART FIVE

# Under Contract to Sold!

Once you have accepted an offer on your home, you are officially under contract and many things need to happen in order to get to a successful settlement. We'll go over the details of how home inspections work, what conveys (or stays) with a home when you move out, what you need to do to prepare, plus some of our best moving tips. We'll also discuss the settlement process and the transfer of ownership to officially make your home SOLD!





## What to Leave When Moving Out

What to leave when moving out? Keep the paint cans so the buyer can touch up or remove them? How about those extra tiles – do they stay or go?

Time and again, sellers run into sticky situations when preparing to move out of a home. Confusion can arise about what items stay with or in the home and what items should be taken when moving out. For example, sellers sometimes take bathroom mirrors that buyers think convey with the home. Conversely, we have seen cases of sellers leaving items, trying to be helpful, only to have to pay to have them removed at the 11th hour.

The rule of thumb in our area is that, other than electronics, if something is affixed to the wall or the ground, it conveys with the house – unless otherwise specified. Buyers should be specific about what they want or don't want to convey by writing it into the contract. If the

bathroom mirrors are hanging on the wall and not affixed the seller may take them.

Sellers should let their listing agent know which items they will not convey before putting their home on the market. Often, it's a good idea to remove any such items before photos are taken to eliminate confusion. If sellers leave these items in the house, be sure when an offer is received to note anything they have left. For instance, sellers should ask in advance if the buyer wants the paint cans for touch up and colors or if they should remove. Sellers should also be sure to check attics and sheds to be sure they are clear.

Before moving in or out, the best thing to do is to check the conveyances page of the sales contract to see exactly what stays with the home. Doing so will eliminate many questions and potential headaches.



Here is our breakdown of what traditionally stays in a property when a home is sold (unless otherwise noted in the contract):

## **APPLIANCES**

In our area, the general rule of thumb is that appliances stay in the home when the seller moves out. However, this is a guideline and is NOT written in stone. Again, check the conveyances page of the sales contract, which outlines all of the home's appliances and their status, so there are no last-minute surprises.

## **TV WALL MOUNTS**

Any surface or wall mounted electronic components do NOT convey with the home. Unless noted otherwise, the seller will take such items. It is important to note here that the property should be in substantially the same condition as it was at the time of home inspection or the offer being written (depending on which option was selected when the buyer wrote the offer). For example, leaving a giant hole in the wall would be a problem, while a small hole the size of a standard nail would not need to be fixed. Of course, it's always preferable when sellers do fix such issues, but it's not required. Buyers can always request this work be done in the sales contract or at the home inspection prior to settlement.

## **LIGHT FIXTURES**

Light fixtures, lamps, and chandeliers often spark debate between the parties. Similar to the TV wall mounts, light fixtures (requiring

tools to remove) must remain in the house unless the seller explicitly states in the written contract the item isn't included in the sale. Verbal statements don't count! As mentioned above, if sellers really want to keep a special light fixture, they should remove it prior to listing the home to keep this from becoming an issue at settlement.

## **BUILT-INS**

Any built-in furniture or items such as bookshelves, desks, benches, or entertainment centers stay in the home. If they aren't built-in, the rule is they would not convey unless otherwise specified.

## **WINDOW TREATMENTS**

Custom blinds and shutters (e.g. plantation shutters) stay with the home. So do curtain rods! Curtains or draperies, on the other hand, are a case-by-case basis, so pay special attention to the contract!

## **ALARM SYSTEMS AND SMOKE DETECTORS**

Any alarm system, unless wireless, stays in the home. Smoke and carbon monoxide detectors also stay. Buyers should plan to replace all the batteries on moving day and test the devices right away.

## **CABINET HARDWARE**

Any cabinet hardware must remain in place. If the sellers just can't part with their special antique glass drawer pulls, they can remove and take them when moving. But they'll need

the buyer to agree to it in the contract and replace them with another option.

## **MIRRORS**

It is generally assumed that any mirrors hung in bathrooms (above the sink) will convey with the house. However, if they're hanging they may be removed by the seller. Again, if you're unsure, write it into the contract.

## **OUTSIDE**

Any landscaping – plants, shrubs and trees planted in the ground – must remain with the house. However, any backyard equipment – such as patio furniture, lawn chairs, tables, portable fire pits, swings, and grills – are considered the seller's personal items and should leave with the seller. Note that swingsets generally convey, but not always, so the buyer should be sure to ask upfront.

## **ITEMS IN THE GARAGE OR STORAGE AREAS**

Loose items or non-built-in shelving don't convey with the house. If the sellers would like to be helpful and leave extra paint cans or storage shelving that's not affixed, they should check with the buyer in advance. Similarly, if buyers would like these items, they should request them up front.

## **THE BOTTOM LINE**

So, what to leave when moving out? When in doubt, ask! Buyers and sellers should first check the conveyances page of the sales contract to see what items convey with the home before settlement. If there are still doubts, check with your agent, who'll likely know or can quickly find the answer.

If there's something buyers really love and would like to convey with the home (such as a chandelier or mirror), their agent can always write the request into the contract. The seller is never obligated to meet such requests. The bottom line is that what's affixed stays, everything else doesn't and that verbal statements don't count – only what's written in the contract.



# Our Best Moving Tips

I've worked in real estate for more than a decade now and like to think I know a thing or two about moving. But, having been through my own move recently, I was reminded of the toll moving can take on you both physically and emotionally. So, I want to share my thoughts on my best moving tips to make your move easier.

## PACKING AND PREPARING

My husband and I decided to do a "power unpack" this time around, where we unpacked every single box before going to sleep. Since we'd been renovating and most of our belongings were in storage for several months, this goal was more aspirational than we realized. But we did it! Yes, we were up until 4:00 in the morning, but we played music, opened a bottle of wine, and got it done! One thing that helped with the process was taking the time to purge before we put things on the moving truck.

## PARING DOWN YOUR POSSESSIONS BEFORE MOVING WILL MAKE THE WHOLE PROCESS SIGNIFICANTLY EASIER

Figuring out how to unload your unwanted, but usable, items can be overwhelming. Some people just want to be rid of their "stuff," while others would love to earn money while decluttering. Below are the best options I found during our packing and unpacking period.

- Donate to people in your life – We were able to donate most of our gently used items to people we actually knew. The owner of the cleaning company who cleans our house was able to take most of the items for her employees, which made the whole process somewhat painless.
- I found the following websites and apps super helpful in paring down:
  - Craigslist. You'll find just about anything for sale on this giant, classified ads site. Items are listed in categories like books, furniture, electronics, clothing, bikes, toys, and games and MUCH more, so it's a great place to post your items for sale (for free!). Bonus: there's a whole section for free items.
  - Local ListServes. Nextdoor is a Facebook-like neighborhood platform. While it's mostly used for sharing news and getting recommendations, it's a fabulous option for both buying and selling items. Many neighborhoods maintain their own listservs as well.
  - Offer Up/Letgo. Both are sites similar to Craigslist, but since users must verify themselves, they are supposedly a little safer.

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- Buy Nothing (Facebook Group). By joining your local Buy Nothing group, you can post anything you'd like to give away, lend, or share among neighbors. You can also ask for anything you'd like to receive for free or to borrow. No buying, selling or trading allowed!
- Facebook Marketplace. Here you can find exactly what you're looking for by filtering results by location, category, and price. Want to unload items? By listing on Marketplace, you can reach buyers you know are in your immediate area.
- Carousell. This app and website make it super easy to buy and sell new and secondhand items from your smartphone.
- Order a new trash/recycling bin. I've found that most people want to start fresh, so ordering new trash and recycling cans from your jurisdiction is the way to go. Again, check with your local jurisdiction to order new trash cans and recycling bins
- Confirm that all your utilities will be operational and set up in your name as of moving day.

## MOVING DAY

There are several little things you can do to make moving day smoother for everyone.

Once you've identified how you'll get rid of items, it's time to pack them up. Professional movers all offer packing services as well. While it's an added expense, it can be very worthwhile, especially for kitchen items and breakables.

## OTHER THINGS TO DO BEFORE MOVING DAY

- If you're moving to a congested, urban area where parking is tough, be sure to reserve parking for the moving/delivery truck. Each area is different, so be sure to check with your local jurisdiction.
- Have a "travel bag" with toothbrushes, toiletries, medicines, etc. to keep in your car, not the moving truck. This bag should be the first thing you bring into your new home.
- Have clean towels and bedding ready for everyone sleeping in the new home. Pro Tip: Be sure to make up the beds first! You'll be tired and will be grateful when you can flop right into a freshly made bed.
- Stock each bathroom with toilet paper, hand soap and a towel.
- Have available paper towels, kitchen soap, trash bags, and cleaning supplies (Windex, stainless steel wipes, marble or granite counter wipes, and disinfectant wipes).
- Unpack your kitchen items first and start running the dishwasher immediately so you have clean glasses, silverware, plates, and bowls right away.



## KIDS

If you have kids, I have several tips.

Have someone they know well (a nanny, teacher, grandparent, relative, or close family friend) spend moving day with your kids outside of the house. Moving to a new home will be a big adjustment for them; the move itself brings a lot of chaos when unpacking and settling in. We found it was best for the kids to see the house once it was “ready.”

Unpack the kids’ rooms second (first, make sure you have clean plates, glasses, etc. – or at least paper products – to get you through the first couple of days). Have familiar items in there but add something fun and new. When my family moved, we transitioned our older son Brooks into a “big boy” bed and added fun, animal-themed sheets and toys to help make the transition a bit easier for him.

Up the Fun Factor! Brooks also loved bubbles, so when we brought him to the house for the first time, we unveiled an automatic bubble machine that blew bubbles outside of the house to welcome him to his new home. Let’s just say Doug and I were sick of hearing the word bubbles, but Brooks loved his new house!

- Set up a grocery store delivery for your moving day so you don’t need to spend time running to the store.
  - Prime Now (Whole Foods), Instacart, and Peapod are all options in our area.
  - Order perishables that won’t make the move (milk, eggs, bread, cheese, some meat, produce).

If you’re like me, you’ll also want something that will make your house feel like “home” on day one. For me, it was a stocked fridge with the essentials and clean plates to eat off of; cold waters (and Sauvignon Blanc), fresh flowers, and a great-smelling candle. Think about what will put you at ease while you unpack and be sure to plan.

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## SETTLING IN

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After unpacking, you may need help with smaller projects like breaking down and removing the boxes, hanging TV mounts, assembling furniture, hanging window treatment hardware, and more. I found that TaskRabbit was the perfect platform for quickly finding people to help with a variety of tasks.

## THE BOTTOM LINE

Moving is definitely one of life's biggest hassles and stressors. My best moving tips? Take the time to pare down your belongings before the big day. Whether you're looking to sell or give away items, or find a handyman, make the most of today's technology to make things easier on yourself. Do some advance planning with your new jurisdiction and utility companies so there aren't any snafus on the big day. Pack essentials to keep with you on moving day (toiletries, cleaning supplies, bedding). Lastly, do something for yourself to make it feel like home. You'll be glad you did!

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## What Happens at Settlement?

Settlement, also known as closing, is the final step in a real estate transaction. It's a big day for both buyers and sellers!

At closing, property ownership is officially and legally transferred from the seller to the buyer. In the past, both the buyer and seller always attended closing together. These days, we see joint settlements about 50% of the time. The other half of the time, the sellers sign their paperwork either remotely (if they are out of town sellers) or a few days in advance. Buyers are required to be there the day of settlement.

Settlement is also when money changes hands. Buyers must either bring certified funds for what they owe (their down payment and closing costs) or wire the funds to the title company prior to closing. In some areas, sellers walk away with their proceeds they earned from settlement. But in most areas, the sellers will receive a wire or a check one or two business days after closing (once the

deed has been recorded). If sellers are selling for less than they owe on the property, they also would bring a check or wire funds for that amount.

### **BE PREPARED TO SIGN LOTS OF DOCUMENTS!**

Both parties will review the closing disclosure, which is an accounting of the entire transaction and shows a full summary of money changing hands. You will need to review and sign the note and the deed and complete administrative forms for the title company. At this time, typically keys are exchanged and sellers are free to go. Before they leave, be sure to exchange contact information in case you need to ask them any questions.

After the sellers leave, buyers will also review things like the survey for the property (if you have ordered one) and all the loan documents

(unless it is a cash transaction). This step is the most time-consuming part of the closing. Then the buyers are free to leave.

The settlement process usually takes about one hour. If you have kids, we recommend getting a sitter. You'll want to minimize distractions during this hour as you are signing very important documents!

The title company will record the deed in the land records at the courthouse by the afternoon of settlement, or sometimes, on the following day. If you have any questions about settlement, please reach out. We are always happy to talk you through what happens at each step in the real estate process.

## **FINAL THOUGHTS**

Without a doubt, selling a home can be one of life's most stressful experiences. The Goodhart Group's mission is to help make the process as smooth as possible (and yes, even fun!) for our clients. We always strive to help clients get the best possible price for their homes in the shortest amount of time possible.



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