



The True Cost of Selling Your Home



Homes On 30A - The True Cost of Selling Your Home

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A large, modern, multi-story house with a swimming pool and a hot tub. The house has a light-colored exterior, multiple balconies with dark railings, and a covered patio area. The swimming pool is in the foreground, and a hot tub is visible to the right. The house is surrounded by a paved patio area.

INTRODUCTION

As you prepare to sell your home, you'll want to sit down and figure out the true cost of the venture. After all, as exciting and rewarding as it is to make the sale, there is also a litany of taxes, fees, and miscellaneous closing costs that can chip away at your net gain. And don't forget all the preparations that go into making your property sale-ready, from repairs to staging costs. It's usually best to factor all these things into your budget before you begin. In the following guide, we'll help you navigate the process – we believe every seller should be an informed seller. Of course, if you have any further questions, please don't hesitate to contact us here at Homes On 30A.

REPAIRS

Before you put your house on the market, you'll want to do a thorough inspection and make any necessary repairs. Since a single negative impression can make all the difference to a potential buyer, it's worth spending a little more money to be sure everything is functional and looks new. Here are a few items to check off the list as you go:

- Replace cracked floor and/or counter tiles
- Patch holes in the walls
- Replace burnt-out bulbs
- Fix doors that don't close cleanly and quietly
- Fix or replace leaky faucets
- Replaced damaged windows
- Patch visible cracks in concrete or brickwork
- Clean the walls thoroughly
- Replace old or flaking wallpaper
- Switch out antiquated appliances and décor - no shag carpets, please!
- Consider repainting the walls in sophisticated neutral colors - wheat, mocha, white, soft gray. (Neutrals and lighter earth-tones have the broadest appeal.)



THREE SPACES TO INVEST IN

Kitchen

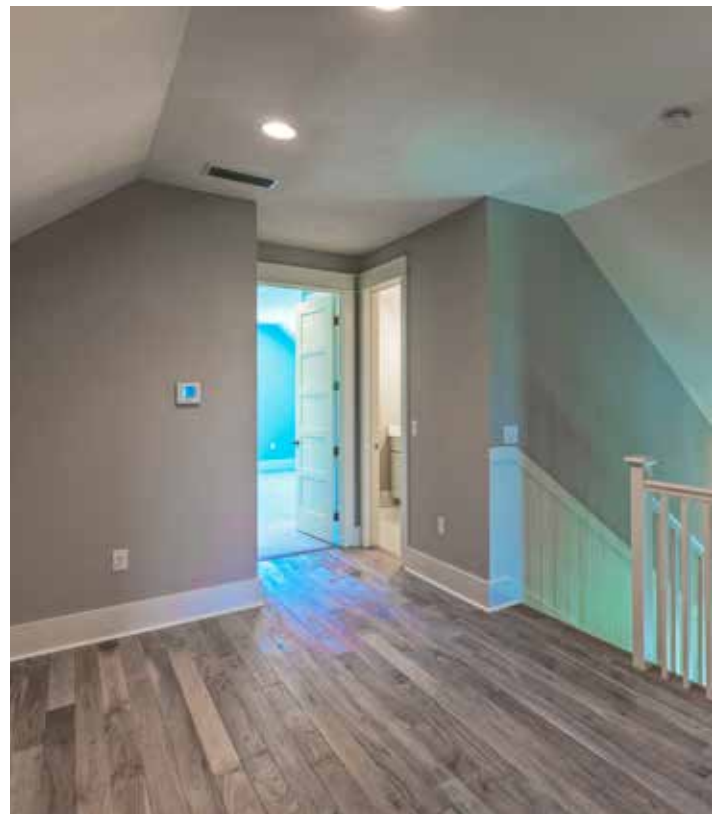
This is possibly the most important room in the house for first impressions, especially these days. It's worth your while to install new cabinet knobs and drawer-pulls if they're needed. And if your appliances are outdated, purchase a new cooktop, range and dishwasher. You might even want to replace the sink and faucet if they show signs of wear. For a relatively small investment, a kitchen revamp can make your property much more appealing – a good deal in the grand scheme of things. Note: integrated or hidden appliances can make a kitchen much more expansive and attractive.

Master Bath

Do a quick spruce-up of all your bathrooms by replacing tiny accessories like lights, towel rings, and trash bins. But pay special attention to the master bath. Replace faucets and cabinets if they look worn. Even the tub may have to go (the trend these days is toward stand-alone, deep soaking tubs). Think too about opening up your shower space. Large, open showers with attractive glass and tile-work are especially popular among today's buyers.

Floors

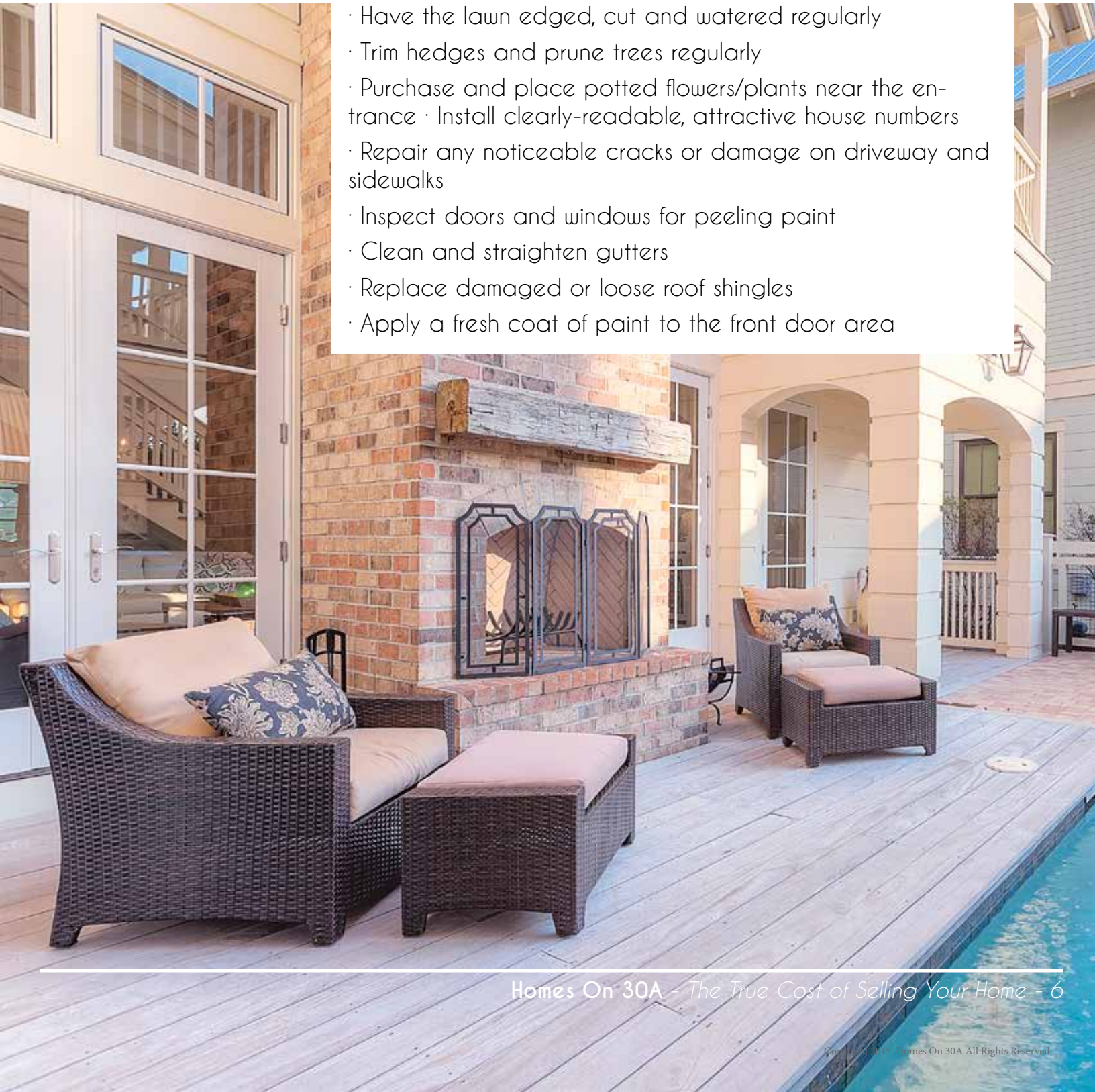
If the floors are worn out or covered in old/stained carpet, spend the money to replace them. They don't have to be hardwood, but they should be presentable. Consider adding a splash of color with area rugs.



CURB APPEAL

First impressions are understandably huge, and you'll want to make room in your budget to make the exterior of your house presentable. Work can be as minor as a good wash and landscaping, or as major as new windows, a new paint job, and major repairs. Here are a few items to factor in...

- Have the lawn edged, cut and watered regularly
- Trim hedges and prune trees regularly
- Purchase and place potted flowers/plants near the entrance
- Install clearly-readable, attractive house numbers
- Repair any noticeable cracks or damage on driveway and sidewalks
- Inspect doors and windows for peeling paint
- Clean and straighten gutters
- Replace damaged or loose roof shingles
- Apply a fresh coat of paint to the front door area



STAGING COSTS

Staging is the final step in preparing your house for the market. If it is within your budget, it might be worth hiring a professional stager to help you prep the house for showings. This can range anywhere from a few hundred dollars on the low end to tens of thousands for luxury stagers. Think of staging as creating a mood. Try to see it through an outsider's eyes, doing a full walk-through of the house and surrounding property, including how it looks from the curb. Maybe even ask a friend, neighbor, or real estate agent to come over and give you objective advice. And on the financial side, make sure you factor in staging costs including flowers, candles, books, wall art – that's often a big one, especially if you take out expensive pieces that require insurance – and other items to help the house look the way you optimally envision it.



ACTUAL CLOSING COSTS FOR SELLERS

Congrats – you’ve sold the house! Just don’t forget about all these often-overlooked closing costs that you’ll have to account for. Depending on the specifics of your transaction, closing costs can be as high as 10 - 15 percent of the sales price. While it can be a sobering part of the process, it’s smart to account for everything ahead of time. So, how do you figure out the net profit you’ll walk away with? Once you receive an offer, you can request a Seller’s Estimated Net Proceeds sheet from your real estate agent, with a list of the expenses that will be deducted upon closing. Or you can try to itemize and figure it out yourself. Costs vary from state to state, but in general these are some of the closing fees you may encounter:

Mortgage payoff

These costs include your own home loan, second mortgages and home-equity-related lines of credit. They’ll differ from case to case. There are sometimes fees associated with paying off a loan early, which you should look into.

Agent commissions

The seller is responsible for paying agents on both sides for making the sale of your house. Usually the fee is around 5 - 6 percent, with half going to your agent’s brokerage and the rest going to the buyer agent’s brokerage. If you’re using a full-service brokerage firm, expect to pay anywhere from 5 to 6 percent of the sales price. Beware of cut-rate commissions – you often get a lot less service in exchange for a belowmarket rate.



ACTUAL CLOSING COSTS FOR SELLERS

Notary fees

Document Preparation Fee, as well as the fee charged by a notary to verify your identity and to make sure the documents are prepared and executed properly. Typically \$50-150.

Attorney fees

If you need extra legal guidance, an extra attorney consultation usually runs \$200-500 per hour.

Escrow fees

The escrow company is the middle-man between you and the buyer, ensuring that the money is handled properly and securely. The escrow company receives money from the buyer or their lender, pays off your mortgage and closing costs, and gives the proceeds to you. These fees are often shared with the buyer. A ballpark estimate is \$250 + \$2 per \$1000 of sale price.

Title company fees

Title companies search and assemble public records to come up with a title insurance commitment, which confirms that you own the home, as well as detailing anything else that may affect the title, such as mortgages, liens, easements and restrictions. Approximately 1% of the sales price.

Title insurance

In most states, the seller must provide a policy of title insurance for the buyer. The cost of the policy depends on the sales price of the home and can vary from a couple hundred dollars to several thousand. Ask your agent for details – or call your title company directly. Usually buyer pays title insurance and seller pays doc stamps.



ACTUAL CLOSING COSTS FOR SELLERS

Seller concession

A seller concession is an agreed-upon amount that helps buyers pay their closing costs. If the buyer asks you for a concession of 2 percent, for example, that amount will be added to your agreed-upon home price and you will give back that 2 percent to the buyer to help cover closing costs. Ask your agent about this for negotiations.

Repairs

You may be required to pay for repairs, either by negotiation with the buyer or by a condition of the lender or the city. Then again, if your house is in great shape, you may not!

Home warranty

Sometimes a seller will agree to pay for a home warranty that offers a protection plan for the buyer's first year in the home. This is often around \$500 - \$1000.

Doc Stamps On Deed

Typically in our area the seller pays this fee. It is .007% X the sales price of the home. We call this our real estate tax, since we don't have a state tax.

Cost of the survey

The price for a plat of survey generally ranges from \$150 to \$600. Some states require one, though many do not.

Recorded release of mortgage

This verifies that your mortgage has been completely paid off by the sale proceeds. \$20 to \$100.



ACTUAL CLOSING COSTS FOR SELLERS

Credit to the buyer of unpaid real estate taxes

Depending on how and when property taxes are billed in your state, you may have to credit the buyer for real estate taxes that were incurred during the time period you owned the home, but will be billed after the closing date of the sale of your home. This one might be a question for your lawyer or CPA.



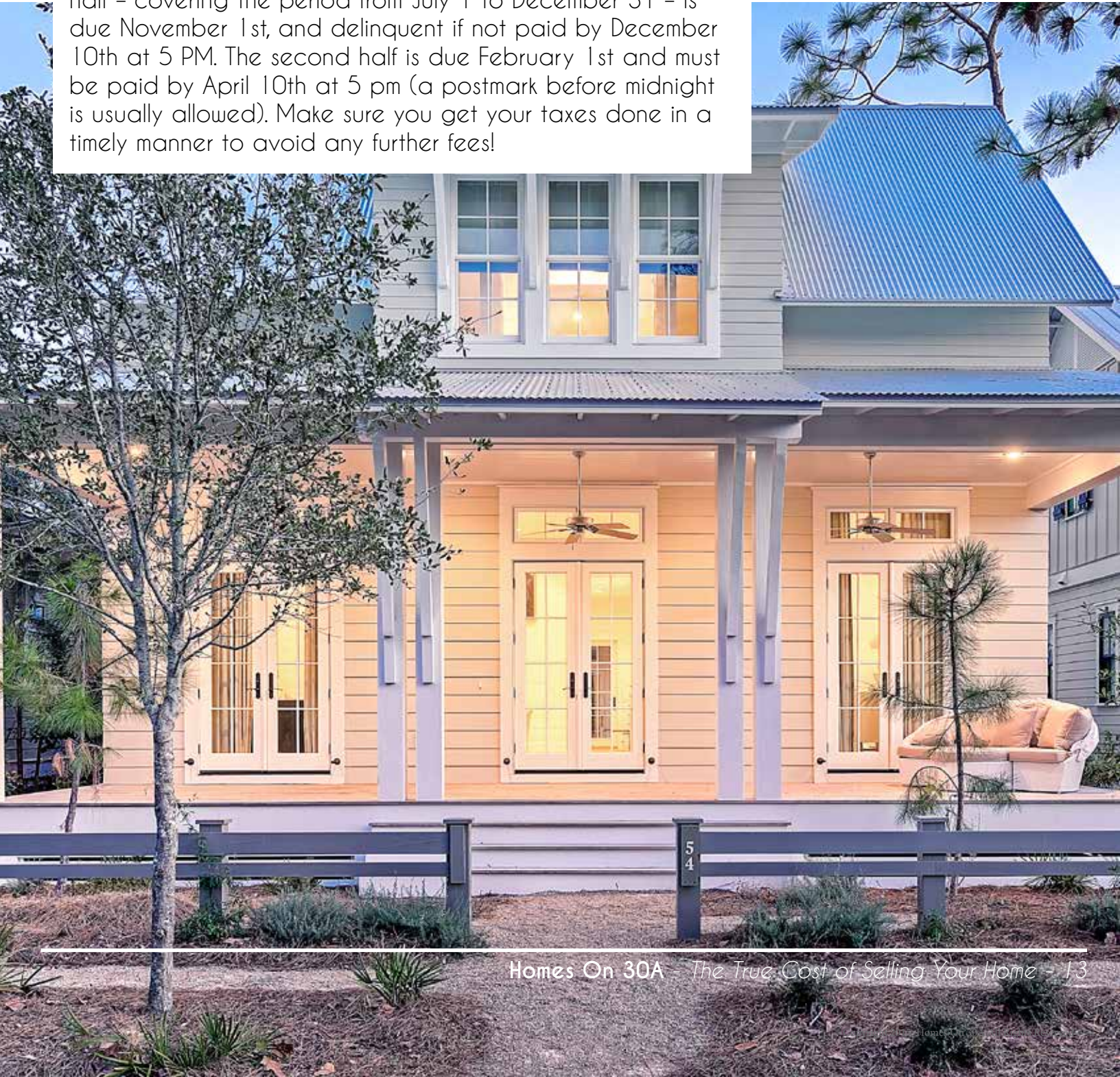
FAQ: CAN I NEGOTIATE WHO PAYS THE CLOSING COSTS?

In point of fact, buyers and sellers frequently include closing costs in their negotiations. Especially if a buyer does not have the cash for the down payment and the closing costs, then the buyer can sometimes offer to pay a certain price for the property in return for the seller paying a portion – or even all – of the allowable closing costs. This, of course, has to be carefully negotiated and worked into the deal. Ask your agent for advice when you are negotiating – he or she will help you write it clearly into the Purchase Agreement.



UNDERSTANDING THE PROPERTY TAX CALENDAR

As an educated seller, it's important to know when your property taxes are due. This can vary from state to state. In California, the property tax year (fiscal year) is from July 1 to June 30, and property taxes are paid in two halves: July 1 to December 31, and January 1 to June 30. The first half – covering the period from July 1 to December 31 – is due November 1st, and delinquent if not paid by December 10th at 5 PM. The second half is due February 1st and must be paid by April 10th at 5 pm (a postmark before midnight is usually allowed). Make sure you get your taxes done in a timely manner to avoid any further fees!



CONCLUSION

Armed with this itemized list of costs, you should have a pretty clear idea of what to expect financially when selling your home. Of course, if you'd like any further clarification, any of us at Homes On 30A are more than willing to help.

