

Information for Home Sellers



Things to Know

- Alabama is a “Buyer Beware” state. You are not required to disclose all known defects of your home. But if you intentionally hide any defects, you can be held liable to the buyer.
- I am required by law to give you a copy of the “Real Estate Brokerage Services Disclosure” document early in our talks. This informs you of the ways that a Realtor can work with you.

Before Going Active

- The “Exclusive Right to Sell” document establishes an agency between you and me so that I can represent you in negotiations as your agent and fiduciary, obligated to look out for your best interests.
- We will compile a list of features, benefits, and upgrades to be used in the description of your home that prospective buyers and their agents will see.
- We will work together to determine what is needed to get your home ready for hitting the market.
- Once your home is ready, I will have professional photos taken.
- I will show you a Competitive Market Analysis to help us determine a sale price, and propose a marketing plan.

Home Loans

- It’s good to know about loans that buyers will likely use to purchase your home.
- Standard minimum down payments are 5% for a Conventional loan and 3.5% for an FHA loan. VA and USDA loans can require as little zero down, depending on the circumstances.

- Seller-paid closing costs can be more important to cash-strapped buyers than a price reduction.
- Mortgage insurance (known as PMI or MIP) usually goes away at 20% equity, and may be reduced at less than 20% but more than the minimum down payment. Although this does not directly affect you as a seller, it helps to understand buyer behaviors.



The Offer

- It is recommended that you receive a pre-approval letter and/or proof of funds with every offer. If some buyers make an offer and do not have that up front, it may be best to leave your home on the market until the buyers can get it to you.
- Common earnest money amounts range from \$1,000 to one percent of purchase price or more. This is negotiable.
- An offer becomes a binding contract after all parties have signed it. No other offer can be accepted, and all terms and conditions must be honored by both parties.
- The earnest money is held in an escrow account that is not accessible to the buyers or sellers until closing, unless a mutual release is signed by all parties, allowing all parties to be free from the contract’s obligations.
- I will furnish you with an *Estimated Closing Statement* for each offer so that you know *approximately* how much you will clear after all fees, taxes, and closing costs are paid.
- Expect about 30 days to close for a mortgage-purchased property.

Home Inspection



- Most offers will come with an inspection contingency that allows the buyers to inspect your home at their expense. Under the terms of the standard contract that we use, you will be obligated to repair any defects considered to be major and/or hazardous before closing, unless agreed upon otherwise by both parties.
- Major defects are usually related to systems (plumbing, HVAC, electrical, septic system, etc.) or structure.
- Hazardous defects can be related to mold, radon, bedroom windows that do not open or other code violations that may affect health or safety.
- An alternative is to sell your home “as is,” meaning that you will not make any repairs, no matter what an inspection uncovers. The “as is” condition must be known to the buyers before making their offer by stating it in the listing. Doing this will decrease the market value of your home.

- In rare cases, the buyers may specifically exclude the appraisal contingency in their offer, to make their offer more attractive.
- A wood infestation inspection is usually done after the home inspection repairs are agreed upon, and the appraisal is completed. It is funded by the buyer.

Closing



- Just a few more items to cross the finish line...
- One week prior to closing, you can set up a utilities cut-off date and mail forwarding to take effect on the day of closing, or shortly thereafter. It is customary to communicate this date to the buyers.
- Several weeks before closing, you will be contacted by the closing attorney to set up everything that needs to happen at closing.
- Shortly before closing you will receive a Settlement Statement showing the exact amount you will receive from the sale after all fees, taxes, and expenses are paid.
- The amount will account for property tax due from you for the portion of the fiscal year (Oct 1 – Sep 30) that you occupied the home.
- Near or on the day of closing the buyers will do a final inspection to verify repairs and make sure the house is ready for occupancy (with all of your possessions gone).
- Bring your driver’s license, another form of ID, and your checkbook to closing. You probably will not need your checkbook, but in rare instances last-minute adjustments may need to be made.

Congratulations on the Sale of Your Home!



The Appraisal and Termite Inspection

- Unless the buyers are making an unusually large down payment, or are paying cash for your home, their mortgage company will order an appraisal to be funded by the buyer.
- If your home does not appraise for the purchase price then the contract is open for renegotiation – either you can decrease the price to the appraised amount, or the buyers can make up the difference with cash, or you can meet somewhere in the middle.
- If the difference cannot be worked out, then both parties can sign a mutual release, voiding the contract and sending the earnest money back to the buyers.