JASPERSON REALTY

EST. 1974

KELLERWILLIAMS.

11 Things You Must Know Before you Sell your Home

The must-have information your realtor won't tell you about listing your home with them

The Jasperson Realty team

Who we are

My dad, Lyle Jasperson founded Jasperson Realty in 1973 in Southeastern WI as a way to help connect people in the community he grew up in and loved. He worked at that mission for over 35 years until he retired in 2008, when I took over as the managing broker to continue that mission of connecting friends and family in the community. In 2021, I was fortunate enough to have three of my four children join me, making Jasperson Realty a third generation business. To this day Jasperson Realty continues to serve the community - even as that community grows and evolves. The technology may change, the community may expand, and the market will fluctuate - but our commitment to providing outstanding service will always remain the same.

Why should you read?

As I write this in early March of 2023, I think it's helpful to think back on the last few years in the real estate market. It's been a rollercoaster ride, for sure - huge price increases in 2021, low inventory, prices continuing to rise in 2022, then interest rate hikes causing prices to level off, a bit of a slump to start 2023 - all in the span of a year and a half. It's no wonder people come to dread having to buy or sell their home. But it's not just the economics that play into the decision; for many, if not most people, this is an extremely personal decision. They're selling the home where their child took their first steps, or where they grew up; where they celebrated after they got that big promotion at work, or the first home they bought after they got married to the love of their life. So as much as this ebook will focus on the economics behind buying and selling a house, it's critical to really understand and appreciate why you're looking at selling your home. If it's not something that you either have to do for work or personal reasons, or something you really want to do for financial or family reasons, be warned - the emotional side of this has a way of sneaking up without you even realizing it, and sabotaging what in practicality might be a great business decision, but in reality you can't bring yourself to do.

We're going to focus on three parts in this ebook - the before, during, and after. What do you need to know or do before you even list your home for sale, what to do while your property is on the market, and what to consider after it sells. We'll talk about a few nuances along the way like buyer's vs seller's agents, how the market plays into the equation, and what to look for in a good offer from prospective buyers.

Thank you for downloading this ebook, and I hope you get value out of it. As a realtor for almost 50 years, and managing broker of Jasperson Realty for the last 10, my goal in writing this book is to help as many sellers as I can across the country, regardless of whether you list with us or not

Alan Jasperson
Jasperson Realty Team affiliated with Keller William

Things to consider before you list

"If I only had an hour to chop down a tree, I would spend the first 45 minutes sharpening my axe." – Abraham Lincoln.

The above quote from Abraham Lincoln may seem like a strange segway into a book on the ultimate guide to listing your house, but it touches on a very real item to consider prior to listing - preparation. What's the equivalent of "sharpening your axe" on the home listing front, you ask? Determining what your why is. The primary thing to consider before you list your home is this - why are you looking to sell your home? As innocuous as that question may sound, I've found that as I begin to probe a little deeper into why customers want to sell it's not always as clear cut as you might think. Having a clear motivation up front is incredibly important - not just for you, but for your realtor if you're using one. It allows them to really understand what's important to you, and what some of those "dealbreakers" might be on offers that they present.

Certified Market Analysis

So let's assume we've got the right motivation, and it's understood by everyone. The next step is figuring out exactly what your home could be worth once you put it on the market. This process is often called a certified market analysis (or CMA), and can be done by a realtor or other licensed professional. Very often it's done after you've signed a listing contract, or right before (but doesn't necessarily have to be). I would encourage you to get multiple viewpoints from multiple realtors or home inspection professionals before you finally settle on a listing price for the property. You also have the option to do a formal appraisal (a home appraisal is a professional opinion of value from a licensed and certified appraiser) from someone who is not a real estate agent, if you want to go that route.

A few things to mention on the topic of CMAs:

1.) Not all CMAs are created equal

Most realtors have the ability to do a CMA, and many will do them fairly well. However, not all are created equal. It's important to understand what really goes into the CMA that you're getting from your realtor or any other professional giving you an estimate of value on your house. I've seen CMAs done as thoroughly as the realtor going to the home, having an in depth conversation with the homeowner on all the improvements made, how they compare to the neighbors houses, what areas of the house might add or detract from the value, and then combining that with comparables in the same neighborhood or vicinity to arrive at a very reasonable and measured market price that they can use as a basis for the listing price. And I've seen CMAs done where the realtor pulls three to five comparables off the MLS site they're using, looks at the last appraised value, and judges the market price based on that. I'm not saying that one approach is right or one is wrong, it really comes down to what you as the homeowner feels more comfortable with.

2.) CMAs are an estimate of market price, not value

If you were paying close attention when I first started talking about CMAs, you noticed I said they were an estimate of what your home *could* be worth. That's because, at the end of the day, your home is worth whatever someone is willing to pay for it. Period, full stop. Oftentimes homeowners get caught up in this idea of "well, I bought it for $359,000 and I put at least $20,000 worth of updates into it so the house should be worth $379,000 without any price increase, so I won't take less than $399,000!" The problem with that line of reasoning is a.) the market has likely changed since you purchased your home, but b.) even if it hasn't, you're basing the price on the cost of the updates you put into it. What you may value at $20,000, another buyer might say "I'll give you $10,000 for." As an example - you move into a home, and the first thing you do is you update the bathroom. You buy a new dual vanity with all granite countertops, redo the shower to make it bigger, put in new flooring, the works; all to the tune of about $25,000. In your mind, the property has increased in value by $25,000. Let's for a minute assume a parallel universe where you don't buy that home and buyer B buys it instead. They move in and think, the bathrooms aren't ideal but I don't have the time or the money to update them right now so I might just put a new coat of paint on and leave it as is until my financial situation improves. So what is the value of those updates that you've provided to buyer B? Sure, they'd love to have the updated bathroom - but because cost was an issue for them, you've effectively priced them out of the market. Or maybe they don't like granite, maybe they prefer laminate; or maybe it's a single person that doesn't care about the dual vanity. All of those things factor into the discussion of price vs. cost.

3.) Don't get emotionally attached to the initial listing price presented in the CMA

This is a pretty common one that we see - the realtor provides a number during the CMA, and the customer already starts doing the math in their head figuring out how big of a check they get to cash. Then, when we have to come back and do a price reduction three weeks later because the market has changed or we didn't get the response we thought we would, there's an immediate emotional response because they had already associated their house with that selling price. Don't get too caught up in the price of the property as you're going through the process. Remember, the property is only worth what someone will pay for it. This is also an area where a realtor should be open and honest with you about the listing price when you start. If the price is a bit higher and you may need to come down in the first two or three weeks, your realtor should say that upfront. If the strategy is to price it lower to get a bidding war and have multiple offers, that's a fine strategy as well. Just be clear about the strategy and direction.

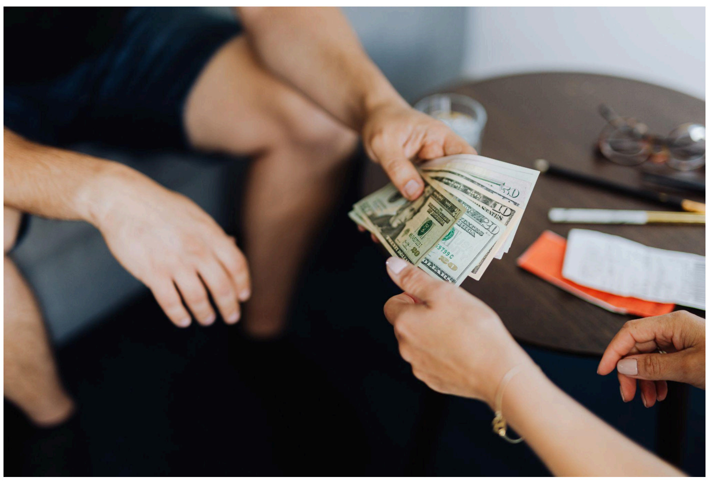
Listing Price

While we're on the subject of listing price - I want to take a few minutes to discuss what impact your listing price has on the buying process. As mentioned above, the property is only worth what someone is willing to pay for it. Yes, it's not inconceivable that in the almost 8 billion people that are out there in the world there is someone that values your property and the things you've done to it as much (if not more) than you do; and yes, with social media and technology, it's becoming easier to reach those people than ever before - but again, the golden rule of real estate that everyone has heard (and boarders on cliche) is "location, location, location." While you might be able to find someone that sees the same value in your property as you do, it's much less likely that they live in or are looking to relocate to your specific location.

Well that's fine, you might say - I'll just put my property on the market and wait for the right people to find it. That's certainly an option; however, what many people don't realize is that by doing that you're doing two things that decrease the equity you take out of that property. First, you're assuming marketing conditions will remain the same - which they might. Or they might go up, or they might go down - both of which are not ideal for you. If market conditions go up, your property is theoretically worth more but it's incredibly difficult to do a price increase on a property that's already listed on the

MLS (I've never seen it in almost 50 years). If it goes down, that's obviously problematic and will likely require you to do a price decrease to match the current market conditions.

But let's assume the market stays exactly the same, and you want to wait it out for the right buyer. Let's assume the right buyer comes along, and see's the property of their dreams. And then they see the DOM (real estate acronym for days on market) - they know they're immediately in a strong negotiating position. What that means for you as the seller is an offer below listing price. You could wait until you get an offer at listing price, but the longer the property remains on the market, the less likely you are to get anything close to a full list price offer. This is why in many cases, real estate agents will recommend lowering the listing price earlier than the seller might want to - they know that the longer the property remains on the market, the less negotiating power you have as the seller.



Finding the right realtor

You've gotten some estimates and have a good idea of what your home should be worth - now it's time to find the right real estate agent to list it with. As I mentioned above, many sellers often combine these steps; they get CMAs from a number of realtors, find the one that will tell them the highest listing price for their property at the lowest commission percentage, and sign the listing contract. Let me tell you why that might not be the best approach.

There is no shortage of agents out there in the market, that's for sure. Many (if not most) of them are good agents that are genuinely interested in providing value for their clients. Some are exceptional; and others are subpar. It's the standard distribution of any profession, anywhere in the world. As a result of a number of market situations (the most recent of which being the subprime mortgage and housing crisis), realtors have gotten a bit of a bad rap. And for good reason - during the housing boom in 2005/2006, when home prices were going up astronomically, a lot of realtors gave some very bad advice that contributed to a lot of people losing a lot of money on their homes (although if you recall, the housing crisis in 2007/2008 was a mortgage/lending crisis, not a housing crisis - but that's a topic well outside the scope and expertise of this book).

I mention all of that as a backdrop to simply point out - you wouldn't look to go with the lowest priced doctor if you needed surgery, would you? Or the lowest priced dentist if you needed some teeth pulled? Or the lowest priced attorney if you had criminal charges filed against you? In most cases, the jobs mentioned are viewed as professional services, and not all services are created equal; hence why you normally go with the professional with the best reputation in your area. Realtors should be viewed in the same light, in my opinion. If the only value you think you get out of a realtor is drafting paperwork and posting the property on the MLS, there are certainly discount brokerages out there that do it - and I'm not knocking them, there's a market for that to be sure. Most people feel that the value of the realtor is not in their contract preparation or the fact that they can list the property on the MLS, but in their market expertise - their network and contacts in the area, their dedication to the community their serving, and to their negotiating skills (more on that later). A good realtor can save you time, money and headaches during the selling process, and as such should be awarded compensation commensurate with their value.

I mentioned above that not all agents are created equal, so what should you look for in an agent or brokerage to determine whether they're the right fit for you? Here are a few things to keep in mind:

1.) **References/referrals** - the easiest way to know how a realtor will work or what their success will be selling your home is, ask other people that have worked with them! This is the way the majority of people find realtors in their area - however if you've found a realtor on your own and don't know anyone that used them, ask them if they would feel comfortable sharing a list of people you could call.
2.) **Expertise in your specific area of need** - much like doctors or lawyers, not everyone is a generalist that works in all areas of the profession; and much in the same way you would not want a generalist if you were having a complicated heart surgery, you don't want a general real estate agent if you have a complicated property to subdivide or specific land use considerations that agent is unfamiliar with. Make sure your need aligns with the expertise of the brokerage. For example, Jasperson Realty specializes in rural properties that have significant acreage and specific land use needs. If someone was looking for an agent that specializes in luxury condo sales in a downtown area, we probably wouldn't be the best fit for them. Would we love to get the listing and sell it? Sure, but if we can't do as good a job as someone else there's a high potential that the client could be disappointed at the end of the transaction, and not refer us to friends and family. Our long term reputation in our market is far more important than any one time commission payment, no matter how large it is.
3.) **Fee structure** - for antitrust reasons, we're not allowed to discuss any specific fee structure or commission percentages in this book; just sufficed to say, when looking at realtors make sure the fee structure aligns with your success and expectations. There are a number of structures out there - percentage of sale price, flat fee, variable fee, etc - so just make sure you understand exactly what the structure is, what you're paying and when you pay it.
4.) **Marketing plan** - as mentioned above, one the value added services a realtor can provide is marketing the property. For a lot of realtors, this might consist of simply placing the property on the MLS, putting a sign out front and scheduling some open houses. I would encourage you to push your realtor to provide a more in depth marketing plan for your specific property. In fact, a written marketing plan outlining the various channels, messaging, frequency, and segmentation could be very helpful in understanding exactly what they're going to do to help

find a buyer for your property - and can also help you hold them accountable after several weeks with no activity.

Listing Contract

Once you've done the CMA, identified the list price, and found a realtor, all that's left to do is sign the listing contract! Sounds simple right? There are a few nuances you should be aware of when executing a listing contract. I will preface this by saying this is not legal advice, and if you have any questions on legal contracts or documents you should consult an attorney. It's worth noting that in many states, your realtor may be able to help draft these contracts. Check with your state and local regulations to be sure.

A few things on the listing contract to be cognizant of:

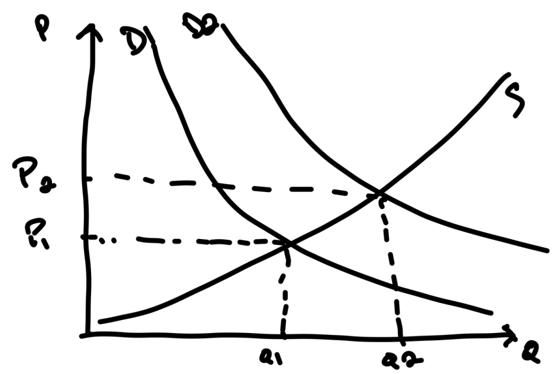
- Marketing - we already discussed a specific marketing plan above, but here is where you would ask them to outline the specific marketing they would be doing for your property. It could be written out in the contract, or referenced as a specific addendum or attachment.
- Commission - this is where the brokerage will outline specifically what their commission or fee structure will be. We discussed a few of them above, but the important thing to note when it comes to commission is that, regardless of who "finds" the buyer, unless they are listed in the buyer exclusion section later on in the contract the brokerage is owed commission. They are also listed on what's known as a protected buyers list - meaning if you cancel the listing contract or it expires, and one of those buyers who looked at it previously comes back to buy it from you directly, the agent would still be owed the commission on it.
- Multiple representation/designated brokerage - this can vary from state to state, but in the state of Wisconsin (where we are located), multiple representation is allowed with seller consent. The seller is required to check which form of representation they consent to in the listing contract:
    - The same firm may represent me and the other party, as long as it's not the same agent (multiple representation **with** designated brokerage)

- The same firm may represent me and the other party, but must remain neutral regardless if one or more different agents are involved (multiple representation **without** designated brokerage)
- The same firm cannot represent both me and the other party in the same transaction (I **reject** multiple representation relationships)

It sounds complicated, but essentially it comes down again to the question of representation - who is the agent representing in negotiations? Under the first and third bullet points above, the seller is being represented by the seller's agent and they will be working for them in all negotiations. In a situation where the same firm is representing both the seller and the buyer, but with different agents, confidential information is not shared between agents unless required by law to do so. In the second bullet, the seller would be agreeing to the possibility of what's called "multiple representation relationship without designated brokerage" - a relationship in which the same agent can represent both parties, but as a neutral broker. In this scenario, the agent would act as a sort of "transaction coordinator" and allow the parties to negotiate with each other - with the agent as the intermediary - without providing any advice, opinions, or information that may favor one client over another.

Buyer’s vs. Seller’s market

Another thing to consider is what type of market is it - buyers or sellers? What exactly do we mean by that? The simplest way to think about whether it's a buyers or sellers market is, who is in a better negotiating position across the board? Obviously negotiations and who has the upper hand can vary wildly based on the property, location, negotiator - but in general, if you are buying or selling a house, the type of market will largely dictate who is in a position to request or demand what they want. But why is that the case? What leads to that dynamic? It goes back to the simple doctrines of Adam Smith, the Scottish economist from the 18th-century: supply and demand. Let’s assume a seller’s market for the time being; in that type of market, there is simply not enough supply of houses available for sale to meet the demand of people looking to purchase houses. It's as simple as that. Why is that important, you might ask?



Well, generally the party with the upper hand in a particular market (in this case, sellers) have a better ability to dictate terms; such as prices, time to close, leasebacks, etc. There are also more buyers putting in offers on a single house than there would be if the roles were reversed - hence, houses tend to close more quickly and for over asking price, and buyers do everything in their power to facilitate a smooth close (such as waiving inspections, cash offers, leasebacks for the current occupants, etc). Simply put, the seller is in a position with this market to get what they want, while the buyer will often have to give more than they would have in other markets.

What does that mean to you? Well, it really depends - and it goes back to your motivations for selling. If you’re only selling because it’s a seller’s market and you think you can get a premium for your house, then a shift in the market might impact your decision quite a bit. If you're selling because you have to move and you can't afford to keep two houses and two mortgage payments, then whether it's a seller's or buyer's market will likely have very little impact on your decision.

What to do after you're on the market

Congratulations! You've signed a listing contract with an brokerage, and are officially on the market. Now what??

Most sellers assume this is where their responsibilities end - and while, admittedly there is much more work for your realtor to do at this point, your job is not quite over yet.

Your agent will (likely) have already shown you their marketing plan and how they intend to attract prospective buyers to the property - open houses, social media, reaching out to other brokers, etc. It is now your job to support and comply with that plan. Anything you do to make that more difficult for your agent will, in turn, make it more difficult for your property to get sold. We see this all the time, especially with properties that are a bit higher in value or more unique. Yes we'll do open houses,

but we only want them to be broker open houses, not open to the public. Yes we'll allow a professional photographer, but we don't want to move or pack anything until we have an offer. No, we don't want to stage the property - if people don't like it the way we have it, too bad.

Every condition that you put on your realtor is one more obstacle they have to overcome to sell the property. Now I know what a lot of you are thinking - that's why I'm paying them the high commission! Very true - but when you go to a doctor for a surgery, do you tell them they can only perform your surgery using a certain method or tools? Or when you go to your lawyer's office do you say they're only allowed to use precedent from certain jurisdictions? It would be ridiculous right?

Now, to be clear, many sellers have good reasons for the constraints they want to put on their realtor for selling and I'm not saying they're wrong. I'm not even necessarily saying they shouldn't do it. The only point I'm trying to make is the more constraints, the less likely you are to get a full asking price offer or the more likely your property is to sit longer on the market.

It's also important for you to be honest with your realtor up front if you do have certain constraints that are deal breakers for you. Having that conversation ahead of time can help both you and the realtor decide whether this will be a good fit or not. There are plenty of realtors out there, and if you find one that says maybe this isn't the best fit, I'm sure you'll be able to find another one that says they can make it work. Just be aware - if you keep running into the same roadblock and keep getting realtors telling you the constraints you're putting on them are not feasible, it might be a good time to reflect on how realistic your constraints are.

So, what are a few things you can do to help your realtor during the listing phase?

- **Be flexible with showings** - If your agent calls and says, "hey I've got someone interested in your property and wants to see it at 6pm Tuesday night" try if AT ALL POSSIBLE to make that work. Yes, they likely know that's dinner time and inconvenient and you're rushing to get things ready for the next day. See if you can take the kids to a place nearby and grab dinner out that night instead. The more flexibility you allow, the more likely one of those people coming through is going to be the one to write an offer (or a second or a third).

- **Clean up and pack things away** - I can't stress this enough, though it always amazes me how much push back we get on this one - the first impression people have of your property walking through the door is the one they're going to leave with. If they walk into a house with clutter everywhere and debris all over the counters, that's exactly what they'll think of when they leave. And even if it doesn't deter them from writing an offer, it might not be as high of an offer as it might have been otherwise.
- **Consider staging your house** - this is something you should discuss with your realtor during the marketing plan phase, but ask them if they stage houses and how the cost for that works (do they pay it, do you pay it, etc). See if it's something that could be negotiated for pictures, open houses, and showings. You'd be AMAZED at what a difference it makes using professional staging. It doesn't make sense on every property, but for certain ones it can make a huge impact. People want to visualize how they would live in that property, and very often it's hard to do if your possessions and the way you've lived are still prevalent in the house. That's not a knock on the way you lived or decorated by any means - it's just human nature and perception. A study by the Real Estate Staging Association found that homes that were staged before listing sold for 6.32% more than homes that were not staged, and according to a survey by the National Association of Realtors, 40% of buyers were willing to tour a staged home they viewed online,

compared to only 10% who were willing to tour an unstaged home.
- **Try to not be home during open houses and showings** - this one is a bit tricky, and can often go either way; however most prospective buyers are uncomfortable asking tough questions about the property with the current homeowner there with them. We're hardwired to not like conflict and if there's something we don't like or a question we want to ask and we think it will make the homeowner uncomfortable, we might just skip asking it at the showing. There certainly is value with having the person that has lived there for years be able to answer questions, discuss the updates and changes, etc - but at the end of the day, you're probably better off telling your realtor all of those details and grabbing a coffee or a movie during the showings and open houses.

The offer

This is one of the most nerve-racking parts of the entire process for most homeowners - the offer comes in. I've seen more home sales go off the rails because of this over the years than you would think, and it mainly boils down to what we talked about at the very beginning of this book; emotion. People hear an offer that they perceive to be lower than an acceptable threshold, and they have a visceral, emotional response to it. They come back and say things like, "That's an insult to me/us. I don't even want to counter that, it's so insulting. Tell them to go pound sand."

WB-11 RESIDENTIAL OFFER TO PURCHASE

LICENSEE DRAFTING THIS OFFER ON ____________________ [DATE] IS (AGENT OF BUYER) (AGENT OF SELLER/LISTING FIRM) (AGENT OF BUYER AND SELLER) STRIKE THOSE NOT APPLICABLE

The Buyer, ____________________, offers to purchase the Property known as [Street Address] ____________________ ____________________ in the ____________________ of ____________________, County of ____________________ Wisconsin (insert additional description, if any, at lines 543-551 or in an addendum per line 573), on the following terms:

PURCHASE PRICE The purchase price is ____________________ ____________________ Dollars ($____________________).

INCLUDED IN PURCHASE PRICE Included in purchase price is the Property, all Fixtures on the Property as of the date stated on line 1 of this Offer (unless excluded at lines 20-23), and the following additional items: ____________________ ____________________.

NOTE: The terms of this Offer, not the listing contract or marketing materials, determine what items are included or not included.

NOT INCLUDED IN PURCHASE PRICE Not included in purchase price is Seller's personal property (unless included at lines 12-16) and the following: ____________________ ____________________.

CAUTION: Identify Fixtures that are on the Property (see lines 26-36) to be excluded by Seller or that are rented (e.g., water softeners or other water treatment systems, LP tanks, etc.) and will continue to be owned by the lessor.

"Fixture" is defined as an item of property which is physically attached to or so closely associated with land, buildings or improvements so as to be treated as part of the real estate, including, without limitation, physically attached items not easily removable without damage to the premises, items specifically adapted to the premises and items customarily treated as fixtures, including, but not limited to, all: garden bulbs; plants; shrubs and trees; screen and storm doors and windows; electric lighting fixtures; window shades; curtain and traverse rods; blinds and shutters; central heating and cooling units and attached equipment; water heaters, water softeners and treatment systems; sump pumps; attached or fitted floor coverings; awnings; attached antennas and satellite dishes (but not the component parts); audio/visual wall mounting brackets (but not the audio/visual equipment); garage door openers and remote controls; installed security systems; central vacuum systems and accessories; in-ground sprinkler systems and component parts; built-in appliances; ceiling fans; fences; in-ground pet containment systems, including receiver components; storage buildings on permanent foundations and docks/piers on permanent foundations.

CAUTION: Exclude any Fixtures to be retained by Seller or which are rented (e.g., water softeners or other water treatment systems, LP tanks, etc.) on lines 20-23 or at lines 543-551 or in an addendum per line 573).

BINDING ACCEPTANCE This Offer is binding upon both Parties only if a copy of the accepted Offer is delivered to Buyer

This is where we need to separate the personal from the business - and that's exactly what your agent is there to help with. One of the areas where they can add tremendous value (if they're good) is in the negotiation phases. They've likely seen more contract negotiations in a year than you will see in a lifetime, by the nature of their work. They know what's standard, what's out of the ordinary, what's good for the buyer, good for the seller, etc. They can talk you through what the options are if you want to counter, what the best language to counter with is, how to approach the give and take (they want something you're unwilling to give, so let's give them something else they didn't ask for). Leverage them as much as you can in this portion of the sale - make them earn that commission!

So let’s assume you’ve got an offer that’s come in, and it’s a decent one. What do I do now? Do I take it? Counter? Reject it? There’s a few things that you should think about as you’re reviewing offers that can be used as a helpful framework for making decisions:

1.) **What are my non-negotiables -** This is ideally something you and your realtor discussed in the beginning of the listing, but these are the things that you have drawn the line in the sand and said “no, I will not sell/include X for any price or any reason.” It’s ok to have these; many people might think that’s being unreasonable or difficult, but the reality is that every negotiation has some version of this in them. Whether it’s a business sale or buying a car or selling a house, there are certain things that one party just simply cannot accept. It is important, however, to distinguish between “I really really really *want* this” and “this is a *non-negotiable*”. It’s a fine line, but at the end of the day if you can envision any reasonable circumstance under which you would negotiate that item, then it’s on the table.

2.) **Do I have additional offers** - obviously, the more offers you have the stronger your negotiating position. That’s an easy one. But what if this is your first offer? You put the house on the market two days ago, and someone wrote you an offer for 75% of the listing price; is that good? Bad? Mediocre? You don’t have anything to compare it to, so it’s hard to say at this point. As a *general rule* (not always the case), your first offer is very often your best offer - for a number of reasons. Normally if someone writes an offer quickly on a property, it means they’re motivated and they like the property; you just might disagree on the market value of it. I see so many people get an offer in and say, “I’ll wait until another one comes in to see if it’s better” - and in a lot of cases, it isn’t. So they wait longer, and the house sits on the market for days and days - and the longer the house sits on the market, the less negotiating power you as the seller has. So while additional offers are absolutely the preferred position to be in, it’s not always the best strategy to wait for them to come in the door. (As an aside, this is generally why realtors recommend pricing the property a bit below what you might consider the “market value” of the property - it’s to encourage buyers to write an offer and get us in a situation where we have multiple offers and in the strong negotiating position).

3.) **Do I counter -** We talked about this one above a bit, but the counter offer is its own art within the offer process. It requires a nuanced response to their initial offer and asking for additional considerations, all while essentially telling the buyer “no”. Again, lean on your realtor if you’re using one for help with figuring out how to respond and what you’re willing to give to them. It might be something unrelated to the price - maybe they really liked some of the furniture in the house and would be willing to accept a lower price if you left it, or something of that nature. More often than not, you don’t lose anything by countering - you show the buyer you’re willing to work with them and are motivated to sell the property. There are very few circumstances under which I advise my clients to not respond to an initial offer with a counter offer.

Speaking of the offer and the counter offer, let’s spend a few minutes talking about those documents. There are a few details that your realtor should make you aware of, but just in case they don’t I’ve laid a few of them out below. These sections pertain specifically to Wisconsin real estate practice, so make sure you check your local laws and regulations.

What’s included/not included in the purchase price

There’s two sections in the Wisconsin Offer to purchase that explicitly lay out what’s included and what’s not within an offer. This one can often get contentious with buyers and sellers because of two words in the contract - fixtures, and personal property. In the Wisconsin residential offer to purchase, the section on what’s included in the purchase price includes the verbiage “all fixtures on the property (unless excluded)”, and the not included section includes the verbiage “seller’s personal property (unless excluded)”. Seems straightforward enough, right? If it’s affixed to the property, it’s included in the purchase price - if it’s not, the seller takes it with them.

What about the blinds in the master bedroom? Are those personal property or affixed to the property? As the seller, I bought them and installed them so it sounds like personal property, but I did screw them into the wall. How about the TV and TV mount? The TV is attached to the mount and easily removable, so that seems like it would fall into personal property - but what about the wall mount? What about the brand new water heater that I just purchased? That was very expensive and I feel like that should fall into personal property, so I'll just take that with me when I leave.These are all areas that may seem straightforward to you, but unless they are explicitly outlined in the contract the buyer may have a legal claim to them depending on their perception of what was included or not.

Another nuance with "included fixtures" is the delineation between seller owned and rented - so for example, if I as a seller have a water softener that is affixed to the property and by all other accounts would be considered a fixture included in the purchase price, I don't own that water softener; I rent it from a company that comes out and services it two times per year. The seller needs to make sure they look at the offer to purchase to ensure the buyer knows exactly what is and is not included with the purchase price.

Acceptance vs Binding Acceptance

So when does the offer become "official"? When do both parties sign the contract? Or when the signed contract is delivered to the buyer? The answer is the difference between "acceptance" and "binding acceptance".

Acceptance occurs when all the buyers and sellers have signed one copy of the offer.

This does not necessarily mean the same copy of the offer - it could be separate but identical copies of the offer. Binding acceptance occurs when both parties have signed the offer, and it is delivered to the buyer on or before a certain date outlined in the offer to purchase. So why the difference? If there is no binding acceptance, there is no contract - the parties do not enter into a contract until binding acceptance occurs. This means that if the buyer decided to walk away before the signed offer was delivered to them, even though the offer has been signed by both parties, the seller would not be able to sue for breach of contract - because there is no contract without binding acceptance.

It seems like a legal technicality, but it's an important distinction and a point you, as a seller, should be aware of - you do not have a contract until binding acceptance occurs (I know I'm repeating myself here but it's important to distinguish). It's also good to point out that acceptance can *only* occur through the method of delivery outlined in the offer to purchase. Towards the end of the document, there's a section detailing the delivery of the documents and written notices which asks a.) if there are any other recipients other than the buyer or seller that can receive documents (e.g. an attorney, spouse, etc) and b.) the method of that delivery - fax, commercial delivery, U.S. Mail, or email. What that means is if the buyer has expressed in the offer that they will only accept U.S. mail, and you email them the offer ahead of mailing it to them just to make sure they have it, if they decide to pull out prior to receiving the U.S. mail offer you still do not have binding acceptance because they expressed that communication preference in the offer.

Additional Items in the Offer

A few other details to mention in the offer that you as the seller should be aware of:

- Closing - the date for the closing is outlined in the offer, and the location is at a place of your choosing as the seller. In most cases, it either happens at the title company or lender offices, but it can be done at any location you choose.
- Earnest money - this is normally something that you, the seller, requests from the buyer as a good faith gesture to ensure the contract is executed. If for some reason the buyer backs out of the contract for reasons that are not legally valid, the seller in most cases gets to keep the earnest money (along with the option to sue the buyer for breach of contract).

- Real Estate condition report - Wisconsin state law requires a real estate condition report for any one-to-four unit dwellings (unless the owner has never lived there or a few other exemptions). As a seller, you are required to provide this within 10 days of acceptance - however most sellers complete this prior to any offers coming in. If you do not provide it within 10 days, the buyer may have the option to rescind the offer.
- Home inspection - if selected, the buyer has requested a home inspection contingency of the property. This means that a qualified, licensed home inspector will inspect the property and determine if there are any defects (a condition that would have a significant adverse effect on the value of the property). If there are, the buyer will either give you the right to cure (fix) the defects within a certain amount of time, or not - and if not, that gives them the chance to walk away from the contract without penalty.
- Financing commitment contingency - this describes the financing, or mortgage, the buyer is needing to purchase the house. Remember, in many instances the buyer may be pre-approved for the financing but doesn't go through the process of actually securing the mortgage until there's binding acceptance. This is often an area where deals can fall apart, and very often why a seller would prioritize a buyer with an all cash offer.
- Appraisal contingency - ultimately, it doesn't matter how high the offer price is if there's an appraisal contingency and the property doesn't appraise out at that value. Most appraisal contingencies allow the buyer to negotiate a lower price, request additional repairs or concessions from the seller, or back out of the deal entirely if the property appraises lower than the asking price. Ask your realtor to help here - they often will have a good feel for whether the offer you received is close to the appraised value, or what you can do prior to appraisal to help ensure the value is as high as it can be.
- Bump clause/secondary offers - just because you have an accepted offer does not mean you have to take your property down from the MLS. There are provisions in the contract to allow for you to receive secondary offers, as well as bump your primary offer off the table if you receive one with better terms. The bump clause allows you to accept another offer (with better conditions) and inform the primary buyer they have a certain period of time to provide specific

documentation addressing certain contingencies, and if not their offer is null and void. This is often used with offers that have financing contingencies or contingencies where the first buyer needs to sell an existing property before closing on the second one. You also have the option to simply accept secondary offers, in the event the primary offer falls through.

- Title evidence - at the closing, the seller is responsible for conveying the property by warranty deed (just basically a legal document used in real estate transactions that transfers ownership of a property from one party to another), free and clear of all encumbrances. This is something your realtor will help you order and complete prior to the closing.

Accepted Offer - What next?

So you have an offer with binding acceptance, and just a few contingencies! The first thing to do is work with your realtor to check off as many of the tasks required above as you can, as quickly as possible; order the title, schedule or coordinate any inspections required, review the closing documents, etc. For you as the seller, many of the items required between binding acceptance and closing fall on the buyer - so in a lot of cases all you'll be doing is coordinating dates and schedules that work for you with the buyer or the buyer's agent.

Another thing to be cognizant of as the seller - in most cases, the closing costs will come out of the seller's portion of the proceeds. This is generally true for the commission paid to the realtors - both yours and the buyers - unless the buyer has a separate buyer commission agreement with their agent. Generally, the seller is also responsible for paying the title company fees, well and septic inspection fees, and recording/transfer fees. Keep in mind - fees are always negotiable. What we've outlined here is the most common, but many of these fees can be passed to the buyer as well - it just depends on what type of market it is (see above) and who has the negotiating power.

Closing date comes, and barring any unforeseen issues or situations, you close without a hitch! If you're moving to another home, hopefully you're packed and already in that spot; if you're selling a second or third home, there's nothing left to do but spend that equity!

Conclusion

As you can see in the pages above, a process as seemingly simple as selling a home has a LOT of potential pitfalls and concerns, hidden nuance and complexity. It's something that most people (unless you're a realtor or real estate investor) only do two to three times in their entire life - so my hope with this ebook is that it left you a little bit more prepared to deal with all the twists and turns that come your way. As I've mentioned several times throughout the book, I have adopted the stance that having someone who deals with these types of issues regularly can help to mitigate the risk associated with it - in other words, a great realtor that is familiar with your specific type of property and location. Happy selling!

JASPERSON REALTY

EST. 1974

KELLERWILLIAMS.