

SELLER GUIDE

TIPS FOR SELLERS

LET YOUR HOME GIVE A SMILE TO BUYERS

First impressions are lasting. The front door greets the prospect. Make sure it is fresh, clean and scrubbed looking. Keep lawn trimmed.

Let the sun shine in. Open draperies and curtains and let the prospect see how cheerful your home can be since dark rooms do not appeal.

Can you see the light? Illumination is like a welcome sign. The potential buyer will feel a glowing warmth when you turn on all your lights for an evening inspection.

Repairs can make a big difference. Loose knobs, sticking doors and windows, warped cabinet drawers and other minor flaws detract from home value. Have them fixed.

From top to bottom. Display the full value of your attic and other utility space by removing all unnecessary articles.

Decorate for a quick sale. Faded walls and worn woodwork reduce appeal. Why try to tell the prospect how your home could look when you can show them by redecorating? A quicker sale at a higher price will result. An investment in new kitchen wallpaper will pay dividends. Safety first. Keep stairways clear. Avoid cluttered appearances and possible injuries.

Make closets look bigger. Neat, well-ordered closets show space is ample.

Arrange bedrooms neatly. Remove excess furniture. Use attractive bedspreads and freshly laundered curtains.

Bathrooms help sell homes. Check and repair caulking in bathtubs and showers. Make this room sparkle.

Fix that faucet! Dripping water discolors sinks and suggests faulty plumbing.

Three's a crowd. Avoid having too many people present during inspections. The potential buyer will feel like an intruder and will hurry through the house.

Silence is golden. Be courteous but don't force conversation with the potential buyer. They want to inspect your house - not pay a social call.

Music is mellow. But not when showing a house. Turn off the blaring radio or television. Let the agent and buyer talk, free of disturbances.

Pets underfoot? Keep them out of the way - preferably out of the house.

Be it ever so humble. Never apologize for the appearance of your home. After all, it has been lived in. Let the trained salesperson answer any objections. This is his/her job.

In the background. The salesperson knows the buyer's requirements and can better emphasize the features of your home when you don't tag along. You will be called if needed.

Why put the cart before the horse? Trying to dispose of furniture and furnishings to the potential buyer before they have purchased the house often loses a sale.

A word to the wise. Let your Realtor® discuss price terms, possession and other factors with the buyer. He/she is eminently qualified to bring negotiations to a favorable conclusion.

Use your agent. Show your home to prospective customers only by appointment through your agent. Your cooperation will be appreciated and will help close the sale more quickly.

CONTRACT TO CLOSING

-  1. Contract signed and dated
-  2. Escrow opened and earnest money deposited
-  3. Title Report Requested
-  4. Seller orders termite inspection
-  5. Property inspection ordered by the Buyer
Original termite certificate to Escrow Company
-  6. Buyer arranges insurance for home and provides
information to lender and Escrow Company
-  7. Loan application made
-  8. Copy of inspection to Buyer and Seller
Buyer provides Seller with repair priority list
-  9. Lender orders appraisal
-  10. Completed appraisal
-  11. Seller/Buyer negotiates and then orders repair work
-  12. Buyer is approved by Lender
-  13. Other inspections, if needed or requested by Buyer
-  14. Repairs completed and approved by Lender and Buyer
-  15. Final contingencies removed
-  16. Final closing date set
-  17. Confirm closing figures with Escrow Officer
Buyer must bring check in order to close
-  18. Closing
-  19. Title Policy Issued

PAYING OFF YOUR EXISTING LOANS

Unless the buyer takes over your existing loan(s) on the property, the loan(s) will be paid off during the escrow process. You will need to furnish complete information to your escrow officer and real estate agent on each loan against your property. Please be prepared to provide the name of the lender, the loan number, address and phone number of the lender. Your escrow officer will need this information to order the loan payoff demands, so the loan(s) may be paid off correctly during the escrow. Homeowners' Association information may also be required if you are selling a condominium, townhouse or property located in a planned unit development. All of this information will help to insure the timely closing of the escrow.



DISCLOSURES AND CONTINGENCIES

During the process of selling your property, you will be asked to fill out a property disclosure form, which is now required by law. In this document, you will inform the buyer of any significant facts you have about the condition of the property.

There will be various contingency dates in your real estate sales contract. You should be very aware of these and be sure that the actions required are performed in a timely manner. Such contingencies include: the buyer's loan approval, approval of the Preliminary Report and approval of termite and other inspections. Stay closely in touch with your real estate agent regarding these important dates.

When the loan is approved and the loan documents are sent to the escrow officer or the escrow assistant handling your transaction, the escrow instructions and the deed will be prepared.

FULL DISCLOSURE OF PROPERTY

Recent legal decisions and new legislation provide that the seller has a responsibility for revealing to the buyer the true condition of the property. The concept of selling a property “as is,” with the buyer assuming all responsibility for determining the property condition, is not acceptable in the present marketplace. The sellers must disclose the known condition of the property to the buyer. This information should be made available to the buyer as soon as possible.

CHARM OR IRRITANT?

Having lived in this property, the seller has become accustomed to the peculiar conditions that may have developed. But for the buyer, that peculiarity may be more than a mere inconvenience. It may be an irritant which the buyer cannot tolerate. It is important for the seller to review the condition of the property with the real estate agent and take special note of any problems on the Disclosure Statement. Civic Code Section 1102 requires that the seller provide the buyer with a completed “Real Estate Transfer Disclosure Statement.”

ALL SYSTEMS GO

A basic assumption in every sale is that the house and systems in the house are functional. For example, the roof will hold out the rain and sun, the hot water heater will provide hot water, and the heater will provide heat. If it is known that any of the systems do not function properly, such facts should be included in the purchase agreement and acknowledged by the buyer.

“AS IS”

An “as is” purchase is perfectly acceptable, as long as the buyer understands exactly what the “as is” condition entails. Thus, it can be said in the purchase agreement that the buyer accepts the roof and the plumbing and the electrical system in their present condition and acknowledges that they have defects. This acknowledgment provides a defense for the seller if it is later claimed he did not disclose the problems.

ENVIRONMENTAL HAZARDS

It is required that the seller discloses any knowledge of environmental hazards in the home or area such as asbestos or pollutants. You will be provided with a Real Estate Transfer Disclosure Statement filled out by the seller as to his awareness or knowledge on this subject.

TAKE A TIP FROM ME

Environmental Hazards: A Guide For Home Owners and Buyers is a handbook prepared by the California Department of Real Estate to inform you of the various toxins and hazardous wastes and what you can do about them. A copy of this publication will be given to you.



HOME WARRANTIES

As a Real Estate professional, it is my duty to inform both Buyers and Sellers about the advantages of home warranty protection. This policy protects the Buyer by paying for certain repairs and costs of major mechanical systems and major appliances in the home such as heating and air-conditioning. There are a variety of plans available, and I would be happy to gather a selection of plans for you to review.



BENEFITS OF HOME WARRANTY COVERAGE TO THE BUYER

**H o m e may sell faster and at a
higher price**

Optional coverage during the listing period

Protection from legal disputes that occur after the sale

Increases the marketability of your home

THE SELLING PROCESS

ESCROW INSTRUCTIONS

Escrow instructions define all the conditions that must occur before the transaction can be finalized. The escrow instructions represent your written statement to the escrow holder protecting your interests and specify, in a debit and credit format, the disposition of the sales proceeds and the conditions under which the Grant Deed may be recorded in favor of the new buyer.

A Grant Deed is the document which legally transfers your title to the property to the new owner. You will sign the Grant Deed as part of the escrow instructions and the deed will be notarized by your escrow officer or another qualified notary public. Proper identification is needed for this procedure. The Grant Deed is recorded at the time escrow closes.

Your escrow officer or real estate agent will contact you for an appointment to sign your escrow instructions and the Deed. At this time, the escrow officer will inform you of the amount of proceeds you will receive from the sale of your home. If you are also purchasing another home, arrangements can be made to transfer funds to your purchase escrow.

YOUR APPOINTMENT

An appointment is required for the sign-off. Please call your escrow officer to arrange a convenient time and expect the process to take approximately one hour.

There are several acceptable forms of identification which may be used during the escrow process. These include: *A current driver's license, Passport, etc.* One of these forms of identification must be presented at the signing of escrow in order for the signature to be notarized.

On rare occasions, funds are insufficient to close escrow and you, the seller, must deposit money into the escrow. Should this situation occur, you will need to obtain a cashier's check or certified check issued by a California financial institution made payable to the escrow company in the amount indicated to you by your escrow officer or escrow assistant. A personal check may delay the closing since the escrow company is required by law to have good funds before disbursing funds from escrow. Similarly, an out-of-state check could cause a delay in closing, due to delays in clearing the check.

THE SELLING PROCESS (cont.)

HELPFUL REMINDERS

If you wish to transfer funds to another escrow or wire transfer funds, arrangements must be made in advance with the escrow officer.

In the event that you wish to use a Power of Attorney, arrangements must be made one to two weeks in advance with the escrow officer and the Power of Attorney must be approved by the buyer's lender and your title company. These arrangements should be made as early as possible in the transaction.

Please bring appropriate identification with you to the escrow company, so that your identity can be verified by the notary public.

Should the funds deposited in escrow be insufficient for closing, you will need to bring a cashier's check or certified check to the title company for the remainder of the purchase price. Either type of check should be from a California bank or savings and loan and should be issued in the exact amount of the balance due. The amount of the balance may be obtained by phoning the escrow officer prior to signing the papers. The check should be made payable to your escrow company.

AFTER THE SIGN-OFF

What's next after completion of the sign-off?

After you and the buyer have signed all the necessary instructions and documents, the escrow officer will return them to the new lender for a final review. Following the review, which usually occurs within a few days, the lender is ready to fund the buyer's loan and advises the escrow officer so that the necessary work can be completed to record the documents and "close" the escrow.

What is "escrow closing"?

It signifies legal transfer of title to the property from the seller to the buyer and is the culmination of the transaction.

When do I receive proceeds from the sale?

Usually the Grant Deed and Deed of Trust are recorded within one working day of the escrow's receipt of loan funds. This completes the transaction and signifies the "close of escrow." Once all the conditions of the escrow have been satisfied, the escrow officer advises you of the date the escrow will close and takes care of the technical and financial details, including paying off your loan.

A final settlement statement and a check for the proceeds will be available to you the day the sale is completed, documents are recorded and the escrow is closed.

AFTER THE CLOSE

What happens after escrow closes?

After the loan has been finalized, the documents signed and recorded, and the financial settlement completed, there are still several steps which must be accomplished to complete the transaction.

Your existing loan is being paid in full from the escrow. Your lender is required by law to issue a full reconveyance of their loan. As soon as the deed of reconveyance removing the previous Deed of Trust is received, it should be recorded and the original returned to you. This may take several weeks. However, you need not be concerned by this delay since it is normal.

What happens to funds held in escrow?

In some cases, the escrow holder will be instructed to hold funds in escrow to pay off obligations which may not be completed until after escrow closes. An example might be a set-aside of funds to correct a structural problem, remodeling or termite repair work. Upon completion of the project and receipt of the proper documentation and releases, the escrow officer will disburse the reserved funds.

HOMESELLER'S GLOSSARY

Agency

A legal relationship in which someone (principal) hires someone else (agent) to represent them to a third party.

Application Fee

A fee to cover some of the charges of the loan process.

Appraisal Fee

A fee charged by the lender for an appraisal.

Assessed Value

The value placed on property by the County Assessor District as a basis for taxation.

Balloon Payment

An instance in which the final installment payment on a note is greater than the preceding payments, and pays the note in full.

Chain of Title

A history of conveyances and encumbrances affecting the title of real property.

Conventional Mortgage

A mortgage securing a loan made by investors without government underwriting - that is, not FHA insured or VAguaranteed.

Convey or Conveyance

Process of transferring ownership of property from one person to another.

Courier Fee

Charges for delivery.

Credit Report Fee

Assessed by the lender for a required credit report from a credit bureau.

Deed

A document which, when properly executed and delivered, conveys title of real property.

Disclosure

To make known or public. When dealing with real property, all disclosures should be made in writing.

Discount Points

A negotiable fee paid to the lender to secure financing for the buyer. Discount points are up-front interest charges to reduce the interest rate on the loan over the life, or a portion, of the loan's term. One discount point equals one percent of the loan amount.

Earnest Money

Money deposited by a buyer as evidence of good faith.

Encumbrance

Anything that affects or limits the ownership of real property, such as mortgages, liens, easements or restrictions of any kind.

Escrow Fee

Charged by the title company to service the transaction and to escrow money and documents.

Escrow

The deposit of documents and funds with instructions to a neutral third party to carry out the provisions of an agreement or contract.

TIPS FOR A TIMELY CLOSING

Selling a home can be a rewarding experience, but there may be delays in the closing due to situations that could have been avoided. Although closing procedures vary from state to state, having an understanding of what may be required at closing and preparing accordingly will help your settlement process go as smoothly as possible.



MORTGAGES ON THE PROPERTY: Please provide detailed information, including loan number and payment address, for all mortgages on the property. Home Equity lines, even if they have a zero balance, will also require detailed mortgage information in order to satisfy the original loan requirements.

BUYER PROTECTION PLAN: If a home warranty product is being provided and shown on contract, advise the closing agent of the purchase amount to be collected.

MAINTENANCE CONTRACTS: If there are service contracts on equipment or appliances that the purchaser wants to assume, provide the closing agent with a copy of the service contract.

JUDGMENT SEARCH: Any judgments, tax liens, etc., filed against you which attach to the property, must be paid at closing.

INTERNAL REVENUE SERVICE (IRS): The closing agent is required to report the sale of the property to the IRS. Please provide your social security number(s) and forwarding address at closing.

FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT OF 1980 (FIRPTA): If you are not a United States citizen, the closing agent may be required to deduct and withhold a tax equal to 10% of amount realized (generally the amount paid for the property). Please review the FIRPTA requirements prior to closing.

POWER OF ATTORNEY: The use of a Power of Attorney must be approved in advance of settlement by the closing agent. If you are planning to use a Power of Attorney, inform the closing agent as soon as possible to allow time to properly review the document.

MARITAL STATUS: Spouses may be required to sign closing documents even though they do not appear to hold title and their name does not appear on the deed. Spouses must always sign the deed when homestead property is being conveyed, even if they are not in title.

MAIL-AWAY: If you are unable to attend the closing, provide the address where the closing documents should be mailed and a contact phone number. Your signature on certain affidavits, real estate deeds and other documents may require the services of a notary.