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The 6 Most Costly Mistakes Homeowners Make When Getting Ready to Sell and How to Avoid Them!

Reports show that most homeowners consistently make the same mistakes over and over when listing their homes for sale. Sometimes they decide to do a For Sale by Owner*. There is nothing wrong with this, but most homeowners are not familiar with the process, so they learn as they go and end up making costly mistakes (should you decide to go this route, please make sure to use the proper forms and disclosures; sometimes your title company may assist you with that). Other times, the realtor they hire to facilitate this large transaction is not experienced enough to recognize and correct these mistakes.

In more than 23+ years of experience in residential real estate, I have compiled what I consider to be *the six most common and costly mistakes homeowners make when getting ready to sell their home.*

The compilation and distribution of this information did not make me the most popular person among my fellow realtors.

However, I haven't done this to become popular but to be a source and create awareness for *you the consumer*, because I was a victim once.

In the upcoming weeks, you will receive all this valuable information absolutely free. The cost has been underwritten by me to make you aware of these mistakes and to avoid them when you are ready to sell your home. If you have a family member, friend, or co-worker who may be in need of this information, feel free to share it, as this is the purpose for which it was gathered.

So, what is the first mistake homeowners make when selling their home?

*In Texas, 5% of homes sold were For Sale by Owners, and 65% of these transactions were done among friends.
Source: 2011 NAR Profile of Home Buyers and Sellers.



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1. MY PETS DON'T SMELL AND MY SMOKING IS MY OWN BUSINESS!



Sounds familiar?

Most of us are pet-lovers. But we also know that not everyone shares our affection for our four-legged friends. In fact, it's been estimated that **15 percent of the population is allergic to dogs, and even more are allergic to cats.**

Pets need to be removed for showings. Crate them outside of the home.

But to focus on the odor issue, we often grow immune to smells that we live with. Many ex-cigarette smokers have commented how they never smelled the cigarettes while they smoked them, but now that they have stopped, they can actually smell someone smoking in the next car on the highway. The same principle applies to dogs. Admit it: Can your pooch really roll around in the dog park and come home not a little smelly?

To avoid buyers eliminating your home before they make it past the front door, do the following before listing your home:

If you are a smoker, wash and repaint the walls in your home, and while your home is on the market, make it a habit to step outside to smoke.

Steam-clean the carpets and upholstered furniture; launder the bedspreads, especially if Fido has been known to sneak up on the bed; and ask a pet-less friend to give your house the sniff test.



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2. MY HOME IS THE BEST-LOOKING HOME IN THE NEIGHBORHOOD SO I DON'T NEED TO STAGE.



We all feel this way when it comes to our family's castle, and you should be proud of it, yet the following statistics may change your mind regarding the need to stage when selling your home.

The National Association of Realtors® on 5/31/2011 reported that:

These days, with more than 80 percent of consumers going online to begin their home search, it is imperative to understand that first impressions are being made even before buyers set foot in your home through pictures and videos available on listing websites.

Statistics gathered by Stagedhomes.com showed that 94.6 percent of homes staged by an accredited staging professional (ASP) sell within 33 days, compared to an average of 196 days for homes that are not staged. Homes staged by ASPs stay on the market 83 percent less time than a home that has not been staged.

The moral of the story is, if you are thinking about selling your home, consider the services of a professional stager. (Your realtor can help you find a reputable one.)

You will be glad you did!



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3. THE NEIGHBORHOOD REALTOR IS THE BEST OPTION TO LIST MY HOME.



Is it really?

If we were living back in the 70s or 80s, this statement may apply.

Back then, the neighborhood realtor was the most knowledgeable person in the area.

Nowadays, things have really changed. With all the technology available to real estate professionals, a great realtor with a consultative approach is able to know more about your neighborhood in three hours than the “neighborhood specialist.” Don’t get me wrong, that realtor may still know who the neighbors are, where they work, etc., yet that doesn’t mean they can bring you the most accurate information about the real estate activity in the subdivision. In fact, when you are asked to price your home and list it based on **comparables** alone (which is a very typical approach used by most realtors), you seriously may want to consider talking and hiring another real estate professional. There are at least four very important key factors to consider when pricing your home for sale. (Look for more information on this subject in two weeks on mistake # 5.)

Suggestions:

To have a better understanding of real estate sales in your neighborhood, try the following:

- 1) Talk to at least two realtors and *avoid* listing with the one who suggests the highest price *just to take your listing*.
- 2) Avoid listing with the realtor who offers a discount listing. Discount brokers DO NOT provide the service, nor the marketing needed to maximize your profits.
- 3) Once presented with the facts, it is decision time, so ask yourself:
Do I still want to sell my home given the current market in my neighborhood?
Do I want to accept and do the recommended tasks in order to sell?



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4. ASKING ADVICE FROM THE WRONG PEOPLE



We're all guilty of using this “*resource*” at one time or another, and by now, if you haven't yet, you will be the target of most of your family members, friends, neighbors and co-workers. **EVERYBODY** wants to do one thing for you: *they want to advise you on how to sell your home—what to do, how much to ask for it, which company to hire, etc.*

Even though they all have good intentions, you want to get advice from someone who is a professional and an expert in the field. Consider the following:

Would you go to a mechanic to have your teeth cleaned?

Would you call your doctor to fix a plumbing issue?

Of course not, so why would you want to take that approach on the sale of your home, putting thousands of dollars at risk?

Consult a professional realtor and get the right information. This will not only help you make a better decision, but it will also allow you to get familiar with the entire selling process.



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5. PRICING THE HOME BASED ON WHAT THE SELLER WANTS TO NET, INSTEAD OF WHAT IT CAN ACTUALLY BE SOLD FOR...PART I



Homes sell for two reasons and two reasons only: price and exposure. Everything else is commentary.

Before you list your home, you **MUST** make sure that is the course of action you are willing to take; in other words, the realtor/seller relationship needs to be a win-win from the get-go, which is only fair for you, your realtor and the prospective buyers.

(It is a pricing game.)

Your realtor **MUST** be able to advise you on the most appropriate price entry point to avoid the overprice phenomenon, and he/she needs to have a pricing strategy that involves not only comps, but also, the following (this is not an exhaustive list):

Homes sold in your neighborhood within the last 3, 6, or more months, if necessary. *

Out of the group of sold homes, your realtor needs to identify the ranges that exist in your subdivision. (Pricing is neighborhood specific, not area specific.) *

Next, the homeowner and realtor need to identify in an agreeable atmosphere which of these ranges your home best identifies with based on features only, not condition. *

Once this has been determined, you will have a realm of justification pricewise. Anywhere within this realm is the justifiable asking price for your home. (Here is where the condition of your home is considered.) *

**When data is available.*



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6. PRICING THE HOME BASED ON WHAT THE SELLER WANTS TO NET, INSTEAD OF WHAT IT CAN ACTUALLY BE SOLD FOR....PART II



The realm of a justifiable price is what your home can be sold for in a perfect world, which is *a world with no competition*. However, there is going to be some competition, so the next step is to separate the pretenders from the contenders (if any). Pretenders will be homes in your range that are overpriced, while contenders are homes in your range that are priced properly (it won't be many, believe me). *

Going through the process of separating the competition will determine three things: *

- 1) What the home is actually going to be sold for.
- 2) What is the most appropriate price to enter the market in order to meet the sellers' needs (the price entry point).

The homeowners now can make a very informed decision as to whether this is the best time for them to sell.

Following the process above will not only help you to price your home to sell, but it will also give you a broad idea as to how to choose a realtor.

**When data is available.*



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7. USING A PART-TIME REALTOR OR NOT USING A REALTOR AT ALL...PART I



The services of a real estate professional are and will always be at the sole discretion of the homeowners. Nevertheless, just like anything else, there are pros and cons.

The pros to not using a realtor include saving the fees involved with the transaction and that alone may be enough motivation for a homeowner not to use the services of a realtor. However, this could be equivalent in some cases to attending a trial without an attorney. (Also, your choice.) *According to the National Association of Realtors, NAR, homeowners who decide to go solo sometimes end up losing on average up to 16% on their net when selling a home. ** (That is a large amount!)

Another option is to use a part-time realtor. Even though all realtors abide by the same code of ethics and should have a very good knowledge of the housing market, most part-time agents are not as familiar with new trends and changes that can significantly affect the homeowner's bottom line. Quite often this approach leads to an expired listing, or possibly leaving sellers' money on the table. In my opinion, that is *completely unacceptable*.

The third option is to use a full-time real estate professional, a person who can guide you through this puzzling process. Dealing with disclosures and state regulations can get a little out of hand, and the last thing you want as a homeowner is to be exposed to any type of liability for not using the right forms and/or disclosures. In Texas, compliance is very important, and this is when a good realtor can come in handy, making sure everything is in order.

The cons are...

*Source: 2005 NAR Profile of Home Buyers and Sellers



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8. USING A PART-TIME REALTOR OR NOT USING A REALTOR AT ALL...PART II



The cons to using a realtor include the fee they charge for their services.

Another con is that realtors will ask you to enter into an agreement; some people don't like doing this, yet it is for the protection of both parties.

Either way you decide to go, always make sure your home is properly priced; if you decide to use a realtor, the following may be a good idea.

A good rule of thumb when hiring a real estate professional is to use the following advice:

The Texas Association of Realtors, or TAR, suggests that one of your first questions to the realtor **MUST** be:

Are you a licensed Texas realtor? Followed by,
Are you a full-time realtor?

Furthermore, *you should avoid working with someone who is NOT a realtor.*

Only licensed realtors are allowed by law to give pricing information on one of the biggest investments people deal with: the sale of their home.

I really hope this information was of value to you as a homeowner.

Should you have any questions or suggestions, please feel free to contact us.



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