PART I: THE SELLING END

CHAPTER 1: PUT YOUR RIGHT FOOT IN…

In 2002, due to my parents' health concerns, my husband and I decided to sell our condominium and buy a "mother-daughter" type of two-family home with my parents. After years of dodging traffic on Long Island's Southern State Parkway to get to them in an emergency, we needed to combine residences with them so that we would be only seconds away when they needed us.

We decided on a "mother-daughter" type of two-family house, with my parents' living space all on one floor (no stairs to climb on a regular basis). My husband and I needed at least two bedrooms as well as a basement with a fairly high ceiling so that we would have a suitable place to build our home recording studio. And, the basement needed to be accessible without going through my parents' living space. Okay, call us crazy, but we **did** eventually find what we wanted. (That story is in **Part II** of this book – **The Buyer's End.**)

First, though, we had to think about helping my parents sell, pack and move a four-bedroom colonial in which they had lived for almost 30 years. And, of course, we would also have to sell our condominium. (Oh, the joys of dealing with the condo board!)

Hmmm, I thought to myself. *Sell two and buy one – all at the same time. We must be nuts!*

If this sounds like the boat that ***you're*** in, then hold on for a wild ride!

The House That Jack Built?

The first step in the selling process is assessing the type of home you own. Is it a Colonial? Ranch? Cape? Split Level? Condominium? The "House that Jack Built?" How you market your home depends upon what kind of home it is. The reputation of the neighborhood also factors into your marketing mix.

Next, you need to take stock of what you've got. Look at the house, the grounds, any detached garages and sheds, and then ask yourself ***honestly***, "What kind of presentation does the overall property make?" Then, assess the area in which it is located. Is there anything about the area that makes it unique or special? What kind of reputation does the school district have? The condition of the property and its location are major factors in winning the real estate selling war.

Let's look at my parents' former home as an example. Their home was a colonial, situated in the desirable Old Harbor Green section of Massapequa on the south shore of Long Island, New York (a very desirable school district). With very little exception, no two houses in that area are alike. They are all unique in their architectural design. Right there, we had a bit of an advantage over others who were trying to sell homes in different parts of that same town.

Next, let’s analyze the house itself. Some of the rooms needed a fresh coat of paint. Some of the wall-to-wall carpeting was a little worn. Only one of the bathrooms had been updated, and that had been about ten years earlier. (Remember that word “updated,” by the way, as it will become quite important later on.) The kitchen was somewhat updated, but was not an “eat-in” kitchen. (Someone with a keen eye for rearrangement, however, could have easily seen ways to transform it into a modest sized eat-in kitchen.)

On a positive note, my parents had totally updated the exterior of the house a few years earlier with a new roof, new vinyl siding, new windows, blown in insulation in all exterior walls, a new slate walkway, designer landscaping and underground sprinklers. From the exterior, it looked like a brand-new house (and a really charming one, at that). This is what is known in the real estate game as “curb appeal.”

To bring the inside of the house more up to speed with the outside, we invested a little bit of time and money into a quick fix-up. We did a little painting, and shampooed and tightened the wall-to-wall carpeting.

We were ready to sell.

A real estate broker had been pursuing my parents for three years, so we felt like a quick sell was “in the bag.” We called “George,” who was a broker with one of the top, national real estate firms, and asked him to give us an idea of what kind of price tag we could put on my parents’ home. He wooed us with his “fair market analysis” (and other such similar nonsense).

The Fair Market Analysis

Do you know what a fair market analysis is? Sounds terribly mysterious, doesn’t it? Surely, it means that you’ll need to wrap your head around some kind of complicated mathematical formula, right?

Wrong.

“Fair market analysis” simply means that the real estate broker has taken a look at what other homes in your area have sold for in the last six months to a year and has made a comparison based upon the size of your home (i.e. – number of bedrooms and bathrooms, interior square footage, etc.), the size of the property, whether or not there is a basement (and whether it is a full or partial basement) and the number of cars that can be housed in the garage. So, if your neighbor’s house sold for $600,000 and it had four bedrooms, two bathrooms, a half basement, a one car garage and was on a quarter acre of land, then you should be able to get at least that much for your comparable home, especially if it’s been updated in any way in the recent past. (Hey! There’s that word “updated” again.)

“If it were in a little better shape inside, I could get you $725,000,” George said. “But, since it’s not in perfect condition, I’m going to say $699,000. There are no other colonials for sale in Old Harbor Green, so it’ll sell one, two, three!” (Please keep $725,000 in your mind because that figure will come back to haunt us in about two seconds from now.)

Then, with the snap of his fingers, he reached into his pocket and handed my parents a pen. What they signed was a three-month "**exclusive listing**," which made George the sole decision maker in the marketing and advertising of my parents' home.

BIG mistake! After just one month, he had shown the house to only a handful of lookers (and not serious ones, either). He wasn't happy that my parents had declined to host an "open house" (more on that in **Chapter 3**). Then, he advised us to lower the asking price to $679,000.

"Why?" I asked.

"Because, there is a colonial over on Adam Road that is on the market for $725,000," he replied. (Feeling spooked yet?)

"And?" I asked.

"And… It's got five bedrooms. Your parents' house only has four," he said in a tone that sounded more like a question than an answer. After much debate back and forth, we finally agreed to drop the price of my parents' home.

A few days later, we saw an ad for an open house at the Adam Road house. So, my husband and I posed as potential buyers and took a look. It was very nice, but the décor was not the kind that would easily match most buyer's furnishings. Certainly, it wouldn't go with mine, and if I were a buyer, that would tell me one thing – *I have immediate work to do here if I buy this house.* (More on this later on in the book.)

Okay, the house ***was*** nice. And, it was very clean – not a spec of dust anywhere. However, it also was **not** a true colonial. It was actually a ranch onto which the owners had built a two-bedroom, one-bath "cap." So, three of the bedrooms were on the first floor and two were on the second floor. They had built a den off the dining room, which eliminated one wall of the dining room, and had eliminated the wall between the kitchen and the dining room to create an "open" floor plan. There was also no wall between the dining room and the living room. So, the only wall in the dining room was the one that bordered on the garage/laundry room and it had a wall unit built into it.

Where would you put any dining room furniture? I thought to myself.

The "den" was not really a den, either. It was a tiny porch that the owners had enclosed and heated.

To top things off, only the upstairs bathroom was "updated," and that was only because it was brand new. The two downstairs bathrooms were a throwback to the 1950s.

All things considered, I couldn't see where this house was worth fifty-thousand dollars more than my parents' house was. Worse yet, I couldn't understand why ***George*** would have thought that it was. For someone who had pursued my parents for three years to get an exclusive listing, he was all too eager to "knock" their house and sing the praises of the Adam Road house. **That** made me skeptical.

Meanwhile, we had found a house we wanted to buy – a newly-built "six-over-five" high ranch. (That's essentially the equivalent of a three-bedroom ranch built on top of a two-bedroom ranch.) It had three full baths plus a full basement that boasted an eight-foot ceiling and an outside entrance. My husband and I literally drooled. We were already envisioning our recording studio in that space.

Fwomp!

"Time to drop the price of the house again," said George. "If, of course, you're looking for a quick sell so that you don't lose out on that new house in Hewlett."

This time, we weren't about to play his game. At this point, the listing had only three weeks to go until expiration, so we decided to leave the price at $679,000. (Sadly, the house we wanted to buy in Hewlett was sold to another buyer, as we were not ready to move forward with the purchase.)

The day after the listing expired, we consulted with more real estate brokers, convinced that George just hadn't been the right man for the job. We talked to brokers from all the other "major players" in the real estate industry on Long Island and finally selected one who had been recommended to us by a close relative who is himself a "top broker" for a North Carolina office of a large national real estate firm. This time, we really thought we had it "made in the shade."

The broker we selected – Louise – "wowed" us with her marketing presentation. She whipped open her laptop, showed us her website, displayed "evidence" of why George had been unable to sell the house, and demonstrated the kind of CD presentation she was going to design for us. The CD was going to contain a "virtual tour" of my parents' home while a whoosh of mellifluous music played softly in the background.

Lovely. And, an utterly ridiculous waste of time, as it later turned out. But, impressed we were, so we signed a six-month **non-exclusive listing** (called a "multiple" in real estate language). That meant that my parents' home would be advertised on MLS (Multiple Listing Service), where a multitude of other real estate agents and brokers would see it (and, supposedly be motivated to show it to prospective buyers).

Oh, they saw it all right. They just didn't show the house to anyone. Of course, the response would have been better had the advertisement had been worded properly.

"Old world charm," Louise wrote in the ad. "Four bedrooms, one bathroom, powder room, new gutters. $649,990."

"Powder room?!" I shrieked. "Where's the 'powder room' in this house?"

That, my dear readers, was Louise's creative way of saying "one half bath." Well, you want to know what? Prospective buyers don't know what a "powder room" is any more than you and I do. Prospective buyers want to know that the house has "one half bath" and that's the way it should have been described. (Sometimes, less ***is*** more. Remember that concept, as I will be discussing it in future chapters.)

But at least she's advertising it in the paper, I thought to myself.

The first week was mildly successful – Louise brought four prospective buyers to see my parents' house. That may sound great to you, but, in contrast, the second ad that my husband and I placed for the sale of our condo produced **TEN** prospective buyers in the first week. And, we ended up selling the condo to the first caller – ***and at our full asking price!*** We never got around to the second week of showings. This is the power of a well-worded ad. (More on this in **Chapter 3**.) Now do you see why I describe her first week of ads for my parents' home as merely "mildly successful?"

After the initial four showings, Louise stopped running the ad. When we questioned her about it, she claimed that she "didn't want the ad to go stale." Then, "it" started again – just like "it" had previously with George.

"The buyer doesn't like it that the fourth bedroom is downstairs," said Louise.

"The kitchen is not an eat-in kitchen," said Louise.

"The upstairs bathroom needs to be updated," said Louise.

(Hey, there's that "updated" word again, folks.)

"The buyer is going to have to spend $100,000 to build up and out on the house," said Louise.

"The most I can get this buyer up to is $589,000," she finally said in a defiant tone.

"$589,000! Are you nuts?" I retorted. "The asking price is $649,000 – and you chose it, based up on your 'fair market analysis.'"

"Well," she said, "at the time, I thought I could get that for the house. But $589,000 is the best I can do. You'd better take it – the first offer is always the highest, you know." The close relative who had recommended her to us echoed the same sentiment. (Obviously, the woman had zero negotiating skills, which nicely complemented her zero marketing skills.)

You're probably wondering why she would try to get us to accept a figure that was so much lower than the asking price. After all, at a six-percent commission, she stood to earn $38,940 – if she were to have gotten my parents their full asking price. Well, let me first point out to you that the difference between a six-percent commission on $649,000 and the same commission on $589,000 is only $3,600. She could easily have spent that much money advertising the house over the full span of the six-month listing, especially considering that, at the time, Long Island's leading newspaper charged $585 dollars for a thirty-day run of a three-line classified real estate ad.

So, her goal was not to sell the property at the highest possible price (which, by her definition, was to be within fifteen- to twenty-thousand dollars of the asking price); her goal was to sell the property – ***period.*** It didn't matter at what price she sold it, as long as she and her broker could publicize the fact that they had sold yet another property in Old Harbor Green. Like I said earlier, it's a game called "He who has the most toys wins." (Now you know how she managed to impress us the first time we met her – by bragging about how many homes her real estate office had sold in the previous year.) This tactic, of course, was not going to help us sell my parents' home at the right price – and it's not going to help you sell ***your*** home at the right price, either.

Needless to say, Louise did not beat the clock. When the listing expired, my parents' home remained unsold. At this point, I decided that we should sell my parents' home ***without*** the "help" of another real estate broker. Furthermore, I decided that my husband and I would also sell our condo ***without*** the aid of a real estate broker – ***and,*** we would find our new home on our own, too. Do you want to know what I discovered? You really ***can*** do it on your own!

How? It's easy, really. Just follow me through the rest of this book and I promise that **you** will learn how to do it, too. You begin by "taking stock," just like my parents and I did before we got George involved. Then, you perform your own fair market analysis.

The Do-It-Yourself Fair Market Analysis

There's really no magic to the fair market analysis. Start by asking questions. Ask neighbors if they know of any homes that have been sold recently in your neighborhood. They may have "heard through the grapevine" what the selling prices of those homes were. If that produces no results, search public records. I bet you didn't know you could do that, did you? That's a little trick of the trade to which no broker will tip you off, by the way.

Following the closing, every real estate sale is recorded in the county clerk's office. That's where you can obtain information about real estate transactions in your area (i.e. – how much your neighbor got for his or her home). You can also obtain information about property taxes there, too. (You can either go there in person, or you can find your county clerk's office on the web by performing a Google search for the county clerk in your particular county.) You'll need to know those figures because if your taxes are higher or lower than the house that was just sold around the corner, you'll need to address that issue with prospective buyers.

With this information in hand, ask around again. Ask your neighbors if they know what kind of condition these homes were in, inside and out. Chances are, if you ask enough people, someone knows something. (And, doesn't every neighborhood have its very own "town crier," anyway?)

Now, you're now ready to price your property. In my parents' case, we decided on an "asking price" of $625,000. Why not the original "George" figure of $699,000? After careful analysis, we had come to the painful, yet honest realization that the house **just wasn't worth $699,000**. And, if the Adam Road house was still on the market for $725,000, we certainly didn't stand a chance at getting $699,000 for my parents' house. (It's called "doing a reality check" and "coming back down to earth.")

With respect to our condo, my husband and I decided on an asking price of $195,000. We arrived at that figure after analyzing two key considerations: 1) the last condo that was sold in our complex went for $197,000, and 2) two other condos were simultaneously for sale along with ours – one priced at $205,000 and the other priced at $189,000. We took into consideration the condition of these condos (relative to ours), the location of those units in our complex (relative to ours) and the taxes assessed to each property. And, to top it off, a buyer's agent told us not to take anything less than $190,000 for our condo. (More on buyer's agents in **Chapter 3**.)

Here's another point to consider: How much do you need/want to get out of the property (monetarily speaking)? My parents, for example, had decided that $600,000 was as low as they were willing to go. So, since there would be no real estate commission to worry about, $625,000 would give them $25,000 in negotiating room.

If you haven't already noticed, there's a psychological principle at work here. $625,000 seems like it's just a little more than $600,000, whereas $699,000 or $679,000 sounds a little too much like $700,000. There's a whole lot of difference between $600,000 and $700,000 – $100,000 to be exact.

So, find out as much as you can about homes that have sold in your area. Use comparable homes as a guideline. (If your home is a three-bedroom ranch, compare it to other three-bedroom ranches that have sold in your area. Don't compare it to capes, splits, colonials or any other type of home, as you must compare "apples to apples," so to speak.) Then, compare the condition and location of your home to those homes – compare the house on the basis of interior and exterior condition, grounds and landscaping, amenities (such as decking, patios, built-in pool, sheds, etc.), property taxes and reputation of the school district.

Finally, take into consideration how quickly you want or need to sell the house. And, don't forget the principle of psychological pricing! If you want to get $400,000 out of the sale of the house, price it somewhere between $425,000 and $449,000. Don't price it at $500,000. If you want to get $375,000 out of the house, list it at the psychological price point of $399,000 (**not** $400,000). This makes it seem as though the house is in the $300,000 range, even though it's really $400,000. Leave room for prospective buyers to wheedle you down to your goal of $375,000.

Before we head into Chapter 2, let's talk about one more game played by real estate agents/brokers in order to score a listing – "low-balling." This little trick of theirs enables them to take full advantage of unwitting seniors.

Low-Balling

Low-balling occurs when a real estate agent/broker perceives that: 1) you need or want to sell fast, 2) you are elderly, 3) you've owned your property for a significant length of time, and 4) you don't know what your property is worth.

In my parents' former neighborhood, most homes were owned by elderly people who had purchased them back in the 1950s and 1960s, when a four-bedroom home could be purchased for a mere $15,000 or $20,000. Here we were in the year 2004, and those properties were now selling for anywhere between $450,000 (for a small ranch or cape cod) to $800,000 (for a completely renovated four-bedroom colonial). The real estate agents would tell the elderly homeowner that their home was now worth $300,000, when it was actually worth $500,000. The real estate broker would purchase the home for $300,000 and then either completely renovate it or have it torn down so that a new home could be built on the existing foundation. This little practice served two purposes: 1) made huge profits for the broker, and, 2) gave prospective buyers a brand-new home with taxes that were assessed upon the old tax base. It was a win-win for the broker and the buyer, but certainly **not** for the seller. (And, this game is still going on in the area, and may be going on in yours as well.)

If, after reading this book, you still decide to enlist the "help" of a real estate broker/agent, please be on your guard. Don't let them perpetrate this scam with you. (Actually, you *could* enlist the aid of a buyer's broker, but we'll discuss that in **Chapter 3**).

Now that we've "taken stock" and have determined a realistic "asking price" for our property, we can move on to the next step: Spring Cleaning.