

-Landing page-

Is it possible to sell a home by owner in our current market?

Yes, but it is very, very difficult. According to the NAR's profile of home buyers and sellers in 2007, 86% of sellers used a real estate agent to sell their home and 79% of buyers used a real estate agent to purchase their home. That was before the real estate market started its decline. While it may be possible to sell your own home, there are a few questions that you will need to answer first:

- What does the process of buying and selling a home involve?
- Do I have the time and experience to go it alone?
- What are the benefits of using a realtor?
- If I decide to use a Realtor, how can I find a qualified one?

My name is Michael McDonald and I have created this website with the intent to answer your questions and help you to navigate the complex task of buying and selling real estate. If you are beginning to wonder what sets me apart from other Realtors, let me tell you a little bit about myself.

I have been dealing with the public for much of my life and I have been trained by some of the best in the business. I believe that it is my customer service that makes me unique because I try to treat others the way that I would want to be treated. I think of myself as a consultant rather than a salesperson because I listen carefully to my client's wants and needs. Then I help them formulate a plan that will achieve those goals. I am right beside my client every step of the way to aid them in making an informed decision.

I have an extensive knowledge of home construction and maintenance. My training covers carpentry, electrical systems, plumbing systems, heating and air conditioning systems. I am not saying that I have all of the answers but when I don't have a bit of information, I have numerous contacts that will. They include a large network of real estate support professionals that are ready to help my clients whenever they are needed. They have all been chosen for their superior quality and service.

Thanks for visiting my website and please feel free to **Contact Me** if you have any questions Or need clarification.

-Buying Page-

First Time Home Buyers

For many people, buying a home is the largest financial transaction they will ever be involved in and it can be a terrifying experience. For your first time, it is a good idea to have a Realtor to guide you. You need one that has been through it all before and can explain each step of the process to ensure that there are no surprises.

A tip that I am giving my first timers is that the federal and state governments are offering a **First Time Homebuyer's Tax Credit**. This is scheduled to **expire December 1, 2009** but there has been some talk of extending that deadline.

Move Up Buyers

As your family grows, so will your needs. You may want:

- Extra bedrooms
- Larger bathrooms
- More square footage
- Storage space
- A bigger yard for the kids to play in

Now is the perfect time to move up to that larger home that you have been dreaming about. I am sure that is the opposite of what everyone has been telling you because if you sell your house now, you will lose money. True, but let me explain how you can get it back in the long run.

If you sell your \$100,000 house for 20% less than its worth, **you would lose \$20,000**. Then if you turn around and buy a \$200,000 home for 20% less than it's worth, **you save \$40,000**. According to my math, you just save 20,000 on a purchase that you were going to make sooner or later anyway. Also, when your new \$200,000 home appreciates by 5% you will earn an extra \$10,000 in equity, while your old \$100,000 house only earned you an **extra \$5,000 in equity**.

Little tricks like this are why it helps to have a Realtor on your side, to help with the math if nothing else. If you have a place to live and the thought of that \$20,000 loss on your old house still bothers you then **maybe you are a candidate for real estate investing**. You might want to consider keeping your old house and renting it out. While renters are paying the mortgage down and appreciation is going up, your equity is building. There may also be tax advantages for you as an investor but that is more of a question for your tax accountant or CPA.

Downsizing

When the kids are gone, a smaller house that is easier to maintain starts looking attractive. Whether you are looking for fewer stairs to climb or a smaller yard to cut, there are tremendous opportunities for people looking to simplify their lives. There are even “**Active Adult**” communities which are becoming very popular with people in this position. Active adult communities offer a variety of options, features and amenities for people who want the benefits of home ownership without all of the disadvantages.

Relocation

Relocation of any kind can be an especially trying time. You are selling your home and moving to an area that is unfamiliar and you don't know where to look for help. **Contact Me** and I will help.

I can handle all the details of getting your home sold, as well as getting you in touch with a great Agent, to help you find the perfect home wherever you are going. I know what to ask other agents to insure that you will be working with a knowledgeable and experienced agent to look out for your interests.

-Selling Page-

Why are you selling your home?

This may seem like the worst possible time to sell your home but if you are planning on putting the money straight into a new one, it may be the best time. I touched on this a bit on the buying page but I think it is equally valid for Sellers.

If you sell your \$100,000 house for 20% less than its worth, **you would lose \$20,000**. Then if you turn around and buy a \$200,000 home for 20% less than its worth, **you save \$40,000**. According to my math, you just save 20,000 on a purchase that you were going to make sooner or later anyway. Also, when your new \$200,000 home appreciates by 5% you will earn an extra \$10,000 in equity, while your old \$100,000 house only earned you an **extra \$5,000 in equity**. Little tricks like this are why it helps to have a Realtor on your side, to help with the math if nothing else.

Regardless of your reason for selling, there are a few basic principals that you need to pay attention to and I will talk about them in the sections below.

Pricing

As you might expect, your price is the single most important factor, when selling your home. Many sellers don't understand that the buyer, not the seller, sets the price of a home. For instance, we are currently in what we call a "**Buyers market**". This simply means that since there are more buyers than sellers, the buyers have the upper hand in negotiations. While the seller may set the asking price, the house is only worth what a buyer will pay and they are looking for the best value possible.

Statistics show that a home that is overpriced by as little as 5% will cause less than 50% of all potential buyers to look at it even if they are looking for an exact match for that home. The best way to establish an asking price for a house is to find how much similar homes have sold for in the same

neighborhood in the last three months. This practice of getting comparable houses is called **Maximum Price Analysis**. Since no two homes are exactly alike it is better to get a real estate agent to help you make adjustments for the differences. I have done many of them over the years and if you **Contact Me** I would be happy to put together the information for you.

Condition

Since buyers have more houses on the market to look at, they are being careful to choose only the best. If your home is outdated, needs a fresh coat of paint and the carpet is worn then you are going to find it impossible to compete with a home in good condition. With so many builders being foreclosed on you will also be up against brand new homes at greatly reduced prices! Some sellers think that they can overcome these issues by saying that they will offer buyers an allowance for these things at closing. Unfortunately, for these sellers there are no offers and no closings! Some of the things that I tell my clients to look for and fix are:

- Dull or chipped paint on the interior or exterior
- Overgrown yard or downed trees and limbs
- Dirty or worn carpets (Much more common on the stairs)
- Blown bulbs and poor lighting
- Stained or broken driveway

Even though these details are cosmetic they help to form a bad impression for your potential buyer!

Marketing

This is, in my opinion, the strongest argument for using a real estate agent. We can put more advertising behind selling your home than you can, plain and simple. Most Realtors will employ:

- Street Signs
- Newspaper Ads
- Magazine Ads
- Television Spots
- Open Houses
- Multiple Listing Services
- Multiple Websites

That last point is probably the most important since **87% of all homebuyers begin their search on the Internet**, and that number is increasing every year. If your house is not listed on multiple websites with vibrant photos and a detailed description of your home's features, then there is little chance that it will ever sell.

Staging

While home staging is a relatively new concept in real estate marketing in our area, it has been used for

over a decade in California. The purpose of staging is to look at the house from the buyers' perspective and to enhance and draw attention to positive features of the house, as well as demonstrating to the buyer the best use of the available spaces. Maximizing furniture and accessory positioning to draw buyers to certain features and leave them with a comfortable feeling about how they see themselves living there does this. Even if your house is in pristine condition, if it is not staged to show off its strong points then the buyer may not ever notice them!

There is no connection between interior decorating and home staging. Interior decorating is the art of personalizing a home so the occupants are comfortable living there, while home staging is the art of depersonalizing a home so that the buyers can envision themselves living there. Staged homes typically sell for more money and in less time than homes that are not staged.

-Foreclosure and Short Sale Page-

Foreclosure

Did you know that more than half of all homes being sold today are foreclosures? A foreclosure will usually be the best value for two reasons.

- When in good condition they will probably sell at a price below market rate
- When they are in poor condition they will sell for significantly less than market rate

The main reason for foreclosures selling so cheaply is that the sellers are banks and not individuals. Banks are not in the business of owning homes, they want to get their money back from the house as quickly and efficiently as possible. A bank can afford to take a loss on a home that a private individual never could.

What is a foreclosure?

A home goes into "**Foreclosure**" when the mortgage holder can no longer make their mortgage payments. Typically the owner is three to six months behind in their payments due to unforeseen circumstances such as loss of employment, divorce, illness or death. Other times it can be due to an adjustment of the mortgage rate by the lender of an adjustable rate mortgage. The rate can be increased to a level that the owner can no longer afford.

How does the foreclosure process operate?

When a lender forecloses they must do two things:

- Inform the mortgage holder in writing of their intent to foreclose
- They must advertise their intent to sell the property to the highest bidder on the courthouse steps for four consecutive weeks prior to the sale

For instance, in Cherokee County, on the first Tuesday of each month attorneys go to the courthouse

and announce the details of the foreclosure. Anyone can attend these proceedings and anyone can bid on a property. The opening bid is usually the amount owed on the defaulted loan plus the cost of processing the foreclosure, such as attorney’s fees, back taxes, liens, etc. The lender will have a representative there to make the opening bid on their behalf. If no one else bids, the lender is the highest bidder and the property becomes theirs to dispose of. **The highest bidder must immediately pay the full amount in cash.**

When the lender is the highest bidder, the property goes to their REO (Real Estate Owned) department, which is responsible for disposing of the property. The REO department assigns the property to an asset manager, and the asset manager arranges for a real estate agent to market and sell the property. The asset manager reviews the progress of the sale on a regular basis and reduces the price of the property accordingly until it is sold.

Short Sales

What is a Short Sale?

The term “**Short Sale**” is relatively new to the real estate industry. A short sale is a way to prevent a property from entering foreclosure. While a short sale may be a good choice for some buyers, they can be a nightmare for others. Buyers who are primarily interested in a good deal and do not have a set deadline to sell may find a short sale attractive but only if they have a high tolerance for frustration and lack of communication from the lender during the process.

How does the Short Sale process operate?

When a homeowner is in jeopardy of loosing their home they can begin negotiations with the lender before things get out of control. The lender doesn’t want to foreclose on another property and have it on their books, so they recognize that it may be best if they allow the homeowner to sell the property for less than is owed. This will often result in the bank losing less money than if they foreclosed.

Unfortunately, not all homeowners or properties qualify for a short sale. Lenders will not allow a short sale if the owner has the financial resources to correct the situation by liquidating other assets, such as 401(k)’s and other investments; or selling personal property, such as boats, motor homes or other luxury items. Homeowners are required to prove to the lender that they no longer have the financial resources to correct the situation on their own by going through a process similar to getting a loan.

If the lender finds that the homeowner can no longer afford the mortgage, they may agree to a short sale, which allows the homeowner to market the house at a lower price

Pros and Cons

| <u>Foreclosure</u> | <u>Short Sales</u> |
|--|--|
| <ul style="list-style-type: none"> • Straight forward • The process does not take long • Do not have to qualify just dont pay | <ul style="list-style-type: none"> • Complicated process • Can take a very long time • Have to pass a stringent qualification |

Keep in mind that even when a lender approves a short sale, it doesn't mean that the property won't be foreclosed on before a sale can be completed. It is like a race where one of the lenders departments is trying to get their homeowner qualified for the short sale while another department is working towards foreclosing that same property! It comes down to whichever department gets there first determining the outcome!

Both **Foreclosures** and **Short Sales** are be a prospect and I have only scratched the surface here. If you find yourself facing either of these situations, please **Contact Me** and I will help you through the process. You don't have to go through it alone!