



Home Sellers Report

SOLD

The **SECRET To Selling Your Home For The Highest Price**

By

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Note: The content in this valuable report assumes that you have already made the decision to sell your home. This report contains vital information that will help sellers make the most money from the sale of their home. I always advise home sellers consult with a Realtor to go through the home and let them know what improvements are needed, if any, prior to putting a home on the market.

My consultation services are free with no obligation to use me as your real estate professional. Please call at 916-532-7653 or email me at rob@saxere.com if you're interested in a free consultation.

Preparing Your Home to Sell

Prior to listing your home with a Realtor, it's important to prepare your home for sale. The goal is to give the best presentation possible from the moment buyers drive up and see your home from their car to touring through your home.

Every aspect of your home should be inspected for those areas that may need some attention before putting it on the market. Remember this fact about buyers:

All things being equal, buyers purchase the home they criticize the least.

I have shown hundreds of homes in my career and this remains the constant about buyers. They always buy the home they perceive has the fewest things could be wrong.

Curb appeal and a neat & tidy interior helps a buyer feel comfortable that other aspects of the home, like the heating and cooling system, the roof and other larger components on the home have been cared for whether they have been or not.

It's all about perception.



In light of this, we want to make sure that every aspect of the home, from the front sidewalk to the back fence, has been inspected and necessary repairs made.

Taking the time to make these repairs, if any, will separate your home from the competition and help you get the highest price the market will bear.

A clean, fresh, and well-organized looking property sells faster than a property with the opposing qualities. Presentation is paramount.

This is a list of the items you'll want to check and make repairs to if needed:

- 1) The sidewalk in front of your home (if any) – make sure it's weed free and reasonably free from large stains.
- 2) The driveway – any oil stains in the driveway should be removed. Large cracks in driveway concrete should be repaired. Small cracks are common to most homes with driveways and generally aren't a concern.
- 3) The front landscaping – if you've got a lawn in your front yard you'll want to make sure it's trimmed, mowed and green while your home is on the market.

Flower beds, shrubbery and garden areas should be weed free, trimmed and neat. If you've got a low maintenance front yard the same basic rule applies: clean and refresh if needed. Lay down decorative bark in areas between shrubs.

- 4) The exterior of the home – if the exterior of your home is dusty or dirty in any way, hire a pressure washer over a weekend and spray it down. Clean all windows and window screens.

Additionally, the front door should be spotless. If it needs repainting, it's a very inexpensive fix and well worth the effort.

- 5) The interior of your home – Any deficiencies should be addressed prior to buyer showings. Painting, repairs of drywall cracks, worn wood work, carpet stains, serious hardwood floor scratches, fixtures that are in need of replacement or repair, scuffs on the baseboards, small and larger holes in the walls, scuffs on the walls and any areas where paint is dissimilar should also be repainted.



On touch up painting: Sometimes the color your walls were originally painted no longer exists. I've seen this several times for one reason or another. Rather than just touch up the paint in that area with a similar paint color, just repaint the entire wall. It always, always gives a better impression than touching up with paint that's "almost the same" as the paint that was originally used. You've got to buy a least a quart anyway so you may as well use it all. ☺

- 6) Clean the interior – Cleaning and de-cluttering your home is very important. Everything in the kitchen, at a minimum, should be spotless for buyer showings.

No dishes in the sink, no food left out or food splatters on counters, walls or appliances should be present when buyers are coming through your home. You've got to be very picky in the kitchen.

I cannot stress enough the importance of a clean kitchen. The rest of the house doesn't need to be perfect just neat and tidy. Clothes picked up in the bedrooms, bathrooms free of clutter, laundry room free of clutter; buyers understand that the seller lives in the home. Most are very forgiving about some amount of clutter but not too much.

- 7) Staging – Staging can help a home sell a home depending on the market direction and competition at the time the home comes on the market. Most of the time, staging is not necessary if the home is occupied.
- 8) After you've gotten all of the above completed, it's all about the presentation. This is where the visual and olfaction senses come into play.

Air fresheners near the entryway help when a buyer's nose enters the threshold. If the initial smell is good and your home is clean you've set the tone for a good showing.

Scented candles in the bathrooms, kitchen and plugin air fresheners elsewhere help create a good first impression. Make sure the fragrance isn't overpowering and is the same throughout the house.

An honest word about homes that smell like cigarettes: If your home smells like cigarette smoke and you're not willing to replace the carpets and repaint the walls, please understand that your home will need to be an awfully good value for a buyer who doesn't smoke to consider purchasing the home.



The majority of adults in the U.S., 82% according to the CDC in 2012, do not smoke and therefore would most likely not purchase a home that smells like smoke unless it was a very good value.

If you're not willing to eradicate the smell of smoke from your home, please realize your potential market is reduced to 18%, or less, of all buyers who enter your home. (18% represents the remaining adult population who do smoke)

This alone could cost upwards of \$10,000 to \$25,000 in market value loss.

- 9) Light – Where possible, open blinds, drapes and/or shutters to make sure there is plenty of natural light coming into your home.

Turn on the lights in those areas where natural light doesn't reach. Plenty of light and space is essential to a good presentation.

- 10) If your home has a pool, make sure the pool is free of debris and is crystal clear.

- 11) Store all valuable personal belongings. Some home sellers even put away family photos that aren't wall hung. Any knick knacks or collectables should be stored to create a sense of space in the home as well as for safekeeping.

- 12) The garage – Here is where you get a free pass. Time and time again I have sold homes with messy garages. Buyers understand that you'll need to start packing and storing your belongings in the garage is all too common. Tidy, yes, but don't feel you have to be able to eat off the floor of your garage. ☺

While most everything you'll need to do is in this list, every home is different and there could be some items not mentioned here that apply to your home.

If you're looking to make the most the market will bear from the sale of your home, anything you can do to make the home shine will go a long way toward that goal.

On home improvements: Generally, I advise clients not to make major renovations prior to selling their home unless it's absolutely necessary. The reason for this is that a seller seldom, if ever, recoups the investment of the improvement in the sales price. Providing a major component of the home fails prior to sale, let the buyer make the home their own.



Find a Realtor

The term “Realtor” simply means that a person is licensed by the State of California to sell real estate is a member of the National Association of Realtors and the local Board of Realtors for the county in which they reside.

Hiring a Realtor is essential to your bottom line. On average in the U.S., **people who sell their homes themselves make 18% less from the sale** than those who hire a Realtor to handle the sale for them.

This statistic surprised me when I read it but, if you think about it, it’s true. Not hiring a Realtor limits the exposure to the greatest number of buyers.

The Realtor you choose should:

- 1) Sells homes in the area in which you live.
- 2) Be a full time in the business.
- 3) Have been the fiduciary in a least the sale of 20 or so homes.
- 4) Be trustworthy. More importantly **someone you *feel* you can trust.**
- 5) Have **verifiable** knowledge of the market direction in the area in which you live.
- 6) Have no pending disciplinary action against them by the California Bureau of Real Estate. This is easily found on the BRE website, bre.ca.gov.
- 7) And above all, pays attention to your needs and goals to help you achieve them.

While it is said that you should interview at least 3 Realtors, 75% of home sellers hire the first agent they interview. Honestly, I’ve been through this several times and interviewing Realtors is exhausting. It’s understandable why most hire the first Realtor they interview.

Experience is one of the most important considerations to your bottom line. For instance, if you have an FHA loan on the home you’re selling did you know that the FHA charges one month’s interest no matter what day of the month your escrow closes? Conventional lenders prorate the interest for that portion of the month the home owner was still occupying the house.

Only a Realtor with experience would know this. The part time agent will, most likely not know this and cost that home seller money when it could have been avoided and this is just one example. There are many others.

A word on commissions: According to the BRE, commissions are negotiable and it is not mandatory that you pay your Realtor 6%. That doesn’t mean that all Realtors negotiate but know that by law, commissions are negotiable.



Marketing Your Home

After you've got everything done and chosen your Realtor, marketing and pricing your home to sell are the next steps. The following are marketing tips to consider:

- 1) Instruct your Realtor to enter your home into the multiple listing service. 98% of all homes sold are sold through the local multiple listing services nationwide. This is the most important marketing step you can take as it gives your home maximum exposure to buyers.

The listing on the MLS should have a complete picture set, complete description of your home, how many beds, baths, etc. and should also have marketing remarks that speak about your home in the most glowing terms. Please make sure that your Realtor markets your home on the internet as well.

- 2) You've taken the time to get your home ready to sell. Do NOT settle for smart phone photos of your home to market to the world. Insist on very good if not professionally taken photographs. **IT MATTERS!**

Realtors aren't professional photographers and I advise professional photos be included in your agreement with your Realtor.

- 3) The for sale sign – 92% of all homes are now found by buyers via the internet. The other 8% sell from word of mouth, family sales, people selling their homes themselves (for sale by owner) or sales from sign calls/open houses.

Please consider this: Due to the above statistics, yard sign advertising is primarily for your Realtor to capture buyers to sell your home or others. The statistic is that only 2% of home sales are from sign calls. That statistic is years old and very well could be less now that the internet is so prevalent.

Are signs really necessary? In my opinion not really but in the vein of doing all you can to get the best price, it won't hurt either.

- 4) Open houses – like yard signs, open houses result in very few sales but they can't hurt either.



Please consider this: Drug addicts tend to frequent open houses then get into medicine cabinets looking for prescription drugs to steal. Additionally, all personal items that you consider valuable should be stored away once you put your home on the market. Be especially diligent about this if you intend on having an open house as part of your marketing strategy.

- 5) Flyers – Flyers in the home are nice for buyer showings but the best practice is the distribution of flyers to your neighbors. I do this regularly and I can tell you from experience that someone within a 100 home radius of your home knows someone who'd like to move into your area.
- 6) Broker tours – Broker tours expose a home for sale to agents from the Board of Realtors in the county in which the home is located. If an agent is looking for a home for a particular buyer, this exposure could help get the home sold.

Generally, most of the agents on the tour also have homes listed for sale and if they happen to run into a buyer whose needs match your home, they can recommend it.

Pricing Your Home To Sell

Pricing your home to sell is the most critical step in the marketing of your home. Correct pricing is **THE SECRET** to selling your home for the highest price the market will bear.

Once you have an agreement with your Realtor, it's time to determine the initial listing price for your home.

There is one fundamental of selling residential real estate every home seller should consider:

Every home will sell for slightly above, slightly below or at market value for its location, amenities and condition without exception. The final selling price will depend on the perception the seller creates in the market.

Your initial listing price is represents 80% of the marketing of your home. The initial listing price may NOT be what your home sells for; in fact, it's often not the price your home sells for.

The goal of the initial listing price is to get people through your door, lots of people, to view your home and compete for it. In order for this to happen, your home must be **perceived** as a value to buyers in comparison to similar homes on the market.



If a home is not perceived as a value, *the majority of buyers will not come to see it*. If buyers do not come to see it, the home will not sell. Price, along with a well organized listing in the MLS, determines the perception of value to the buyer.

Home sellers and their agents never know what a home will sell for. The final selling price is for the market to determine in all cases.

The strategy for home sellers is to find the sweet spot price that will get buyers flocking to their home over other similar homes on the market.

Most homes are commodities. This means that, unless the home is very special in some way, there are other homes like it for sale to compete with. Therefore, the perception of value must be created in order to get the attention of the majority of buyers looking for a home like yours.

Home Auctions

To further illustrate how seller controlled perception drives home sales, I want to relate an experience I witnessed in my neighborhood in Rocklin some years ago.

In 2004 or 2005, one of my neighbors listed her home for sale with an auction company. The home was priced \$150,000 below market value. Having never seen this approach before, I thought she was insane.

For two weeks, our street was inundated with potential home buyers day and night. Hundreds of buyers were driving by to get a look at the house in preparation for bidding.

On auction day, the house sold after 2 hours of bidding for 3% over market value.

Why?

The psychology of this approach is that people want to get what they perceive to be a bargain and they want to win. Often auctions produce sale prices that exceed the actual value or perceived value of the item being sold. This happens on ebay.com every few moments. It's the thrill of the chase.

In this example, the home seller listed the home for far less yet netted slightly more than the house was worth by setting the perception that the home was a bargain. This created a whirlwind of interest from buyers. The seller controlled buyer perceptions in a way that benefited the seller.



Now what if this seller priced the home to sell at 3% higher than market value to begin with? Logically, many would think that this would have been easier and that you'd get your price. Not so.

I see this in real estate sales every day and why the average sales price is often below 100% of the listing price. Many wonderful homes have several needless price reductions on their way to selling.

Price reductions don't help home sellers maximize returns on the sale of the home.

Pricing a home higher than market value creates the perception that the seller is unrealistic before buyers even see the home.

When my buyers are interested in a particular home, I pull the comparable sales from the MLS to see if the listed price corresponds with the sales prices in the area for a similar home.

From this data, I tell my buyer what my perception of the pricing is of the home relative to the market. If the home is priced slightly higher than market value AND marketed well with attractive photos, complete marketing description and the location works then we go see it.

If it's not marketed well, we pass on it. This is common in the industry as any full time Realtor will tell you.

Now conversely, if the home is perceived as a value in comparison to homes similar to it, then the sense of urgency kicks in and I get an email from my buyer who says they "HAVE TO SEE THIS HOME"!

It happens just this way with virtually every buyer I've worked with.

The primary goal of home selling is to generate interest in the home. The lesson I've learned after 12 years of selling real estate full time is this:

Home sellers who choose an initial listing price that creates the perception of value to potential buyers and a sense of urgency in the market win every time.

This lesson, more than any other, is how home sellers will make the most money possible from the sale of their home.

Home seller's who create the perception of value in this manner will drive the sale price up to and, in many cases, slightly over market value.



Pricing Above Market Value

First, it is the seller's sole decision how to price their home for sale. All a Realtor can do is consult with the home seller and advise them on how they think the market will respond to their listing price. That's it. After that it's the seller's decision if they agree or not and then set the initial price of the home.

With that said, let's discuss the results of pricing a home above the market value for homes like it in the neighborhood.

The resulting perception when a home priced above market value is that the seller is being greedy or unrealistic.

The buyer's agent compares the initial listing price against sales of similar homes in the neighborhood and advises their buyers to

- 1) wait till the price comes down and the listing gets stale or
- 2) offer low because it won't sell anytime soon at that listing price especially if there are other homes on the market similar to it.

If the home doesn't sell after 2 to 3 weeks the price usually comes down in an attempt to generate buyer interest. The perception of potential buyers changes to:

“They reduced the price and it still hasn't sold. There must be something wrong with this home. Let's skip this one.”

The result is fewer, if any, buyers come to view the home after week 2 or 3 of marketing time. Please forgive me for stating the obvious but when buyers don't come see a home, it doesn't sell.

When it doesn't sell the price will need to be further reduced to generate any buyer interest at all, often to below market value for the home.

None of this is good for the home seller and will not make the home seller the most money possible.

Please remember the basic fundamental of selling any home:

Every home will sell for slightly above, slightly below or at market value for its location, amenities and condition without exception. The selling price will depend upon the perception the seller creates in the market.



If a home seller chooses an initial listing price that is higher than market value, more often than not, the risk is that their home will sell for less than market value.

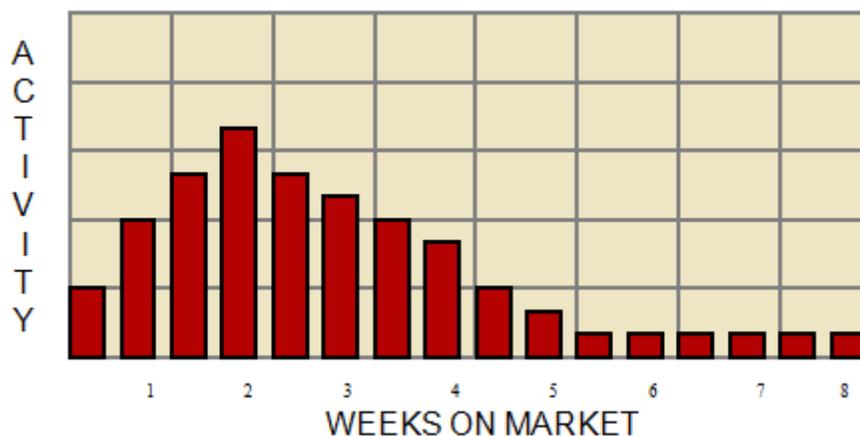
If a home seller prices their home slightly less than market value, more often than not, the house sells at or for slightly more than market value.

The challenge for the home seller is controlling the perception of the buyers in the market for similar homes. This is simply the psychology of selling.

Initial Listing Price and Activity

As I've said, controlling the perception of the market in a positive way is essential to making the most money from the sale of any home in the first two weeks of marketing time. Timing combined with pricing, therefore, are critical elements to attracting the most buyers possible.

If buyers get a negative impression from the home seller and don't go see the home, the seller has a very short window of time to correct this perception. See the graph below:



After a week on the market - If the negative perception the seller has created in the marketplace is not corrected, the potential to miss the timing of buyer interest exists but is still recoverable.

After two weeks on the market - If the negative perception persists, the seller is risking losing money on the sale as buyer interest has peaked and will begin to wane as showings slow.



After three weeks on the market – The prime marketing time has passed and showings have dropped off to almost nothing. Substantial price reductions will be necessary to recreate buyer interest.

When buyers don't view the home, it won't sell 100% of the time.

After three weeks on the market and a price reduction or two, the perception the seller has created is one of desperation. It's often the case that offers received after 3 weeks on the market are lower than the price reductions.

Additionally, if a buyer feels that the seller is desperate they are more likely to fall out of escrow than if the buyer feels they are getting a good value and have "won" the home.

The seller has now given the perception to buyers in the market that "something is definitely wrong with this home".

This further illustrates how incredibly important it is to create a positive perception with the marketplace from day one. If not, the seller ends up chasing the market down. This "strategy" is not the way to make the most from the sale of the home.

Nothing good can come of pricing a home higher than market value.

A Few FAQ's

When explaining this to home sellers, I get a variety of questions. I'll address some here and if you have your own please email me at rob@saxere.com and I'll be happy to answer them promptly.

What if we price our home slightly below market and we only get one offer to negotiate?

First, please remember that the market always dictates what a home sells for and setting the initial listing price is always an educated guess.

That said, there are some commonly accepted rules of thumb of correct pricing. They are:

- 1) If you get no showings and no offers in the first week on the market, the market is telling you the home is priced too high. (negative perception)
- 2) If you get a few showings and no offers in the first week, the market is telling you the home is priced slightly high. (negative perception)



- 3) If you get several showings and one offer in the first week, the market is telling you the home is priced slightly high to at market value. (mixed perception)
- 4) If you get lots of showings and two or more offers in the first week, the market is telling you you're priced slightly below market value and you'll likely be able to better control the sales price of your home. (positive perception)

Please remember the basic fundamental of real estate sales:

Every home will sell for slightly above, slightly below or at market value for its location, amenities and condition without exception. The selling price will depend on the perception the seller creates in the market.

If only one offer comes in at the listing price the home seller has selected then that's what the market says the home is worth. The market, not the seller or Realtor, always dictates the sales price of any home for sale.

Example: Late last year, I listed a home in Doyle Ranch, Roseville. There was a home that was a model match in a location that was not as good as my client's home that had closed 40 days earlier.

The market was trending slightly down since July. I advised my client to list at a price below where the model match had sold. They resisted and decided to price the home higher than where I suggested it be priced.

We got just a few showings but no offers in the first week of market time. On the second weekend, I held an open house and a couple came through who did buy the house for \$1000 over the list price.

We only had one offer to negotiate and I was able to get them up \$5000 from their initial offer but had we priced the home lower than market value, there would have been more showings and more offers. In all likelihood the seller would have netted more money from the sale of the home.

If we get offers we don't like, do we have to take one?

The answer to this is no, you don't. You don't have to accept any offer from any buyer.



What's the best time to put a home on the market?

The answer to this question really depends on the market direction throughout the year. Although most agents will tell you that the winter is the best time as there is less competition from competing sellers, there are also fewer buyers in the market for owner occupied homes.

My advice here is to avoid putting your home on the market from November 1st to January 6th unless you have no choice.

The buying season begins in the middle of March when sellers begin putting their homes on the market. There are more homes for sale to compete against in the spring but if you've prepared your home for sale, you've hired a Realtor who knows the market and you've priced your home to beat the competition, you should be fine.

Investors buy in the winter as prices tend to drop or remain stable as owner occupied buyers are hunkering down for the holidays.

We have multiple offers. How do we handle this?

I thought you'd never ask! This is the ideal scenario for home sellers. When buyers perceive the home to be a value, often multiple offers are received.

The only people who get upset when a home is priced below market value are buyer agents because they know they are going to have to compete with other buyers to win the home.

A good Realtor uses high levels of interest to his/her advantage with huge benefits to the home seller. Every phone call your agent receives should go something like this:

"Hi Rob, This is Roberta Realtor. That's a really nice new listing you've got there. Do you have any interest so far? Any offers? When can I see it with my buyers? They just love the pictures on the internet!"

"Well Roberta, let me be straight with you. As you know this home is priced perfectly and I've had SO many calls and several showings in the first 3 days. I have two offers already in hand and I'm told I've got another two on the way. If your buyers are really interested they've got to get into the home quickly. I'm meeting with my sellers on Monday to go over offers. You've got to hurry."

It's my job to create that sense of urgency with other agents. Get the buyers in the home, get them excited and get yet another offer in hand.



Every call I get I'm pumping up the agent. They are going back to the buyer and telling them "we have competition and to get this home we're going to have to be higher than the rest. I'll do my best to find out what that number is."

I'm able to work the price up to net the seller the most from the sale of the home.

If home values are rising, shouldn't I price my home slightly higher than current market value?

Even when the market is moving very fast and prices are going up quickly, it still takes the market 4 to 6 weeks for it to adjust. 4 to 6 weeks is the length of time it takes to get a comparable home sold once an agreement is reached.

As far as marketing a home for sale is concerned, the first 2 ½ weeks are the most critical time for the seller to control market perception about his/her home. A good Realtor will be able to guide a home seller as to market direction and appropriately pricing a home to take advantage of the market direction.

Is it possible to price a home too low?

No, you cannot price a home too low. The market will make sure that the home sells for market value, every time, for its location, amenities and condition. The goal of the initial listing price is to generate interest and create a positive market perception.

Pricing low achieves this while pricing high does not.

Aren't you just advising to price it low so you get a quick sale?

No one has actually ever asked me this question although I've heard it said about other Realtors. I thought it would be wise to include it to give a bit of perspective on what Realtors do and how I think on this topic.

- 1) Realtors get paid on commission. We earn our commissions by producing a buyer, representing either buyer or seller through the maze of paperwork and closing the sale. Each Realtor gets a percentage of the proceeds, usually 3% to 2.5%.
- 2) The higher the sales price of the home, the higher the net proceeds to the seller and the higher the commission to the Realtor. Selling a home low is not in anyone's best interest; seller or Realtor.



- 3) Selling the home quickly, within 10 to 14 days will net the seller the most money possible from the sale of the home. A home that doesn't sell in 3 to 4 weeks will not sell for the most that it could have sold for in the first 2 weeks.

In Conclusion

I fully understand the concepts illustrated in this report may be difficult to understand.

“What if no one comes up above the listed price?” is a common question. The answer is that if we are low enough, we'll drive buyers up to compete for the home and the price will go up.

I have consistently gotten over listed price for homeowners over my career. Yes, some of that can be attributed to the market but just the same, most listing agents cannot say that no matter what the market is.

Ask yourself this question: **Will you feel better about lowering your price or negotiating with buyers for a higher price?** Most sellers I speak with feel better about negotiating a higher price than having to reduce their price and expectation.

The market sets the price that any piece of real estate will sell for. No amount of wanting more money for a home can combat what the market will bear unless the home is very special.

Markets where people are paying over and above appraised value for a home are very rare. I have seen such a market only twice in my career and they are very short lived.

If a home seller wants more than market value for their home then price the it low and come up. Pricing high and coming down will not accomplish this goal.

Selling a home, similar to selling anything, is a game between buyers and sellers. Sellers must understand that controlling the perception of potential buyers puts them in control.

When you're considering selling your home and deciding what your best course of action is, it can be scary. You don't want to make a seemingly insignificant mistake and end up costing yourself a dollar much less \$10,000.

I've sold many, many homes over the course of my career. When a seller follows my advice, I have yet to have an unhappy client.



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CalBRE #01330136 – Full time realty services since 2002

Service Areas:

Rocklin, Roseville and Lincoln

Residential/Residential Investment Specialist

Professional Affiliations:

Member, National Association of Realtors

Member, California Association of Realtors

Member, Placer County Board of Realtors

Member, Rotary Club of Roseville

Former Member, Professional Golfers Association of America

Honorably Discharged U.S. Army Veteran, Helicopter Pilot, 8 years served

Other Interests:

Serving the Community, Golf, Reading, Skiing, Personal Development, History, Blogging

“Leading with Integrity”