

# STRATEGIC PLANNING WILL SELL YOUR HOME SUCCESSFULLY

Volume 1, Number 1

WINTER 1984

The American Dream of Home Ownership resides in the hearts of apartment dwellers around the city. This older "Baby Boom" is asking, "How can I get in on home ownership?" At the same time the sellers are asking, "How can I sell my house?" The answer to these questions is designing a strategic plan to make your home attractive to these buyers – in more ways than one.

Just as a real estate company designs a marketing plan to sell a home, you, as a homeowner also must do some strategic planning to market your home. The preliminaries of marketing a house for sale are critical to the long-term success of your sales effort. The important areas are: Arranging Financing Options, Establishing a Price, and Preparing Your Home for Showing.

## ARRANGING FINANCING

In the past the three most important factors to consider in a home purchase were, "location, location, location." Today the three keys to successful real estate transactions are "financing, financing, financing." Sellers today are asking, "Is it possible to sell my house in today's market?" Equally concerned buyers are asking, "can I purchase a home with the current high prices and high interest rates?"

## STRATEGIC PLANNING (cont.)

What concerns buyers most is NOT finding a house they will like, (that's the easy part!) but will they be able to afford to buy it. Buyers are much more sophisticated in their knowledge of real estate today than in the past. They understand how good financing can give them lower monthly payments or help them buy a larger home.

You need to work with your agent to determine the limits of your possibilities to assist a purchaser to finance your house. Typically, the types of financing you can provide are owner held first or second trusts, and subsidizing institutional financing, e.g. buying down the interest rate.

Owner held or assisted financing can be structured in numerous ways and in different series of combinations. What particular plan or plans will sell your home is often a function of the knowledge of your agent about financing and your flexibility.

No owner or buyer should consider financing possibilities they do not thoroughly understand or which are not in their best interests.

It is clear, however, that there are many advantageous options. For example, Dr. and Mrs. Fox sold their residence for \$250,000. The buyer paid \$125,000 cash and the Fox's held a first trust of \$125,000 at 13.5% (at the time a below market rate) for 30 years. Each month they receive \$1,415. Their cash receipts had no tax consequences because they used their age 55-tax exemption. In this case, both the purchaser and the seller left the settlement table pleased.

It is also important to choose a real estate firm that has special financing of their own. This type of financing, coupled with your own financing, can make the difference in obtaining a higher price in a shorter time. The complexities posed by the financing options that have developed over the last several years best illustrate the expanded role of the real estate agent. Today agent needs to understand and be able to effectively communicate the pros and cons of a variety of (sometimes) complex financial transactions.

## ESTABLISHING A PRICE

The next important item is one that is dear to most sellers' hearts. The Price. Put yourself in the place of the homebuyers coming into your neighborhood to purchase a home. They are actively looking at homes and will be aware of what the "competition" is offering. Look at the homes in your area that are currently on the market. Ask your agent to provide you with a market analysis of recent successful sales. A word of caution! Neighbors are not always precise in their knowledge of house sales. Get it in black and white. With this information compiled, price your house to be more attractive than the competition. Yes, there is a bit more to it than this, since no two houses are alike. Your agent will help you to interpret the data and assist you in arriving at a competitive fair price.

## PREPARATION FOR SHOWING

The last major area of preliminary planning involves the condition of your house. You live in it and love it, faults and all. But your house is about to have a new affair. Shape it up!

### EXTERIOR

- \*Prune hedges and shrubs
- \*Plant flowers and mulch plantings
- \*Mow yard and fertilize it
- \*Clean the gutters
- \*Repair slipped slates, etc.
- \*Paint the front door, if necessary
- \*Make the exterior neat and tidy

### INTERIOR

- \*Remove excess furniture
- \*Have a tired room? Paint it
- \*Make the bathroom sparkle
- \*Clean the basement and paint the wall if needed
- \*Remember those nitty gritty projects you have been putting off? Do them!

Your goal is to make your home show like a model while retaining its warmth and personal charm.

You have now thought through various financing options. You know what a good competitive price for your house is. And of course, your home looks like a charmer. You are ready to put up the FOR SALE sign. With this degree of preparation your house will sell. Year-to-date there have been --- houses sold in Montgomery County. This represents --% of the houses actually placed on the market. Most of the houses that sold had a planned marketing strategy that was well thought out and well executed.