














## Preparing Your House--Exterior

The first step in preparing the exterior of your house--a buyer's first introduction to it--is to take a clear-headed look at the house from the street. Stand at the curb and look at your house as a buyer might. What stands out and catches your eye? The beautiful landscaping and the new roof? Or does something else strike you? The faded exterior paint? The ruts in the driveway? The 2 missing shutters? Remember, this is how your home will "introduce" itself to a potential buyer. If the appeal isn't there, they will likely move on to the next available house, no matter how beautiful the interior of your house may be!

If you need major improvements or renovations to your house, do them *before you put it on the market*. The average buyer simply does not have the "vision" necessary to see the job done (if you are planning to do the improvements prior to closing). If you are attempting to sell the house as a "fixer-upper" be aware that even though many buyers say that this is what they want, when confronted with the prospect of actually *buying* one, they often run for the hills!

### Exterior Preparation

-  **Overall appearance:** Remove any junk or clutter from the yard. This includes tree limbs and leaves, but especially goes for junk cars or parts, lawn tractors, etc.
-  **Overall appearance:** If the exterior of the house is dirty or moldy, powerwash it. If it is in need of paint, get competitive bids if you can't do it yourself.
-  **Grass:** If possible, reseed any bare areas of the lawn.
-  **Landscaping:** Trim all shrubbery and plantings. Trim trees if necessary, especially dead limbs.
-  **Driveway:** If the driveway is stone and looking lean, add a coat of gravel. If it is asphalt, consider resealing.
-  **Decks and porches:** Powerwash and seal, stain or paint.
-  **Gutters and downspouts:** Check gutters and downspouts to make sure they are clear and functioning properly.
-  **Lights:** Make sure that all exterior lights are operational.
-  **Landscaping:** If the season is right, plant colorful flowers where appropriate.
-  **Landscaping:** Add mulch to planting beds and around trees. An inexpensive but very effective way of freshening the look of the yard.
-  **Windows:** Make sure the exterior (and the interior) of windows is clean and operational.

## Preparing Your House--Interior

If you get the buyer into the house, it is important to make their visit as pleasant as possible--and that means having the whole house ready. You want them to be as comfortable as possible, and to linger in the home. A "turn off" will send them scurrying quickly to the next house on their list!

### Room by Room

#### Entry



Must be especially inviting for your guests (your potential buyers). Make certain it is well lit, clean and has nothing laying around either inside or outside. Paint the front door if it even remotely

needs it.



If you normally use a back or side entrance to your house, pay particular attention to the front entry. You rarely see it but this is where the buyers will enter!

### Living Room or Great Room



If possible, keep furniture at a bare minimum so that traffic flow is easier and the room does not appear smaller than it actually is.



If bookshelves, curio cabinets, and the like are overflowing with books and knick-knacks, remove some of them.

### Family Room or Den



If this is the room you live in the most, make it look inviting but not overly lived in.



Keep furniture at a minimum but make the room look like a comfortable place to spend time.

### Kitchen



Clean the exterior of all appliances. Clean the oven interior.



Clean or replace the stove hood filter. This is often overlooked, usually dirty and greasy, and looked at by a lot of buyers.



Clean cabinet faces. Make them shine!



Remove all clutter and unnecessary items from countertops and clean all countertops and backsplashes thoroughly.



Clean vinyl or ceramic floor.



If you have ceramic tile elsewhere in the kitchen, pay particular attention to the grout--make sure that it's clean. If it is discolored, there are "grout whitening" products that are available.

### Bedrooms



Remove all clutter. If you don't need it, store it or pitch it!



Arrange or remove furniture to maintain good traffic flow through rooms. Remember, there may be three or four people in each group that walk through your house.

### Bathrooms



Make sure all bulbs are working and have the highest wattage available and safe for each fixture. Brighter is better!



Clean all ceramic tile. Check the grout for cleanliness and deterioration.



If faucets drip, fix them.



Thoroughly clean sinks and tubs. If rust spots are on the porcelain, attempt to remove them.



Remove any evidence of mildew from the shower and bathtub. Products are available that spray on and quickly kill the mildew.

### Basements



If the basement is damp or musty, consider a dehumidifier.



Give prospective buyers room to move around. Clutter...well, you know the drill!

### Garages



Remove all junk: broken tools, old car parts, toys from the 1960's, etc.



If floor has oil marks, clean it (cleaning solutions are available at most home improvement stores and work with a normal garden hose).

### Miscellaneous












Replace the furnace filter.



## Preparing Your House--Interior General

Many home sellers make the mistake of ignoring certain repair or maintenance items in the hope that a potential buyer will either not notice, or if they do, telling them that they (the seller) will repair or replace the item. Most buyers do *not* have vision. They are not able to look at a room that needs paint and carpet and imagine it fresh and attractive. Telling them that something will be cleaned, or painted, or repaired may work with some, but the majority will not be able to envision the house after the changes have been made and will scratch your house from their list.

### General Interior Preparation

-  **Painting:** When it comes to preparing a house, painting gives you the best return for money spent. Which rooms should you paint? Any that have dirty or marked walls or any rooms that are currently painted in dark colors. Keep it neutral--offwhite or antique white is the best.
-  **Carpeting:** At the very least, all carpeting needs to be steam cleaned. Any worn, stained or foul smelling carpet should be replaced. You may be tempted to give a "carpet allowance" and that may work. Just remember, most buyers do not have vision.
-  **Operation:** If you are not having a **whole house inspection** done, check all faucets, toilets, and electrical items for correct operation.
-  **Safety:** Make sure that your house is safe. Not only can a wobbly railing stop a sale, it could also cause an injury to a potential buyer who is not familiar with your house (and is spending time looking instead of being careful).
-  **Clutter:** If an item is not necessary for your day-to-day life, box it up and store it or throw it out!
-  **Fireplace:** Have a professional fireplace or woodstove cleaning and inspection. The buyer will most likely request it anyhow. Getting it done in advance impresses the buyer and makes the home appear cleaner and fresher smelling.
-  **Closets:** Make sure all closets are neat, clean, and organized. See above item on clutter.
-  **Doors and Windows:** Check all for smooth operation. Replace any cracked window panes.
-  **Cleaning:** Even though you may consider your house clean and tidy, a thorough cleaning--including dusting, washing, and waxing everything--will always make a house more appealing.



## Showtime!

Your house has been checked, inspected, and cleaned from top to bottom. You have priced it at what you feel is a fair price. The marketing and advertising program is in full swing. Now it is time to put all of the preparation into action: showings! All of the work that you have done up to this point will only have an effect when a buyer walks into your house for the first time.

### Showing Your House To Maximum Advantage



Give all family members assigned jobs in advance that will go into action when a short-notice showing is scheduled. Everyone must know their duties and carry them out, so that you don't end up banging into one another trying to get everything done quickly.



Open every window covering. All drapes, curtains and blinds should be positioned to let in maximum light. Buyers like a house to be "light and bright," so accommodate them! Turn on as many lights as possible.



Make sure the house *smells* good. Baking cookies, often recommended, may be overdoing it, but pet odors, smoke, or greasy cooking odors definitely will **not** work! Air out the house just before the scheduled showing but close the windows (unless it is a perfect day) before they



arrive.

- ✓ Six very important words: no clutter, no clutter, no clutter!
- ✓ Make sure that everything is spotless. Pay particular attention to the bathrooms and the kitchen. In the bathrooms, towels should be fresh and clean, sinks and baths scrubbed, and the floor freshly cleaned. In the kitchen, make sure all dishes are put away and countertops and sinks cleaned.
- ✓ Check the thermostat to make sure that the house is at a comfortable temperature.
- ✓ Remove pets from the house, or at least, keep them outside. Pets under foot will quickly put a damper on an otherwise positive showing.
- ✓ Make sure **Fact Sheets** are available and easily accessible. (The dining room table is an ideal place for them).
- ✓ If you are using an Agent, *leave!* If this is not possible, make yourself as inconspicuous as possible. If it is comfortable outside, go there until the buyers leave. If you are selling on your own, of course, you don't have this luxury. If this is the case, be as helpful as you can but don't crowd the buyers.

## Setting the Price on Your Home

Along with location and condition, the pricing of a house is a major component of the reasons why a house will--or will not--sell quickly. Although the pricing should not be dealt with lightly, some sellers have a tendency to put too much emphasis on the price and not enough on the condition, ending up with a house that is overpriced for its current condition and the overall market. Even if you find an unaware buyer that appears willing to pay the high price, when the buyer applies for a mortgage, the chances are good that the lender's appraisal will force the price back down to market value.



### It's important to get it right the first time

Care and time should be taken when establishing the original listing price for several reasons:

- 1) If the house is overpriced, it won't sell. If it doesn't sell and sits on the market the listing quickly becomes stale.
- 2) If you overprice the house with the intention of reducing the price later just to "see what the market will bear", when the price of the house is lowered, it signals to buyers that it was (and still may be) overpriced.
- 3) If the house is underpriced, it most likely will sell quickly--to the detriment of your net proceeds.

### Some factors that affect the price of a home

- 1) **Location:** You can't get away from this one. If your house is located in a desirable area that is in demand, you will be able to get a higher price than you can for the same house in a less desirable area.
- 2) **Condition:** A house that has been better maintained and shows better will always sell for more than one that has had deferred (neglected) maintenance and needs work.
- 3) **Desirable amenities:** If a house has amenities that are currently popular in the marketplace, it will bring a higher price.

## Home Improvements -- Adding to Your Basis

An important part of the ownership of a home is the preparation for its eventual sale. A good example of this is maintaining records of any capital improvements that you make to the house, since the value of these add to the basis of your house. When your house has sold and all proceeds have been collected, your capital gains will be based on the difference between the sales price (less any selling expenses) minus the adjusted basis. The IRS lists the following as increases to basis:

- 1) Improvements
- 2) Additions

- 3) Special assessments for local improvements, and  
 4) Amounts you spent after a casualty to restore damaged property.

The IRS defines improvements as those items that "add to the value of your home, prolong its useful life, or adapt it to new uses. You add the cost of improvements to the basis of your property."

**Examples:** Putting a recreation room in your unfinished basement, adding another bathroom or bedroom, putting up a fence, putting in new plumbing or wiring, putting on a new roof, or paving your driveway are improvements.

The chart below lists some other examples of improvements

Additions	Miscellaneous	Plumbing
Bedroom	Storm windows, doors	Septic system
Bathroom	New roof	Water heater
Deck	Central vacuum	Soft water system
Garage	Wiring upgrades	Filtration system
Porch	Satellite dish	Interior Improvements
Patio	Security system	Built-in appliances
Lawn & Grounds	Heating and Air Conditioning	Kitchen modernization
Landscaping	Heating system	Flooring
Walkway	Central air conditioning	Wall-to-wall carpeting
Fence	Furnace	Insulation
Retaining wall	Duct work	Attic
Sprinkler system	Central humidifier	Walls, floor
Swimming pool	Filtration system	Pipes, duct work

**Recordkeeping.** You should keep records to prove your home's adjusted basis. Ordinarily, you must keep records for 3 years after the due date for filing your return for the tax year in which you sold your home. But if the basis of your old home affects the basis of your new one, such as when you sold your old home before May 7, 1997, and postponed tax on any gain, you should keep those records as long as they are needed for tax purposes.

The records you should keep include:

- 1) Proof of the home's purchase price and purchase expenses
- 2) Receipts and other records for all improvements, additions, and other items that affect the home's adjusted basis
- 3) Any Form 2119 that you filed to postpone gain from the sale of a previous home before May 7, 1997
- 4) Any worksheets you used to prepare Form 2119, such as the Adjusted Basis of Home Sold Worksheet or the Capital Improvements Worksheet from the Form 2119 instructions