



Guide to Selling Your Home.

HOME SELLING PROCESS OVERVIEW



- ☒ ADDRESS ANY HOME WEAR & TEAR
- ☒ ENLIST THE HELP OF A PROFESSIONAL
- ☒ STRATEGIC PRICING
- ☒ SET THE STAGE
- ☒ MARKETING YOUR HOME
- ☒ EVALUATE OFFERS
- ☒ NEGOTIATING THE DETAILS
- ☒ GETTING TO CLOSING

Let's Move.

Whether you have lived there for decades, or a few years, selling your home is a big decision and no small task. This seller guide will help you understand and navigate the process. It covers the beginning steps of preparing to sell and goes into the details of the transaction itself. I am available to answer your questions anytime.

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Successfully sell your home
quickly and for top dollar.

THE BIG TEAM

I hope this seller guide is helpful. Working with a team of professionals that understand your needs and have your best interest at heart is paramount to a successful real estate transaction.

Big Red Realty Group has developed trusted relationships with numerous service providers. We pride ourselves on our ability to communicate our sellers needs and to keep a transaction moving forward in the most efficient manner possible. We are happy to provide you the contact info for:

Real Estate Attorneys

Mortgage Brokers

Insurance Brokers

Home Inspectors

HVAC Professionals

Chimney Maintenance and Repair

General Contractors

Carpet Suppliers

Electricians

Handyman Service

Interior Design and Stagers

Professional Organizers

GO BIG  GO HOME
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STEP 1- ADDRESS HOME WEAR & TEAR

Unless your prospective buyers are looking for a “fixer-upper” (which translates to a lower selling price), you’ll want to assess the wear and tear on your property and address any flaws that can lower your home’s appeal and sale value.

Take a good look around to determine where your home needs improvement. Some fixes are mainly cosmetic and you may be able to handle on your own; fresh paint, sprucing up the lawn, updating lighting, replacing door knobs and the like.

Other issues that are more significant may require hiring a home maintenance professional to do the job. If you have put off doing some preventative maintenance then now is the time to get the repairs taken care of. Issues concerning heating, plumbing, HVAC systems, gutters, roof and foundation can all be deal breakers if left unaddressed.

Once you have taken stock of it all, tackle what matters most. Be smart, as this initial investment of time and money can help generate a faster sale at a higher price.



STEP 2- ENLIST THE HELP OF A PROFESSIONAL

Buying and selling a home is a huge financial transaction that involves legal contracts and obligations. It requires proper knowledge and representation to protect you legally and financially. Most importantly it requires working with someone who is honest and transparent and is committed to you as their most valuable customer.

A Licensed REALTOR is a professional who abides by a code of ethics and has a fiduciary duty to you. Today's real estate industry has seen an influx of so-called, low cost, that promise to put money back in your pocket as a "rebate", and flat rate brokerages. Other business structures on the scene call themselves i-buyers and promise you a fair and quick price if you sell to them directly. This i-buyer approach is a corporate take on the long established whole seller model.

These business styles are not new but with today's online presence they have the appearance of being so. Some find their services convenient- Is convenience really what you want when selling one of your biggest assets? Do you know what to do when all of a sudden you are faced with fees and contract adjustments that you only become aware of after going so far into the transaction? These are important things to consider and if you would like to learn more about these models, I am happy to share the information with you. It is important to evaluate all options so that you can make an educated decision.

Benefits of working with a REALTOR

If you truly want to work with someone who knows the business and has a fiduciary responsibility to protecting your financial interest than a Licensed REALTOR is the way to go.

REALTORS will:

- ☑ Outline their professional responsibilities to you, including complete disclosure, loyalty, confidentiality, and accountability.
- ☑ Help you determine the best list price
- ☑ Extensively market your home
- ☑ Offer expert advice on ways to prepare and show your home
- ☑ Assist you if necessary, in finding any home related services you may need.
- ☑ Provide feedback from showings and open houses.
- ☑ Update you on market changes that would affect the sale of your home
- ☑ Pre qualify potential buyers
- ☑ Promptly present and evaluate each offer with you
- ☑ Negotiate the highest possible price and best terms for you
- ☑ Manage contractual, title, and transaction details
- ☑ Ensure all mandatory disclosures and contracts are properly executed and ensure contingencies are met.



Big Red Realty Brokers are proud members of the National Realtor Association and our local Chicago Realtor Association. As a REALTOR we hold ourselves to the higher standard and abide by the ethics standards as governed by these bodies. Additionally, the continuing education and certifications we receive on a yearly basis combined with our years of experience enable us to provide the highest standard of service.

STEP 3- STRATEGIC PRICING

Setting the right price for your home is essential to ensure a timely sale at top dollar. Pricing too high can result in your home sitting on the market for months. Pricing too low and you are leaving money on the table. A properly priced home should generate quick interest in today's market.

Get a competitive market analysis (CMA)

A CMA is an in-depth evaluation of your home's value based on the local real estate market activity. It looks at pricing information of similar homes to yours that are current listings, recent sales and those that did not sell. A good real estate agent will know these homes because they are experts in the local market and thus will be able to make proper pricing adjustments based on the features and condition of the properties compared to yours. Days on the market and overall market trends are two additional important factors to consider when doing an accurate CMA.

Many people speak about price per square foot but it is important to discuss this with your realtor to understand why this is not an appropriate method for pricing in the real estate industry.

Once you have decided on a competitive price it is important to continue evaluating the local market to ensure you are properly positioned for a quick sale. At Big Red, we provide our clients access to cutting edge, live data via our online tools to keep you informed and up to date on market activity.

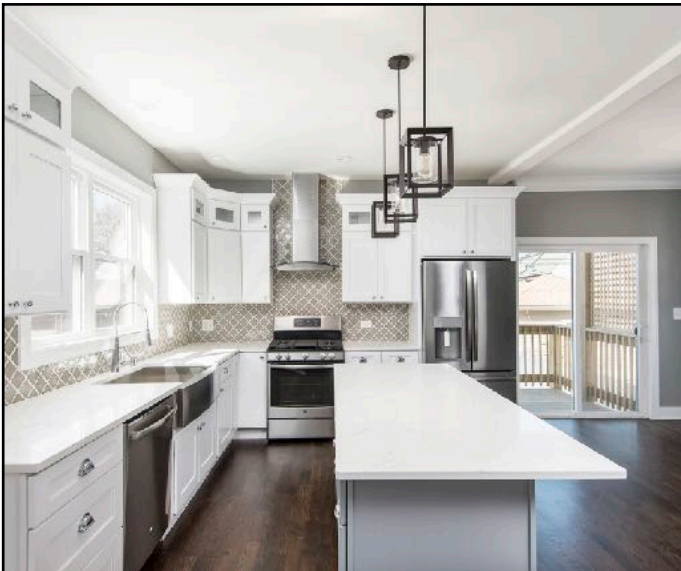




STEP 4- SETTING THE STAGE

Does your furniture arrangement draw visitors in? Does your home's color scheme have a fresh modern appeal while keeping to its architectural style?

Neutral decor that helps highlight the unique features of your home will attract buyers. Consider the overall style of your home and stage it to achieve a cohesive look from room to room.



Buyers today are looking to fall in love with a home and when they fall in love with your home they are willing to pay top dollar. So how can we make this happen? Start by taking a step back and looking at your home from the view point of a visitor.

Pretend you are having a dinner party, ten guests are coming over. Are there certain things you would do to prepare? Perhaps some items you might put away? Maybe a certain chair or table would be repositioned to allow for flow and conversation? I know we are going to put some fresh flowers out and set the table, right?

These are the things you need to do to ensure your home decor and belongings showcase the home's features and functionality.

When we are "living" in our homes we set things up for our daily lives but when company comes over we put our best foot forward. Selling your home is the same.



SETTING THE STAGE - continued

It may seem like a lot and I understand you don't live in a magazine but there are ways to quickly transform your home to sell - when we prepare our home and market it properly then it will sell quickly- so don't think of this as a long term change to your style of living.

Staging is not only about picking up and removing clutter. A properly staged home takes into consideration function and design as well as appealing to the emotions and needs of today's buyer.

Sometimes all it takes is to move the furniture to transform the look of a room. It may require one piece being moved from one room to another to better express a room's functionality.

A professional stager can make suggestions that will help you accomplish your goal. Keep in mind there is a difference between interior design and home staging. A home stager will help your home appeal to buyers. While they have some interior design training they are also trained in the specifics of real estate staging.



Setting the stage checklist

- ☒ Take a step back and assess what you have going on in each room. Ensure each room has an obvious purpose.
- ☒ Move or remove unnecessary furniture/belongings.
- ☒ Remove personal photos and clutter
- ☒ Organize those closets and don't over stuff them we don't want buyers to think you do not have enough space for your belongings.
- ☒ Kitchens and bathrooms should sparkle
- ☒ Clean your oven, refrigerator, stove and yes the inside of the dishwasher.
- ☒ Trash and recycle bins should be clean and odor free.
- ☒ Make sure all light fixtures have working bulbs with a color temp that is easy on the eyes
- ☒ Remove and secure all cash, jewelry and other valuables.



STEP 5- MARKETING YOUR HOME

As detailed above, strategically preparing and pricing your home are fundamental to attract serious financially qualified buyers. Equally important is reaching the maximum number of potential buyers with your home listing.

Today, the internet, mobile apps, and direct contact with buyers and their agents are the main sources of home information for searching buyers.

The internet has changed the way we shop and the same is true for the way we search for homes.

An online presence has become more than just a listing in the MLS and various real estate portals. To successfully reach buyers your listing must leverage these portals, social media, search engines, and messaging apps that consumers are accessing in today's digital world. The obvious social media platforms include Facebook and Instagram but a properly marketing campaign should also include Whats App, Waze, Clubhouse, Youtube, Twitter, Google, Tik-tok and Next-door to just name a few.



STEP 6- NEGOTIATING THE DETAILS

The reality is that most negotiations proceed without much difficulty. When an offer comes in you either accept or counter. There will most likely be a few back and forth but your real estate agent will ensure the process moves smoothly and in a timely manner. In the event there are obstacles your agent will be your strongest ally and best resource for solutions.

WHEN THE OFFER COMES IN:

A buyer makes an offer on your home using a contract developed by the lawyers for the local real estate association. These contracts allow the buyer to indicate their desired purchase price and include specifics on loan type, closing and possession dates, items that will and will not convey, and contingencies such as mortgages and inspections, as well as attorney review time frame. The contract will also address escrow monies and the legal aspects surrounding the holding and distribution of this escrow money.

Your realtor will help you evaluate the specifics of the offer and help you determine what works best for you and what you are willing to accept. This is the beginnings of negotiations. Successive counter offers, with deadlines for responding will be exchanged between you and your potential buyer until either a mutually satisfactory agreement is reached or the offer is canceled. (Let's try to avoid that outcome.)

Once both parties are in agreement the offer will be signed by seller and buyer at which time it becomes a contingent contract.

BASIC PRINCIPLES FOR A SUCCESSFUL NEGOTIATIONS :

Disclose Everything- smart sellers proactively go above and beyond legal necessity to disclose all known defects to the buyer. Trying to hide a defect will only cause mistrust and contention when defects are ultimately discovered. You may potentially be opening yourself up to adverse and costly legal action by the buyer. Disclosing any issues will help you avoid this and make for a smooth transaction.

Ask questions- offers may contain complicated terminology, sometimes three or more contingencies. Your professional agent can help clarify.

Respond Quickly- When buyers make an offer it is important to respond while their emotions tied to your home are fresh. Moods change and buyers have been known to get cold feet. Don't delay if you want the sale.

Stay Calm and be Patient- At all times keep communications civil and agreeable.

Meet Halfway- If there is a disagreement about relatively small expenses consider splitting the difference. The goal is closing the deal. This is not the time to try and get a win for the sake of winning.

Be cautious with contingencies- When you have landed your buyer the signed acceptance of a written offer becomes a sales contract. Except for removing any contingencies, this document is a binding basis for the sale. Make sure the contingencies are successfully met.

Rely on your real estate professional- It is your agent's responsibility to make sure your best interest is protected every step of the way. Your success is their success.

STEP 7- GETTING TO CLOSING

A contingent contract contains special conditions that must be fulfilled by the buyer and seller prior to closing.

COMMON CONTINGENCIES:

- Inspection and Attorney Review
The inspections will be arranged by the buyer and scheduled through your realtor.
- Mortgage Application and Commitment
Your realtor will stay in constant contact with the buyers realtor and lender to ensure this process is done in a timely manner and contingencies are met.
- Proof of Insurability of the Home
The buyer will obtain an insurability statement form their insurance company which is required by the lender to process a mortgage application.
- Satisfactory Home Appraisal
The buyers lender will order an appraisal which will be scheduled through you realtor.
- Clean Title Search
The title company will perform a title search to ensure that the title is clean of any issues that could impede the sale of the property. Title should be free of any undisclosed liens or any other ownership claims. . Before closing, the title company will also order a 'payoff' from your current mortgage company.
- Mortgage Commitment
The purchase contract sets forth a date in which a lender "clear to close" is due from buyers lender. Your realtor and real estate attorney will be closely watching this date as it is the last contingency to be met prior to going to closing.

THE COST OF SELLING:

Both the seller and buyer will have closing costs. Seller closing costs will be recorded as a debit to the seller on the closing documents and the amounts will be deducted from the sale proceeds.

- Mortgage payoff and outstanding interest
- Title Policy Fees
- Document Processing Fees
- Attorney's Fees
- Transfer tax or other government fees
- Broker Commissions
- Real Estate Attorney fee

You can refer to your listing agreement to see the details of your transaction's closing costs in regards to commissions, and the purchase contract will address any credits to buyer and any buyer home warranties you may have agreed to. Your realtor can further explain other fees that will have to be paid at closing.

It is also important to discuss these costs and expected net proceeds with your real estate agent and attorney prior to the closing date. Additionally you should also consider the capital gains tax and ask an accountant if this will apply to you. Prior to closing you should review the closing documents to ensure accuracy.

STEP 8- DAY OF CLOSING

Once the contingencies are satisfied your contract is now considered pending. Once a contract is pending the title company will schedule the closing, a final walk through is arranged and your real estate brokerage firm will direct escrow to distribute the funds to the title company according to the distribution request submitted to them by your real estate agent.

In Illinois it is not required and is actually very rare that sellers are present at the closing. Your real estate attorney will have you sign the closing documents in advance. While you may not be there personally your interest will still be protected, as both your real estate agent and attorney will be in attendance to ensure the closing goes smoothly.

At closing the buyer's attorney will review each page of the buyer's mortgage documents as they sign each item required to secure the loan to purchase the home. While the buyer is signing, the title company will be working to gather all documents and ensure they are properly executed and recorded. The title company will also receive the distribution of escrow money and the purchase funds via wire transfer which they will in turn redirect to the appropriate entities for payment of attorney fees, broker commissions, transaction costs, mortgage payoff and net proceeds to you, the seller.



Congratulations

At this point you have successfully sold your home and are off enjoying the next chapter in life.

Hopefully you were able to purchase your next home in seamless and well coordinated manner. If you would like to learn how to sell and buy without carrying two mortgages, let's set up a time to discuss your options and how we have helped others make this happen.



COMMON LEGAL TERMINOLOGY:

- **Appraisal** - A document of opinion of property value at a specific point in time. ¹
- **“As Is”** - A contract or offer clause stating that the seller will not repair or correct any problems with the property. Also used in listings and marketing materials. ¹
- **Back-up Offer** - When an offer is accepted contingent on the fall through or voiding of an accepted first offer on a property. ¹
- **Buyer’s Agent** – The agent who shows the buyer’s property, negotiates the contract or offer for the buyer, and works with the buyer to close the transaction. ¹
- **Closing** - The end of a transaction process where the deed is delivered, documents are signed, and funds are dispersed. ¹
- **Closing Costs** – The fees paid at the **closing** of a real estate transaction. ¹
- **Comparative Market Analysis** - A study done by real estate sales agents and brokers using active, pending, and sold comparable properties to estimate a listing price for a property. ¹
- **Contingency** - A provision in a contract requiring certain acts to be completed before the contract is binding. ¹
- **DOM** - Days on Market. ¹
- **Dual Agency** - The representation of opposing principals (buyers and seller) at the same time. ¹
- **Due Diligence** - The process of gathering information about the condition and legal status of assets to be sold. ¹
- **Earnest Money Deposit** - The money given to the seller at the time the offer is made as a sign of the buyer’s good faith and kept in an escrow account. ¹
- **ESCROW** – A bond, deed, or other document kept in the custody of a third party and taking effect only when a specified condition has been fulfilled. ²
- **Home Inspection** – A home inspector examines your home for integrity (HVAC system, electrical, plumbing, attic, flooring, foundation, etc. ¹
- **Listing Agent** - The agent that represents the home seller during a real estate transaction. ¹
- **List Price** - The price of a property through a listing agreement. ¹
- **Market Value** - The highest price in terms of money which a property will bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. ¹
- **Multiple Listing Service (MLS)** - A service that compiles available properties for sale by member brokers. ¹
- **Pre-Approval** - A higher level of buyer/borrower pre-qualification required by a mortgage lender. Some pre-approvals have conditions the borrower must meet. ¹
- **Pre-Qualification** - The mortgage company tells a buyer in advance of the formal mortgage application, how much money the borrower can afford to borrow. Some pre-qualifications have conditions that the borrower must meet. ¹
- **REALTOR** - A registered trademark of the NATIONAL ASSOCIATION OF REALTORS that can be used only by its members. ¹

Sources: REALTOR Magazine | Real Estate Glossary (<https://magazine.realtor/tool-kit/rookie/article/2020/02/real-estate-glossary>)¹
Dictionary.com (<https://www.dictionary.com/>)²

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