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July 14, 2008

YOUR MONEY MATTERS

Personal Property

How to Sell a House, When You Have to Sell It Now

Seven tips for homeowners who can't wait until the market turns around

By DAVID CROOK

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So you say you're selling your house?

Hey, it could be worse. You could be selling a Hummer.

If you've been waiting for a good offer to come through, this probably isn't exactly big news to you: This is the worst home-selling market since Herbert Hoover was president. In much of the country, prices are already way down and probably heading even further south. Houses are sitting on the market for months longer than sellers expected.

And don't think this is just a momentary lull, a short slowdown before the market recovers and then takes off again. What you see today is the market you have, for now and, quite possibly, for a long time to come.

"At best, I think we're a year away from the bottom," says Sally Bodmer, who has sold Tampa-area real estate for 31 years and has never seen a worse selling climate. She operates mainly in the newer suburbs on the far eastern edge of the metropolitan area. It was a super-hot area in 2005, when developers couldn't build houses fast enough. "Now," she says, "you can't give them away."

To be sure, things are not awful everywhere. Prices in metropolitan areas bypassed by the Big Bubble -- places such as Charlotte, N.C., or Rochester, N.Y. -- have held relatively firm or risen modestly through the Big Bust. And in some of the worst markets, elite properties and houses in the best neighborhoods may still buck the trends.

But even the perennial playgrounds of the upper crust aren't immune. According to Zillow, a real-estate Web site, prices in Palm Beach, Fla., are down about 10% from last year. Prices are down 13% in Santa Barbara, Calif.

THE JOURNAL REPORT

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- See the complete [Your Money Matters](#)² report.

So what's a home seller to do? What does it take to sell a house today?

If your job or life circumstances leave you no alternative other than to sell in this market, you must be prepared to go well beyond the usual feints and gimmicks if you want to get potential buyers in the front door and, ultimately, to the closing table. By all means, feng shui the living room, bury a statue of St. Joseph in the front yard and bake brownies before the open house.



But if you really want to sell the place, you need to think and act like a salesperson. Most important, you must separate your emotional attachment to your family home from your financial interest in your family's largest asset. Selling a house is business, and you must approach the sale in a businesslike manner.

Here are seven points to keep in mind:

1. DON'T WAIT AROUND.

Even in the better housing areas, it's taking a long time to sell houses; and in the hardest-hit metro areas, inventories of unsold homes are stretching well past 180 days.

So, don't try to sit out the market. That's what hundreds of other timid sellers are doing, each of them hoping -- somehow, some way -- that hanging on the sidelines will improve prices and, ultimately improve his or her chances for selling success. It won't. Not if you expect to sell anytime soon. If you want your place sold, the best way to make sure that happens is to put it up for sale.

Obviously, you should take advantage of your local market cycles -- early spring is usually better for selling in much of the country -- but otherwise don't try timing the market. You won't have any better luck than a stock trader who's always holding out for the market highs or lows.

2. FIX IT UP AND CLEAN IT UP.

Buyers are taking your house out on a date. It has to make a good impression.

Don't spend a lot of money -- absolutely no big-ticket renovations -- but do see that everything is in good repair. And give the place a new paint job and a general sprucing up. (Caution: This won't necessarily give you any pricing advantage over less fixed-up places, but it will attract buyers and keep them interested.)

As you get closer to the date that the house actually goes up for sale, start moving out by decluttering the place. No buyer wants to see a house filled to the rafters with other people's things. They want to imagine their stuff filling the place. "Stage" the place with only enough furniture to make it look livable; put the rest in storage.

3. PRICE IT CHEAPLY.

Don't fight the market by trying to price your house at bubble-era levels or by factoring in all those improvements you made. It won't fly.

Set a realistic, salable price on day one. Don't let the house hang around on the market as you gradually lower the price. Forget what you *think* the house should be worth or what it was worth three years ago. That's not what it's worth today.

Smart buyers will be looking for bargains. So you must set your price below comparable nearby properties. Look at the asking prices of neighboring houses, and set your price to beat them. If prices in your area are generally down 20% from where they were at the bubble peak in 2005, then price your house 25% to 30% below its peak bubble value. Your area down 40%? Be prepared to take just half of what the house was worth three years ago. Yes, it's painful. But if you want to sell, you don't have much choice.

And remember: In much of the country, renting is still a better deal right now than buying. As you try to settle on a price, look at rents on comparable properties. Buyers are not likely to be counting on huge price appreciation, as they did during the bubble, so they may be less willing to take on the higher monthly costs of home buying and owning. You must set a price that makes someone's prospective mortgage and home-owning costs look like a better deal than a month's rent.

4. HIRE A TOP REAL-ESTATE AGENT.

Get the best, most aggressive selling (listing) agent you can find.

When everything was selling before it even hit the market, of course, you didn't need the best. You just needed the cheapest. But not these days.

Fortunately, in this market, real-estate brokers are even more anxious than you. They're eager to get whatever work they can, so don't rely on your cousin with the real-estate license or your best friend's wife.

Ask, instead, for the local real-estate office's top salesperson. All offices have one or two sellers who greatly outperform their colleagues. That's who you want.

Interview various agents and insist that they present you with a well-conceived marketing plan that goes way beyond the usual Internet page, one or two open houses and a yard sign. (Think about using a professional photographer for multiple shots on the primary Web listing, your house as the featured "home of the week" in the local newspaper, a decorating segment on a morning chat show, a stop on the local garden club's spring tour.)

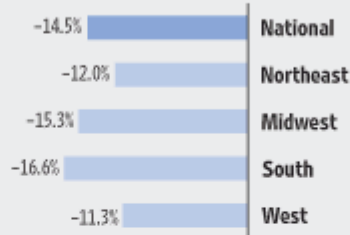
Buyers' Market

People planning to buy a home have the upper hand in most parts of the U.S.

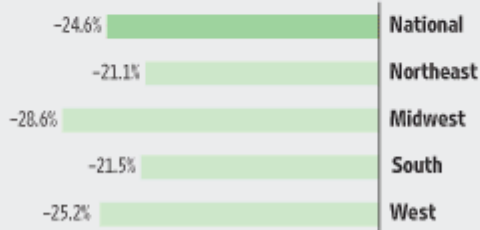


Sales: Double-Digit Declines

Single-family home sales were down all over the country in May from a year earlier...



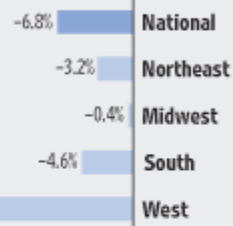
...But condo and co-op sales were down even more.



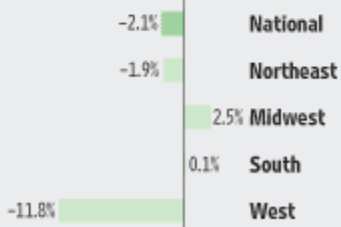
Source: National Association of Realtors

Prices: Mostly Lower

Median prices for single-family homes showed single-digit declines everywhere but in the West...



...While condo and co-op prices showed more modest declines or even rises in the Midwest and South



Sellers of higher-end properties should be able to negotiate a lower commission percentage, but this is no time to quibble over a couple of percentage points. Also, offer the agent a big bonus if he or she sells the house in 30 days or at your asking price. Offer other agents bonuses if they bring in the ultimate buyer.

5. PROMOTE. PROMOTE.

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Don't rely on the agent to do all the work. The agent should pay the usual marketing costs, but you should be prepared to pony up for extras, especially if you insist on more expensive or untraditional promotions.

You want the house listed regularly in local newspaper classifieds and, if it's a special, high-end property in a desirable location, in national publications, too.

Make sure your house is on the leading real-estate Web sites; Trulia, Zillow, Cyberhomes, Eppraisal and Realtor.com are some of the top ones.

Beyond that, get really creative. Advertise in corporate newsletters and intranet listings. Check in with local relocation firms that help transferring corporate executives find new homes. List the house on eBay. Put it on Craigslist. Put it in your church bulletin.

Trophy house in an upscale neighborhood? Hire a string quartet for the open house. Something a bit more midmarket in a family-friendly subdivision? Put a clown on the corner handing out brochures.

6. PLAY THE BANKER.

As bad as things are, there's one big factor in your favor: the tight credit market. If you have no mortgage you have to pay off, your strongest selling point might be your ability to finance all or a substantial part of a buyer's purchase.

You're a lot more flexible than a bank that has the Federal Reserve looking over its shoulders, so you might even be able to charge a higher interest rate than a commercial lender as well as command a higher sale price. (You'll need a real-estate lawyer to make sure everything is done to protect you and an accountant to set up a payment system. Peer-to-peer lenders such as virginmoneyus.com³ have systems to handle mortgage payments.)

Worst case? Your borrower defaults and you take the property back. And sell it again.

7. TAKE THE OFFER.

If any qualified buyer comes in with a reasonable offer, be prepared to accept it.

You don't want to lose the deal by digging in your heels over a few dollars. Every real-estate office keeps records that show the percentage difference between asking and selling prices, so it's easy to figure what's an appropriate offer and what's not.

Negotiate, of course, but recognize that the buyer has a lot more clout than you do. Your house, as wonderful as you think it is, is worth only as much as someone is willing to pay for it.

And that, unfortunately, will probably be a lot less than you think.

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