

Here's Some Different Advice for Sellers and Buyers in This Market

When the market is this tight, sellers need professional advice on getting the most money and best terms for their home. At the same time, buyers need guidance on how to beat out competing buyers and get the best deal they can, given the circumstances.

Advice for Sellers:

Don't overprice your home. In this market, you can't underprice your home, because multiple buyers will bid it up to its market value. My process involves running two different valuation softwares (RPR and Realist) and doing an MLS search of nearby comparable properties sold within the last 6-12 months. **I recommend pricing the house at or slightly below what the software and the comps suggest as the value of the property.** Priced that way, it will sell quickly with multiple offers and probably for well above any hoped for price.

Don't accept the first good offer. Properly priced homes that go under contract their first day on the market (DOM) do not sell for as much as homes left on the market for a few days. Here are the statistics for the 3,154 MLS (REcolorado) listings which closed in January 2016:

DOM	% Sold Over Listing Price
0	15.7%
1	51.9%
2	52.3%
3	50.8%
4	49.8%
5	41.8%
10	26.0%
20+	5.6%

Clearly, sellers got less when they sold their home the first day on market. Unless your listing agreement provides for a lower commission when the listing agent doesn't have to share his commission with a buyer's agent, you are quite possibly leaving money on the table when you accept that first offer, if it is from an unrepresented buyer. Typically, about 5% of listings are sold by the listing agent himself, but of the homes sold on their first day in January, 48% were sold by the listing agent.

Encourage your listing agent not only to wait for multiple offers but to **be transparent with buyer agents about the offers received.** Your listing agent can and should inform buyers' agents as to where their offer stands and urge them to resubmit better offers when they are not in the top position.

If the offers escalate to a price that may be

above what the home can appraise for, then your agent should **encourage the top bidders to include a provision waiving appraisal objection.** With enough competition, you can expect that some buyers will **waive inspection objection as well,** saying they will take the home "as is," and you can usually convince the top bidder to include that provision as well.

Don't worry about making upgrades other than low-cost ones which make a big difference. **Decluttering is a good idea,** and some agents, like ours, offer a free staging consultation so your home shows its best. **Good photos are essential** (preferably HDR quality) and a **narrated video tour** (like we create) is highly effective because it simulates an actual showing.

Advice for Buyers:

Financing is critical in a competitive situation. If you can only qualify for an FHA or VA loan with little or no down payment and other buyers are paying cash or offering a 20% or higher down payment, your offer is probably not going to be accepted. **Get a strong lender letter before making any offer,** and **encourage your lender to call the listing agent** after your offer is submitted to tout your strength as a buyer. Speak with your lender about ways to strengthen your offer. Our preferred lenders can be very creative in their suggestions.

You can't expect to succeed if your offer is contingent on the sale of your current home, unless there are no competing offers which are non-contingent. If you own your current home free and clear, **consid-**

er getting a home equity loan against your current home so that you can make a cash or near-cash (low loan-to-value) offer on the house you want to buy.

When you find a home you want to buy, it's important to **ask the listing agent about the seller's preferences** for closing date and other terms so that your offer is as attractive as possible. If you find that the buyer needs to find a replacement home, my favorite strategy in this tight market is to **offer a fast close with one month or more free occupancy for the seller** after closing. That way the seller can make a non-contingent offer on a replacement home and possibly be a cash buyer.

If the seller is moving locally and you're a client of Golden Real Estate, your offer can include **free moving for the seller using our moving truck.** We even will offer free labor, free gas, and free moving boxes and packing materials, paid for by us, not you.

If the seller is downsizing and wants to sell some furniture, you might **offer to buy that furniture, even if you don't want it.** You can always sell it on craigslist, saving the seller the cost of moving and selling it themselves.

A popular strategy is to **include an escalation clause,** offering to beat any competing offer by \$1,000 or more. I don't suggest capping your escalation price, even if you have a maximum price you're willing to pay. After all, any exercise of that clause will result in a counterproposal which you don't have to accept.

Call me to discuss strategies specific to you!

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By JIM SMITH, Realtor®

This Week's Featured Listing from Golden Real Estate

New: Affordable Golden Pines Condo

Golden Pines is a complex of affordable condos just off S. Golden Road on Quaker Street, just two miles from downtown Golden. They make great investment properties, and many of them are rented to students from the Colorado School of Mines. This 2-bedroom unit, whose address is 16359 W. 10th Ave., Building O, Unit 2, is a garden level condo with new kitchen cabinetry and interior updates. You can tour it online at www.GoldenPinesCondo.info. Listed by Jim Swanson, 303-929-2727. Call him for a private showing

— in this market and in this price range, this unit will probably sell by this weekend!



\$125,000



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