

Deciding to sell your home

Selling

There are many factors that prompt people to sell their home. Perhaps a new addition to the family means more space is needed, or children leaving home means you want to downsize. Perhaps your work requires you to relocate, or do you simply fancy a change? Whatever the reason, selling your home can be a lengthy and arduous task so make sure you have considered the alternatives:

- Build an extension or loft/cellar conversion
- Rent out a room
- Rent out the whole property and buy another with a buy-to-let mortgage

Timing

If you are selling your home and hoping to buy another, you have to think carefully about at what stage you want to start looking for a new house. There are three ways to do this:

- You can buy and sell simultaneously. It will save you storage and rent costs but it can put you in the stressful position of being at the whim of a chain
- You can sell your house and then rent while you find another though property prices may rise while you wait
- You can sell your house but request several months between exchange and completion in order to find yourself a new property. However, this may compromise your buyer

Whichever way you choose, it is best to at least have an offer on your own property before looking for a new one - bridging loans are expensive and should be avoided if at all possible.

Top tip

Remember it can take a while to get your home ready to sell and even longer to prepare the marketing material. If you want to sell your house in Spring, start preparations in early January.



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When to sell

Choosing the right time

The property market invariably reaches its peak in the spring; this is when most buyers are looking and when most properties are up for sale. Another advantage is that a property will always look better in the spring when the flowers are blooming and, who knows, the sun might even be shining! Although a good property will sell in winter, it may take longer. Research the property market well too. Unless you are forced to, never sell during a property slump. Similarly, don't sell when a neighbour has their property on the market - too many For Sale signs in a street can arouse suspicion.

Energy Performance Certificate (EPC)

Although sellers are no longer required to provide a Home Information Pack (HIP), they do need to provide an Energy Performance Certificate by law. The certificate provides 'A' to 'G' ratings for the building, with 'A' being the most energy efficient and 'G' being the least, with the average up to now being 'D'. Accredited energy assessors produce EPCs alongside an associated report which suggests improvements to make a building more energy efficient. For details of how to obtain an EPC for your home, visit www.direct.gov.uk and insert 'EPC' into the search field.

Appointing an estate agent

What an agent can do for you

Nearly three quarters of vendors sell their home through an estate agent and, if you lead a busy life, you will probably need to rely on one too.

An agent can:

- value your home
- prepare your property particulars, complete with pictures and a floor plan
- contact a wide range of potential buyers
- advertise your property in the press, on the internet and in their window
- organise viewings and accompany the viewers
- identify genuine buyers
- negotiate a purchase price
- form a link between you, your buyer and your solicitor right up to completion

Choosing an agent

Estate agents can vary in quality and level of service. You will be paying a substantial commission, so make sure you choose your estate agent with care.

Top Tips

- Check they are an associate of the Royal Institution of Chartered Surveyors (RICS), the National Association of Estate Agents (NAEA) or the Society of Valuers and Auctioneers (SVA)
- Get a personal recommendation
- Check local 'For Sale' signs and see who seems to be selling property like yours
- Pop in and do a spot check. Do you receive a friendly welcome and helpful attitude?
- Some people even go as far as vetting potential agents by getting a friend to pose as a buyer
- Compare costs on a like-for-like basis

Top tip

Watch the wording that estate agents use in contracts and read them very carefully before signing. Never agree to give an agent 'sole selling rights' as this means you will have to pay them full commission even if you find a buyer yourself.

Costs and contracts

Sole agency – the agent has exclusive rights to sell your home. Not always the best option from a seller's point of view but it does have the advantage of lower fees, typically around one and a half to two per cent of the selling price, depending on the price of the property.

Joint sole agency – you sign up to two agencies who agree to split the commission. This can be just as expensive as multiple agency (around 2.25 to 2.75 per cent of selling price) and therefore often pointless.

Multiple agency – you instruct as many agents as you like and whoever sells your property gets the commission (typically 2.5 to = 3 per cent of selling price).

Flat fee – more associated with property shops than agents. Make sure you know exactly what they will do for the money and remember that it will be non-refundable even if they don't sell your home.

Bargaining powers

Estate agent fees are usually negotiable, especially if you have a larger property, whose sale will therefore generate higher income for the estate agent based on the price multiplied by the percentage fee.

Alternative to estate agents

DIY selling

This option is not for the extremely busy or the easily stressed but it can save you a small fortune in agency fees, and there is no reason why you shouldn't be successful.

Property details

- Fix an asking price for the property (you can use estate agents valuations to help with this. They will usually do it for free in the hope they end up with your custom)
- Draw up some property details and advertisements
- Market the property as far and wide as you can, not forgetting to prepare a HIP as well.

Advertisements

- Take some interior and exterior shots of your home. Make sure they are taken on a bright day. Try and accentuate attractive features
- Take measurements of every room
- Write a brief description of your home (type of property, number of bedrooms, condition, etc)
- Use words like 'stunning' and 'beautiful' to capture people's imagination but don't overdo it
- Write a brief description of each room
- Describe items included in the sale price
- Write a brief description of the location of the property and include directions on how to find it

Adverts

- Are there any local papers with a good property section? This would be an ideal place to advertise
- Are there any websites that might be appropriate? There are many websites now specifically designed to sell property. They are often very cheap to advertise with
- Specialist housing magazines are ideal
- Put a double sided For Sale sign up outside your house. The sign must be no larger than 0.5 square metres and should state 'Viewings by appointment only' and have a phone number.

Other ways to sell your property

Auction – this is usually only appropriate for unusual properties but a property auctioneer can advise you. The advantage is the speed – the transaction is complete within 28 days. Approximately two and a half per cent of the selling price will go to the auctioneer.

Swapping or part exchange – where the party with the most expensive property is paid the difference. Be sure to get a proper survey done and that both properties are going for their full market value. The advantage of this method is that only one lot of stamp duty is payable, this can be split between both

parties. Some housebuilders offer part exchange packages. The housebuilder will offer you a percentage of your home's open market value, although this will not be as much as you would get if you sold your home through an estate agent. In return, you buy one of its houses. This is a good option if your house is proving difficult to sell or you need to shift your home in a hurry. Make sure you get some independent valuations before you accept an offer from a housebuilder.

Preparing your home for sale

The presentation of your house can make the world of difference when it comes to selling but it is important not to go overboard. You could spend thousands installing a designer kitchen or landscaping the garden – improvements that simply won't realise their value. A good rule of thumb is never to spend more than one or two per cent of the asking price preparing your property, unless some major work needs to be done.

Do

- Clear out your garage and put your car outside (preferably freshly washed)
- Make sure beds are made
- Put out fresh flowers
- Tidy your front garden. This will be the first thing a viewer will see.
- Be friendly but don't oversell your property or local area – this may make the viewer suspicious and you sound desperate

Don't

- Leave the cat litter tray on show
- Have a shower just before a viewing, as the condensation may linger and could set alarm bells ringing
- Try to conceal flaws such as damp with a coat of paint
- Leave the TV or radio on full blast when talking to viewers
- Cook any strong smelling foods just before viewers are due to arrive
- Leave washing hanging on airing frames or radiators

Vital improvements

- Thoroughly clean the entire property
- Store clutter out of sight but be sure it won't fall out should viewers open a cupboard
- Do all those little jobs you have been meaning to do – re-grout the tiles and mend the dripping tap. If your viewer thinks the house is well maintained, he is more likely to want it
- De-personalise your house. The potential buyer needs to be able to imagine himself living there so the less evidence of you, the better
- Smell is important, especially if you smoke or have a pet. Use air-fresheners and aromatherapy oils, open the windows or revert to the timeless trick of baking bread or making fresh coffee. It may be obvious but it works
- Play the lifestyle trick. Leave intelligent books on the coffee table and have some classical music quietly playing, it may well impress your potential buyers
- Leave lights and side lights on. Increase lightbulb wattage in particularly dim rooms
- If you have a lot of furniture, it might be worth putting some in storage so your home doesn't look too full
- Send noisy children or pets somewhere else
- Clean the bathroom and make sure the loo seat is down
- If it is summer, leave the windows open so your house feels airy. If it is winter, crank up the heating so it feels cosy.

Appearance counts

Key areas

There are certain aspects of a house that are particularly important when it comes to potential buyers, and these need to be looking at their best in order to achieve a good price and a rapid sale.

Kerb appeal – the second your potential buyers pull up outside your house, you want them to love the way it looks. First impressions are vital so make sure the windows are clean, the façade has a fresh lick of paint and the lawn is mowed. Try planting flowers or installing tubs to give a splash of colour, conceal bins and drain coverings. It might also be worth sprucing up your front door - make sure the doorbell works, that the letter box is clean and there are no obstructions.

Hall – not a big selling point in a home but it is the first area viewers will see. Wash down all the walls and re-paint if necessary. Ideally the hallway should be a light, neutral colour. Try hanging a large mirror to increase light and if there are lots of pictures, take them down leaving just one or two. Put away all coats, shoes and hats.

Kitchen – widely touted as the most important room in the house from a buyer's perspective so well worth a little elbow grease. Use an abrasive cleaner and if necessary give the walls a fresh coat of paint – white emulsion is probably best. Replace, or paint over, any highly coloured or patterned tiles. If cupboard fronts are dated, change them for something neutral or paint them. If you

have scruffy or dark lino flooring, change it for something cheap, cheerful and light – if you are feeling particularly brave you could try laying wood laminate flooring, which makes any room look more sophisticated.

Back garden – the garden is a huge selling point in any home so make sure you have tidied it up. There should be no trace of weeds, children's toys or peeling paint.

Viewing advice

Viewings

Be on hand to answer questions and point out the lovely aspects of your home but don't badger viewers. Research shows that it is usually the female that will make the final decision on buying a property, so make sure you speak to her and make eye contact. And don't forget to offer your viewers a drink.

Security

Always remember that people coming to view your house are strangers. Put away all valuables, such as jewellery, mobile phones or expensive gadgets, and make a feature of a panic alarm system, if you have one fitted. If you live on your own, always ensure a friend is with you while potential buyers look around the property. If you are worried about the validity of viewers, ask your estate agent to accompany them to your house.

Make sure all viewings are arranged by your estate agent. If someone knocks on your door by chance, don't let them in. Instead, refer them to your estate agent.

Choosing a Solicitor/Conveyancer

You should hire a professional solicitor or conveyancer. The legal aspect is very important, and you should not run the risk of inaccuracies that might cost you a lot later on in the process. Since the legal process behind selling a house takes on average 2 to 3 months, you should find a solicitor as soon as you decide to sell. It will not cost you extra to instruct him or her early, so you can avoid delays by setting up legal documents like the contract when you start marketing your property.

Your solicitor will need to take care of the following tasks:

- Prepare sale agreement.
- Get title deeds.
- Draw up property information form.
- Answer buyer inquiries.
- Draft contract (if not already done)
- Oversee the signing and exchanging of contracts.
- Receive deposit.
- Transfer of money.
- Transfer of deeds.

The Costs

Solicitors either charge a fixed fee (up to around £750 on average), or a percentage of your house's sales price (usually 1%). Make sure you get some quotes before choosing a solicitor and agree on his fee, in writing, before instructing him to act on your behalf.

The good thing about selling a property is that, unlike the buyer, there are virtually no expenses that you have to cover for local authority searches, stamp duties and the like. All you will have to pay is a small Land Registry fee.

Finding a good solicitor

Talk to friends, family, or your Estate Agent, or your mortgage lender - someone will have dealt with a solicitor before and know who to recommend. If you have one, the family solicitor is usually the best choice.

Make sure your solicitor is a member of one of the following organisations. They can also help you to find a good solicitor for your purposes:

The Law Society

113 Chancery Lane, London WC2A 1PL
Tel: 0870 606 6575 0870 606 6575
www.lawsoc.org.uk
The Council for Licensed Conveyancers
16 Globe Road, Chelmsford CM1 1QG
Tel: 01245 349599 01245 349599
www.conveyancer.org.uk

The offers stage

Offers

The chances are that after ten to fifteen viewings, someone will make an offer on your home. Though the offer price is important you need to consider other factors too – a fast sale is a safer sale and this can be worth several thousand pounds in itself. You or your agent need to identify whether the buyer is in a position to move quickly:

You'll need to know:

- If they have a property to sell themselves. If so, is it under offer?
- If they have a mortgage offer in principle. If so, this means they can proceed in the purchase
- If they are involved in a chain
- If so, is this likely to hold you up? How many people are involved?
- When do they want to complete?

A low offer

Unless the amount offered is insulting, never dismiss a low offer. Ask yourself the following questions:

- Has your house been on the market some time?
- Is the buyer likely to increase the offer?
- Are you likely to get a better offer elsewhere?
- Is your asking price realistic?
- Can you afford to accept this offer?
- Can you afford to lose this buyer?

Negotiation

You can always try to negotiate – if you are using an agent, this is when their experience should help. Ask your buyer their reasons for the low offer and give your own for wanting more. To speed things up you could tell them the lowest price you will accept.

Top Tip

It's not wise to take your property off the market if your buyer's home is still for sale. Their sale might take ages – you may miss out on other buyers.

If your home is stuck on the market

If your home doesn't sell within three or four months, you really need to have a think about why (unless there's a slump in the market). There are three main reasons for a property 'sticking' on the market:

A lazy agent – is your estate agent really trying to sell your home? Are you still getting viewings? Agents can get bored with properties that aren't easy to sell and stop trying. If this is the case, you may need to instruct a new one. A new agent may have a fresh approach to marketing your home. Alternatively, you could think about selling your home privately, without the help of an agent.

Bad presentation – have a really objective look at your home from a buyer's point of view. Have you really done everything you can to make it appealing? Ask your agent or friends you trust for honest advice.

Overpriced – there is no point being greedy and waiting for the asking price if it is unrealistic. Check other local house prices and ask your agent for their thoughts.

Progressing the sale

Accepting an offer

Once you have agreed a sale price with your buyer and they have provided you with the name of their solicitor, it is courteous to take the property off the market. You or your agent should confirm things in writing and send a copy to the buyer. Include:

- The property address and price
- Items included in the sale
- Both parties solicitors' details

Securing the sale

There are various agreements that can be entered into at this point to add to the security of the sale. Pre-contract deposit agreement – Each party pays a deposit of around 1.5 per cent of the asking price to a stakeholder and signs an agreement that they will exchange within four weeks. If either breaks the deal, both deposits go to the other party

Lock-out agreement – This prevents you continuing to show the property to other buyers. The agreement can be verbal, or the buyer can pay a sum.

Survey

The first real sign that the sale is proceeding is when your buyer commissions a valuation and/or survey of your house. This is only a problem for you if the valuation is less than the agreed sale price, or if the survey shows defects. Either of these can be used by the buyer as a premise for renegotiation or even backing out of the sale altogether. Before dropping your price on the pretext of a defect, make sure you see a copy of the report. Is the price drop appropriate for the cost of repairing the defect?

Gazundering

The price you settle on is down to you, but do take advice from your agent, solicitor and, if necessary, commission your own survey. Gazundering (trying to artificially lower the price at a crucial stage in proceedings) is a practice you should look out for.

Exchange and completion

The legal side of selling is fairly straightforward as the buyer's solicitor does most of the work. You will be required to:

- Fill in forms such as the seller's property information form and a fixtures, fittings and contents form, plus any other information which was not ready to be included in the HIP when your property was first put on the market. This stage of the process is where you have the chance to sell any of the contents of your home to the prospective buyer
- Provide evidence of service charge and maintenance charges
- Provide any building certificates necessary
- Sign the sale contract. The process will move at a faster pace if you go in to your solicitors and sign the contract in person, rather than rely on the postal service.

Your solicitor will notify you when exchange has taken place, at which point the buyer will have given his deposit to your solicitor.

Completion will take place on an agreed date after the exchange. Any balance will be transferred to you. As soon as this completion happens, you no longer own the property – you should move everything out and hand over the keys. Make sure you co-ordinate closely with your buyer to ensure that you have ample time to move out and he/she has ample time to move in.

YOUR HOME OR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR ANY OTHER DEBT SECURED ON IT.

You may have to pay an early repayment charge to your existing lender if you remortgage.

Changes in the exchange rate may increase the sterling equivalent of your debt.

A typical fee of 1.17% of the mortgage amount is payable. Of this, 20% is payable on application and the balance of 80% on completion. For example on a mortgage application of £100,000 the fee would be £1,170 in total. Of this, £234 (20%) would be payable on application and the balance of £936 (80%) on completion. The total fee is non refundable. We may also be paid commission from the lender.