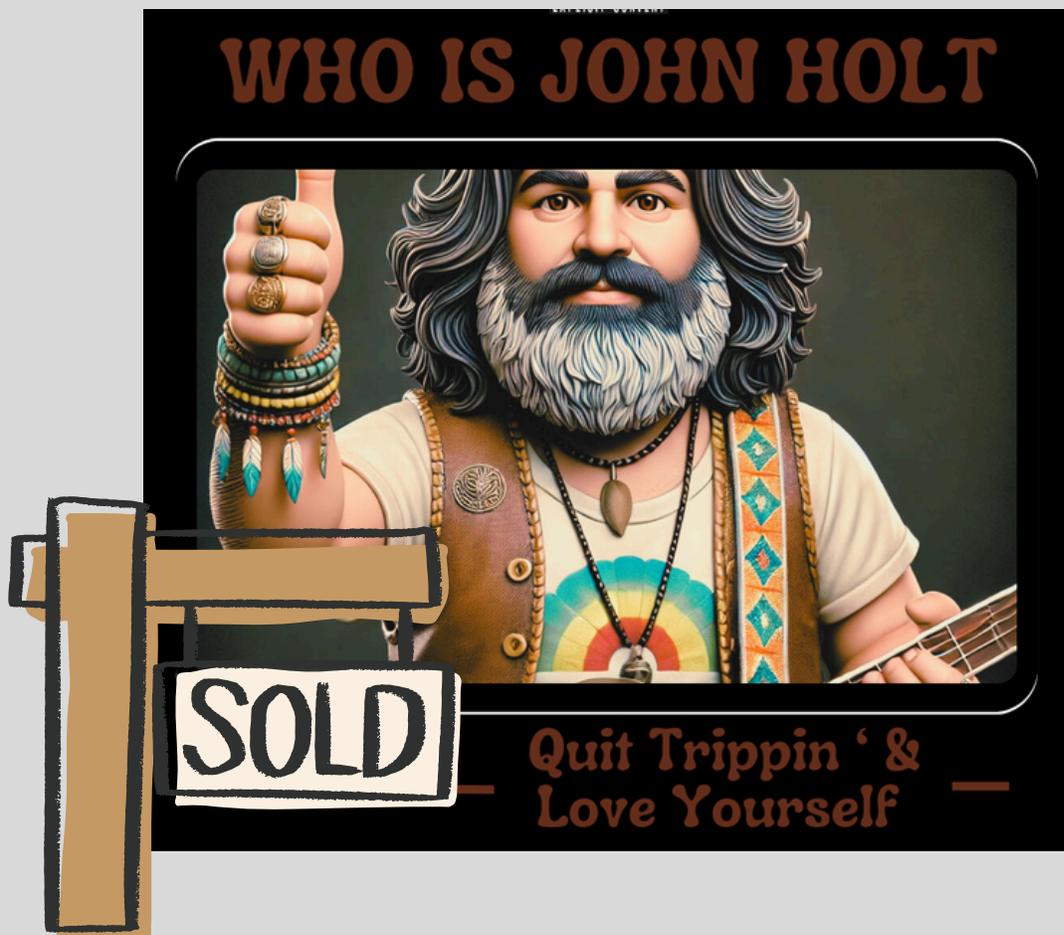


From 'For Sale' To 'Sold'



A rock-n-roll, hippie, way-outside-the-box realtor's guide... to selling a home

-by John Holt

 **ROCK n ROLL**
REAL ESTATE

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1. Intro

I am a licensed realtor in Arkansas, and my education and experience are under Arkansas real estate laws. The basics of selling will remain the same wherever you may be; however, some laws vary state to state. The following pages are what I've seen and learned in almost a decade in the business.

I highly suggest using a realtor to help sell your home. I know that's rich considering I am a realtor. Though I'm sharing lots of advice here, there is still a valuable asset of experience that goes unnoted often. Don't let realtors church themselves up too much about their value being able to get your listing on Zillow. My kids can do that. A realtor's value comes in experience, outside-the-box knowledge of the industry and related industries, and ability to work through funky situations. If a banker disappears days before closing day & the bank knows nothing about the loan, do you know how to still get it closed?

My ultimate reason for writing this book is for you. I've had the honor of working with so many beautiful souls, most of which had no clue how to buy or sell a home. Depending on where you are, it's possible I can't even do it for you. Hopefully, this will help you. And possibly help you help your realtor.

2. Common Documents

Be familiar with real estate documents. These are ones you should expect to use... as well as a super duper summarized summary on what they do:

-**Listing Agreement**: this is a contract between a seller and a brokerage and sets all details about the marketing of the home

-**Seller Property Disclosure**: this is a disclosure of all information known about a house that is provided to buyers

-**Contract/Offer**: This is a contract between buyer and seller and sets details of the sale, and it is a set of instructions for the closing company

-**Seller counter offer to contract**: this document counter offers to the contract/offer and states only the differences from the contract

-**Inspection Repair Survey Addendum (IRSA)**: this is an addendum that allows buyer and seller to negotiate repairs that are a result of a home inspection or survey

-**Lead based paint disclosure (LBPD)**: this is a disclosure from seller to buyer regarding knowledge of lead based paint on homes older than 1978

-**Earnest money addendum**: this is an attached document to the offer/contract that specifies all details of how any earnest money is handled and released

-**General addendum**: this is a document used during the sale process that allows for any miscellaneous changes to be made

3. Sorta Timeline

Just in case you need a sorta easy breezy timeline of how a normal home sale and transaction will go, it's kinda like this...

- You're considering selling.**
- You read this book and make the preparatory steps.**
- You contact a realtor & list your home.**
- Your realtor and other realtors begin showings with buyers.**
- You receive an offer.**
- You accept, reject, or counter offer the offer.**
- Once an offer is accepted, it is sent to a title (or closing) company.**
- Buyer hires a home inspector and provides you a list of any repair requests.**
- You accept, reject, or counter the repair requests.**
- An appraiser will come to appraise the home.**
- The Bank and Closing/Title company are doing lots of underwriting.**
- Days before closing, you'll be moved out or very close to moved out, and you should receive a statement, from the closing company, showing your profit.**
- On closing day, you'll meet with the closing company to sign several papers, hand over your keys, and receive a check for what money you're due.**

4. Money Money Money

When you consider selling your home, call, get online, or check your monthly mortgage statement and find out your mortgage payoff amount.

Usually, when a bank gives you a payoff, it's got extra padding in it to cover 20+ days and still be good. You need the payoff for a ballpark figure on how much money you will make after all fees, expenses, payoff, etc. It will help you know if you are in a position to sell and make money, come out even, or still owe money.

If you are buying another home, you'll want to discuss these figures with your mortgage banker in case you are making a down payment or have closing costs associated with the home you are buying.

If this home was an investment or rental, you may want to consult a CPA or tax professional regarding potential tax liabilities. They can also direct you with regards to 1031 exchange benefits. A 1031 exchange, loosely summarized, allows you to buy one property after selling an investment and deferring tax penalties.

*See attached "Payoff Worksheet" on the next page

5. Home Sale Cheat Sheet

Purchase Price	
Less Mortgage Payoff	
Less Miscellaneous liens/2nd Mtg	
Less Realtor Fees	
Less Closing Comp Estimated Costs	
Less Survey Costs (if applicable)	
Less Buyer Closing Costs (if applicable)	
Less _____	
Less _____	
Estimated Money Seller Keeps	

In the cheat sheet box, write your agreed purchase price. Then write in any additional costs/fees/expenses that you can obtain. Subtract all of those from the purchase price, and you'll have the estimated money you will have after the sale. If closing is smooth, you're running down the road as fast as you can free as a bird now.

6. No Stinky Please

A stanky, dusty, musty, dirty, pet hair filled, cluttered home is not your friend.

You love your dog, your furniture, your clothes pile sitting where they're sitting, maybe you love to smoke or unique incense. Not everyone else loves all those things. No offense.

If you've moved out of it, all that stuff you left behind and have been meaning to remove, DO IT NOW. A vacant house with trashy boxes, dirt, cleaning supplies, and junk is not your friend.

Have someone you love come over to your house, walk through each room, sniff and observe. You want an honest opinion on whether it's warm, cozy, and welcoming.



7. Little Fixes

It's so easy to live in a happy little place you call home and to let problems go ignored. Like... that light switch that doesn't work. The other one does, so ignore the busted one. Then months and years go by, and you've just forgotten it altogether. It's really easy to stop using a hot water side of a faucet that drips. It's the same with leaks. It's the same with light switch covers that are busted. Loose rails. Wobbly steps. A leaning mailbox.

When buyers look at your home, they may see those things and be turned off. Buyers have not lived there and forgotten. They see them and immediately see work they have to do if they buy it.

Commonly seen repairs needed:

- missing covers on light switches/outlets
- chipping paint outside
- loose or nonfunctioning door knobs and locks
- wobbly hand rails
- cracked windows
- leaks and loose faucets and toilets
- missing hvac vents
- exposed wires

8. Curb Appeal

You've heard this phrase and it probably sounds silly, but if you have five homes side by side all for sale, the prettier one will sell fastest and for the most.

When people are driving around and looking for homes for sale, be the prettiest possible.

Some ideas:

- Keep your yard mowed**
- Trim bushes and trees and remove limbs and such**
- Touch up chipping paint**
- Wash windows**
- Powerwash siding**
- Remove debris from roof**
- Clear and edge walkways, stones, bed edges, etc.**
- For bonus: consider painting a front door or shutters for accents to catch eye attention**

9. Pre-Listing Checklist

- Lights & Bulbs _____
- Door Knobs _____
- Locks _____
- Faucets _____
- Drains _____
- Windows Open _____
- No Cracks _____
- Flooring Level _____
- Outlet Covers _____
- Outlet Works _____
- Switch Covers _____
- Switch Works _____
- Ceiling Fans _____
- Oven/Stove _____
- Dishwasher _____
- Toilets Flush _____
- Paint Chips _____
- Marks on Walls _____
- Holes in Walls _____
- Doorbell _____
- HVAC _____
- Garage Door _____
- Door Outsides _____
- Breakers Labeled _____
- Loose Stairs/Steps _____
- Hand Rails _____
- Air Vents _____
- Gutters Ok _____



10. Have You Pondered

Market conditions fluctuate and change, but there's a pretty solid rule of thumb to remember.

There's lots of people wanting to buy homes in town and where the most people live. There may be thousands of buyers in these areas yearly.

If you are outside of town or those hot buyer areas, then there's a smaller group of people, or demographic, that's shopping for your home.

If you live a long ways out of town, there's even a smaller group of people that are shopping for your home.

If you live way, way, way out in the middle of nowhere, then you really must remember and take into consideration that there may only be a few buyers per year for your home. Don't lose them. Understand your demographics.

11. Price Per Square Foot

Don't let a realtor's opinion on list price upset you, it's a business transaction. A good realtor will know sales comps, which is how realtors compare apples to apples fairly to ascertain a list price. Understand sales comps. It's the language realtors use, or most do. Appraisers do, too. Other factors affect how the price per square foot is adjusted, like age, condition, updates, pools, garage or carport or none, etc.

We also only look at sold prices. We don't use prices of home that are currently for sale, because a home could be super duper overpriced and never sell. Sold prices show what the market is currently paying, when broken down into sale price per square foot.

$$\text{Price Per Square Foot} = \frac{\text{Sales Price}}{\text{Square Footage (Heated \& Cooled)}}$$

You won't have access to same multi-list service (MLS) data that realtors have, but there are other ways to find home sale prices. Arkansas has two websites that link to county records to find information about homes. One is arcountydata.com, and the other is actdatascout.com. You can also see square footage of homes on those two websites.

12. It's Business

For buyers, it's business, not personal.

It was your first home together as a couple, or maybe you brought your puppy home there. Maybe you had a baby there. Maybe you grew up in that home.

Buyers don't have those beautiful memories that you do.

If you've got this guide in hand, then it means you're considering selling your home. If you've gone through and done the steps on the pages, then it means you're in business mode.

So don't let buyers' offers or statements or opinions upset you.

It's a business transaction. Not personal.

13. You're Live, On the Web

Once you're on the market, on the internet, sign in the yard, and ready for business...

-Keep your home spotless, please, keep it clean!

-Most realtors and buyers schedule showings with a few hours or even days away, but always, always, always be ready to show within 5 minutes. That random cat that is cruising town & sees your sign & calls a realtor to see it immediately... well that's so often the one that buys it. Don't screw up and lose them. Be ready for the home to be shown.

-Answer your phone, texts, emails, etc. Your realtor may need you quickly. A key phrase we learn in real estate school, especially about documents, is "time is of the essence." It means don't let any moss grow under your feet.

-Yeah, you contracted with a realtor to sell the home, but it does NOT mean you shouldn't help them. Grab that link off the internet and share it to social media. Make a plea to your friends and family to share it too. It's a small world and the buyer may turn out to be someone you know.

14. The Ways They Can Buy Your Home

-USDA-RD: this is a home loan that allows buyers to get into a home with zero down payment. It also means stricter appraisal rules regarding the condition of the home.

-FHA and Conventional: These are home loan types that allow buyers to get into homes for 3.5% down payment or more. FHA is similar to RD appraisal rules, and Conventionals are much looser.

-VA: This is a loan type exclusive to military people and often allows buyers to get into a home with zero down. VA is as strict appraisal rules as RD.

-In-House financing: This is a loan when a buyer goes into a bank or credit union and gets a loan from a loan officer that normally makes loans for cars, 4 wheelers, etc. These are the loosest appraisal rules on condition of home, and sometimes there won't even be an official appraisal.

-Cash: Cash is great. There's zero bank regulations, and many times it can close as fast as you want it to close.

15. Negotiators

There's all kinds of negotiators, & some are not fun to work with. My suggestion, for you alone and/or your realtor:

-Like I said before, it's not personal. It's business. Don't lose your cool.

-Do not bluff. Negotiating is not bluffing. By do not bluff, I mean don't tell someone it's your best price and then later change. You'll lose all negotiating power. Do not tell someone you have other offers if you don't.

-There's no right way to counter offer and negotiate on price, except it's risky to bluff.

-Know what price you will be happy with. Know what amount you're willing to bend. (This is easily done when you've done the step about learning your payoff.)



16. Home Inspections

The average home inspection in my area is usually between \$350 and \$500.

I, personally, will not let my clients buy a house, without a home inspection. Early on in my career, I did. I still lose sleep that, even though it was their choice, it cost them later. Now, I refuse to continue in a transaction if my buyer won't get it inspected. I have one investor/home flipper client that is the exception. They are going to gut the home and have crews to fix everything anyway. So, as a seller, be aware the buyer is likely going to have it inspected. You can actually have it inspected before you put it on the market, so that you don't have any surprises.

In Arkansas, a buyer has 10 business days, after a contract/offer is accepted, to have a home inspected and submit a "Inspection Repair Survey Addendum" to the seller. We call it an IRSA. That lists items that a buyer requests a seller to repair or replace, in accordance with the IRSA section of the contract/offer.

The seller then has 5 business days to respond with an agreement, rejection, or alternative option to any repair requests. It's often a delicate moment, in some transactions, because the deal can be terminated if an agreement cannot be reached.

If either the buyer or seller fails to meet the two significant timelines regarding inspection repairs, it can complicate the transaction. Just make sure to communicate effectively and to meet the timelines.

17. Understanding Appraisals

So, mortgage banks make loans that are up to 30 years long with an interest rate that stays the same. The most common types are USDA-RD, FHA, VA, and Conventional. The government regulates banks and gives them rules on loans, and they have lots of rules for these types of mortgage loans. You've probably heard of HUD, Fannie Mae, or Freddie Mac. These are parts of the government where a lot of the regulations begin.

When a bank makes a loan on a house, the government requires them to get it appraised before the loan can be funded. The appraiser will do two things: one is provide an appraisal value, and the other is inspect the house for some loan requirements.

If the purchase price is higher than the appraisal amount, then the bank cannot make the loan. Negotiations must be done to change the purchase price between the seller and buyer, or the deal is over.

If the appraiser identifies issues on the house that disqualify it for these types of loans, the appraiser can pause the sale until they are corrected. Most often cited items are missing outlet and switch covers, steps/stairs and decks/porches with no protective rails, chipping/deteriorating paint and wood, and cracked windows.

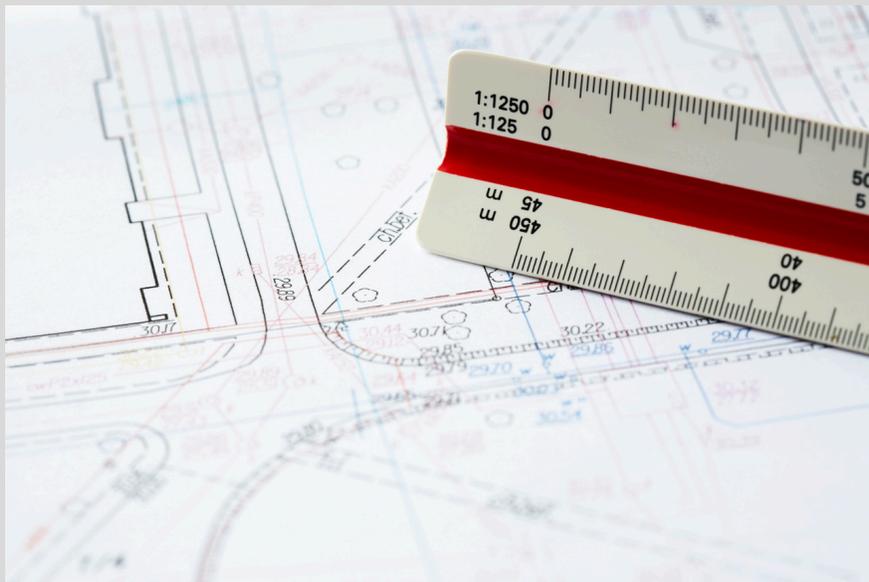
As the seller, first, if you are wise about your sales comps and pricing, most often the appraisal will not have value issues. Weird stuff does happen though. Second, if you go through the steps in this book, you should have all items repaired and replaced that an appraiser might flag.

18. Understanding Surveys

Surveyors measure to determine property boundaries. The data and measurements they provide are a universal language used in real estate, county real estate records, banks, construction, excavation, development, title/deed work, and by other surveyors.

A survey will create, or confirm, a legal description of a property, which allows an owner, seller, or buyer to know exactly where the property lines are. They can also locate utility and other easements, roads, & structures.

As a seller, hopefully you already possess a survey, or a plat map, showing your lines and corners. If you do not, then do not be upset if a buyer or buyer agent requests this in an offer.



19. Days Before Closing

In the week, specifically three days, prior to closing day, the buyers will be issued a CD, or a closing disclosure, by their bank. The closing company should provide you with a statement showing where all funds from the sale are going as well as a dollar amount you will receive. If you completed your home sale cheat sheet, then you should already know this number.

The buyers will likely do a final walk through inspection on the home. If they're wise, it will be shortly before closing. It may be a day or two prior to closing though. You should absolutely have all agreed repairs done and done accurately well before this time.

On closing day, you will go to a closing company and sign lots of papers. They will give you a check for the amount of money you're owed. They will send a payoff to your mortgage company. They will usually credit your funds for a prorated portion of local/state real estate taxes, which means you will no longer owe them.

*****Be very careful*****

I've seen legit and sketchy buyers, in the days before closing, find reasons to stop the deal and attempt to get money in order to continue the sale. Consult your realtor, banker, or attorney friends if this happens.

20. After It's Over

Remember to check, online or by phone, that your mortgage loan was paid off by the closing company. It usually happens within 24 hours, and it's super rare it doesn't. But you want to know for sure and not accidentally get a late charge. I once had a vehicle payoff check get lost at the bank. It took a few weeks of me getting angry with them before they got serious about finding it.

Next, remember to cancel your homeowners insurance policy. You'll very likely have a refund.

Next, remember to change your address with the post office, Amazon, bank, and any other account that has confidential information or important deliveries.

Next, remember to cancel your utilities (water, electric, gas, etc) and to send them a forwarding address, because you'll likely have your original deposits sent back to you.

Next, contact your accountant or tax professional, because there may be many costs related to selling that are tax deductible.



21. Peace, Love, & Real Estate

Well, my beautiful friends, here we are at the end of this magic carpet ride. If you made it this far, you've got the knowledge, the mindset, and (hopefully) a little extra confidence to take on the home-selling journey like a total rockstar going on a world tour.

Whether you're hyped and ready to list tomorrow or a year away from ready, you are now a little more educated on the process. I don't just sell homes—I take care of people, my people, my tribe. I just want everyone to have a little extra info and understanding how it works. Like Ram Dass said, we're all just walking each other home.

So go on, rock this next step like the legend you are. And remember:

Quit trippin', love yourself, and you've got this.

With love,

John Holt





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