

Offering Seller Concessions May Help You Sell Your Home Faster!

If someone is unfortunate enough to live in an area with a glut of homes for sale, they probably know how hard it can be to sell a house in such a real estate market. It's the old "supply vs. demand" concept, and when supply outgrows demand, things can get hairy for sellers. It's not uncommon for homes to spend months, if not a year or sometimes longer, on the market in certain areas of the country.

As a result, home sellers have gotten creative with finding innovative ways to promote their homes and make them stand out. From home staging to major landscaping updates, sellers are doing more today than ever to increase the curb (and indoor) appeal of their homes. There is no question such tactics work, but they can be very expensive. When looking for less expensive solutions to make a home more sellable, home owners may want to consider seller concessions.

Seller concessions, also referred to as seller contributions, are a great way to make a home more affordable and appealing to a buyer. The concept of seller concessions is actual pretty simple. The seller basically agrees to cover some, or all, of the costs associated with buying a home. For example, the seller may agree to cover such closing costs and fees as discount points, title insurance, appraisal fees, attorney's fees, inspection fees, etc. Another way to arrange seller concessions that is becoming popular is to have the seller pay the first six months of mortgage payments for the buyer. This is a great benefit for first-time home buyers, and can help them save money and transition more easily into their new home.

Some may wonder why home sellers would be willing to offer such concessions, as opposed to just lowering the home price. The answer is simple math: A seller most likely can deduct some of the costs associated with seller concessions from their taxes. For example, discount points and real estate taxes most often will be tax deductible (always check with a professional tax advisor before finalizing any seller concessions). And selling a home quickly can be a huge savings to the seller, especially if they have moved *before* they sell. Bills on unsold homes can add up to thousands of dollars very quickly.

But remember, there are restrictions and rules that govern what are considered legal seller concessions and what may not be. Be sure to check with a local real estate professional and mortgage professional about local laws and regulations. An all-too-common, but potentially illegal and unethical activity, is for buyers to inflate the price of a home and ask for "cash under the table" at closing. For example, a buyer may agree to purchase a house for \$120,000, but actually only want to pay \$110,000. At the closing the seller must bring \$10,000 cash to the buyer. Be very careful with "under

the table" arrangements such as this. They may not be considered "seller concessions" and may actually be illegal. If presented with such an arrangement, be sure to check with lawyers and tax advisors before accepting.

And the sky is not the limit when it comes to how much a seller can pay with seller concessions. For the most part, the seller can legally cover two to nine percent of the purchase price. The exact amount depends on several factors, including the kind of mortgage the buyer chooses, how the home will be occupied, and the amount for which the home appraises.



Seller concessions can be a useful and appealing tool for sellers to make their homes more attractive to buyers. With guidance from local mortgage and real estate professionals, sellers can put together an attractive concession package that benefits both themselves and the buyer. When tax deductions and lower costs associated with a home being on the market for a shorter period of time are fully considered, seller concessions can actually be a

low-cost means to entice interested buyers to purchase a home.

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Not for Reprint

Home Improvements That Will Pay Off ...and a few others that probably won't

Generally speaking, you can get the most return-on-investment by remodeling your kitchen or bathroom. You can usually recoup almost all of your costs whenever you remodel or improve those areas of your home.

Again, generally speaking, you may want to avoid home improvements that make your home more difficult to sell such as adding a pool or making improvements that are too expensive for the neighborhood or just too fancy for most people's tastes. But in the end, it is *your home* and maybe you and your family would really enjoy that swimming pool. Just keep in mind that swimming pools are sometimes seen as a negative feature especially by future buyers with small children.

Consult with a Refinance Expert today about which home improvement loan may be best for you.

In the housing market, some home improvements pay off by increasing your home's value, while others will do little to improve it. In general, updating your kitchen and bathrooms are always smart investments and offer the best home improvement value.

REMODELING YOUR KITCHEN

The kitchen is the most important room in the house since it's where much of the family interaction occurs. The average return-on-investment for improvements to the kitchen ranges from about 80 percent to 93 percent with average costs at \$15,000 and up. If you don't know where to start, try adding new tile flooring, re-facing old cabinets, and/or updating appliances to new energy efficient models.



REMODELING YOUR BATHROOM

Bathroom renovations can yield a return of between 85 percent to 90 percent, with costs starting around \$10,000. Adding a new bathroom can return as much as 85 percent, especially if you only have one bathroom to start with. And since it's more difficult to sell a home with only one bathroom, adding a second bath can make your home significantly easier to sell. Some good improvements include installing double sinks, tile floors and new bath fixtures and faucets.

OTHER GOOD HOME IMPROVEMENTS

Making home improvements can be a big undertaking. Larger improvements could include adding a fireplace, building a deck or patio, or adding a new heating or cooling system. However, you don't have to spend big bucks to upgrade the look of your home. Smaller, less expensive improvements could include replacing old doors or installing a ceiling fan. Cosmetic improvements can also go a long way in the minds of future prospective buyers.

HOME IMPROVEMENTS THAT YOU MAY WANT TO AVOID

There are some improvements that rarely pay off, such as adding a swimming pool. These improvements are fine if you and your family will enjoy them, but keep in mind that they rarely increase the value of your home. They may even make your home more difficult to sell.

You should also avoid making too many expensive improvements that go beyond what is typically found in your neighborhood. You don't have to cut corners, but owning *the most expensive home on your block* can be another obstacle when it comes time to sell your home.

One last piece of advice, avoid getting too fancy. Everyone's tastes are different, so choosing colors and materials that appeal to a broader range of people will make it easier when you need or are ready to sell.

CALL US TODAY!

Considering a new project to add to the value of your home? A mortgage professional can help you find the home improvement loan that is right for you. Call today to talk to a Refinance Expert.

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