

'Key Facts You Must Know When Selling Your Home'

This report is filled with simple, yet often overlooked information which is vital to know before selling your home. There are many pitfalls out there, such as unscrupulous estate agents or quick cash companies just wanting to get their hands on your home cheaply and if not aware, you could lose lots of money.

So You Want To Sell Your Home

It is well known that the most stressful things in life are dealing with bereavement and moving house. This comes as no surprise to those of us who have been through the moving process. There are so many things to take into account and so many things to do when you are selling your home and so many of these are out of our control. It is also probably the biggest financial transaction you will make in your lives.

The average property sale in the UK goes from offer to completion in about 4 months but many do not and some fail altogether. There is no guarantee that you will be able to find a buyer.

In this report we have compiled advice to help you through the process and to help you not get caught out. Remember knowledge is power. You are dealing with such large numbers that the figures might start to seem unreal. In the modern market £200,000 does not seem much to pay for a property but you are dealing with real money and it is very easy to lose some of it through lack of preparation, knowledge and even an unscrupulous professional or two. At this level of price even a small percentage is actually a large amount of real money.

Take care with your sale. Get everything in writing, don't sign anything without fully understanding the commitment you are making, even if someone says you will lose a —once in a lifetime opportunity—. It could be a costly mistake. There is always someone else who can offer the same thing. In addition, if you do not understand something, ask your solicitor to explain. You may want to sell your house quickly (nobody really wants to linger) but take time to read contracts and tell people who want you to sign on the spot that you need a chance to consider all your options. There is a slogan that says —If you need an answer now, the answer is "NO"—

Factors Affecting The Price And Speed Of Selling Your Property

The Economy

At the moment the UK economy is relatively buoyant. According to UK Treasury figures compiled in May 2007, inflation will remain steady throughout this year and the next at a level of about 2.4%. Also Gross Domestic Product (GDP) growth will be at about 2.7% (source HM Treasury). This means that there should be no horrible surprises in the money markets leading to problems for you and me. The main concern about the economy in this country is the rising amount of personal debt.

Personal Debt

At the end of April 2007 personal debt in this country stood at £ 1,325bn including mortgages. The problem with this is that all debt comes with a cost via the interest rates. With interest rates of up to 28% on some credit cards (ironically a Capital One card for people who have had debt problems) the cost of having something now before you have the money is actually increasing the cost of that purchase by the interest rate. With personal debt still increasing, many people are —up to their eyeballs—. People are in the situation of not even being able to pay the minimum charge on their loans. Due to consumer spending fuelling inflation, the Bank of England has consistently raised interest rates over the last 2 years. The effect of this is that people have less money to spend because more goes on loan repayments. A 0.5% rise in the rate increases the monthly interest repayment by about £80 a month !!!

Repossession

Due to the rise in interest rates costing people more, there has been an increase in the number of people being tipped over the edge into being unable to pay for their loans. With a higher percentage of —Bad Debts“ the loan companies may decide that it should be harder to get a loan and some people will be unable to borrow again to pay their debts. If a company has given a loan that uses property as security (a secured loan) they can apply to the courts for repossession in order to get their money back æ this includes the loan itself, arrears and charges incurred getting their money back. Once repossessed your home is sold usually at an auction. If it sells for a good price, you will be given the balance after all the charges have been deducted. If it sells for lower than is owed on it, you are still liable for the deficit. It is very possible that the auction is only known to trade buyers who will not pay full price.

Even if you are desperate, —giving the keys back“ on a property is not an effective solution for dealing with debt and the threat of repossession.. You will also lose your credit rating and have a County Court Judgement (CCJ) against your name and in most cases The CML (Council of Mortgage Lenders) will be notified which will make a future mortgage almost impossible to get.

This will make getting any sort of banking product more difficult. And you may still owe money.

Property Prices

The increase in house prices across the UK has been good news for some, it’s a pleasant feeling to think you have £30,000 equity in your house but for others, buying a suitable home has meant borrowing up to 4 times their income, without allowing for further interest rate rises (which are seen as possible if not probable). These people are already paying a sizeable chunk of their salary to the building society or bank. If the mortgage is taken out in two names and then one stops work for some reason, such as having children or being made redundant, the problem is compounded.

The Bank of England base rate interest rate is the main device the Bank of England uses to combat inflation. Broadly speaking, inflation happens when there is more money in people’s pockets. If the bank sees the inflation rate rise they have a simple system for taking some of the money out of circulation- they raise the rate-those of us with loans on variable rates immediately pay more interest. Those with fixed rate loans will pay more when the fixed period expires. The result of the rise is that we can’t afford to buy so much, thus controlling inflation.

As in all types of speculation, property prices will only continue to rise while there is a shortage of supply and there is sufficient confidence in the market. If confidence is lost, there could be a fall in the value of property as happened in the 1980s. Being left with negative equity is a nightmare. If you continue living in the same property, then you will not notice much difference. The problem is that you may not be able to afford to move. If you sell, you must repay the original loan plus pay the normal costs associated with moving home, but you may end up owing thousands or tens of thousands of pounds to the lender. Giving the keys back will not absolve you of the debt, the lender will treat it as a normal repossession and sell the house leaving you in serious debt.

The Value of Your Property

When finding the value of your property, there are many considerations. Basically in a free

market the more people who want your home, the higher the price. So one key point is to make it as desirable for as many people as possible. You may have bought the house because you liked purple wallpaper and you can see West Bay from the window but it is better to appeal to a broader group of prospective purchasers.

Location

Location is cited as the most important issue in valuing your property. Of course you cannot move the whole building but it is useful to spend some time noting the amenities and attractions close to you and note how long it takes to walk to the station etc. Buyers may be new to the area and not know what is around. Emphasise the good points. It is also true that some not so desirable areas suddenly find themselves growing in popularity. You only have to check the Internet to find new —hot spots“. Check out the —Yappie indicator“ research out recently which found out where Young Affluent Professionals were buying. Up and coming places include parts of Everton and Glasgow as well as central London areas. Be aware of things that might adversely affect the price such as new developments next door. Keep an eye on the planning section of the local newspaper.

Price

The next point relevant to the sale of your property is the price. If set too high it will obviously put buyers off even looking at the details. If it is too low, you will get more viewers but you will lose money.

Most buyers will have swotted up on house prices in the area they are looking and have had the details of quite a few houses through their letterbox or via email. They will be expecting to see a value in the difference in house prices. If one house is £10,000 more than another, they will expect to see an additional value to that house. If they don't see this value they will consider it overpriced. Any sensible buyers will be comparing -for example a three-bedroom house with only one toilet will rank below one with two toilets.

Another issue is Stamp duty. This is the tax that your buyer will pay to the Treasury. There is a sliding scale in duty

Up to £125,000 0%£125,001 - £250,000 1%£250,001- £500,000 3%£500,001 or more 4%

So if a house was bought at £250,001, the buyer would actually pay £5,000 more tax than if the house cost £250,000. Needless to say prices just over the thresholds are much less attractive than prices just under.

Competition

Remember that selling your home is actually like being in business: you have a product (your home) and you have competitors (everyone else who is selling to your market). You are in competition with them for the buyer's money.

Other Factors In Trying To Sell Your Property

1. HOME INFORMATION PACKS (The dreaded HIP !)

Many people at the moment are worrying about Home Information Packs (HIPs). These will become law this year and are needed for marketing any property, even if you only put a sign in

your window. There has been a lot of media attention on these recently due to the legal challenge by the Royal Institute of Chartered Surveyors and opposition from many quarters including the House of Lords. Research does suggest that HIPs are wanted by the public but there will be an inevitable period of chaos, confusion and complaint.

The purpose of HIPs is to highlight potential problems of a property before anyone has committed time or money to the transaction. A prospective buyer may ask for a HIP on a property. The buyer could be charged for this but only reasonable charges to cover things like photocopying.

The negative side of this idea is that the seller is now responsible for providing the necessary documentation and also for the cost. Many companies are starting to offer a HIPs service or you can do it yourself. At the moment it is unclear how much companies will charge but some estimates range from £500 to £1000. The government expects market forces to keep prices down. (See www.homeinformationpacks.gov.uk/)

There are compulsory documents that the pack must have.

- 1) An index
- 2) An Energy Performance Certificate(EPC)
- 3) A sale statement
- 4) Evidence of Title
- 5) A Local Search
- 6) A Drainage and Water Search
- 7) If the property is leasehold, you must provide a copy of the lease, copy of building insurance and notification of any works planned or recently carried out. There are also optional documents that can be included in the pack, such as a Home Condition Report and Warrantees for appliances and work carried out.

There have been start up problems with HIPs, one of which is there are not enough Energy Assessors to process the number of properties for sale. The Government delayed the introduction until later on in the year for 4 bedroom properties and a phasing in for other properties —soon“.

ESTATE AGENTS

Most sellers use an Estate Agent and you need to enter into a legally binding contract if you do.

There are many things to consider when choosing an agent: Are they registered with the National Association of Estate Agents? Registration is not compulsory but agents from the association are bound by its code of conduct. The implication is that there is some redress if problems with the sale occur.

Whether a member of NAEA or not, all Estate Agents have to abide by the Estate Agent Act 1979, as well as the Property Misdescriptions Act 1991. So they have to do things like telling you in writing if they have a personal interest in the property i.e. they want to buy it themselves. They also, by law, must pass on to you all offers made to them on your property.

Choosing An Estate Agent

When choosing an agent, talk to friends and family and see if they know a good one. Look around the area and see who is particularly good at getting the —SOLD“ sign up. But don't stick with talking to one. Choose at least three and let them know you haven't decided who to use yet. Don't worry about hurting their feelings! They provide a service like the supermarkets so shop around!

Valuation

Choosing a few different Estate Agents will also give you more of an idea of the value of your home but beware! Some Agents will value the property higher than it is worth so the seller thinks they would get more money with this Agent. This is to get you on their books. Later after it has not sold, and you are getting a bit more worried, they will advise you to lower the price. In contrast some will value lower than the real value in order to get a quicker turnover and faster commission. Getting more valuations will give you a better idea what your property is worth. Be sceptical and do your own research. Challenge them if you think they are wrong.

Type Of Contract

When you select an agent or agents to sell your property, they will ask you to sign a contract. Read this at least twice before you sign. If you feel pressurised or don't have time, ask them to pop back or offer to drop it into the office. If they say the —special offer“ is only for today, don't believe them. If they used this particular —double-glazing salesman“ tactic, I personally would begin to be suspicious of that particular firm. The stakes are high as they earn a lot of commission, but more about that later. Don't sign or let your partner sign anything without reading carefully even if the agent said it was just to say they went to your property. Signing things is not —just a formality“ it is serious stuff. Once the contract is signed it is legally binding and enforceable through the courts, i.e. they could sue you for the money plus costs.

Look at the type of contract and check the time scale.

There are a few types of contract- but be careful not to get confused between ”sole agency“ and ”sole selling rights“.

Sole Agency

This means that the agency will market your property and receive commission if and when it finds a buyer who buys your property.

Sole Selling Rights

If you have this clause or wording in your contract, the agent will claim their commission even if you do not sell to through them. For example if a member of your family decides to buy the property even before it has been marketed you will have to pay them. Some agents recently have been going through the Land Registry records and billing sellers who didn't tell the agent they had sold privately. The Estate agent act 1979 actually forbids this and the agent should be reported to the Office of Fair Trading.

"Able And Willing Purchaser"

Watch out for this. With this type of clause in a contract, the agent has to be paid even if you don't sell the property. For example, if you decide to withdraw your property from sale but the agent has found a buyer, you still have to pay. **DO NOT SIGN**. Ask the agent to remove this clause from the contract. Don't accept it if they say they will take it out later. Wait for the new contract.

WARNING !! Exchanged?

You may think that exchange means you have Sold your property, remember your buyer can pull out at anytime, even if you have exchanged! It happens all the time.

Landscape Homes always complete the sale, no pulling out.

Time Scale

The time scale is important as well because if you have a Sole Contract you are tied to them for the period in that contract. Try to get as short a time as you can- they won't like it because they will have to work hard to keep your business. Suggest weeks rather than months-you can say it is a trial period. One of the main points of selling through an Estate Agent is that they already have buyers on their books. If this is the case, it will not take 6 months to contact these people.

We have completed in 7 days! (our record)

Negotiating

Some people advise not to negotiate a lower fee because it will reduce the incentive to sell your home. Others advise to negotiate to save money. If you want a quicker sale try pitting two agents against each other as joint agents. You may have to pay a little more in commission but it could be worth it.

Estate agent services are not cheap. They earn more per sale than the solicitors. Commission can be up to 4% which is £8,000 plus VAT (£9,400) on a house selling for £200,000 and remember as a percentage of the sale it is small, but as a percentage of your equity it is much more.

If your £200,000 property has a repayable loan on it of £140,000, the Estate Agent's commission + VAT works out at more than 15% of your equity/ profit. Is it a coincidence that we see more Mercedes cars outside Estate Agents than other businesses? Be aware that you pay them a lot of money and you should expect them to earn it and give you a first class service.

3. PRIVATE INVESTOR

Another method of selling your home is with a private investor.

The Private Investor is a business who specialises in buying directly and quickly at a trade price. As a Private Investor, "Landscape Homes" is ready to buy your property now. We also offer the chance to —sell and rent back" and —sell and buy back" which is not available when selling through an Estate Agent. [Click here to take action NOW](#)

Our method avoids many of the problems associated with selling property.

- ✓ We can give you an offer (subject to valuation) over the phone.
- ✓ You will know how long the sale will take- usually within a month.
- ✓ We offer to pay the costs.
- ✓ HIPs are not required as the property is not marketed.
- ✓ You can save the Estate Agent's fee.
- ✓ If you are moving abroad or you have already bought your new property with a bridging loan, you will not have to find the mortgage repayments every month until you sell.
- ✓ There is no chain.
- ✓ You do not need to improve your property; we will buy in any condition.
- ✓ You do not need to show lots of people around your home.
- ✓ Your friends and neighbours won't even know you have sold.
- ✓ You will in effect become a more attractive buyer if you are buying another property because you do not have to sell yours, perhaps giving you the chance to get a bargain quickly or allowing you to offer lower than the asking price on the new house.
- ✓ If you are selling to pay off personal **debt**, or you are in danger of having your home **repossessed**, you can get the money quickly and perhaps save your credit rating and save on interest payments. It certainly would be a better option than letting the **repossession** take its course.

We will give you an offer and you have the option to take it or not. So choose the best option for you.

[Click here to take action NOW](#)

In Summary

Before you start the process of selling your property, sit down and think of what you really want from the sale. Write down the pros and cons if you like. Talk to everyone and make up your own mind. You do not want to have regrets later. You want to do the best for yourself now. Nobody really knows what the future will bring - will interest rates rise or property prices fall? Will property keep increasing faster than inflation? We can't look back and say I should have sold then or I should have hung on for a little longer because we can only work with the information we have now. Do your homework, be informed and don't be pushed into doing what is not right for you. You choose the best option for yourself.

Landscape Homes is waiting to give you a no-obligation offer today.

House prices are falling, your situation will get worse unless you

[Click here to take action NOW](#)

Call 0800 030 5038
NOW