

Seniors

**Selling Your
Home?**

**Is it
necessary?**

**Is NOW the
right time?**

**Special Report Presented
by**

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Selling Your Home? Is it necessary? Is NOW the right time?

Do you really need to sell your home? There may be other options. If you do have to sell, should you just hold your nose and jump into the market now? Definitely not! The wrong decision made at the wrong time can be financially devastating.

No homeowner likes being forced to sell but it **can** happen. If you need to sell immediately, you may not have the opportunity to weigh alternatives. If you need (or want) to sell and aren't under pressure to act by a certain date then take the time to examine all your options before you jump into the market.

You may need to sell if you have been transferred or required to relocate for work with another company, or if you have lost your job or separated from your partner. A growing family may dictate that you move from your apartment or condo into a single-family home with room for kids and pets. Any of these situations can be a wrenching emotional experience. With some preparation, selling your home doesn't also need to result in a financial loss.

1. Should you sell & move closer to your new job - or commute to work? – You have a new job in another part of the city or in a nearby community. You may decide selling is a better option for you if:

- you miss the extra time spent getting to and from work (leaving you less time to spend with family and friends)
- you can't afford the increased cost of public transportation or higher gas costs and the higher vehicle maintenance costs (because extra miles means added wear and tear on your car)

2. Is selling the only answer to a tight financial situation? – You may have lost your job or had a cutback in hours or income. If you're barely able to make your current mortgage payment, is moving the best option? Not always! Sometimes the relocation and commission costs are overwhelming, even if you make a profit on your current home. In other words, it costs money to sell and move. You might want to consider re-financing or renting out part of your home.

3. Re-financing might be your solution! – If a high mortgage payment or lower than normal income is your main problem you might want to consider re-financing your home and staying put for a while. If you have not re-financed in the last five years, today's lower rates may allow you to reduce your monthly payments significantly. Keep in mind that re-financing re-sets the clock on your loan and this may cost you money in the long run. Run the numbers, or sit down with your lender and work through it with them before you re-finance.

4. Does separation, divorce or death of a partner have to result in the sale of your family home? - In some situations you may have to sell your home as part of the settlement, you will need to consult your lawyer or accountant. But don't make a rash

emotional decision; be sure you examine all your options before you decide to sell your home.

5. Need more space? Remodel or add on to your home! – If you need more space you might consider remodeling or adding an addition to your home, especially if you like your current neighborhood. -If you have owned the home for several years, you may have enough equity to do some serious remodeling. But keep in mind that if you need to do extensive remodeling you run the risk of “over-improving” your home (yes, there is such a thing). You might not be able to recoup your investment when you sell and the increased property value may result in higher property taxes. If this is impractical or too expensive then selling and moving into a larger home may be your best option.

6. Need less space? Renting part of your home may be the answer for you! - Your need for space will change if the size of your household changes. If downsizing is in order you could rent out part of your home. This would allow you to stay put, your property value can appreciate and you get to enjoy the rental income in addition to the tax benefits of home ownership (including writing off rental expenses).

Keep in mind that this option would put you in the role of landlord and that’s not for everybody. You will need to find the elusive “Good Renters”, you’ll have to carry liability insurance and rental income will complicate your finances at tax time. You may want to consult with your tax advisor.

Selling and moving into a smaller home is also a practical option. Make sure the market will work in your favor or consider waiting for the inevitable rise in the real estate cycle, see #9.

7. What about the tax implications of selling? - Selling a home can have a major impact on your federal and state tax returns. Check with your tax advisor on the factors that may affect your taxes resulting from the sale of your home. For example:

- Was the home purchased or acquired by gift or inheritance
- Did you use your home partly for business or rental
- What are the costs associated with selling your home
- Did you do any home improvements or additions? These may help to offset capital gains
- Did you consider the capital gains that may result from the sale of your home? In certain cases you can exclude up to \$250,000 in gain (\$500,000 for married couples filing a joint return) on the sale of property that was your principle residence for at least two years. Depending on where you live you can use this exclusion every two years.

8. Do you have equity in your home? – Selling your home may be a way of cashing in on your investment when you have substantial equity. This is especially advantageous if you are moving to a less expensive neighborhood. But timing is important.

9. How important is timing? – As they say in showbiz, “Timing is everything”!

- If the current housing market is “HOT” and you plan to move to a less expensive neighborhood you could make money on your sale even if you’ve only been in

your home a short time. But remember, if you sell in a “HOT” market chances are you will be buying in the same market. That means you will have to respond quickly to offers and compete aggressively to find your next house.

- If the current housing market is weak you stand to lose a large percentage of what you have paid into your home. To get a decent price you may have to spend money to make improvements to your property and offer incentives to compete with other homes on the market. Take advantage of the cyclical nature of the real estate market and stay put (if you can) until the market improves.

10. How can you hold out for an appreciating (HOT) market? – Rent out your home and buy another property in a less expensive neighborhood. If the real estate market in your area is appreciating (going up) your home may be worth more as a long-term investment. If you qualify for another home loan while carrying your current mortgage then this strategy may work for you. This also lets you defer sales costs for the time being; but you must be vigilant or waiting to sell could cost you if you don’t make your move before housing prices dip down again.

11. Do you know where you’re going? – If you want to move but don’t have a specific destination in mind – stay put! You’ll build equity by continuing to pay down your mortgage and avoid the cost of moving twice - once when you leave your current home and again when you make your final decision on where you want to live (and your friends won’t disown you when you ask them to help you to move – twice!).

12. Can you be objective about pricing your home? – In order to make an informed decision on whether to sell or stay put, you need to determine the value of your home. You will have to set a realistic selling price, keeping in mind that there is no financial value to Jimmy’s height marks in the kitchen doorway or the hamster graves in the backyard.

To get started you should get a comparative market analysis and examine your home's assets compared to other homes sold recently in your area. Make sure you compare apples to apples. You may find that you need to lower your price because your basement is unfinished while your neighbor, who has way too much time on his hands, has completely finished his basement and rents it out for weddings. But if your home has a beautifully tended landscape while your neighbors have brown thumbs, you may be able to justify a higher price. Ask a real estate agent for advice; the local housing market is their business.

In Conclusion:

It should be a money decision! Once you decide to sell your home you must detach yourself emotionally and consider it a commodity, an investment that is part of your financial portfolio. Consider all your options carefully and, as with any major investment, ask yourself some hard questions when considering selling your home:

- Will the real estate market work in your favor at this time?
- Can you recoup the equity loss going from your current home to your new home?
- When all the chips are down, are you making a sound financial investment?

Additional Information:

Other Special reports you may be interested in:

Selling Your Home – How can you get your price?

Selling Mistakes! - Common mistakes and how to avoid them.

Internet Sources-

Home Gain – Stay Put or Buy Up?

<http://www.homegain.com/tools/StayPutOrBuyUp>

Life Advice About Selling A Home

http://www.pueblo.gsa.gov/cic_text/housing/sellhome/sellhome.htm

The (Re) Finance Center

<http://www.reficenter.com/calculators.htm>