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Step 8: Prepare the Home for Sale

Whether or not you have a property inspector review your home for possible defects, you should also inspect the home yourself. Imagine yourself as the buyer. What items would you like to see in working order? Are there cracks, chips, wear, stains, or missing pieces that really should be fixed? Go through the house methodically making a list of items that should be addressed.

As you tour the house recognize that you will probably have to spend a little money preparing your house for sale. The important thing is to spend wisely. A common rule of thumb is that you should only spend money on a repair if you can recoup the cost upon sale. It is acceptable to spend money on things like these (this list is not exhaustive):

- interior and exterior paint
- gutter and downspout repairs
- new cabinet or drawer knobs
- switches and outlets
- cabinet or counter refacing
- seasonal flowers, peat moss, mulch
- linoleum tile (if replacing individual tiles, but not an entire floor)
- faucets, toilet seats, caulk, grout



You should avoid major redecorating or remodeling because your interior tastes may not match that of your buyer's. In the case of outdated kitchens or baths, you are better off reducing your asking price than spending money to update them. Your objective should be to make the house look fresh, clean, and ready to purchase while spending as efficiently as possible.

If you have major structural repairs to make, such as roofing or foundation, you have two choices: you can make the repair yourself or hire a contractor, or you can offer the buyer a repair credit.

If you make the repairs yourself, you might have to postpone listing your home until repairs are completed. If you offer a repair credit, you must disclose the repair required and offer the credit upon closing. You and the buyer would then negotiate a repair credit amount based upon estimates obtained. You would place cash equal to that amount in an escrow account, if allowable, at settlement. This allows a buyer to control the repair process while obtaining a loan for the full value of the repaired property, and you are not left liable for work that may not have been finished or completed properly.

The buyer's lender may have some input as to what repairs are required and whether a repair credit would be allowed. A lender may require repairs as a condition of loan approval, and a repair escrow account may be disallowed. If the lender orders you to do so, you may have to make the repairs before closing on the home. Common repairs some lenders might require:

- lead paint removal
- broken window replacement
- stairway rail or banister repair
- other items affecting the structural integrity of the property



If you think you have to make major improvements, reconsider once more. If you **really** have to do something, note that some improvements give you better value than others. It's generally accepted that these improvements can add value (in order of decreasing impact):

- Kitchen improvements
- Bathroom improvements
- Landscaping
- Carpeting
- Den addition
- Storm windows (cold climate)
- Roof and attic fans
- Extra bedrooms
- Central air conditioning
- Garage addition (cold climate) or carport (warm climate)

It is still probably easier to discount the selling price for outdated parts of a house than to commit to these kinds of improvements.

If you know your house is a VA or FHA candidate, there are things you can do before you list the house:

- If paint is peeling (interior or exterior), paint it. Don't wait for an FHA inspector to find it.
- If you need a handrail, put one in.
- Repair anything detrimental to the structural integrity of the house.
- Replace broken windows (cracked may be acceptable) and/or jagged glass.

Lenders will not let you postpone repairs if they affect the safety of the house, although, depending upon the part of the country in which you live, they may allow it because of the weather (i.e., you can't make roof repairs or paint exteriors during the winter).

A final note: never conceal problems with cosmetic fixes. Buyers will eventually notice it, and if they don't, their building inspector will.

Given these ground rules, tour the entire property noting what needs fixing or cleaning. You'll probably want to print out the hometoday.com seller fix-up checklist (available free with registration) to keep track of the repairs you want to make.

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