

# The Smart Bay Area Seller

Successfully Selling Real Estate in the East Bay



**For most sellers, a successful sale means obtaining the highest price in the quickest, most convenient time frame with the least amount of hassle. I have created this guide to empower you to make smart choices in your next real estate transaction.**

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## **Before the Sign Goes Up**

**Comparative Marketing Analysis (CMA):** Setting a price for your home is done with help of a CMA. With a CMA we analyze the homes in your area that are actively on the market, pending sale or sold properties. This analysis gives you an idea of the value of your home.

**Timing:** The real estate market tends to be the most active in the Spring and Fall. July and August can be sluggish. If possible, avoid listing near major holidays because there are fewer buyers out looking for property.

**Preparing Your Property:** Remember what they say about first impressions. When spending money to make the property more sellable, concentrate on items that are visible to buyers. The outside has to look appealing enough or many buyers won't even bother to look inside.

**Paint:** Fresh paint has tremendous impact on overall appearance and is one of the best investments you can make. Choose warm, earthy colors with broad appeal.

**Landscaping:** Freshen up the landscaping by removing overgrown shrubbery, trim trees, plant flowers and fertilize the lawn.

**Clean and Organize:** Arrange the furniture so buyers can move easily through the space. Remove excess furniture, clothes, knick-knacks, etc., that are not in use. Your home will appear larger and it will be easier for buyers to imagine themselves living there. Make sure everything is sparkling clean – especially the windows!

**Staging:** Thoughtful staging of real estate properties helps accelerate the selling process by reaching potential buyers on two principal levels: emotional and practical. Through strategic placement of furniture and the application of color, accessories, artworks and greenery, potential buyers more easily adopt an emotional response to a home and are able to quickly garner a sense of relative room size and space definition.

**Make it Smell Fresh:** It's terrible to be greeted with unpleasant odors when visiting an open house. Make sure the trash has been taken out, the litter box is clean and the dog has had a bath. Fresh flowers, scented candles and soft music create a warm and inviting atmosphere.

**Minor Repairs:** Avoid an inspection report with a long list of minor items. Handyman repairs are worth completing, unless the property is being marketed as a "fixer".

**Remove Valuables:** All valuables, prescription drugs and financial records should be locked up or taken to a relative or friend's house.

**Disclosures:** Have termite, sewer line, and general home inspections done by a respected qualified professional. Based on those reports, I may recommend additional inspections. It will decrease the chance of unpleasant surprises during escrow period.

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## **Pricing for Success**

Your property is worth what a buyer is willing to pay for it. If your property is priced unrealistically, the best marketing and exposure will not overcome that. The price you select will determine the length of time it will be on the market. Overpriced homes often linger on the market, ignored by buyers and agents who have moved on to the excitement of newer listings and sellers who seem more reasonable. A smart seller knows realistically pricing from the beginning yields greater results. Chasing buyers with price reductions weakens your position in negotiations.

How do you know if you are priced right? Assuming there is a sufficient marketing program in place, a lack of activity most often stems the price. Buyers won't bother to see or make offers on property they believe is unrealistically priced. It is important to know what your competition is (the buyers will) and whether you are positioned appropriately relative to other listings and sales in the area.



## **Assess the Financial Impact of Selling**

Although everyone's situation differs, generally, if the property has been your primary residence for 2 of the past 5 years, you will be exempt from paying tax on the first \$250,000 of capital gains or \$500,000 if you are married (check with a qualified financial professional). Verify with your lender that there are no pre-payment penalties on your loan. Other fees include Transfer taxes, inspection costs and commissions will range normally between 6 and 8 percent of the total sales price.

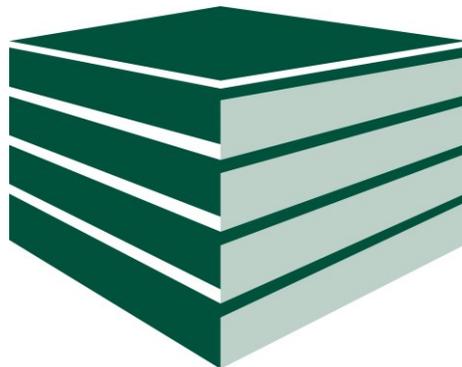


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## **THE DO'S AND DON'TS OF HIRING AN AGENT**

**You're paying for service – make sure you get it!**

- **Marketing your listing will vary greatly depending on whom you hire. Hiring a marketing specialist who provides the necessary exposure is crucial.**
- **Select an agent who is available to you and the buyers interested in seeing your home. Unfortunately, agents who aren't cooperative and/or don't return calls are a common problem in the industry and do a major disservice to their clients.**
- **Agents who service many listings may not be your best choice and may have a difficult time giving your listing the required attention. Don't allow your listing to be handed off to assistants or junior agents.**
- **Self designated claims such as "#1 in the hills", or "#1 in your area" mean nothing. The reality is most are untrue.**
- **Out of area agents don't always know the ins and outs of your market, hiring an agent who is knowledgeable of your area would be more beneficial to sell your home.**
- **Many years in the business or a long client list do not guarantee satisfactory service.**
- **Your agent should not burden you with showing the property**
- **Hiring an agent affiliated with a large company with many offices does not guarantee your listing will have better exposure. The MLS gives all member agents access to your listing; therefore, the size of the listing firm is irrelevant. What matters is the marketing and experience your agent provides!**



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## **Don't Fall for These Tricks!**

**The Inflated Price:** This is a lesson many sellers learn the hard way. In order to secure your listing, an agent you are interviewing suggests a much higher price than anyone else. Don't be fooled into thinking that they can get more for your home. Once they have the listing, they feel they will eventually convince you to reduce the price. The buyers (not the agent) will determine your home's value. Select an agent based on service and decide on a list price together.

**I've Got a Buyer:** An agent states they have a buyer for your property that is not currently listed for sale. This is a common ploy to see if you would consider selling so they can pursue your listing. Tell them you have an agent and any offers must go through them. Chances are you'll never hear from them again.

**The Double End:** The agent you listed with writes an offer for a buyer they represent. There is pressure for you to accept the offer right away, before it's been thoroughly exposed to the marketplace. Watch out! The agent is likely concerned about collecting the full commission (known as double ending) instead of getting you the highest price. Your agent should solicit as many offers as possible – not just those they or other agents in their office represent.

**I'll Buy it Myself:** An agent approaches you about purchasing your property that is not currently listed for sale. They offer you a price less commission you would normally pay. They are essentially asking you to pay a commission without getting the benefits of having your home fully marketed. You would have to be silly to do that!

**Clarifications to Make in the Listing Agreement:** Make sure you understand all points of the listing contract and receive a copy. A term of 150 days is usually sufficient for a home in the current market.

A reputable agent will provide in writing:

- You may cancel the listing with no further obligation if you are not satisfied.
- A marketing plan and the advertising promised.



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## **Showing Your Home**



Neither you nor your agent should be an obstacle for buyers to pay top dollar. Uncooperative agents are not uncommon in the industry – don't hire one! Your home must be available to see at the buyer's convenience, within reason. It is less emotional if the Seller is not at the property when the home is shown, either by open house or appointments. Buyers schedule more than one appointment at a time when they will be in your area. Don't miss an opportunity for your property to be shown. That buyer may write the best offer- don't lose them to another house!

**Brokers' Open House:** An open house should be scheduled for the Realtor® community. This exposure is critical and gives the agents a chance to preview the home for their potential qualified buyers.

**Sunday Open Houses:** Make it convenient for people to view your home who are otherwise unavailable during the week.

**Lockbox:** A lockbox enables a buyer's agent to access to your house without having to make an appointment with the listing agent. A benefit of a lockbox is having your home available at a moments notice – never miss a buyer! Each entry is recorded for appropriate follow up and security purposes.

## **Bringing Buyers to Your Doorstep**

Whatever the market conditions are, a thorough multi-media marketing campaign including advertising with photography is crucial. Many agents claim to have a "unique" marketing strategy. **There is no secret strategy to getting a home sold.** Most agents CAN do the same things to market your home. The question is WILL they? The listing agent pays for advertising up front. The most effective marketing tools are:

**The Multiple Listing Service:** Your listings should be featured in the local MLS and, as well as, on the Greater Bay Area MLS system accessed by Real Estate Agents from San Francisco to Monterey.

**Professional Photography:** Although most agents don't utilize this powerful tool, it is essential to have your home portrayed in its best light. Who else could do that better? Many homeowners spend several thousands of dollars to prepare their home for sale with minimal effect because of amateur photography in advertising, brochures and template websites.

**Sketch:** I always work with an artist who makes watercolors of homes, that also makes a great memory keepsake.

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**Print Advertising:** Buyers often turn to the Open Home Section in the *San Francisco Chronicle* and the neighborhood specific newspapers such as the *Montclairion* or the *Berkeley Voice*. Always have your home's custom website referenced in all printed advertising materials.

**Internet Exposure:** The majority of buyers turn to the internet when searching for a home. In our competitive and changing market, the convergence of world-class photography, stylish presentation, and wide spread internet distribution will equate to the highest sales price possible.

**The Sign:** Buyers frequently begin their search by driving through neighborhoods they would like to live in. A sign outside your home, will attract these buyers.



### **Common Advertising Mistakes**

- **Do Not Indicate There Was Work Completed Without a Permit:** I am aware of instances where inspectors have cited sellers for non-permitted construction. You must disclose this information, however, advertising (including the MLS) is not the place to do it.
- **Do Not Overstate Your Property's Features:** This sets buyers up for disappointment. Your house is what it is and not what it is not!
- **Advertise Your Home - Not Your Agent:** Many agents will use your property to gain other clients, make sure that your agent is selling your home not themselves.

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## **Disclosures**

### **'The Devil is in the Details'**

**Here are some of the most used real estate disclosures:**

**Agency Disclosure:** Makes sure that everyone involved in the transaction understands the relation the between agent and client.

**The Transfer Disclosure Statement (TDS):** By law, you must disclose anything you are aware of that could materially affect the decision to buy your home. To limit your chances of a lawsuit, DISCLOSE, DISCLOSE, DISCLOSE, including past repairs. Don't cover up anything and be honest about the condition and any problems with the property. Sellers often feel too many disclosures will scare buyers off. I feel the opposite. Buyers are more comfortable dealing with an honest seller. Any claims on your homeowners insurance in the last 5 years must be disclosed. If there are any significant disclosures, let the buyer know prior to accepting their offer.

**Natural Hazard Disclosure Report:** This report is prepared by an outside company and discloses possible natural hazards such as floods, fires and earthquakes.

**Combined Hazards Booklet:** Mandated by the government to inform the homeowner and prospective homeowner about environmental hazards located on and affecting residential property.

**Preliminary Title Report:** The Title Company provides this report. Potential problems including liens, unpaid taxes or additional property owners can be found here. Everyone on title must sign all contracts unless power of attorney has been granted to someone else.

**Water Heater and Lead Based Paint Disclosure:** Informs prospected homeowners about strapping the water heater and facts about possible toxic paints used on homes built before 1978.

**Statewide Disclosures:** Points out Buyers and Sellers rights and duties.

**Insurance Addendum:** Agreement between Buyers and Sellers that the new owner will insure the home.

**Market conditions Advisory:** Advises and warns about market fluctuations.

**City Regulations:** Most cities have requirement that impact the sale of your home, which vary from city to city. The most common requirements in the East Bay are pretty simple like smoke detectors and carbon monoxide detectors that have to be installed by the seller before close of escrow. The biggest one in the East Bay is the sewer lateral compliance and that's why it is explained in more detail below:

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### **Sewer lateral Compliance Certificate:**

A home seller in the East Bay Area is obligated to conduct a sewer lateral scope inspection, and upon transfer of the home to a new Buyer, someone will be obligated to make any repairs needed to comply with the new city of Oakland sewer lateral ordinance and the EBMUD waste water ordinance. If you are a Buyer considering a home built prior to January 1, 2011 you would be well advised to perform your own camera inspection to make sure that you are not unwittingly assuming someone else's very expensive problem.



A number of East Bay cities and sanitary districts require that sewer laterals be inspected and brought into conformance as a part of the sale of property. A recent court order will require the cities of Oakland, Emeryville, Piedmont, Berkeley, Alameda, Albany, Kensington, El Cerrito and the Richmond Annex of the City of Richmond to require homeowners to fix or upgrade their sewer lines when a home is sold or upgraded. The East Bay Municipal Utility District (EBMUD) Wastewater Control Ordinance will require property owners in certain areas of the EBMUD wastewater service area to obtain a compliance certificate that shows their private sewer laterals are without defects and have proper connections. The private sewer lateral program requirements for property owners will be in effect on January 1, 2011. The ordinance specifies three conditions which require property owners to test and, if needed, repair or replace their private sewer laterals:

- 1) Prior to selling the property
- 2) When obtaining any permit from the construction or modification of the property estimated to be greater than \$100,000
- 3) When increasing or decreasing EBMUD water service that requires a change in meter size.

These EBMUD requirements will only affect properties in the EBMUD wastewater service area in Emeryville, Oakland, and Piedmont. The cities of Alameda, Albany, Berkeley and the Stege Sanitary District (which serves Kensington, the City of El Cerrito and a portion of the City of Richmond) have local private sewer lateral ordinances already in effect. It is not known whether existing requirements in several cities which already have such requirements will be strengthened. Sellers and Buyers are advised to check with the local Building Inspection Department or Sanitary District for more information.

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## **Characteristics of a Strong Offer**

### **Before an offer is accepted, I insist on:**

- Verification of down payment and closing funds.
- A pre-approval letter personal contact with the lender.
- All decision makers have seen the property.

**Terms are as Important as Price:** A more qualified buyer may be the better choice even if the offer is lower. Someone willing to offer a higher price may intend to renegotiate further into the transaction, or may not be a committed buyer and will end up canceling escrow. Negotiate the time frame for each contingency as short as possible to know quickly if the escrow will proceed or not. A smart agent will have a sense of the buyer and their level of motivation.

**Offers are Confidential:** If several offers are received, Daniel Winkler & Associates, Inc. does not disclose the purchase price or terms to the other buyers or their agents. The accepted offer is not made public until after the close of escrow.

## **Escrow and Contingencies**

**Inspections:** With home prices at historic highs, buyers tend to have thorough inspections. The more inspections the seller has beforehand, the less likely the buyers are to come back and claim they weren't aware of a problem or ask for credits to previously undisclosed repairs.

**Appraisal and Loan:** If the buyer is securing a loan, keep contingencies as short as possible. Your home must appraise for at least the purchase price.

**Retrofitting and Termite Work:** Various governments impose requirements that must be met prior to transferring real estate. These include strapping the water heater, functioning smoke detectors, low-flow toilets and an automatic gas shut off valve installed. In some purchase agreements, the property is required to be delivered free and clear of current termite infestation and damage. I recommend obtaining at least a termite report and a general home inspection report.

**What Stays:** Unless specific items are excluded, you must leave window treatments and hardware, light fixtures, doorknobs and locks, built-in appliances or cabinetry and anything fastened to the wall. Flat screen TV's and speakers mounted to the wall should be specifically addressed. If you are planning on excluding any such items, let buyers know before they become attached to it. Appliances are not a part of the agreement unless you agree to include them. Clarify in writing all items during negotiations to be sure there are no misunderstandings. Any exchange of personal property should be addressed separate from the purchase agreement.

**The Final Steps:** The buyer will have a final walkthrough, which is a brief inspection to verify the property is in the same condition. The property must be delivered free and clear of personal property and left broom clean. This includes paints usually stored in the garage, unless specifically requested by the buyer.

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**If Escrow is Cancelled:** Make every reasonable effort to resolve issues with the buyer to prevent the cancellation of escrow. Starting the process over doesn't guarantee you will have an easier time the second time around. Reports and findings from prior inspections must be disclosed to future buyers. If the buyer cancels after the contingencies are removed in writing, you may be entitled to their deposit.



### **Short Sales Explained**

A short sale is the process by which a homeowner can sell a house for less money than actually owed on the mortgage(s).

These are alternatives to bankruptcy or foreclosure proceedings for homeowners/borrowers who can no longer afford to keep mortgage payments current. One of those options is called a "short sale." Sometimes, to avoid going through the costs of foreclosure, a lender will sanction a short sale by allowing a homeowner to sell the home for less than the mortgage balance while the home is in pre-foreclosure stage.

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## **Foreclosures Explained**

Home Buyers who want a good deal in real estate invariably think first about pursuing foreclosures. Buyers have this picture in their mind of a cute little house, surrounded by a white picket fence that is owned by a widowed mom who fell on hard times, but that scenario is generally far from reality.

Sellers stop making payments for a host of reasons. Few choose to go into foreclosure voluntarily. It's often an unpredictable result from one of the following:

- Laid-off, fired or quit job.
  - Inability to continue working due to medical conditions.
  - Excessive debt and mounting bill obligations.
  - Squabbles with co-owner, divorce.
  - Job transfer to another state.
1. Foreclosure proceedings vary from state to state. In states where mortgages are used, home owners can end up staying in the property for almost a year; whereas, in states where trust deeds are used, a Seller has less than four months before the trustee's sale.
  2. Almost every state provides for some period of redemption. This means the Seller has an irrevocable right during a certain length of time to cure the default, including paying all foreclosure costs, back interest and missed principal payments, to regain control of the property. For more information, consult a real estate lawyer.
  3. Many states also require that Buyers give to Sellers certain disclosures regarding equity purchases. Failure to provide those notices and to prepare offers on the required paperwork can result in fines, lawsuits or even revocation of sale.

## **A Trustee's Sale**

Check with your local county office to find out how sales in your area are handled, but common threads among those I see in Sacramento are:

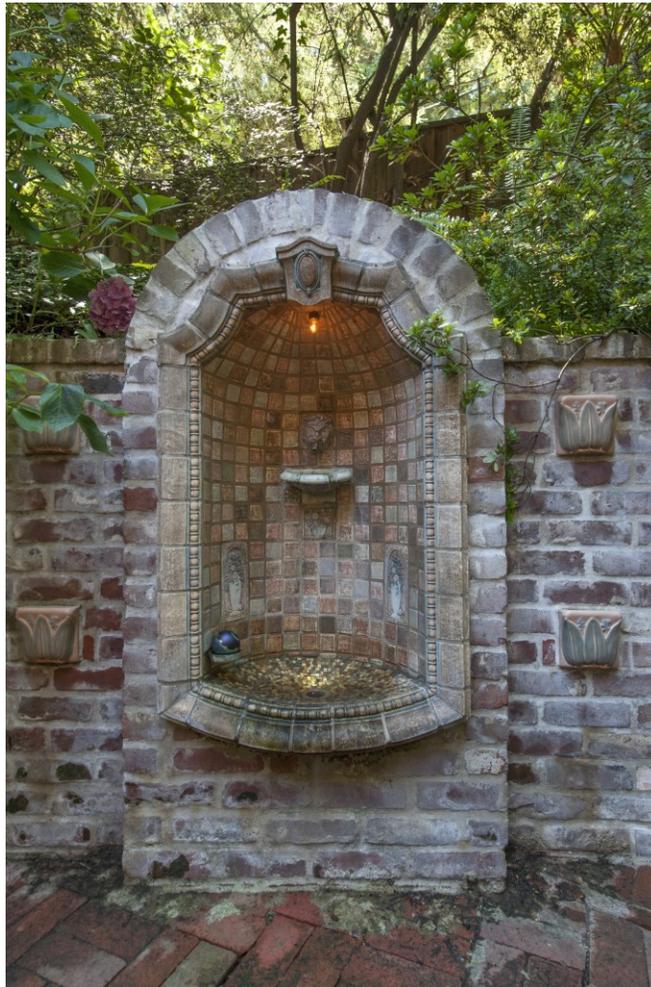
- No loan contingency.
- Sealed bids.
- Proof of financial qualifications.
- Sizeable earnest money deposits.
- Purchase property "as is".

Sometimes Buyers are not allowed to inspect the house before making an offer. The problem with buying a house sight unseen is you can't calculate how much it will cost to improve the structure or bring it up to habitable standards. Nor do you know if the occupant will retaliate and destroy the interior. On top of that, you may need to evict the tenant or owner from the premises after you receive title, and eviction processes can be costly.

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## **REO (Real Estate owned by a Financial Institution)**

An REO (Real Estate Owned) is a property that goes back to the mortgage company after an unsuccessful foreclosure auction. You see, most foreclosure auctions do not even result in bids. After all, if there was enough equity in the property to satisfy the loan, the owner would have probably sold the property and paid off the bank. That is why the property ends up at a foreclosure or trustee sale. An REO follows the same procedure as a regular sale, but this time the Seller is a institution. Negotiating credit backs and repairs to the home will be more difficult but it has been done.



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## About Nicolette

Nicolette was born in Amsterdam and raised in both The Netherlands and Portugal. She has a background in Art History and Museum Studies and managed a successful tribal art gallery in Amsterdam before moving to the Bay Area in 1998. She enjoys the diversity and active lifestyle the Bay Area offers. After living in San Francisco for 4 years, she fell in love with the East Bay and lived in Berkeley for years before moving to the Oakland Hills in 2008.

Nicolette treats every client as if they were her only one. She understands how buying or selling a home can be challenging, especially when your busy life already includes a career, family and social activities. Resourcefulness, professionalism, honesty and sincerity are the hallmarks of her practice and she has spent years developing relationships with other Realtors, key executives, business owners and tradesmen. Nicolette draws on all of these resources for each of her clients.

"In my view, successful management of a real estate transaction requires looking at the transaction as more than just a sale. Rather it is a chance to participate in my client's life changes. I guide my clients through every aspect of a real estate transaction while going the extra mile, caring for each and every need. Building personal relationships and providing special care for my client's largest asset is my priority."

- Nicolette Sommer

Note:

When Nicolette is not helping people with their homes, she volunteers at EBAC as a volunteer grief and living with illness counselor and plays an active role as VP of the APT at her sons' school, Oakland School for the Arts. She enjoys her time at Burningman every year where she volunteers at her husband's radio station. Does her yoga class and tries to swim at least once a week.

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