

PREPARING TO SELL

HOW MUCH DOES IT COST TO SELL WITH AN AGENT?



Selling a house is EXPENSIVE and TIME CONSUMING. It's important to be prepared for the hidden and overlooked costs of selling a home.

Homeowners on average spend **7 Months** planning and preparing to sell their home, and **3** additional months with their home listed, pending and closing. Below is the breakdown of expenses you can expect during the home-selling process.

COSTS ASSOCIATED WITH SELLING A HOUSE: HOME PREPARATIONS



COMMON HOME SELLER CONCESSIONS:

Post-inspection Repairs: Rarely does an inspection report come back perfect, so sometimes buyers will request repairs from sellers. After the inspection report, sellers often either lower the sale price so the buyers can make the repairs themselves, or have the repairs completed as a condition of the deal.

Home Warranty for Buyer: As a way to sweeten the deal for potential buyers, sellers sometimes cover the cost of a home warranty. This can make your home stand out from others on the market and can increase a buyer's confidence in your property. A one-year home warranty can cost **\$300-\$500**, depending on coverage.



Credits toward Closing Costs: Another concession buyers often request is that the seller cover all or part of the buyer's closing costs. This minimizes the amount of cash a buyer needs to bring to the closing. For the seller, the cost will come out of the closing profit you'll make on the home.

HOME SELLING EXPENSES: VACATING THE HOME

Another type of expense you'll need to budget for is moving — the costs related to vacating your home.

LOCAL MOVES CAN RANGE IN COST

- \$200
1 BEDROOM APARTMENT
- \$2,000 +
4+ BEDROOM HOUSE



Other possible expenses when vacating:

- Temporary Housing
- Moving costs
- Utilities
- Homeowners Insurance for vacant property

CLOSING COSTS FOR SELLERS

Average closing costs for sellers range from **8% to 10%** of the home's sale price, including both agent commission (about **6%** of the sale price) and seller fees (about **2% to 4%**).

Median U.S. Home Value
\$217,000

Average Closing Cost for Sellers
\$17,000 - \$22,000



AGENT COMMISSION	6% of Sale Price
TRANSFER TAX	VARIABLES BY STATE
TITLE INSURANCE	\$1,000-\$4,000
ESCROW FEES	\$500-\$2,000
PRORATED PROPERTY TAXES	PRORATED UP TO CLOSE DATE
HOA FEES	PRORATED UP TO CLOSE DATE
ATTORNEY FEES	\$500-\$1,500

REAL ESTATE FEES: LOAN PAYOFF, TAXES, PENALTIES

When the closing costs are settled, it's not all profit. There are still a few more costs of selling a house that you need to be aware of:



Outstanding Mortgage Balance:

If you're still paying a mortgage on the home, part of the closing process will include paying off the balance of your mortgage, prorated to the date of sale. You will also want to check with the mortgage company to see if there is a prepayment penalty as well.

Capital Gains Tax:

This cost is often overlooked — until tax time. If you've lived in the home for at least two of the last five years, you'll get a tax break on the profit you make on the sale. Up to **\$250,000** if you're single or married filing separately, or **\$500,000** if you're married, filing jointly.

HOME SALE TRANSACTION MATH

Let's use a **\$200,000** home as an example. Say you purchased the home five years ago, putting **10%** down (that's \$20,000). Now you're able to sell the house for **\$220,000**, thanks to appreciation and home improvements you've made. Here's an estimate of what your costs might be:

Original purchase price	\$200,000
10% down payment	\$20,000
Loan amount	\$180,000
Current mortgage balance	\$165,000

MOST LIKELY TRANSACTION COSTS

Home preparations	\$5,000
Commissions	\$13,200 (assuming 6%)
Transfer tax	Varies widely by location
Prorated property tax	Varies widely by location
Utilities	\$258 (1.5 months of utilities)
Escrow	\$1,000 (seller's half)
Title insurance	\$1,000 - \$4,000
Sum of most likely costs	\$20,458 - \$23,458

POSSIBLE TRANSACTION COSTS

Buyer concessions offered	\$2,200 (1% of the sale price)
Optional pre-inspection	\$250-700 (varies on home size)
HOA fees	\$200 - \$400 (estimated)
Attorney fees	\$500 - \$1,500
Temporary housing	\$2,000 (average rent)
Sum of possible costs	\$5,150-\$6,800

TOTAL COSTS OF SELLING A HOME

Sale price	\$220,000
Current mortgage balance	-\$165,000
Equity (sale price minus loan balance)	=\$55,000
Most likely transaction costs	-\$20,458 - \$23,458
Possible transaction costs	-\$5,150 - \$6,800
Net proceeds	\$24,742 - \$29,392
Transaction Costs	44 - 53% of equity spent on the transaction