

# THE ESSENTIAL GUIDE TO Selling your Home

Which home improvements pay off — and how to finance them

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## Your pre-sale checklist

- ✓ When to sell
  - ✓ Choosing a Realtor<sup>®</sup>
  - ✓ Staging your home
- 

How much should you ask for your house?

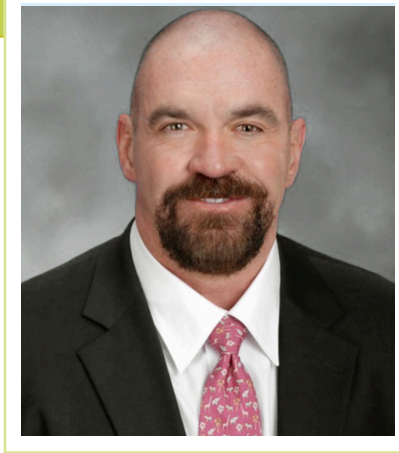
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## Loan FAQs

Advice on offers, disclosures, and more



# Welcome to PenFed!



Winston Wilkinson  
President, Mortgage Lending

Selling your home may be the most important financial transaction you make — second only, perhaps, to buying your first home. Amid preparing for open houses and tallying closing costs (not to mention saying goodbye to the place where you made a lot of memories), your eye is on the prize: getting the best possible price for your home and profiting from the sale.

Your home sale comes with a long to-do list, as well as some big decisions. Whether you're making upgrades pre-sale, settling your existing mortgage at closing, or financing your next home, you'll be in steady contact with your lender.

We've created this eBook to support you throughout the home-selling process. We share information, tips, insights, and inspiration for every stage of your home sale — from deciding when to sell all the way to handing over the keys. Plus, it includes links to our PenFed Knowledge Center, where you can take a deeper dive and connect with our mortgage experts.

Best of luck on this big step, and remember we're here to help — every step of the way.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Wilkinson'.

Winston Wilkinson

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Get a closer look!

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# SMOOTH SELLING

These days, selling your home isn't a marathon — it's a sprint. The average time to sell a house, from listing to closing, is 70 days. There's a lot to do in between — not to mention beforehand — so use this infographic to stay grounded and on track during this whirlwind of activity.





# When Is the Best Time to Sell Your House?

Sometimes life decides for you. Even then, there are ways to time your home sale so it works to your advantage. Just follow these market trends and cycles.

Your family is growing, and you'd rather move than endure an expansion. You're empty-nesting, and it's time to downsize. Your work is taking you across the country; you've decided to move closer to family. These are only the most common reasons people move — and most of them are time-sensitive. When it's time to go, it's time to go.

Even if you don't have much control over the timing of your move (the baby will be here in four months, and the new nursery isn't going to paint itself), the cycles of the housing market can help you stack the deck in your favor. Possibly the most well-known of market cycles is the buyer's market versus the seller's market.

## Selling in a seller's market

In a seller's market, there are more buyers looking for homes than there are homes for sale. According to Redfin, homes sold faster in 2021 than in any year since 2018. In November 2021, home prices rose 15 percent compared with November 2020, and home supplies hit a new low.

If you're lucky enough to be selling in a seller's market, you can likely expect higher selling prices and speedier home sales. You may be able to set a higher asking price — though you'll still need to be competitive with homes in your area. One potential downside: You'll need to be prepared for a busy few weeks, anticipate competing offers, and be ready to move soon after you list. Keep this timing in mind when you set your list date.

## Selling in a buyer's market

Whether it lasts two years or ten, a seller's market will always swing in the other direction. In a buyer's market, there are more houses for sale than there are buyers. If you're selling during one of these periods, expect to wait a little longer to receive an offer. And be ready to negotiate with the buyer, who will typically have more leverage than the seller.

### Homes that went off the market within two weeks of listing

<b>2018</b>	<b>38%</b>
<b>2019</b>	<b>37%</b>
<b>2020</b>	<b>44%</b>
<b>2021</b>	<b>52%</b>

# 24 days

Average time to sell a house,  
U.S., 2021

Source: Redfin

## Buyer's Market or Seller's Market: What they look like and what to expect

Buyer's Market	Seller's Market
Number of houses for sale is high	Number of houses for sale is low
Demand is low/fewer buyers on the market	Demand is high/more buyers on the market
Houses sell for less than the asking price	Houses can sell for more than the asking price
Buyer has more control	Seller has more control
Houses sell slowly — and the longer they stay on the market, the harder it is to sell	Houses sell quickly — be ready to move
Expect to negotiate	Look for buyers who are prepared
Put your home's best foot forward with upgrades, cleaning, and staging — see more on page 12.	May influence your asking price — start the conversation with your agent on page 15.

## Other factors

In addition to the overall housing market, other factors that affect home sales include the season, the month, and even the day of the week. To optimize your home sale, try to time it for either February through April or between September and October. According to Redfin Data Center, these were the fastest-selling months, on average, from 2018 through 2021. And if you're looking for a lucky day to launch your listing? Shoot for Thursday.



What's the best day of the week to list your house for sale?

### THURSDAY

Homes listed on Thursdays also sell for more money on average than homes that go on sale on other days of the week.

Source: Redfin

## Pre-Sale Improvements

The must-haves, the not-worth-its, and how to maximize your home's resale value without maxing out your budget

Before you can list your home, there is a list of to-do's to get your house sale-ready. How long that list is depends on how long you've been in your home, how well you've kept up on repairs and maintenance — and how much you want to put into extras to try to add value.

To help you decide where to concentrate your efforts and your financing, you can think of repairs and upgrades in three categories: essential, essential-ish, and icing on the cake — the extras that may make your already solid home more attractive to prospective buyers.



## Green upgrades pay off

According to a Consumer Reports survey, home improvements for energy efficiency can increase a home's resale value by **5 to 7 percent.**

### Essentials: basic repairs

The essentials are those repairs that need to be done to keep the house in good working order, such as roofing, repairing structural damage or water damage, insulation, and electrical repairs. These are the baseline functional and structural items that the buyer expects — missing one or more might even be a non-starter. Keep in mind that even if you get a pre-sale inspection to identify must-fixes, the buyer's inspection may turn up additional repairs that will have to be either made before sale or negotiated in the sales agreement.

### Essential-ish: upgrades and improvements

Next up are still nuts and bolts — structural, mechanical, and everyday appliances. But these upgrades are more in the nice-to-have category: taking existing items up a notch. Think about updating to the latest energy-efficient furnace, kitchen appliances, doors, and windows; or adding solar panels, new siding, or smart technology like energy-efficient thermostats. You might also replace an old stovetop or bring old faucets and light fixtures up to date so they reflect current tastes. Improvements like these often hit the sweet spot in terms of increasing a home's resale value.

### Icing on the cake

After the essential repairs and high-return upgrades, there is a dizzying number of opportunities to increase your home's appeal and value. Full-scale kitchen and bathroom remodels are common, as is exchanging carpeting for hard flooring.

Many smaller improvements can add to your home's perceived value, even though the return is harder to quantify. A fresh coat of interior paint — in a neutral color — is a quick and inexpensive way to give it an attractive breezy quality; adding extra shelving, a double sink for the kitchen, or a fireplace adds utility and comfort. With relatively inexpensive upgrades like these, your home can edge out any competition without putting a major dent in your budget.



**Avoid these 10 mistakes when selling your home >**



Find out how much to borrow with a HELOC >

## Home improvement ROI

Which extras are most likely to deliver a full return on your investment? Honest answer: not many. But there are plenty of ways to add to your home's wow factor and possibly bump up its selling price. Here are 10 popular improvements and what you can expect for the return on your investment.

PROJECT	AVERAGE COST	AMOUNT ADDED TO RESALE VALUE	% OF INVESTMENT RECOUPED
WOOD FLOORING	\$4,700	\$5,000	106
NEW GARAGE DOOR	\$3,900	\$3,700	95
NEW FRONT DOOR (FIBERGLASS)	\$2,700	\$2,000	74
KITCHEN REMODEL	\$26,000	\$19,000	73
NEW DECK (WOOD)	\$16,600	\$11,000	66
CONVERT BASEMENT	\$46,900	\$30,000	64
KITCHEN RENOVATION	\$68,000	\$40,000	59
BATHROOM REMODEL	\$35,000	\$20,000	57
NEW MASTER SUITE	\$157,000	\$86,000	55
CLOSET RENOVATION	\$6,300	\$2,500	40

Sources: National Association of Realtors; Remodeling Magazine

## Paying for pre-sale repairs

You're making all these upgrades... but you won't have cash in hand from your home sale for weeks. What do you do? It's very common to finance pre-sale improvements with a home equity line of credit, or HELOC. You may already have one from past repairs or renovations. A HELOC is one very effective way to manage pre-sale expenses — which you will quickly pay off with the proceeds from the sale.

# CURB Appeal

It's about more than just the lawn.

Even if you've never bought or sold a house before, you're familiar with the buzzword *curb appeal*. But what is it, and why is it so important? Simply, curb appeal is what initially attracts the buyer based on what they can see from the street. As such, it doesn't necessarily add to the home's value, because it's table stakes.

And it involves a bit more than a manicured lawn and a hedge trim. All the details combine to create a first impression that tells the buyer they're looking at something special. Fortunately, there are dozens of ways to spiff up your exterior — and many of them require very little cash to make a very big impression. Here are some ideas:

## House numbers and mailbox

The small things we use or walk past every day are often the ones that could use a little polish. Trade street numbers that fade into the background or a mailbox with scratches and dents for new ones that will announce your home with style. You can find a design that complements your home's aesthetic for less than \$100.

## Front porch decor

Whether it's a porch swing, a container garden, updated light fixtures, or even a fireplace, how you present your front porch previews how your home looks and feels inside. So make it inviting. Costs vary according to what you decide to do: DIY with seasonal items or extend the landscaping up to the porch for up to \$250; a chiminea or full-size fireplace can cost anywhere from \$100 to several thousand dollars.

## Front door

Making sure your doors and windows are secure and energy efficient should be on your list of must do's. But that will do little for curb appeal. A splash of color will. If it fits your home's character, a front door painted an energetic red or a sunny yellow (or whatever color you like!) can be a way for your house to wave hello to passersby. You can get a fresh coat of paint designed specifically for front doors, plus all the gear to get the job done, for about \$60.

## Lighting

Tasteful lighting and attractive light fixtures on the porch, at the front door, and along walkways and the home's edging not only create a beautiful nighttime scene, but also offer added security — a real plus for a potential buyer. Fixtures are available for every taste and budget. You can light a pathway for about \$150 or less; porch lighting ranges widely from less than \$100 to up to \$1,000 per light.

The opportunities don't end there. You can increase your curb appeal with window treatments, fencing, professional landscaping, and more. Use your imagination and you can produce a lot of bang for your buyer's buck — without spending a lot.

## Should You Sell Your House As-Is?

Making improvements before selling has become a necessary step in marketing a home. In 2020, only 21 percent of houses were sold as-is. There are a few situations in which selling as-is makes sense, such as when a home has to be sold quickly, the house is in extreme disrepair, or the house is part of an estate that the owner (often a bank or estate attorney) wants off its books.

If you're concerned about the up-front costs of pre-sale repairs, talk with your bank about financing options such as a home equity loan or a home equity line of credit. Another option is to negotiate with the buyer; they may be willing to handle the repair themselves in exchange for a lower sale price. In the end, making those updates will help you sell faster and at a higher price.

# Put Your Best Foot Forward

## 3 things you *must* do before your home goes on the market

Getting ready to show your home is like getting ready for a string of first dates: Look your best, but not like you're trying too hard (after all, it's only coffee), and put your best foot forward. There are three key things every homeowner must do to prepare to open the doors to potential buyers. We say "must" because they have become so standard that they now are industries in themselves. Use this to-do list to make sure you check all the boxes:

**1 Deep clean**  
At listing time, your home needs to be sparkling. Beyond the regular dust-mop-vacuum routine, go the extra mile by scrubbing all the baseboards, in between tiles, inside drawers and cabinets... you get the idea. Experts advise paying special attention to faucets, doorknobs, drawer pulls, and anything with a chrome or metallic surface. "Shiny object syndrome" is real, and a buyer's eye will be drawn to these spots.

**2 Depersonalize**  
This may be a hard pill to swallow, but not everyone loves farmhouse chic kitchen decor... or your favorite couch where your family has movie night every week. Buyers need to be able to imagine themselves in the house, and that can be a challenge if your personal stamp is on it. It may be tough to put away so many memories, but consider the bright side: You're getting a head start on packing to move into your new home.

**3 Stage**  
Now that your home is spotless and a little emptier, it's time to set the stage for viewings and, ultimately, the sale. Focus on making the rooms in your home look tastefully elegant, livable but not lived in, and on the minimalist side. Window treatments, rugs, bedding, and other textiles work well in neutral colors, and it's best to remove very personal items, like family photos, from view. To help your home sell quickly, let in lots of natural light and keep bookshelves and other items well organized. That includes items inside closets and drawers, especially in the kitchen — it's not at all uncommon for potential buyers to open them. A final tip: Buyers will experience your house with all five senses — placing a scented candle or fresh flowers near an entryway can make your home smell as good as it looks.

## Should you hire a professional for these?

Depending on your budget and how much time you have, hiring a cleaning service or professional stager could be well worth the investment. They don't come cheap: A professional pre-sale deep clean varies widely, from \$250 to \$2,000, depending on your home's size and condition. Meanwhile, home staging has become a whole industry, with prices that reflect this elevated status. And rightfully so: Stagers bring interior design and marketing expertise to help homes sell faster and for higher prices. The Real Estate Staging Association reports that the investment to stage a 2,000-square-foot home is from \$2,900 to over \$5,000. Whether just a cleaning or a full-on staging, professional help could be worthwhile if it ups the odds that one of those first dates will be a perfect match.

## Should I Get a Preappraisal?

In a home purchase, it's always the buyer who's responsible for the appraisal. Their lender uses the home's appraised value to help determine the approved loan amount. Outside of that, property value doesn't really factor into the process. And interestingly, appraised value and market value — the amount your home can sell for — are quite separate. Same goes for pre-inspections: The buyer handles inspections; however, getting your own pre-inspection might help you discover needed repairs so you can take care of them early. Ultimately, getting a preappraisal or pre-inspection before selling is your choice, though neither is necessary.

FOR SALE

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# IT'S SHOWTIME

Before you start marketing your home, two critical pieces have to be in place: deciding on your price and finding your agent. We'll take you through the nitty gritty of each, so you're standing on solid ground when buyers start streaming in.



## FIND THE *RIGHT* LISTING AGENT

Everything you need to know —  
and ask — to choose the best real  
estate agent to sell your home

### What is a listing agent, anyway?

A listing agent is the real estate agent you give the right to list your home for sale on the market — and your best friend through the entire selling process. A qualified agent will give you advice and referrals for cleaning and staging, help you determine your asking price, negotiate on your behalf, and talk you down when you're stressing about home inspections.

## What to look for when hiring a listing agent

A listing agent wears many (unofficial) hats: marketer, salesperson, real estate economics expert, counselor... That's why many of the most experienced and successful listing agents have a team — to handle the many tasks involved in selling a home. When shopping around for an agent, look for someone who can give you white-glove treatment with services like these:

- Advice and referrals on cleaning and staging
- Market information to help you determine your price
- Professional-quality photography and video of your property
- Advertising across many channels
- Clear communication with you about viewings and offers

Often, sellers will go to the agent they're familiar with from homes for sale nearby, and for good reason: Success typically comes with recognition. Still, make sure they can meet your specific needs in addition to having a track record of successful sales.

## Questions to ask a prospective listing agent

Even if you have a specific agent or realty firm in mind, doing your homework can pay off. Literally: A great listing agent on your team can bring you a higher selling price, lower fees, and a faster closing. Here are some questions to help you drill down and make sure you get the right fit.

### Q How many current listings do you have right now?

**A** This will help you gauge how in demand they are and how much attention they'll be able to give to your sale.

### Q How quickly do your listings sell?

**A** Time on the market is partially up to market forces, but the agent does exert some influence. As you ask around, compare their numbers.

### Q What percentage of homes do you sell for higher than the asking price?

**A** Ask for a list of their sales with original asking price versus final sale price.



### Q What marketing and advertising do you provide?

**A** Do they advertise across a range of channels? Do they target appropriate prospects? Look for an agent who does more than just stick a For Sale sign in the yard and post your listing on one or two websites. On the other hand, some agents may reduce their fees if you're willing to do some of the legwork.

### Q How do you handle viewings?

**A** Find out if the agent needs free access to your home with a lockbox or if you can work within a schedule. Now is your chance to talk about staging and other preparations pre-sale.

### Q What's your track record of sales in my neighborhood?

**A** Your listing agent should have an excellent track record — but it means a lot more if they've had success selling homes like yours, in your neighborhood.

### Q What are your fees?

**A** The sale of your home will include a commission, which you negotiate with them as part of your agreement. Typically, it's 5 or 6 percent and is split between the listing agent and the buyer's agent. Listing agents may charge additional fees for extra services. Make sure you have this information up front.

This may sound like a lot of questions to ask — do you really want to drill someone like this? Not to worry: An experienced, professional agent will welcome questions and deliver answers. That initial conversation, along with a little research on your part, can mark the beginning of an important and successful relationship.



## Virtual Viewings

The Covid era may have spurred the idea of virtual house showings, but they are here to stay. Virtual viewings allow buyers to check out more properties from the comfort of their homes — especially a plus if a buyer is relocating long distance. Sellers aren't inconvenienced by having to disappear while the agent shows their house. And it's safer and secure for everyone. One caveat: If a buyer decides to make an offer without visiting in person, make sure the purchase agreement includes a "sight unseen" clause that gives the buyer time for due diligence and specifies it's the buyer's responsibility to confirm the property meets their specifications.

*Source: National Association of Realtors*

## How agents market their listings

- 1 Real estate websites like realtor.com or Zillow
- 2 Facebook & Instagram
- 3 Search engine advertising
- 4 LinkedIn ads
- 5 Billboards & posters
- 6 Direct mail

*Source: Stucco*



# What's your price?

When deciding how much to ask for your home, the real question to ask is *How much is it worth — and to whom?* The answer is part science, part art, and part going with your gut. Here are a few strategies to address each one.

**If you're in a seller's market, start high; in a buyer's market, aim a little lower.**

In a seller's market, you have a little more control. Buyers are often expecting to pay more, so if you want to shoot for the higher end of a range of comparable home prices, now is the time. Conversely, in a buyer's market, supply is up and demand is down, and buyers can more easily find a lower price. This basic economic principle is a good starting point for choosing your listing price.

**Ignore the appraised value; pay attention to market value.**

Home pricing is about much more than supply and demand, however. Appraised value goes strictly by

objective data: age, size, and condition of the property; location; and comparable properties. Market value tells you how much your home can actually sell for — and it's based on all those objective factors plus economic trends, interest rates, and intangibles like how a buyer feels in the home and their interest in any special features of the property. The market value may be more or less than the appraised value, depending on market conditions. And



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# \$423,300

median home sale price, Jan 2022

Source: US Census Bureau

to be fair, both of these numbers are important. But when it comes to setting your asking price, market value holds more weight.

**Think about how it will show up online.** Ensuring your listing is visible in online searches is part data science, part the art of perception: The listing has to show up based on search parameters — and it has to appeal to buyers in a crowded, short-attention-span environment.

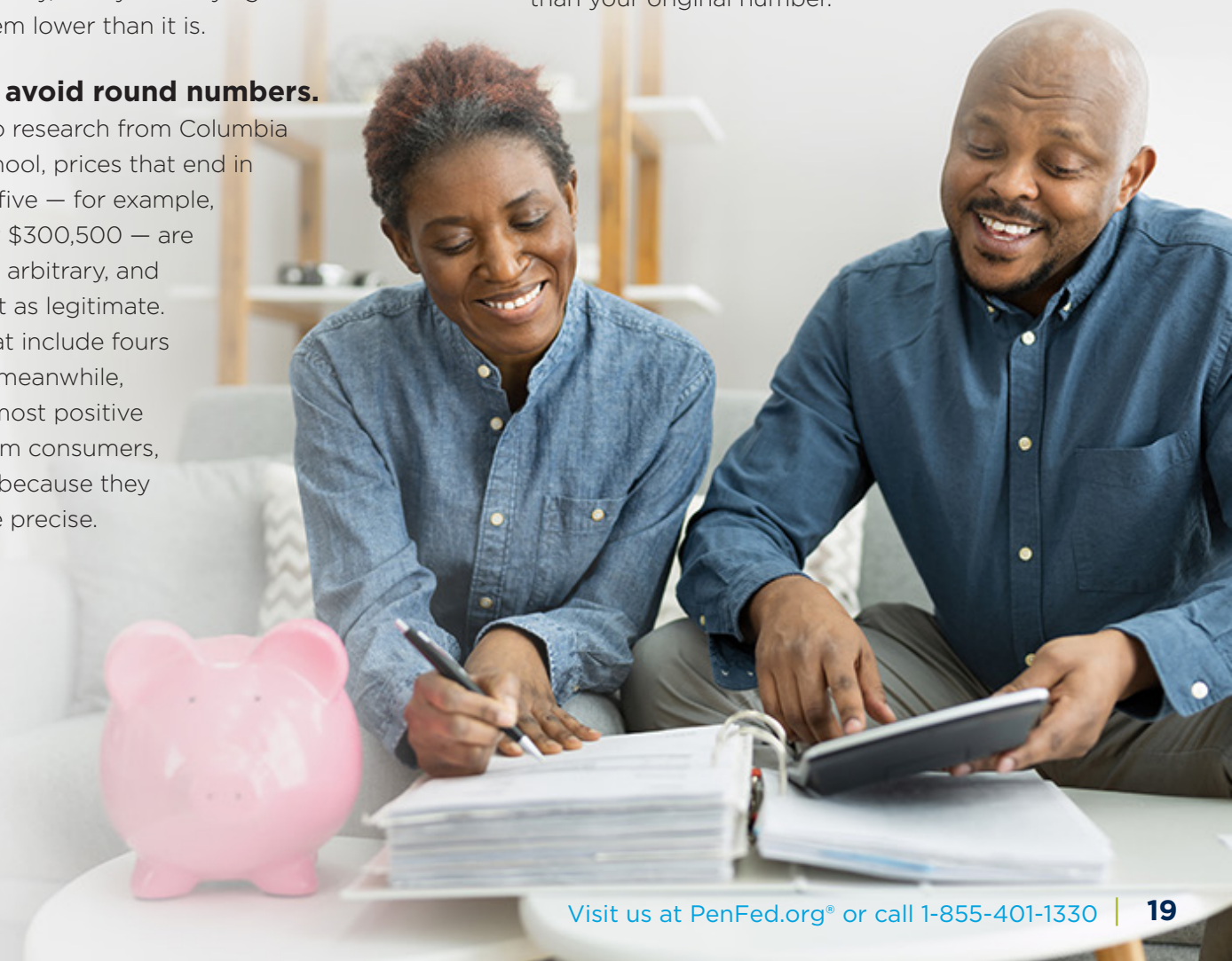
**Avoid the number nine...** Prices that end in -99, -999, and the like can get lost in search tools where buyers look for ranges in round numbers. Plus, they can be perceived as untrustworthy, as if you're trying to make the price seem lower than it is.

**...But also avoid round numbers.**

According to research from Columbia Business School, prices that end in multiples of five — for example, \$250,000 or \$300,500 — are perceived as arbitrary, and therefore not as legitimate. Numbers that include fours and sevens, meanwhile, receive the most positive response from consumers, presumably because they appear more precise.

**Trust your gut.** You know your home best: how much you've invested in improvements, how much you want to make from the sale, and how much it's worth to you from an emotional standpoint. Even when you know the appraised value, the range the market will bear, and an attention-grabbing number, the final decision involves a sprinkle of intuition. Trust your gut.

**Get trusted advice — and relax.** In the end, there is no magic formula for the perfect listing price. Get input from your listing agent, and don't sweat it too much — while you don't want to shortchange yourself, remember it's a starting point for negotiations. The final price may be a little lower, or perhaps much higher, than your original number.





# THE OFFER

It feels good to be wanted. Whether you're the object of a bidding war or you have just one serious buyer, there is almost always room to limit your costs and maximize your profit. Here are some points to help you choose the right buyer.

## Should you accept the first offer?

It never hurts to hold out for a better offer — except when it does. There are times when accepting the first offer is a winning strategy. The most common scenarios:

- **Your clock is ticking.** If you've already bought your new house or you have some other personal reason to move quickly, it may be attractive to close this chapter of your homeowner's journey and move on to the next.
- **You get an offer that's hard to refuse (or beat).** A buyer who backs up their offer with a bank approval letter and a generous earnest-money deposit shows they're serious about your property and prepared to move.
- **Your home has been on the market for more than three months.** If it's been this long and you haven't received an offer, it's usually advised to cut your losses and close the sale.

In any situation where you and your agent have reason to believe this offer might be the only offer — or if other offers won't be significantly different — then the first one might be the best. And the sale can live in your memory as the one where the buyer and your property fell in love at first sight.

## What if you receive competing offers?

What seller wouldn't love to be the object of a bidding war — where several buyers are fighting over you? While receiving multiple offers gives you a certain advantage, it's not without complications. Here are the major points to help you narrow down the list of candidates:

- **Confirm loan preapproval.** This determines who makes the first cut. If you don't have to entertain offers that don't come with an approval letter, don't.
- **Verify that each buyer has the funds to close the sale.** Your agent should check out the buyers' financials to make sure they're likely to follow through.
- **Check out the lender.** A reputable lender offers a level of security. Review the lender's track record of mortgage approvals, financing, and completed loans. If the lender is a relative unknown or they have a history of foreclosures, that could be a red flag.
- **Review the contingencies.** These are the conditions a buyer will ask to be met in order to move forward with the purchase. If they're not acceptable, you're free to negotiate — or decline the offer.

Once you've got your short list, compare the offers line by line. Look at the price offered, down payment, earnest-money deposit, closing costs, contingencies. How these balance out is highly personal — for example, you may be happy with a lower down payment if the deposit is high enough, while another seller might want to hold out for a higher price. You can negotiate on items like price, closing costs, who pays for any repairs requested, down payment, and deposit.

Then, set a reasonable deadline. A serious buyer will respond promptly and probably work with you and your agent on negotiations. Finally, make your pick. The more research you do up front, the more smoothly the closing process is likely to be.

FOR  
SALE

FHA loans are worth  
a closer look >



## Weighing Your Offers

When considering offers from buyers, most sellers are looking for two things: assurance that the financing will come through, and avoiding additional fees or repair costs. Here are some tips for weighing your options.

### Loan Type

The most common are conventional, FHA, and VA loans. Each has its own pros and cons.

Conventional	
+	Down payment and earnest money may be higher than with other offers
+	Sometimes perceived as being more reliable
-	A loan from a smaller or less popular lender may seem riskier
FHA	
+	Loan funds guaranteed by the Federal Housing Administration
+	Buyer bears responsibility for FHA closing costs
-	May have higher closing costs
-	Seller often pays FHA's "non-allowable" buyers fees
-	Home appraisal required
VA	
+	Loan funds guaranteed by the Veterans Administration
+	Empowers veterans and active-duty service members to become homeowners with no down payment
+	VA loan borrowers among the most reliable homeowners
-	Requires sellers to meet minimum property requirements before listing the property
-	Requires appraisal

Down Payment	
<i>If it's high...</i>	
+	May signal the buyer is more prepared and reliable
-	Can edge out competition if you receive multiple offers
<i>If it's low...</i>	
+	Could come with a higher earnest-money deposit
-	Conventional loans offering low down payments may be seen as risky

## Negotiating Your Closing Day

No matter how smoothly your offer and sales agreement go, it's not uncommon for a buyer to ask for an extension at the eleventh hour.

Reasons vary: Their loan approval may be tied up with administrative delays; they may have had to push back the date of their own home sale. It's often no cause for worry, and you have options when you consider their request.

If they ask for just a few days and it doesn't affect your own move, you could simply grant the extension. For added accountability, you could charge a fee, known as a per diem penalty, for each day past the contracted closing date. If you have a hard deadline, you may consider selling through a third party, which often guarantees a closing date.



# Closing Day FAQs

**You scrubbed, you staged, you appraised, you upgraded... and you waited.** Now your hard work and patience are about to pay off. But how much can you expect to receive, exactly? And how can you prepare for closing day — both logistically and mentally? The final sale comes with a lot of questions, especially if you still have a mortgage. Below, we answer some of the questions we hear most often — and offer some tips and insights so your home sale goes smoothly.

**Q How long can I expect to wait between accepting an offer and closing?**

**A** After you've accepted a buyer's offer, there are several steps that need to take place before you can hand over the keys — including inspections and appraisals, as well as closing documents for the buyer and seller that will need to be prepared and signed. During this time, any money the buyer has paid is held in an escrow account. The whole process takes four to six weeks.

continued >



### Closing Day Document Checklist

At closing, you, the buyer, and your representatives get together and sign all of the documents that you will have received a few days prior. You'll bring all of that paperwork to closing, of course, as well as supporting materials to facilitate the transfer. Refer to this checklist to make sure you have everything on hand. Happy closing!

- VALID FEDERAL OR STATE-ISSUED ID** — passport or driver's license
- STATEMENT OF INFORMATION** — confirms your identity
- CERTIFICATE OF TITLE** — attests that you are legally entitled to sell the property
- DEED** — includes a legal description of the property and is required to transfer ownership from you to the buyer
- LOAN PAYOFF** — lists the amounts you have to pay on any outstanding loans before selling
- STATEMENT OF MECHANIC'S LIENS** — affidavit stating that you don't owe money to contractors who could place a lien on the property
- STATEMENT OF CLOSING COSTS** — certifies that you are aware of all the costs associated with the sale
- THE HUD-1 SETTLEMENT STATEMENT** — an accounting of all the amounts the buyer and seller will pay or be paid; keep this for your income tax
- CERTIFIED CHECK** — for any amount you may owe after the sale is finalized
- KEYS** — for the official handoff to the new homeowner; also be sure to pass on any security codes the buyer needs to access the property

### Q What fees will I be responsible for at closing?

**A** The seller is responsible for all loans and liens on the property, including the mortgage balance. You'll also pay property taxes up to the closing date, real estate agent commissions, and other fees that are part of the selling process, such as inspections and title transfer. Your selling agent or real estate attorney will provide a closing statement that details all of your costs.

### Q Do I have to pay off my HELOC before I list my home for sale?

**A** No, but you will have to disclose to your real estate agent that you have a HELOC or home equity loan so that it can be included in the closing agreement. You do have to pay off the balance at or before closing, however, and if you do not tell your agent that you have a HELOC or other lien on your home besides your mortgage, it can seriously delay the closing.

### Q Is it possible to owe money after all the fees are deducted from the sale price?

**A** Unfortunately, it does happen sometimes. If this is the case for you, you'll be notified in your closing documents ahead of time. Bring a certified check for the amount indicated in your sales documents.

### Q I took out a HELOC a while ago and I have a balance on it. What happens to that line of credit when I sell my home?

**A** Since a HELOC uses your house as collateral, the loan must be paid off and dissolved when you sell the house. Ideally, you will pay off the balance with the proceeds from the sale, just like with a home equity loan. For example: You have a \$150,000 balance on your mortgage and your HELOC balance is \$20,000. You sell your home for \$400,000. The \$170,000 you owe will be taken from the sale. Not including other fees, that leaves you with \$230,000 and removes the liens from your home.

### Q I received my packet of closing documents. Are they ready for me to sign?

**A** While the buyer's and seller's agents, escrow company, and lenders take steps to ensure all the documents are correct before they get to you, mistakes can happen. Be sure to read through everything — and double-check the math. If you find an error, if something is missing, or if you see something you're not comfortable with, do not hesitate to reach out to your agent. They can address any problems that come up and amend documents *before* closing day arrives.



**FOR SALE** Take a deep dive into closing costs >





## Check out all our PenFed Mortgage Knowledge Center references:

### Preparation

Page 8, Avoid these 10 mistakes when selling your home

<https://www.penfed.org/mortgage-knowledge-center/10-mistakes-to-avoid-when-selling-your-home>

Page 9, Find out how much to borrow with a HELOC

<https://www.penfed.org/mortgage-knowledge-center/how-much-heloc-can-i-get>

Page 12, Explore your home improvement financing options

<https://www.penfed.org/mortgage-knowledge-center/advantages-of-cash-out-refinances-for-home-improvements>

### Listing

Page 16, Fine-tune your Open House strategy

<https://www.penfed.org/mortgage-knowledge-center/top-10-open-house-tips-for-sellers>

Page 18, Get more renovation ideas in the PenFed Knowledge Center

<https://www.penfed.org/mortgage-knowledge-center/top-home-renovation-ideas>

### The Offer

Page 21, FHA loans are worth a closer look

<https://www.penfed.org/mortgage-knowledge-center/can-a-seller-refuse-an-fha-loan>

### Closing Day FAQs

Page 24, Take a deep dive into closing costs

<https://www.penfed.org/mortgage-knowledge-center/what-are-typical-closing-costs>

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### CREDITS

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### VISIT SOURCES

