



**Anthony  
NEWMAN**

# NEI's Real Estate Report

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## **10 Steps To Sell More Quickly In Stalled Markets**

by Peter G. Miller

We're well into the prime real estate selling season for much of the country, a marketplace less certain in many areas than in the past few years.

We don't fully know what will happen in 2007, but to date many markets have stalled if not declined. For most long-term owners selling in such a marketplace, appreciation from past years assures profitable sales, but perhaps not as profitable would have been the case in 2006.

But still, owners in all cases would like to maximize their profits. What to do? If you're a seller, there are 10 negotiating steps you can take to make sure your home has the best chance for a top price and a quick sale.

**Step 1: Get a local broker.** In a slow market there are relatively fewer buyers. It follows that to generate the most demand you want your property exposed to as many purchasers as possible. Who do buyers contact when they want a house? Brokers. Figures from the National Association of Realtors show that 85 percent off all buyers rely on real estate brokers when buying a home while 80 percent rely on the Internet. Who posts real estate information on the Internet? Local brokers.

**Step 2: Read the sale agreement.** Virtually all jurisdictions have a standardized real estate contract which over the years have become lengthy and complex. If you use one then you're automatically agreeing to all unmodified terms and conditions, so read the entire agreement so you know what is being said.

But is there something in the proposed agreement that should be changed, removed or added? Brokers should provide a copy of the sale agreement they expect to use at listing presentations and this document should be read to avoid surprises and misunderstandings. Since these are form agreements, anything not required by law can be changed with a suitable cross-out or addenda. For details, speak with your broker or attorney.

**Step 3: Know the marketplace.** In terms of negotiation it's not good enough to know recorded sale prices because they frequently don't tell the whole story. For instance, two homes may both have recorded sale prices of \$500,000. One may actually have sold for \$500,000 while the other sold for \$500,000 but the owner gave a 3 percent seller credit to the buyer for a new roof and appliances - that's \$15,000 off the top. Local brokers who actually make sales know the innards of recent transactions and thus are in the best position to provide negotiating advice.

**Step 4: Know your terms.** You know your property will sell at some price point, but rather than a given price it's best to think of a home as a package of price and terms. For instance, in a slow market it may be better to pay a "seller contribution" to help buyers off-set closing costs than to lower the sale price. In many cases, the seller contribution may be smaller than a price reduction and much more attractive to buyers who need cash to close.

**Step 5: Reduce deposit requirements.** To make a contract work there's a need for a buyer deposit, the "consideration" necessary to bind a deal. If you're a seller you want the largest

possible deposit, but in a slow market you may have to settle for less. Buyers, for their part, want to make the smallest possible deposit if only because a big deposit represents a huge psychological commitment - and a financial one.

Less consideration may be appropriate if the buyer is pre-approved for a loan, the purchasers have a strong interest in the property and no better offer is in the picture.

**Step 6: Throw in stuff.** Do you really want to move a swing set or a washer/dryer? In some cases it may be best to "reluctantly" part with such items if only a buyer will make an offer.

**Step 7: Update MLS photos.** If it's August and your MLS photo shows a home with four feet of snow in the front yard then buyers can guess that the home has been for sale for a long, long time - meaning the price and terms are, um, flexible. Perhaps more "flexible" than you would like. Have your broker post newer photos.

**Step 8: Review the marketing plan.** The marketing plan developed by your broker should be reviewed as often as necessary to assure that; one, it is being followed and; two, it is changed as necessary.

**Step 9: Visit open houses.** It's always good to visit open houses or, as they're otherwise called, the competition. It's not easy to be objective, but is there something other owners are offering which might work for your property? Something you can make into a bargaining point? Maybe an offer to repaint the living room in a color of the buyer's choice is not a bad idea.

**Step 10: Have context.** It's silly to worry about small costs and concessions when your core goal is to sell the home.

In one situation, a buyer demanded an extra \$500 to resolve some alleged concern just before closing. We thought this was simply an example of buyer's remorse and said yes, got an otherwise terrific price, and closed. Soon thereafter the local market slowed and prices softened. It was far cheaper to "lose" \$500 then to locate another buyer a few weeks or months later when the market was harsher and our final sale price might have been many thousands of dollars less.

Would we have rather not paid the \$500? Sure. But \$500 was a small cost in the context of a rapidly changing market, one where delay could have meant a serious price reduction.



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**E-mail:**

**Anthony@neirealty.com**

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## **Hiring Housecleaners Who Really Clean House**

by Broderick Perkins

If you are part of a two- (or more-) income household with kids, working a career-building job and have interests outside the home, a housecleaning service isn't a luxury.

Perhaps housecleaning just isn't your "thing," or you procrastinated spring cleaning. Maybe you just don't have enough elbow grease to put the sparkle back into your home.

Hiring a company to do the dirty work can give you the time (which is money) off to pursue other tasks, to put your feet up or to simply not tax your back.

But finding good help isn't easy, according to an extensive report, "Need A Neater Nest? Housecleaning Help" from Consumers' Checkbook, a Washington, D.C.-based consumer services rating service of the Center for the Study of Services.

You may just reconsider hauling the old bucket and mop out yourself.

The independent rater examined dozens of housecleaning operations in each of seven metropolitan regions. The ratings are based on surveys of both Consumer Reports (of the Consumers Union fame) and Checkbook's own subscribers, interviewed by mail and the Internet.

Only 12 of 68 firms in the Washington, D.C. sample area received Checkbook's top rating for quality. In the San Francisco Bay Area the same was true for only nine of 35 companies, according to Checkbook.

Checkbook also provides reports for Boston, MA; Chicago, IL; Minneapolis-Saint Paul, MN-WI region; Philadelphia, PA; and the Puget Sound area in Washington state.

When it came to pricing, a wide range for services also makes choosing a housecleaning company difficult.

In the Washington, D.C. area, the cost of cleaning a two-story house with three bedrooms and two bathrooms once a week cost an average \$86, but ranged from a low of \$55 and a high of \$132 - more than twice the low. For the same once-a-week service on a condo with two bedrooms and two bathrooms the fee averaged \$79, with a range from \$55 to \$132 dollars.

In the San Francisco Bay Area, cleaning the same sized house for the same period cost from \$65 to \$180 (again more than twice as much) and averaged \$91. The condo cost an average \$95 to clean with a range from \$62 to \$180, Checkbook reported.

To take some of the drudgery out of choosing a housecleaning company Checkbook offers an extensive

dissertation on hiring a housecleaning company.

"You'll want to be cautious when hiring a housecleaning service. We've received from our readers quite a bit of negative feedback on these firms. Most complaints stemmed from work not being completed thoroughly and breakage of items," the report advises.

Here are some sample tips.

First determine what you need cleaned and how often. That could narrow your choices. Virtually all firms dust, vacuum, empty trash, mop floors, and clean kitchen and bathroom fixtures. Most will not shampoo carpets, clean exterior windows, or do the laundry. Also determine how frequently you'll need the service and expect to pay more per visit for less frequent visits. Some offer only weekly or bi-weekly visits.

Get phone estimates for quick comparisons, but be as detailed as possible in the work you need done. An in-home estimate may be necessary for a more detailed analysis or special work. When getting an in-home estimate be certain you've advised the service its visit is only for an estimate. Otherwise a crew may come prepared to start cleaning.

"Be certain a description of the work you want done (and the price) is spelled out on paper and signed by the estimator," Checkbook advises.

Demand the company reveal proof of general liability and workers' compensation insurance. A fidelity bond for housecleaning services protects the company from theft by its employees, not you. You still have to collect from the company or the employee if you are victimized. Before a firm arrives remove valuables and the temptation that comes with them, Checkbook says.

Stay home during the first several visits. Supervise sensibly. Wait until an area or room is complete, inspect it and bring problems to the attention of the cleaner before he or she leaves. Also make a final inspection before the service provider departs. Supervision lets them know what you expect.

Beyond Checkbook's tips, also consider starting your price comparisons with companies referred to you by those you trust who have also used that service, but keep in mind a different crew may show up to do your dirty work.

"It's a good idea to find out whether the company will generally send the same staff for each visit," says Robert Krughoff, Checkbook's president. "Housecleaning is a very personal service and it helps to talk with the workers about your preferences and foibles so they can be sure to do what you want."



**Newman's Enterprises, Incorporated**  
6820 LaTijera Blvd. #109  
Los Angeles, California 90045

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