

## Unexpected Selling Costs

After spending time upgrading a property and setting an asking price that will provide a profit, it's important to consider additional expenses that will ultimately arise.

Before seeing dollar signs in your eyes, you should plan for these unexpected costs.

It's a good idea to prepare yourself to lose a portion of profits to factors such as taxes, home preparations and meeting buyer demands.

Here are a few things to understand before taking the plunge into a home selling transaction.

### REAL ESTATE COMMISSIONS

You may be considering selling a home on your own, to avoid paying the commission fee of a seller's agent. Did you know, you are still typically responsible for the expense of a buyer's agent? In most transactions, a home seller pays about 6% of the home's sale price to cover commissions – 3% goes to each agent.

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### REAL ESTATE 101

#### Under Water

If you're in a situation where you can't sell your house for the balance owed on your mortgage, you might consider a short sale. According to the Consumer Financial Protection Bureau, if your lender agrees to a short sale, you should get in touch with a U.S. Department of Housing and Urban Development-approved housing counselor to help with the process. For more information, visit <https://bit.ly/2Lgbbop>.

centage of profit to be saved, the National Association of Realtors reveals 91 percent of sellers were assisted by a licensed agent in 2017. For the best outcome, the proficient knowledge of a real estate agent is a valuable resource.

#### PREPARE THE HOME

Another study from the

NAR shows 83 percent of agents said staging a home makes it easier for a buyer to visualize the property as a future home. While this tactic may cost you, it can make a difference in the property sitting on the market or creating a multiple-offer situation.

According to HomeAdvisor, the average cost of staging a

home in 2019 is between \$344 and \$1,594. This largely depends on the size of the property and the extent to which a professional goes to prepare it.

An expert may also recommend you make minor renovations to your home that will enhance its value. Consider changes such as painting the

home a more neutral color or fixing small defects such as water leaks or floor coverings. You can save a lot of money if you have the skills for a DIY repair, but buyers may be more comfortable with a professional installation.

#### TAXES

While home buyers are traditionally responsible for covering closing costs such as home inspections, processing fees and appraisal expenses, sellers aren't off the hook for some additional costs.

Selling a property can introduce you to taxes that sometimes total a significant amount. Many states impose a transfer tax which is required before a transaction can be complete. There are many variables regarding who is obligated to pay and at what percentage.

The exact rates can vary greatly as counties and other local municipalities may charge their own taxes in addition to the state's requirements.

A capital gains tax is required on a federal level for sellers meeting certain requirements. The IRS exempts property profits that don't exceed amounts of \$250,000 for single sellers and married couples who make less than \$500,000 on the deal.



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### HOMEWISE GLOSSARY

**Distress sale:** a sale that occurs when the sellers must sell the property very quickly and are willing to decrease the price as an incentive to potential purchasers.

SOURCE: MLS.com

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