



## Selling your House

*From contract to closing*



Congratulations....you've finally found the right buyer for your house! What happens next, and who's responsible for what? This is an overview of what you can expect to happen between accepting an offer and handing over the keys.

**Accepting an offer:** What should you do when you get an offer? The first thing is to ask your agent to run a new net sheet at the offer price to see what you would net if you accepted that offer. You can accept, counter, or decline the offer when it is presented. Most times, it is expected that you will make a counteroffer, and that the potential buyer will make another offer. This negotiating process may take several rounds, and not just the price of the house but the terms and contingencies will also be negotiated. In SC real estate transactions, only one document, *AGREEMENT/CONTRACT: TO BUY AND SELL REAL ESTATE*, is used and amended throughout the real estate transaction. This contract is considered an 'offer' until all parties agree to the terms and contingencies and sign off on them. At this point, the document is referred to as a 'ratified contract' and after it is signed, it is legally binding.

**Terms and contingencies:** Some of the terms that you will negotiate include the selling price, which items will convey, the closing date, earnest money, transaction costs, the repair procedure or due diligence addendum, and home warranty coverage. Real estate transactions are different from other business deals in that the buyer's obligation is 'conditional' or 'contingent upon' clearly defined outcomes. Typical contingencies include the buyer obtaining adequate financing, the property being valued appropriately by the appraisal, the buyer's approval of a home inspection, and a clear CL 100 Wood Infestation report. The buyer or his lender may stipulate additional contingencies. The time allowed for clearing each contingency is included in the contract.

**Earnest money:** The buyer is expected to submit a negotiable amount of earnest money when the offer is made. This money does not get deposited until the contract has been ratified; at this time it will be deposited in an escrow account.

**Contract ratification:** A ratified sales contract means both the buyer and the seller have signed off on the final offer. The ratified sales contract specifies the amount of the down payment, the purchase price you of the house, the type of mortgage financing the buyer is seeking, the proposed closing and occupancy dates, and other contingencies. It also acts as a starting point for satisfying the contingencies stated in the contract.

**Due diligence period:** "Due diligence" is the period of time the buyer has to remove contingencies after the contract has been ratified. During this time, the buyer has the right and obligation to inspect the property. In the contract, both parties agreed to either follow an outlined repair procedure or sign a *due diligence addendum*, which grants the buyer the right to terminate the contract due to any information uncovered during inspections of the property or investigation of the property documentation.

**Inspection:** The house inspection is ordered and paid for by the buyer. The inspector determines if there are material physical defects and whether expensive repairs and replacements are likely to be required in the next few years. Such inspections for a single-family home often require two to four hours.

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**Repair negotiation:** Sometimes repairs are negotiable. In that case, you (with your agent's help) or the buyer will get estimates from contractors and try to negotiate a credit, a repair, or a price deduction. There is no guarantee that the buyer will be willing to negotiate repairs, just as you, the seller, are under no obligation to do so.

**CL 100:** The buyer (or you) will obtain a wood infestation report indicating no evidence of wood destroying organisms.

**Addendum:** After the due diligence period is over, the buyer's agent will prepare an addendum to be signed by both parties stating that inspection contingencies, etc. are removed or otherwise negotiated.

**Appraisal:** After he has deleted the inspection contingency, the buyer's lender will order an appraisal from an independent party to give an estimated value of the property.

**Insurance:** At this point, the buyer will need to get quotes for property insurance. You will be asked to provide a copy of a flood elevation certificate for the flood insurance.

**Buyer's financing:** During this time, the buyer will continue to work with his lender to confirm financing.

**Attorney:** Often a seller will use the buyer's attorney to prepare the deed, handle the payoff of mortgages, and any other expenses associated with the transaction. While the buyer's attorney cannot represent you if any problems arise, it is still customary for the seller to allow the buyer's attorney to prepare the documents. Should you choose to hire your own attorney, be sure that he or she is in close contact with the buyer's attorney to coordinate things in a timely manner.

**Prepare for closing:** Make sure that you are packed up and cleared out the day of closing. In most cases the buyer will take possession as soon as the closing is over. Unless you negotiate possession after closing, make sure you are prepared. During the process of this contract make sure to maintain the home in the same condition it was when the buyer made the offer; the house should be left in broom-clean condition. Make sure to ask your agent about possession.

**Closing:** Do not forget to bring appropriate identification (such as your driver's license) to the closing. Your listing agent, the buyer, and the agent representing the buyer will all most likely be there. When you get to the attorney's office, she will review the HUD (Housing and Urban Development) settlement statement, which will itemize all of the costs of your transaction. The attorney will explain each document that you and the buyer are asked to sign. Once all the documents are signed and the monies have been received, you will have sold your house and can turn over the keys to the new owners!