FPA FINANCIAL PLANNING PERSPECTIVES

Getting Ready to Sell Your House

While most experts see little good news in 2011's housing market, economic downturn is no reason to neglect maintenance on a home or lose sight of future plans to relocate.

The critical issue is planning intelligently for what spending you do now to make sure it is worth your money later. And even if your plan to sell your property is more than a year away, it is not a bad idea to get your finances in order as well. In the coming months, you will be addressing tax issues, so it is a good time to look at your overall financial picture with a qualified financial planner as well as a trained tax expert.

The October MacroMarkets Home Price Expectations Survey does not see a meaningful increase in home prices until 2012, though appreciation is expected to go up on average more than 14 percent through 2014.

As you wait for your opportunity, here are some ideas to incorporate in your planning:

Check your credit report and score: If you plan to finance a new property once you sell, it makes ample sense to lower your debt and clean up any discrepancies in your credit data well in advance of any move into the market. Remember, you are entitled to one free copy of each of the major credit reports in any given year, and you can obtain them from one resource – www.annualcreditreport.com. Avoid all the services with expensive TV commercials calling themselves "free" – if they ask for a credit card number, you are not getting a free report. Also, so you can spot discrepancies and keep a watchful eye on the possibility of ID theft throughout the year, stagger your receipt of your reports from Equifax, Experian and TransUnion (the major credit ratings agencies) at different points during the year.

Get a home inspection: Go through local channels – lenders, friends, real estate professionals you trust – to find a licensed home inspector who can look over your property and help you develop a list of potential repairs and upgrades that you can do economically given that you will have months before you put the property up for sale. Checking your home's structure – roof, foundation, windows, etc., as well as its mechanical parts – heating/AC, installed appliances, plumbing – can give you an early warning system for expensive repairs that a prospective buyer's inspector would find anyway. Try now to make sure there are no problems that will kill a deal later.

Ask a trusted broker for advice: Structural experts can determine whether your home is working properly – real estate brokers may or may not be equally expert at spotting these flaws. But generally, they can be trusted on matters of appearance – whether the grounds around the home are well maintained as well as whether the home's interior is inviting to the eye of potential buyers.

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Do not overinvest in improvements: In the 1990s, spending $40,000 on a kitchen in many neighborhoods could recover that amount of money and more in the final sales price. In today's market, those payoffs are a distant memory. Experienced brokers generally do a good job steering you away from overpaying for improvements, but there are other resources to double check the spending you are planning to do. Remodeling Magazine's latest Cost vs. Value report provides estimates on specific projects by region, including projections on cost recoupment.

Appeal your property taxes: If you have never appealed your property taxes before or have not done so in many years, do so when your appeals period is open. Lowering your taxes as much as possible may help make your property more salable.

Declutter and don't re-clutter: Start making a list of items you might donate – furniture, clothing, household items, etc. Make sure they are in good condition and if you are having trouble setting a value, check on eBay or other auction sites to see if you are being fair to yourself while not drawing the attention of the taxman.

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