

Cost of Selling a Home Is Expensive

The average person in Southern California, buys and sells real estate every four years for one reason or another. The cost of selling real property is expensive, especially if it's not done properly. The intent of this article is not to discourage you in moving up or down to the home of your choice, only to enlighten you of the costs involved. A planned sale is a good sale.

Let us assume you have an offer of \$20,000 on your home and it's a fair price. You owe \$10,000. How much will you net after all expenses are paid?

The largest expense, which we should try to avoid if possible, is the prepayment penalty charge for paying off the existing loan. This can be done by having someone put \$10,000 as a down payment and taking over your loan balance, which is not too likely. Most lenders will allow your buyer to increase the loan and not charge you a penalty if the buyer is qualified. This could save you \$300 if your interest is 6 per cent and the penalty is six months interest—which is quite common.

A good realtor will work this angle when possible.



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ment from me, however, this is the way it is. The lenders are now charging 5 and 6 points including the 1 point the buyer is allowed to pay because of the low interest rate loans under VA and FHA financing are bearing.

It's easy to see why your neighbor may have gotten \$1,000 more for his home and yet netted less than you, if you sold your home properly. After all, the actual purchase price is incidental, the real criterion of a good sale is how much of your \$10,000 equity will you get when you turn over the keys to your home.

CHANCES are you will be at least 30 days behind on interest at close of escrow as you are only current the day your payment is due. Let's allow \$50 for accrued interest.

The buyers pay an escrow fee, but so does the seller, which is based on the amount of the sale, approximately \$45 plus \$1 for every \$1,000 of the sales price, making a total of \$65.

Uncle Sam gets into the act when you sell. He wants \$1.10 per \$1,000 of the sale, if you pay off the loan, which is \$22 for Revenue Stamps.

You're going to have to prove to your buyer that you are in fact the legal owner of your property and this is going to cost you \$127, again based on the amount of the sale, to provide him with a policy of Title Insurance.

YOUR BUYER is going to be very generous and let you take all the termites with you, because he doesn't want them. A termite report costs \$15 and if you have termites the corrective work is your responsibility. Most homes under 20 years old have little, if any, work required.

Property taxes are prorated and you must credit the buyer for any taxes you haven't paid up to the close of escrow, even though you may not have been billed as yet. This is quite possible if your escrow closes between July and November.

Like all transactions there are miscellaneous fees, so allow \$25 for forwarding fees, recording fees, etc.

Let's don't forget the com-



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