



#### TEN WAYS TO MAKE YOUR HOUSE MORE APPEALING TO A BUYER

Get rid of clutter. Throw out or file stacks of newspapers and magazines. Pack away most of your small decorative items. Store out-of-season clothing to make closets seem roomier. Clean out the garage.

Wash your windows and screens to let more light into the interior.

Keep everything extra clean. Wash fingerprints from light switch plates. Mop and wax floors. Clean the stove and refrigerator. A clean house makes a better first impression and convinces buyers that the home has been well cared for.

Get rid of smells. Clean carpeting and drapes to eliminate cooking odors, smoke, and pet smells. Open the windows.

Put higher wattage bulbs in light sockets to make rooms seem brighter, especially basements and other dark rooms. Replace any burnt-out bulbs.

Make minor repairs that can create a bad impression. Small problems such as sticky doors, torn screens, cracked caulking, or a dripping faucet may seem trivial, but they'll give buyers the impression that the house isn't well maintained.

Tidy your yard. Cut the grass, rake the leaves, trim the bushes, and edge the walks. Put a pot or two of bright flowers near the entryway.

Patch holes in your driveway and reapply sealant, if applicable.

Clean your gutters.

Polish your front doorknob and door numbers.

#### FIVE THINGS THAT WILL SPEED-UP THE SALE OF YOUR HOUSE

Price it right.

Get your house market ready before you begin showing it.

Be flexible about showings. It's often disruptive to have a house ready to show on the spur of the moment, but the more often someone can see your home, the sooner you'll find a seller.

Be ready for the offers. Decide in advance what price and terms you'll find acceptable.

#### FIVE THINGS TO DO BEFORE YOU SELL

Get estimates from a reliable repairperson on items that need to be replaced soon, a roof or worn carpeting, for example. In this way, to prove to buyers that the property is not infested.

Get a pre-sale home inspection so you'll be able to make repairs before buyers become concerned and cancel a contract.

Gather together warranties and guarantees on the furnace, appliances, and other items that will remain with the house.

Fill out a disclosure form provided by your sales associate. Take the time to be sure that you don't forget problems, however minor, that might create liability for you after the sale.

#### SEVEN STEPS TO PREPARING FOR AN OPEN HOUSE

Hire a cleaning service. A spotlessly clean home is essential; dirt will turn off a prospect faster than anything.

Mow your lawn, and be sure toys and yard equipment are put away. Serve cookies, coffee, and soft drinks. It creates a welcoming touch. But be sure the kitchen has been cleaned up; use disposable cups so the sink doesn't fill up.

Lock up your valuables, jewelry, and money. Although the real estate salesperson will be on site during the open house, it's impossible to watch everyone all the time.

Turn on all the lights. Even in the daytime, incandescent lights add sparkle.

Send your pets to a neighbor or take them outside.

Leave. It's awkward for prospective buyers to look in your closets and express their opinions of your home with you there.



## TEN WAYS TO MAKE YOUR HOME IRRESISTIBLE AT AN OPEN HOUSE

- Put fresh or silk flowers in principal rooms for a touch of color.
- Add a new shower curtain, fresh towels, and new guest soaps to every bath.
- Set out potpourri or fresh baked goods for a homey smell.
- Set the table with pretty dishes and candles.
- Buy a fresh doormat with a clever saying.
- Take one or two major pieces of furniture out of every room to create a sense of spaciousness.
- Put away kitchen appliances and personal bathroom items to give the illusion of more counter space.
- Lay a fire in the fireplace. Or put a basket of flowers there if it's not in use.
- Depersonalize the rooms by putting away family photos, mementos, and distinctive artwork.
- Turn on the sprinklers for 30 minutes to make the lawn sparkle.

## UNDERSTANDING CAPITAL GAINS IN REAL ESTATE

Just like when you sell a stock, you owe taxes on your gain-the difference between what you paid for the stock and what you sold it for. The same is true with selling a home (or a second home), but there are some special considerations.

## HOW TO CALCULATE CAPITAL GAIN

In real estate, capital gains are based not on what you paid for the home, but on its adjusted cost basis.

To calculate this:

**Take the purchase price of the home:** This is the sale price, not the amount of money you actually contributed at closing.

**Add Adjustments:** Cost of the purchase-including transfer fees, attorney fees, inspections, but not points you paid on your mortgage. Cost of sale-including inspections, attorney's fee, real estate commission, and money you spent to fix up your home just prior to sale. Cost of improvements-including room additions, deck, etc. Note here that improvements do not include repairing or replacing something already there, such as putting on a new roof or buying a new furnace.

The total of this is the adjusted cost basis of your home.

Subtract this adjusted cost basis from the amount you sell your home for. This is your capital gain.

## A SPECIAL REAL ESTATE EXEMPTION FOR CAPITAL GAINS

Since 1997, up to \$250,000 in capital gains (\$500,000 for a married couple) on the sale of a home is exempt from taxation if you meet the following criteria

You have lived in the home as your principal residence for two out of the last five years.

You have not sold or exchanged another home during the two years preceding the sale.

Also note that as of 2003, you may also qualify for this exemption if you meet what the IRS calls "unforeseen circumstances" such as job loss, divorce, or family medical emergency.