

Sellers' Frequently Asked Questions (FAQ)

Q. Why shouldn't I price my house a little high, since I can always drop the price later?

A. That's a strategy that sounds good – but, in fact, is more likely to result in a lower price. Here's why. The first few weeks a house is on the market is when it will have the most activity. If a house is overpriced, it has to compete with houses at that higher price level, which are almost certainly larger or have newer/more luxurious features.

So the overpriced home is unlikely to attract an offer. Worse yet, those first weeks are when real estate agents preview the house. If it's overpriced, they may not even bother to show it to their buyers. Eventually, the seller will have to drop the price – and may end up with an even lower price because buyers will wonder why the house has been on the market so long and may factor that into their offer. A Weichert Price Trend Analysis provides a unique method for arriving at a selling price that takes your local market situation into account.

Q. What is meant by the term "contingency" in a sales contract?

A. Sales contracts typically contain several "contingency" clauses, or stipulations that the sale is subject to. For example, with a mortgage contingency, if the buyer is unable to obtain financing within the specified timeframe, neither the buyer nor the seller is required to complete the purchase. Among other common provisions in the "subject to" section are termite and other inspection issues and the purchaser's need to sell a current home first.

Q. What is an escape clause?

A. An escape clause, also known as a kickout or knockout clause, is a provision that allows the party to void the contract. For example, the seller may retain the right to look for a more favorable offer, with the original purchaser retaining the right, if challenged, either to firm up the first sales contract (such as by waiving a contingency) or to void the contract. As another example, sellers might insist upon an escape clause in a contract that hinges on the buyers' selling their home.