

MLSVallarta's Home Seller's Guide to Real Estate in Vallarta/Nayarit



So you are considering selling your Vallarta home or condo.

This is not always an easy decision to come to as you are selling a place that has most likely been a home for you and family for a number of years. All the memories that go with it, the good times and the bad, originated here. Sometimes, however, we need something smaller, or larger, or perhaps its just time to to move on.

Before your mind is made up, you need to take into consideration current market conditions. How are properties currently selling? How active is the market? Is there much competition and how has pricing held up? How long have properties been on the market? Unfortunately this information is not always easy to come by, Vallarta has never managed to have substantial statistical information available, for a number of

reasons. Some of this information is available online, in publications, or talking with realtors.

Do you have title for your property?

This may seem like a silly question, but in Mexico, its not. Some people have purchased what is called “ejido” property, which cannot be owned by foreigners. If you have purchased a new condominium, title may not yet have been passed from the developer to you. You want to ensure that what you have to sell is ready to be transferred to a new owner. You don’t want to run into problems at the closing that could delay or even cancel a potential sale.



Are you subject to a capital gains tax?

You need to know if you will be subject to capital gains or not, as this could certainly effect whether you can sell at this time, and at what price. This is an important calculation that can be done either by a notary, real estate lawyer or a real estate agent. Make sure whoever you are talking to know what they are doing. Your best bet is having a notary take a look at your situation, as they are the one's who at the end of the day will be determining whether you pay or not

Calculate your repairs and home improvements expenses.

Are there things that need or should be repaired or improved before you put your home on the market? If you're trying to get top dollar for your home, you'll need to do some remodeling to get it into selling shape. Prioritize by choosing projects that'll give you the most return on your

investment. Estimate the costs of supplies and contractors, see what projects you can afford and adjust how much you expect to get for your home. Don't give buyers a reason to haggle on price. Make necessary fixes like fixing leaky faucets and update your home with new light fixtures and hardware.

Keep up with the Joneses, but don't outdo them. You don't want to have the most expensive home in your neighborhood. If the neighborhood norm is hardwood floors and you have carpet, upgrade. Buyers these days expect stainless steel appliances and granite countertops in the kitchen.

Calculate your selling and moving costs.

Real estate agent commission: This has been typically eight percent of the sale price, but it is not fixed as fixed commission rates are not



allowed in Mexico. Commissions are negotiable, especially in a slow market, an agent may be willing to accept less of a commission. But remember, you get what you pay for. There may be a very good reason one realtor is asking for a full rate commission; because of their marketing program, expertise and level of professionalism.

- Mortgage payoff penalties: Do you have a mortgage? Are you subject to a penalty? If so, can you negotiate with your lender to reduce it?
- Capital gains tax: Check with an expert to see if you are exempt.
- Moving expenses: Will you be selling furnished? Or will you be moving the furniture and appliances elsewhere?

To determine the potential proceeds from your house sale:

- Roughly estimate how much you expect to get for your home, based on comparable home sales and listings in your area. You can see what is currently for sale by using the “Quick Search” function on MLSVallarta.com.
- Subtract your selling and moving expenses. If you’re lucky or live in a solid housing market, you’ll have appreciation and a potential profit.
- Research the local real estate market
- The best place to see what’s currently available for sale is by searching on MLSVallarta.com, where most of the re-sales and new development properties are listed for sale.

For sales statistics consult with local real estate experts. If home prices have dropped significantly, you may want to wait it out.



Otherwise, you're likely to be bombarded with low-ball offers.

Consider renting your home rather than selling it

If after reviewing the market you decide that it may not be a good time to sell, you may want to rent out your home. This can be done long term or short term. Long term rentals offer a lower return but you at least know what you'll be receiving each month. Short term rentals offer a better return (when it is rented), but there is a lot of competition, marketing costs, commissions to rental agencies and its very seasonal.

When budgeting for a renter, be sure to include the following costs:

- Mortgage payment
- Property tax
- Homeowner insurance (check to be sure your premiums won't change if you convert

your residence into a rental property)

- Homeowner association dues (if applicable)
- Property management company (if applicable)
- House maintenance
- Warning: Not everyone is cut out to be a landlord. Prepare yourself mentally. Realize this house is no longer your home but your rental property. Check out these risks to renting.

Selling strategies

- Pricing your home correctly is probably the most important decision you make and will affect your ability to sell quickly and smoothly. Do your research and be realistic. Know your competition (previously owned homes, new construction,) and find ways to make your home stand out. Market your home strategically and effectively and consider offering incentives (this has become more

and more popular). Currently, Vallarta is a buyer's market so your strategy will mean the difference between selling or not.

- The approach you choose depends on your motivation, i.e., how fast you need to get rid of the home and how much money you want to get from the sale. Keep in mind that the longer your house is for sale, the more you'll have to spend.
- If time is of the essence, a low price is the easiest way to sell fast. You might even end up with the price you want if a bidding war ensues.
- Consider offering non-price incentives such as new appliances, a furniture allowance or paying for closing costs or interest points. We've seen people throw in vehicles as incentives!
- Depending on your situation, you may be able to sell the house yourself as a "for sale by owner" (FSBO), and try to save on the real estate agent commissions. But this can be a difficult route to go if you are not regularly in town or familiar with Mexican real estate law.

Timing your sale to maximize your selling price

Activity in the Vallarta real estate market tends to be most active during the winter/spring months. The influx of visitors (potential buyers) during these periods can help improve your chances of finding a buyer and selling at top dollar. After April the market can still be active, but it's when you'll find the bargain shoppers coming into the market.

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Pros and Cons of selling it yourself

Agent commissions are negotiable, but typically range from about six percent to eight percent of your sale price. Sellers who want to save money on the commission will sell the home themselves, or go FSBO. But don't expect to save the entire amount. You'll need to spend money on marketing and preparing the house yourself.

You may be able to go FSBO if:

- You already have a serious buyer
- Your local market is so strong the home can sell itself (not too much of that lately)
- You have the time to prepare, show and market the home yourself



The potential disadvantages of going FSBO include:

- No access to listing in the MLS
- Pricing your property incorrectly
- Inability to market the home effectively
- Inexperience negotiating with buyers
- Unfamiliarity with the closing process, especially in Mexico
- Potential for legal problems by not being aware of Mexican real estate laws

What great agents have that you may not:

- Access to an insider perspective on market information not immediately available to the public, such as the current selling prices of comparable homes in the area (referred to as “comps”)
- Access to the MLS
- Years of experience and extensive contacts and networks
- Access to a bank of potential buyers
- They live here and have the time to show your property, which you may not

Selecting a real estate agent and getting in the MLS

Most sellers work with real estate brokers; real estate agents who are members of the multiple listing service (MLS), a database that only real estate professionals can access. There are two MLS services in the Vallarta/Nayarit region: Multi-List Vallarta, the largest and longest running, and the AMPI-MLS, put out by the real estate board.

The listing agent will help you determine how fast you sell and the price you get. They will represent you and look out for your best interests. Your MLS listing will have photos and details about your home, such as the address, age, square footage, number of bedrooms and baths and more.

For information about many of the real estate agencies in the region, what services they provide and the agents working with them, check out the “Agencies” section of MLSVallarta.com. There are also agent profiles at this site available as well, under the “Marketplace” tab.



When shopping for an agent, look for one that:

- Understands your needs
- Has experience selling homes in your area and price range
- Has a high success rate
- Has a strong marketing program
- Is well-connected (with buyers' agents, mortgage specialists, appraisers, home inspectors, insurance agents, etc.)
- Ask family and friends for referrals or find an agent through the MLV directory.

Find out these things when interviewing agents:

- Number of years in real estate
- Familiarity with your neighborhood, home type and price range
- Number of home sales last year
- Average selling price of homes sold last year
- Length of time between listing and sale
- Client references

Negotiate the terms of the listing agreement

Once you've chosen a listing agent, you'll be asked to sign a legal contract with the licensed real estate broker. The listing contract outlines the broker's commitment to find a ready, willing and able buyer that satisfies your price and terms and the seller's promise to pay a commission to the broker.

Terms of the contract are negotiable, including the broker's compensation. The agent is typically paid with a commission based on a percentage of the sale price.

Most contracts outline a 90-180 day listing period, which gives the broker sufficient time to market and sell the house. After this period you can renew the listing or list with another broker.

Determine the listing price your home

Fair market value is the price a buyer is willing to pay and a seller is willing to accept. It's the amount your house is worth in the market today, regardless of how much you paid for it.

To calculate your list price, research for, comparable homes in your area with similar



square footage, construction, age and condition that sold recently or are currently on the market. If your property is situated in a region where there are not many properties, comparables may be hard to come by. Especially in a slow market.

Ask your agent to prepare a Comparative Market Analysis (CMA) report. A CMA is a compilation of statistics that include “Recent Sales” information on homes sold within the past six months and “Currently for Sale” information on any “active listings” similar to yours. Recent sales are what people were willing to pay recently for a home similar to yours. Listing currently on the market are your competition; you want to be competitively priced against them.

What will be included?

It's a good idea to make up a list of what will and what will not be included in the sale of your home. Usually those things that are not fastened down or fixed to the property, do not go with the property. But to be clear, a list is best.

Will artwork be included?

Are you considering leaving all your furniture with the home?

If not, will you be trying to sell it (not always easy) or use it in another home?

Marketing your property

There are a number of things you can do, along with your real estate agent, to help sell your home:

- Make sure your home is presentable -That it is free from clutter, walls are freshly painted and the home is clean –scrub it down!
- Let your neighbors know the home is for sale; perhaps they have a friend or relative who would like to live close by.
- Ask your agent to hold an open house.
- Get it featured in local real estate publications such as the Vallarta Real Estate Guide and Vallarta Lifestyles. These publications are very well read when people are here on vacation. And Vallarta Lifestyles is available digitally and therefore read online by people even when they aren't in Vallarta
- Make sure your property is listed on MLSVallarta –the largest and most frequently visited MLS for Vallarta and Riviera Nayarit properties.

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