

# Your Net Sheet Explained (Where Sellers Lose Money)

*A luxury seller's guide to the real numbers behind your sale.*

If you have ever looked at a net sheet and thought, "How did we get from the sale price to that number?", you are not alone. A net sheet is simply a math map. When sellers lose money, it is rarely because of one giant surprise. It is usually a few smaller decisions that stack up: a credit here, an extra week on market there, a rushed repair, a fee you did not anticipate.

This article breaks the net sheet into simple categories, shows the most common leak points, and gives you a practical system for protecting your bottom line without turning the process into a full-time job.

## **What a Net Sheet Is (and What It Isn't):**

A net sheet is an estimate of what you may receive at closing after typical costs are deducted. It is not the final closing statement, and it is not a tax calculation. It is a planning tool you can use to make better decisions about pricing, repairs, credits, and offer terms.

Strong net sheets are updated repeatedly: after pricing is finalized, after inspection negotiations, after appraisal feedback, and again when escrow timing is firm. Looking once is like checking a weather forecast once, then planning the entire trip around it.

## **The Core Parts of a Net Sheet:**

Most net sheets vary in layout by brokerage and escrow company, but the structure is consistent. Here is the anatomy:

- **Sale price:** The contract price (or an expected price if you are pre-listing).
- **Loan payoff(s):** Mortgage balance(s), HELOCs, or other recorded liens to be paid at close.
- **Agent compensation:** What is paid out to the listing side and the buyer side (varies by agreement and market).
- **Escrow and title fees:** Settlement handling, title insurance, recording services, and related processing fees.
- **County and city charges:** Recording fees and any local transfer-related charges that apply.
- **Prorations:** Property tax, HOA dues, Mortgages and sometimes utilities split based on the closing date.
- **Seller credits and concessions:** Repair credits, closing-cost contributions, rate buydowns, or negotiated allowances.
- **Pre-sale prep costs (often tracked separately):** Staging, cleaning, landscaping, inspections, and touch-up work.

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## **The 7 Places Sellers Usually Lose Money:**

In luxury listings, the sale price can look strong while the net quietly erodes. These are the seven most common leak points:

### **Overpricing at the start:**

A stale listing invites lower offers, tougher inspection demands, and bigger credits. The hidden cost is time: extra mortgage interest, taxes, HOA, insurance, and utilities while you wait.

### **Credit stacking:**

One "small" credit becomes several: repair credit + closing cost credit + appraisal gap concession. Each may feel manageable until the total hits your bottom line.

### **Repairs done late and under pressure:**

When repairs are discovered during escrow, you lose leverage. You either credit more than the repair actually costs or rush vendors at premium pricing.

### **Upgrades that do not pay you back:**

Luxury buyers pay for feeling: presentation, condition, and confidence. Some upgrades return value, others are personal taste and rarely recoup dollar-for-dollar.

### **Carrying costs during extended escrow:**

A longer escrow can be fine, but it should be priced in. For example: insurance, utilities, landscape, pool service, HOA, and property taxes continue regardless of showings.

### **Missed paperwork that triggers renegotiation:**

Delayed HOA documents, permits, or solar details can create uncertainty. Uncertainty becomes a negotiation point - and often shows up as a credit request.

### **Offer comparison based on price only:**

The highest price is not always the best net. Financing type, appraisal risk, contingency strength, and closing timeline all affect the real number you keep.

### **A Simple Net-Sheet Checklist Before You Accept Any Offer:**

Before you say yes, run every offer through the same checklist. This keeps negotiations focused on what matters.

- Is the buyer asking for a seller credit? If yes, what is the exact dollar amount and what is it intended to cover?

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- What contingencies exist (inspection, appraisal, loan, HOA review) and how long are they? Shorter timelines reduce carrying costs and uncertainty.
- What is the buyer's financing type and down payment strength? Stronger qualification usually means fewer surprises mid-escrow.
- What is the proposed closing date and possession plan? A rent-back can help you, but it should be documented and priced.
- What is the realistic risk of an appraisal shortfall at this price? If there is risk, decide in advance what you will and will not concede.
- If repairs are likely, do you prefer to repair, credit, or split? Pick your approach early so you are not negotiating tired.

## **Example: How a Great Price Can Still Net Less:**

Below is a simplified example to show how net changes. These numbers are illustrative only, exact fees and terms vary by property, location, and transaction structure.

**Contract price:** \$1,500,000

**Less loan payoff(s):** (\$620,000)

**Less agent compensation (example):** (\$75,000)

**Less escrow/title/recording (example):** (\$9,500)

**Less prorations/HOA/taxes (example):** (\$6,500)

**Less negotiated credits (repairs + closing costs):** (\$25,000)

**Estimated net to seller (before any tax considerations):** \$764,000

Now compare that to the same price with fewer credits and a faster timeline. A five-figure difference in net often comes from the negotiation details, not the headline sale price.

## **How to Protect Your Net Without Getting “Nickel-and-Dimed”:**

- Do a pre-list condition review so you can choose repairs on your timeline (and at normal pricing).
- Get two or three written bids for any likely repair items. It turns guesswork into numbers and reduces credit stacking.
- Price with a strategy, not a hope. The first two weeks are your leverage window in luxury marketing.
- Treat staging and presentation as insurance against discounting. The goal is fewer objections and cleaner inspections.

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- Put guardrails around concessions. If you offer a credit, define what it covers and cap the amount.
- Compare offers by net, not just price. A clean offer with strong financing can outperform a higher price with heavy contingencies.

If you would like, I can prepare a custom net sheet for your property with multiple pricing scenarios (and a “credit cap” plan) so you can see your likely net before you commit to a strategy. This is not tax advice; for tax questions (capital gains, exclusions, withholding), consult your CPA.