How to Sell Your House For Sale By Owner



Selling your house for sale by owner (FSBO) to avoid paying a listing agent commission can be financially appealing, but the process isn't as easy as you might think. If you want to try selling your own house, preparing yourself for the stressful and turbulent road ahead is a must.

According to the Zillow Group Consumer Housing Trends Report 2019, 11% of sellers who sold in the last 12 months complete the sale of their home without ever engaging an agent. Another 10 percent try to sell on their own but eventually turn to an agent for help.

Interestingly, millennial sellers and sellers in urban areas, who tend to skew younger, are more likely to attempt to sell on their own or succeed in doing so — 36 percent of millennial sellers and 34 percent of urban sellers attempt to or succeed in selling on their own.

If you want to be successful, you'll have to learn how to sell your own home like a real estate professional would.

1. How does for sale by owner work?

For sale by owner is a home-selling strategy in which the seller lists their home for sale on their own, without the help of a real estate agent, from start to finish.

FSBO pros

Less commission

You'll avoid paying the listing agent commission you'd have to pay your listing agent if you used one, which can help you walk away with as much profit as possible.

Control over your listing

When you manage the listing, you have complete control over the listing price, the listing details and the marketing strategy.

Control over your showing schedule

When you're in charge of scheduling private tours and open houses, you'll never be caught off guard by an inconvenient or last-minute appointment set by your real estate agent.

FSBO cons

Lower sale price

Industry research suggests that sellers who use an agent garner a significantly higher profit than FSBO sellers, even after paying commission. There are many reasons why an agent may net you a higher sale price, including their local expertise, marketing strategy, networking connections and negotiation experience.

Marketing takes time and money

When you sell without an agent, getting your listing in front of potential buyers is entirely up to you. That means you'll need to juggle getting your home listed online, marketing it via social media, printing flyers and brochures, and thinking up other ways to get buyers through the door.

Managing a listing is labor-intensive

Between answering calls, scheduling showings and coordinating open houses, it can be very time-consuming to manage your listing on your own — and that's before you even receive an offer.

You may be susceptible to mistakes

Especially if it's your first time selling, you may make costly mistakes that a real estate professional wouldn't — like pricing your home too high and having it sit on the market for a long time.

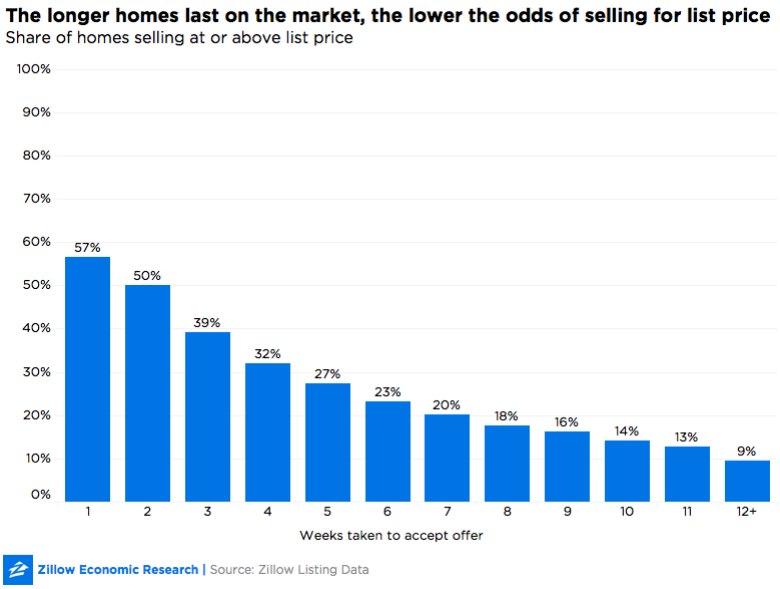
You may still have to pay a listing agent commission

Even if you don't have your own agent to pay, it's standard practice that the seller pays the buyer's agent's commission (if they're using an agent). And according to the Zillow Group Report, 74 percent of buyers use an agent, so it's likely your buyer will too.

2. Set an appealing home listing price

Although every seller wants top dollar for their home, overpricing is never a good idea. In fact, it usually leads to more time on the market and an eventual price cut. Coming onto the market with a reasonable and accurate listing price is a must. By pricing your home correctly, you can avoid it sitting on the market for too long, which can deter potential buyers.

According to Zillow research, across the United States as a whole, 57 percent of homes sold at or above listing price when they accepted an offer in the first week. In the second week on the market, that drops to 50 percent and trends downward from there.



Also consider that you can sell faster and for more money during the peak selling time for your local real estate market. Do your research to find out which part of the year is best in your area. Nationally, it's the first two weeks in May, where listed homes sold almost two weeks faster than average and for $2,500 more, compared to average points in the year.

Run comps

When you work with a real estate agent, they'll usually guide you toward finding a good listing price by using a comparative market analysis (CMA). But if you want to sell your home without an agent, you'll need to run your own comps. Public records, the Recently Sold filter on Zillow, and the Zillow Pricing Tool are good places to start.

- Make sure the comparable homes you're using are similar to your home in terms of size, location and quality.
- Pull comps from an area as close to your home as possible — within your neighborhood is best.
- Only use homes that are sold in the last few months — three months ideally, but no more than six.
- If you're using Zillow, always search for homes that have recently sold. Never use asking prices of homes that are on the market, because they don't reflect actual home values — they reflect what the seller thinks their home is worth.

Get an appraisal

Paying a professional appraiser between $300 to $600 to help you land on an accurate listing price can be money well-spent. An appraiser will walk through your home, then consider local market trends, recent comps and details about your home to estimate its value.

But even if you have your own appraisal done, your buyer (and their lender) will still likely require a new appraisal as part of the contract process, and that appraisal is paid for by the buyer.

3. Prepare your house for sale

Giving your house some TLC before listing is an important step, whether you're going the for-sale-by-owner route or selling with an agent. Simply put, you'll want your house to look perfect before listing so you can get as much money as possible out of it.

Use this simple checklist:

- Clean thoroughly: Give your home a deep cleaning. Shampoo carpets, scrub tile, wash the windows, and make every nook and cranny shine.
- Declutter: Put personal items like family photos and keepsakes in storage, remove knickknacks, and pare down on personal belongings to make your home's storage space look ample — don't just shove everything in a closet!
- Stage: Either hire a professional stager or use some of your own furniture to make every space look roomy, organized and nicely decorated. You might also want to consider a fresh coat of neutral paint on the interior.
- Make a plan for pets and their belongings: A buyer on a tour shouldn't be able to tell that a pet lives in your home. Vacuum regularly, remove pet waste, tuck away your pet's belongings before a showing, and arrange for your pet to be elsewhere during all showings.
- Add light: Make sure your home has plenty of light in every room. Open curtains and blinds to let in natural light, replace bulbs, add lamps where necessary, and use mirrors to bounce light.
- Do necessary repairs: There's no need to overhaul your home completely, but it's important to fix small cosmetic issues that buyers will notice during a tour and also big, glaring issues that are sure to cause problems during a home inspection.
- Don't forget curb appeal: Your home's exterior will be the first thing a buyer sees upon arriving at the home for a tour. Clean up the landscaping, plant fresh flowers and repaint the front door.
- Hide your valuables: Make sure valuables, money, prescription medications and paperwork with personal information are safely locked away.

4. Invest in home marketing and advertising

An experienced agent has the resources, tools and network to put your home in front of a wide range of buyers. To sell a house by owner properly, you'll have to work hard to gain the attention of qualified buyers and attract competitive offers.

Hire a professional photographer

In today's real estate market, the vast majority of buyers are searching for homes online, so professional photos are an absolute must. In fact, according to the Zillow Group Report, 76 percent of buyers who purchased in the last 12 months said that viewing professional pictures was extremely, very or somewhat important to their home-buying decision. Professional photos can cost a few hundred dollars, which is money well-spent to entice potential buyers to come for a tour.

Craft an engaging listing description

The listing description is the next thing buyers look at after photos, so an enticing, comprehensive listing description is vital. Plus, buyers can search by keywords if they're looking for specific features, so calling out your home's best attributes with strategic keywords can ensure it ends up in front of the right buyers.

Here are the things you always want to include in your listing description:

- Basic information, like the number of bedrooms and bathrooms and the square footage
- Your home's best features, like hardwood floors or quartz countertops
- Neighborhood features, like proximity to public transportation, parks and schools

List your FSBO on Zillow and Trulia

Both Zillow and Trulia allow FSBO sellers to list their homes, free of charge.

Distribute signs and ads

Physical signage helps neighbors know your home is for sale so they can spread the word. It can also engage passersby. In fact, according to the Zillow Group Report, 55 percent of buyers who purchased in the last 12 months said that using a for sale or open house sign in their home search was a preferred method.

In addition to signs, consider taking these actions:

- Post ads on Craigslist.
- Post listings on Facebook for free, or spend a few dollars to boost your ad's reach.
- Share your listing on neighborhood and community pages, like those on Facebook or Nextdoor.
- Tell friends, neighbors, coworkers and community members that you're selling.
- Take out a print ad if you're in a market where many people read a specific local magazine or newspaper.

Consider listing on the MLS

Your local MLS is the largest and most accurate database of for-sale homes, since it's highly regulated and only licensed real estate agents can post listings. However, you don't have to use a full-service agent (or pay full-service commission rates) to get your listing on the MLS and in front of even more buyers.

Sites like Zillow pull listings from the MLS, so listing there may be a streamlined way to get your listing to show up all over the internet. Here are the two main ways for-sale-by-owner listings can end up on the MLS.

Flat listing fee

In some areas, when doing a home sale by owner, you can pay an agent a few hundred dollars to list your home on the MLS, but that is the extent of their services. They'll still put your name and information as the point of contact for showings and offers; the listing is simply originated under their name.

Hire a discount broker

Usually for about a 1 percent commission, discount brokers will handle some, but not all, of the tasks a traditional full-service agent would. They'll manage getting your home on the MLS, and they may take photos and schedule showings. But you won't get the personalized and dedicated service you would from a full-service real estate agent. Most discount brokers work on teams, so be prepared to have multiple points of contact throughout the process. Always make sure you understand exactly which services they'll be providing (and which are not included) before you agree to work with a discount broker.

5. Act like a real estate professional

Some buyers are hesitant to work with an owner selling their home because they assume the process will be slowed down by inexperience. And some buyers' agents may try to steer their buyers away from a FSBO, dreading that they'll end up having to coach the seller through the process and do twice the work for any commission, which they will likely have to negotiate. So, it's up to you to prove buyers and their agents wrong with your professionalism and know-how.

Answer calls, no matter the time

Good agents work in the evenings and on weekends, because that's when buyers are shopping.

Be flexible with showings

Buyers and their agents may request showings without much prior notice. Try to be as accommodating as possible — the more people that tour your home, the more likely you are to get a buyer. If juggling showing schedules becomes a burden, consider using a lockbox.

Take feedback seriously

Make sure you listen to what buyers and agents are saying about the home's listing price, condition, curb appeal, and most (and least) desirable features.

Don't take criticism personally

It can be hard to hear criticism from buyers about the home you live in and care for. But it's important to avoid taking negative comments personally. You love your home, but it may not be everyone's taste, and that's OK.

Don't let your house sit on the market

If your home has been listed for a few weeks and you don't get an offer, consider lowering the price or taking another action that will attract buyers — you'll be in good company. According to the Zillow Group Report, 4 out of 5 sellers (83 percent) have to make at least one concession or allowance, with nearly one-third (29 percent) of sellers sealing the deal by lowering the sales price of the home.

Hold an open house

Open houses can be a great way to get many potential buyers to see the home at one time. Remember to advertise it ahead of time, put out plenty of signs, tidy up beforehand and offer refreshments.

6. Ensure you have qualified buyers

While you're probably eager to get potential buyers through the door, don't compromise your safety. Whether at a private showing or an open house, take down names and contact info for both buyers and their agents, including asking for ID. Having a record of everyone who has toured the house can not only help you ensure only serious buyers are touring but also prevent valuables from being stolen (or make them easier to recover).

Let potential buyers know that all offers must be submitted with a mortgage pre-approval letter (if they'll be financing) or proof of funds (if they'll be paying cash). Know that a pre-approval letter is a more solid reflection of the buyer's ability to purchase the home than a pre-qualification letter.

7. Hire a real estate attorney

Real estate transactions are famous for their many pages of paperwork, and it's important to know what you're signing. If you're selling FSBO, it's a good idea to hire a real estate attorney to review all documents, especially disclosure statements.

In fact, in 21 states and the District of Columbia, you're required to use a real estate attorney for all transactions, including for sale by owner. Those states include Alabama, Connecticut, Delaware, Florida, Georgia, Kansas, Kentucky, Maine, Maryland, Massachusetts, Mississippi, New Hampshire, New Jersey, New York, North Dakota, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia and West Virginia.

8. Don't rule out an agent

Selling a house for sale by owner isn't easy. If you find that the prep work, listing process, marketing, advertising, showings, contracts, negotiations, legalities and closing process are all too much to handle alone, it's never too late to bring on an agent.

If you start out FSBO and hit a wall, you can hire an agent partway through or engage a discount agent to finish the rest of the deal. If you're on the fence about using an agent or going it alone, the best time to bring an agent on board is when you're trying to decide on your listing price. An experienced local agent can provide insights, data and expertise to help you find the right listing price and sell quickly.