

SELL YOUR HOME FSBO



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MEET *Your Author*



Hi, I'm Wyatt Wright

You know selling a home on your own is a great way to save money on commissions and fees. But selling a home without an agent isn't easy. You need to know when to list your house, how much to list it for, how to get the word out about your property, and how to close the deal once you've found a buyer.

In this eBook, I'll walk you through the process of selling your home without an agent, from start to finish. You'll learn how to make sure your property is in top shape before you put it on the market; how to price your home competitively; what kind of pictures will sell it best; and how to generate interest from buyers.

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The Exciting Job of Selling Real Estate



Hi there,

My name is Wyatt Wright, and while I've been in the real estate business since I was 16, I'm fortunate to work alongside one of the most experienced and successful mentors in the industry. My mentor has been selling homes for over 30 years and has personally sold more than 1,000 properties. Another one of my mentors was the 2nd agent in the world for 2 years in a row! Together, we bring a wealth of knowledge, strategies, and proven results to help homeowners navigate the selling process successfully—even if you've chosen to sell on your own.

That's why I've created this free ebook just for you, the For-Sale-By-Owner (FSBO).

I completely understand your motivation to sell your home on your own. You want to save money, stay in control, and get the best results. I respect that decision and want to provide you with tools and insights to make your process smoother and less stressful. One thing you'll never get from me is high-pressure tactics—I'm here as a resource, not as someone trying to force you into listing your home.

My only hope is this: if you ever decide to hire an agent—whether it's a discount firm, a traditional agent, or somewhere in between—that you'll at least have a conversation with me before making your final decision. With the guidance of my mentor, I've developed a proven process for selling homes that combines cutting-edge marketing with personal attention to help sellers like you achieve their goals.

Whether or not we work together, I hope you find the tips and tools in this ebook helpful as you work through the process of selling your home.

If you have any questions, need advice, or just want to bounce ideas off someone who understands real estate inside and out, I'm here for you.

The purpose of this eBook is to give you the tools you need to get your home sold in today's market in light of recent economic changes.

Using these tips and techniques will give you the competitive edge you need to conquer not only the other "For Sale By Owner's" in your community... but also the competition of all homes for sale.

Selling on your own requires that you think like a buyer. When you put yourself in a buyer's shoes you realize that every home for sale is in competition. This competition includes all the other "For Sale By Owner's" and professionally listed homes in your market area; fixer-uppers, short-sales, foreclosures, real estate owned (REO's) must be factored into this competition, and in order to be successful selling on your own you need to have a proven plan in place to capture that elusive "right buyer" at the right price.

***IF you have the knowledge, IF you have the marketing expertise, and IF you know the process involved in getting a home sold on your own then you will have an above average chance to do just that and save literally thousands of dollars in commissions.**

One thing you need to understand right up front is that the only differences between you and a real estate professional or another "For Sale By Owner" are knowledge and experience. Experience is tough to gain but knowledge is available here in this handbook and through other various sources.

The truth is that you can sell your home on your own

In 2021 roughly 10% of all residential real estate sales were "For Sale By Owner." The National Association of Realtors Profile of Home Buyers and Sellers reports this and several other interesting facts; about half of all FSBO sellers knew their buyer before they sold their home (i.e. they sold to a friend, relative, or neighbor.) That leaves 5% (out of roughly 5.5 million sales) selling on their own to a buyer they didn't know before they started this process. In Cincinnati, Ohio that translates to 3000 or so (out of about 60,000+ listings sold) of Successful FSBO sales. That's a lot of success for sale by owners. This eBook assumes you don't already know your buyer and need to find them. I talk to people every month that sell on their own. (About 4 FSBO's out of 10 are selling on their own.) It's hard work. It involves time, creativity, some expense, and having a plan. Only you can decide whether the potential **costs savings are worth the effort involved.**

The Basics

The first step is to decide why you want to sell and what you are hoping to accomplish when you sell your property here in Cincinnati. Right now in most markets around the country we are in a real estate recovery, lower inventory and higher prices. If you're just "testing the market" or need to net more than your home is really worth to move you should consider staying put and not selling. If you're looking to upgrade it may be a good time, even though interest rates are higher and prices as well, you can sell your home for a good price, then purchase a home before rates drop. When rates come down, the demand for homes will go through the roof and will cause the prices to rise exponentially. Price your home correctly, make it easy to see, and you should get offers.

Bragging Rights

The next basic thing you need to understand is that your home must have “bragging rights” in order to stand out from the competition. In this market, many are left with a bad taste in their mouth concerning real estate, and buyers are sometimes unsure of making any large buying decision.

If your home doesn't offer the buyer the opportunity to tell their family and friends what “a great deal they got because of _____.” These friends and family may dissuade them from buying your home.

Your home must be priced correctly, marketed correctly, and all obstacles to buying your home must be minimized. If it's priced too high it will simply not sell in this or any market to a qualified buyer. Not even listing with a real estate professional, offering a “rent to own” or “lease purchase” option, or owner financing will change this fact. Those gimmicks will only get you involved with “unqualified” buyers or investors hoping to buy low and sell high at your expense.



All sales are a numbers game. The more buyers that know your home is for sale the higher the likelihood it will sell. And the more who see it; the more offers you'll receive; and the more offers you receive the more money you will make. Let's keep in mind why you're doing this on your own. If you're like most of the other FSBO'S I talk to you're looking to save the commission.

Rather than paying a real estate agent 5%, 6%, or even 7% commission of the sales price... you are attempting to go it alone and save that money. Many of you will offer 2% to 3% to a real estate agent if they bring you a buyer so you're really just looking to save that other 3% to 4%

Selling a home in Cincinnati, Ohio is a lot of work

In order to save the commission you will be required to spend some of your time and lots of energy on the process. Banks list their foreclosed homes with a realtor. Builders hire agents, Short-sales are required by the lenders to use a real estate agent. 95% to 97% of all sellers who don't have a ready-made buyer use a real estate agent. Agents do a hard job, provide a valuable service, and earn their commissions by adding value to the transaction. If real estate agents didn't add more value than the charged they'd go the way of travel agents, 8 track cassette decks, and encyclopedia salesmen.

You have decided to try on your own. I respect that and the money you are trying to save. This is what I do everyday, all-day. I've prepared a short quiz to help you determine if you are likely to be able to handle selling on your own. All of the questions below require a simple “yes or no” or short response... and please save yourself a lot of time and hassle by answering them honestly right now.

Quiz

1. Have you negotiated high-dollar sales previously? Y/N
2. Are you willing to price your home correctly? Y/N
3. Are you determined to save money on the sale of your home? Y/N
4. Are you willing to handle the paperwork yourself or do you need help? If you need help do you have an attorney, mortgage lender, and other professionals ready to help? Y/N
5. Are you willing to negotiate face-to-face with a buyer (and maybe their real estate agent) determined to save the same money you are trying to save? Y/N
6. Are you a "do it yourself" type? Y/N
7. Are you comfortable letting strangers into your home with little notice? Y/N
8. Are you able to devote the time needed to prepare and market your home? Y/N
9. What information or ID will you require from strangers who want to see your home?
10. Do you know which environmental disclosures apply to your situation?
11. As far as your asking price, how much negotiating room have you factored in?
12. Exactly what data sources have you used to set your price?
13. Do you know which advertising methods give you the best response for selling real estate like yours?
14. Once you have found a buyer, do you know how long it will take to complete all the steps to close on time?
15. Are you available full-time to show your home?
16. Do you know the difference between a pre-approval letter and prequalified letter? Do you know what a Conditional Loan Approval is?
17. Are you familiar with the normal costs to sell?

These questions and your answers should help you determine right now if you have the time, patience, expertise, motivation, insight and will to sell your home on your own.

If you can't answer "yes" to all of them – it may be better to stop now and hire a professional real estate agent, like me, to handle the transaction for you.

However, if you did pass the above test... lets get into how to successfully sell your home – on your own – in the right time, with the least stress, and for the most money!

That's why I wrote this. Every day I see home sellers lose money, and waste precious time because they make critical mistakes they didn't have to make. Here are just a few...

- Not getting accurate information about how to price your home correctly.
- Not having a understanding of the local marketplace.
- Trying to add the total costs of home improvements on top of your sales price.
- Not understanding how to "dress" your home so it shows like a model home, and commands top dollar.
- Using worn-out, ineffective "image" advertising to promote your home.
- Opening yourself to crime by not tracking the visitors to your home.
- Hiring a real estate agent who tries to sell you their "multi-million-dollar producer" pitch instead of demonstrating skill and proficiency in marketing homes.
- Letting a real estate agent seduce you into their services by promising you an over-inflated sales price.
- Not having bridge financing or other contingencies if you are on a time deadline.
- Hiring anyone who isn't willing to educate you on a systemized approach to selling your home...AND can back up their analysis with FACTS, not opinions!
- Not understanding whether you should sell your home yourself (it may be to your advantage to go it alone, OR it may save thousands, and end countless headaches to use a Realtor. How do you know?)



There are a lot of "old school" trainers, "help the fsbo educators" or inexperienced real estate agents who still believe all you need to do is put your home in MLS, pop up a sign, and the buyers will flock to your door.

Five Steps To Selling Your Home After You've Priced It Correctly

1. Understanding how to make it look great to any buyer who comes to see it!
 2. Understanding how to value your home so that a buyer has bragging rights!
 3. Understanding how to get buyers to come see your home!
 4. Understanding how to ask the buyer the right questions to see if they are motivated and able to buy your home!
 5. Understanding how to prepare the contract, negotiate, and close the deal!
- "Make your Home look great to any buyer who comes to see it!"

The way you live in a home and the way you sell a home are two very different things. There's a whole industry of "home stagers" out there who realize this fact. You are able to find lots of ideas and tips on the Internet and in your bookstores – the following is a basic overview of preparing your property for sale.

Staging Your Home For Sale

Homebuyers ideally want their new home to be a "model home." No nicks, scuffs, or dings. They want lots of room and things to look like new. Your job when preparing your home for sale is to begin to give the buyer what they are looking for in terms of condition, features, benefits, and amenities.

Some Things Can't Be Fixed

Items such as a busy street, sloping lot, number of bedrooms, etc. are generally fixed and unchangeable. But, there are other things that can be improved upon easily and inexpensively. Doing the work up front will allow you to sell quicker and net more money. Getting your home ready for sale and keeping it in showing condition during the selling process is one of the most important and crucial aspects of doing this yourself.

In fact, if there is one thing that I've learned in my years of real estate experience – it is that most buyers have really no imagination whatsoever. If they can't see it they can't buy it. And those buyers that can see it expect to discount the purchase price for their ability to look beyond the work. The condition and presentation of your home may cause it to sell or not sell. Buyers almost always see only what is right in front of them. Which means don't ever expect a buyer to see the "potential" your home has to offer without a huge decrease in their eyes about the price value of your home.

In the real estate business we call this the law of the "thousands." A buyer will see an old dishwasher and subtract a \$1000 from their offer even though a new dishwasher may only cost \$600. New carpet may embolden them to subtract \$5000 when it will cost them only \$3000. Go over the items below and complete as many tasks as possible the improvements can cause your home to sell quicker and for more money.

De-clutter and Deep Clean

Too much clutter and lack of home preparation is one of the biggest mistakes I see many “For Sale By Owners” make.

This subject probably has the most expert advice available on the Internet and in the bookstores. Feng-shui, staging, and “How to sell a home” books and articles abound. I’ve put together a short chapter for your review here.

Cleaning and packing stuff away is the most important of all the basic preparations. Rooms, closets and garages need to look neat, clean, and as roomy as possible. Cluttered rooms and closets full of boxes and “stuff” make the home look smaller and buyers wonder if their stuff will fit

The solution to the clutter is to simply get rid of it. Everything that you don't use on a regular basis (which means every other day at least)... put in storage or at least out of plain sight. Seriously get rid of a lot your things by packing them away. Lighten and brighten every room with new lights, bulbs in every outlet, open windows, install new shades etc.

Kitchens

The number one spot for clutter in most homes is the kitchen. Quick, count the appliances and other items on your counters. Where can you put all of them? A few weeks of inconvenience in getting them out and putting them away or doing without them is well worth it. Now go through each of your cabinets in your kitchen, all of the counter space, and all of the cupboards to make sure all are clean and neat of “unnecessary stuff.” I’m especially fond of putting away about 2/3rds of all the coffee mugs and glasses into a box and storing them.



Remember that in your bedrooms less is more appealing. Pack away your clothes and shoes; only save the 25% to 35% that you’ve actually worn recently. Take a close look to determine what can go. Remove that comfy, bulky chair. Create space and easy flow in this and every room.

Pack away the books, toys, and gadgets you have lying around. You might even buy new bedspreads. Make sure there is plenty of light in each bedroom leave curtains and blinds open, and freshen the air if needed. Make sure all nooks and crannies are clean.

Bathrooms

Clean out under the sink and the medicine cabinets (people will nose around) make sure there is plenty of light and the room is spotless. Do you need to re-caulk the tub and sinks? No mildew allowed. Air fresheners might also be in order.

Living, Family and Dining Rooms

Make them well-lit and immaculately clean. Clean or re-paint: all nicks and scuffs. Magic Erasers sponges work wonders on minor scuffs and may preclude the need for repainting. Prepare the home when you can for each showing, dust, clean, spruce up, put out fresh flowers, turn on all the lights, and leave with your pets if potential buyers are with a professional real estate agent! If the buyers are on their own be prepared to answer questions honestly but don't get emotional if they speak poorly about your house; someone has told them they can get it for less if they "tell you" why it's in poor shape.

The Yard

Should be free of debris, toys, and clutter too. Nice flowers can brighten up any area! Coil your hoses. Put tools away. What can you do to make the yard more appealing – a table and chair under a shaded tree? Repainting the swing set? New mulch or flowerbeds? Tree or shrub trimming?

I don't recommend spending a lot of money on granite countertops, new cabinets, appliances, etc. Home improvements of this type rarely provide a good return on dollars spent. Some real estate agents advocate spending a lot of your money without any supporting evidence that you'll sell quicker and for more money. For example spending \$15,000 in a kitchen might only bring in \$8000 at resale. In some parts of the country swimming pools, spas, and upgraded appliances add no value at all according to the appraisers.

Curb Appeal

Enhancing Curb Appeal

"Curb appeal" is "real estate-ese" for everything prospective buyers can see from the street that might make them want to take a further look. If the curb appeal is negative they'll drive by slowly and move on. Enhancing curb appeal is critical to getting buyers to want to come inside. You can sum up curb appeal by driving by your house and seeing if it invites you to come inside. Neatness sells, crisp paint, trimmed lawn, neat shrubbery, a clean driveway, potted plants at the front door, new brass house numbers—put them all together, and drive-by buyers will probably want to see the rest of the house.

Hand in hand with neatness is "neutrality." If you are going to repaint, stick to light, neutral colors. Keep the yard free of gardening tools and toys. Remember, when a family looks at a house they are trying to paint a picture of what it would be like as their home. If they say: "I like the house but need to change that pink color" you may lose them.

More Items To Consider

Here's a continuation of some items that you might consider. They are inexpensive – but prudent – when getting your home ready for sale:

- Make sure that the front of your home is spotless all the way up to the front door. Repaint and replace light fixtures and house numbers if necessary. Often times the buyers spend a lot of time there while they wait for their real estate agent or you to open the door. First impressions are hard to modify.
- Make sure that all of your walls and outside exterior are washed down. No flaking paint. No wasp nests, no cobwebs, no mildew, no dirt.
- Keep the window coverings open and the lights on at all times during showings, unless you are hiding an outside eyesore or very close neighbor.
- Clean and wash all visible features... like your windows, fireplaces, countertops and your tables before anybody sees your home.
- Consider filling in any foundation cracks in the sidewalk, patios, driveway, or walls.
- Repair any leaky faucets in the bathrooms and kitchen.
- Keep your pets out of the way. If the buyer can hear them, or worse, smell them that may cost you a sale.
- Fix any faulty, rusty, older appliances.
- No drafts. Fix or caulk all windows and doors. (Even if its just carpenter bees – fill and repaint.)
- If your roof leaks or is visibly damaged it may be a good idea to hire a good roofer now; especially if your home is older. A roof near the end of its life or damaged will be a problem during the inspection.
- Outdoor lighting. If you're going to be showing your home at night -outdoor lighting is going to be crucially important.
- Remove dead trees and shrubs. It's a good investment, especially in the front yard, to add new trees and shrubs or replace the old dead branches.
- Everybody loves flowers, keep yours blooming. The cost of replacing flowers is usually minor in comparison to the perceived value it gives your home.
- Make sure the doorbell works. You can replace it with a wireless one if needed. A broken doorbell is a bad start to any showing.
- Have your mailbox repaired or replaced if not in great condition.
- Oil or WD40 any squeaky hinges or doors.
- Put out fresh towels in the bathroom.
- Eliminate all pet odors.
- Use potpourri types of fresheners throughout the house.
- Try to get up the oil stains on your driveway or in your garage. Most hardware stores have concrete cleaner.
- Paint, paint, paint. Nothing freshens a home up more.
- Clean the gutters, replace downspouts, and make sure there are no running trails of water erosion in your yard.
- Re-stain wood decks if necessary. Replace any rotted wood.
- Make sure all stair railings are tight and secure.
- Mow the grass. Trim all the edges and hedges of your yard.
- If you have a fence – make sure it looks good. Paint it, replace broken boards, etc.
- Professionally clean all the carpets in your house. You may need to replace them. Again, this is relatively inexpensive – but very profitable to your bottom- line.
- Clean and Wax all appropriate floors.
- Clean the curtains and window coverings. Replace them if they need replacing
- Make sure any wallpaper is secure to the walls. Peeling wallpaper is a turnoff.
- Straighten all pictures and mantel decorations. Too many pictures on a wall clutter it up.
- Make the kitchen sparkle for each showing.

- Gather the operating manuals and warranties for all major appliances and fixtures.
- Replace any loose, chipped, or broken tiles in the bathrooms.
- Replace shower curtain with a new, clean, bright and fresh one.
- Make all beds – this seems obvious but it’s amazing how many homes I’ve shown with the beds not made and the rooms a mess. You may have to bribe a teenager to keep their room clean. Pay them.
- Keep all stairways uncluttered.
- Have the furnace and HVAC cleaned and inspected if you haven’t done it in over a year. This always comes up during the inspection anyway.
- Have the septic pumped and inspected if applicable.
- Consider hiring a home inspector (national brand like 239 inspection preferred) and fix all the “defects.”
- If your garage or basement is jam-packed full of “stuff” – rent a storage facility and move all the “stuff” to it immediately.
- If you have an automatic garage door opener – makes sure it works. Be sure that you go through each room before a showing or an open house. Remember that each new buyer is “new.” They haven’t seen your home before-first impressions are critical.

General Suggestions

- Remove/replace any special items that you don’t intend to leave behind; for example, the chandelier that you love. Replace it before a buyer makes it a part of the negotiations.
- Repair or replace all doors, closet doors, and windows and screens if there are holes, cracks, or rips.
- Check that your doors don’t stick or have loose knobs. Make sure your cabinet drawers have no loose knobs, as well. Consider replacing all knobs – a lot of bank for little bucks!
- Any cobwebs, wasp nests, ant hills, etc. should be removed.
- Organize closets and remove stuff that is not necessary and put it in storage. Large closets sell houses. Well-organized closet looks much bigger than one crammed with clutter.
- Remove excess extension cords, especially those in traffic ways.
- Dress up windows in freshly laundered curtains, or dust/clean window blinds.
- If any decoration is needed, (especially in the kitchen or bathroom), do it before the house is put on the market! \$40.00 worth of paint may balance \$100.00 in a price cut.
- Open doors to the areas you want the buyer to see such as walk-in closets, pantries, etc. Make sure those areas are neat.
- If you have hidden features, like a stairway to the basement, consider making a sign that spells out that feature.
- Ensure that all light fixtures are cleaned (dust chandeliers; clean out bugs from overhead lights; and lamps, etc.), and that there is a light bulb in every socket.
- Clean all windowsills, as well as any space between windows and storm windows.
- Windows should be in good repair with no cracks.
- Any paint on windowpanes should be removed with a razor blade prior to cleaning.

Showing Advice / Preparations

When someone is coming by to see your home, I suggest a few practical preparations such as

Lighting

Keep all doors unlocked within the home. Buyers want to see all the rooms (and closets); if they can't, it slows up or even stops the buying process. Turn on all lights—day or night! For a night showing, turn on all of your inside and outside light fixtures, create a glowing warmth around your home as the potential buyers drive up. Open all the drapes and shutters. Make your property as bright as possible. Buyers these days typically want homes with lots of light!

Kitchen

Make sure the sink is clean and free of dirty dishes. De-clutter the countertops: they appear more spacious when clean and uncluttered. Freshly mop the floors and baseboards of your kitchen — sparkling is the goal.

Mood

Leave soft music playing. Turn off any blasting television or radio. Place some potpourri throughout the home to help make it smell fresh and clean. Febreze (our magic spell for smells) everything. Magic Eraser sponges are our wand for scuffs. Create a positive mood. If it is a cold day, make sure your home is heated, and if it is summertime, keep your home cool. Snacks and drinks might also be offered. Add a special accent to make your house appear comfortable and inviting: an open cookbook, cut flowers in a vase, or something baking in the oven (or bread maker.)

Never leave valuables that could be easily “pocketed” (watches, jewelry, smaller items of emotional value) out in plain view. Unfortunately there are some unscrupulous types out there. Also never tell “prospects” your schedule; when you're not home etc. You never know who might be casing your house out. If you must turn down a showing simply state that it's not possible at that time.

During the Showing

Place your property brochures in a conspicuous place; you could place a small sign asking agents to leave their business card. *This is for your safety and it allows you to track who has shown the property and call them for feedback.

The Presence of Pets

Keep pets out of the way when showing, preferably out of the house. Some buyers get annoyed or are allergic or are scared, others get their attention diverted and can't remember anything about your house except for your pet.

Stay or Leave During Showings

If at all possible don't have too many people present during a showing since the potential buyers may feel like intruders and want to hurry through your house. Worse still, they'll put you on the spot by asking you direct questions. "Is that staying with the house?" and force you to make a hasty decision. Your goal should be to get them to spend as much time in your home as possible so that they can "see how it could be their new home."

If They Have A Real Estate Agent

Take a short walk with your children and pets. Leave the premises to the potential buyers or, if that is not possible, let them go through the home without interruption or discussion! If they're on their own, walk them through your home but don't be overly chatty. Do not have guests over during the time a showing is scheduled, if at all possible.

Everyday Checklist

- ✓ Remove any and all toys, bikes, tools, trash, and animal waste from your yard.
 - ✓ Keep all steps clear of hazards—old newspapers, laundry, toys, pet toys, etc.
 - ✓ Wash dishes.
 - ✓ Put away clothes.
 - ✓ Straighten up newspapers, etc.
 - ✓ Make beds
 - ✓ Open the draperies, pull up the shades, and let in the sunlight.
 - ✓ Install high wattage light bulbs so that there is a lot of light. Turn on all lights.
 - ✓ Remove "clutter" from each room. Remove things such as coats, shoes, clothing, pet toys, pet food, pet food bowls, trashcans, toys, and child-safety barriers. (Rooms with no clutter look bigger.)
 - ✓ Dust and vacuum floors often (daily, if possible).
 - ✓ Wipe showers after each use.
 - ✓ Water and prune indoor plants
 - ✓ Wipe down the bathroom counters. Make sure towels are hung up, and the bathroom rugs are straightened. If you have any energy left, just relax!!
- Once the clutter is in check, tidying up prior to showings should take a minimal amount of time. And remember, the need to keep the home "show ready" is temporary.



Fact Sheets

Buyers look at more than one home. Give them something to remember yours by. Get their email address and send them lots of pictures and follow-up. I recommend preparing a simple brochure too: Basic information on the front, how to buy it on the back (meet with a local lender to discuss various financing options that might make sense for your home.). Prepare a single page web tour of your home (see ideas for this later in the eBook) and highlights on your sheet so the potential buyers can send it to their family, friends, and advisors so they can help everyone get excited about buying your home.

Bragging Rights

Understanding how to value your home so that a buyer has bragging rights Simply stated if the buyer doesn't have a quick and logical answer as to why your house is a "great deal" for them they don't have bragging rights. Bragging rights are what allows them to feel good about buying your home when someone tells them "real estate is not a good investment"; or that "prices are still dropping"; or "this is a bad decision." They need to be able to counter with something like: it was too good of a deal to pass up because "the sellers paid closing costs"; or "we bought for \$XX less than the last sale"; or "it was bought for under appraisal." Purchase decisions are emotional not logical – think about it People never buy homes because of logical reasons. If they did, one 4 bedroom, 2 bath home would sell just like any other. But they don't. They don't because people discriminate by nature. One home will always appeal to them over another based on their DESIRES. They buy homes because of the FEELINGS the home gives them. Nearly everyone buys a home thinking of the LIFESTYLE BENEFITS they'll get by living there. Lifestyle benefits are the memories of watching your children play in a safe area. While getting a good education at local schools. Where your home is decorated as an extension of your individual personality. Where you enjoy Sunday dinner with the family. And Thanksgiving reunions. It's the place where you relax in your favorite hammock on Saturday afternoon. The place where you can hold summer barbecues under the shade of a beautiful Birch tree. The place where you finally send your children off to college...and eventually off to live a life of their own. Your house is NOT going to be evaluated as a "house." It will be evaluated for it's potential to become a HOME. So it's important to recognize and appeal to buyers EMOTIONS when marketing your home. That's what Bragging Rights are – emotional hooks. Pricing the home correctly is the first component to creating bragging rights.

Pricing Your Home

Now, undoubtedly you have an idea what your home is valued at; you've researched the websites, you've visited other homes for sale, and you may have even talked to a real estate professional.

Comparable Properties

You should look for homes with a similar number of bathrooms, square footage, condition, lot size, number of bedrooms, garage spaces, amenities and location if possible. It shouldn't take you too long to determine what ballpark your asking price should be in. Call the ads and talk to the owner or real estate agent about the details of the home. Better yet, go visit them. This will help you to narrow down the range even further to a realistic price. Ask lots of questions about the condition, how they arrived at their price, amenities, and their motivation for moving.

Don't Over Price

It's easy to see why many FSBO's over price their homes. They're attached to them, they've poured money, time and sweat into their property, and "they need to get X \$ out of it."

overpricing a home is a "deal-killing" mistake.

Many good real estate agents will show your home and then "sell" another one using yours as a comparison to show why the next home is such a good value!

While overpricing happens frequently I notice some For Sale By Owners occasionally "leave money on the table" by underpricing a home. This is why pricing a home correctly is so critical.

Professional Market Analysis

Another opinion you should get is from a real estate professional or two. Make sure they sell full-time and consistently work in your area (many real estate agents have a "real" job in addition to trying to sell a home or two a year.) A real estate agent should also be able to tell you more about the current conditions of the marketplace, such as where buyers are coming from (internet, newspaper, relocation, or other). They should provide you with statistics and charts to help you justify your pricing to a buyer that is interested.

There's no obligation to a real estate agent to conduct a "Market Analysis" for you... but it is a good policy to be direct and honest with him or her about your situation and that you are planning on trying to sell your home yourself.

Most real estate agents will be glad to conduct a FREE "Market Analysis" for you even if you tell them that you plan to go "For Sale By Owner". This is because the odds that you will eventually list are still in their favor, but they don't know you have this manual and will interview me! Make sure you use homes that have actually sold in your area, not just ones that are actively on the market. Sold versus Active is an important distinction. The difference between asking prices and selling prices can be substantial, which means, you want a "Market Analysis" from homes like yours that have actually sold, not from homes that are still currently on the market and unable to sell. Check to see what closing cost credits the seller may have paid also – effectively lowering their net. In Cincinnati, Ohio the average list price to sales price ratio in 2021 was about 99% and just under 0% of the sales had some sort of concession. Compare that to 2017 when the average list to sale price was 94% and 97% of sales had some type of concession.

Remember also that some real estate agents tend to overestimate a home's value as an enticement for you to list your home with them. This is called "buying the listing" in the business. Agents do this knowing that once you are under contract you have to work with them and they'll beat you down week after week after week to get you to lower your price.

Buyers Are Looking For A Bargain

And looking for a bargain is again, subjective. What one person sees as a bargain, another may see as overpriced. Notwithstanding, you need to "position" your home as "priced right" in the market... another reason to do your homework when pricing your home. If you price your home right, you can promote it as such. Buyers clearly respond to promotions that state "priced to sell," "a unique bargain at this price," "act now, won't last long at this price." And getting as many buyers to respond is your goal, right?

Buyers Are Attracted To Affordability

Affordability appears the same as a "bargain," but it's not. Affordability relates to how inexpensively someone can live in your home...more to do with FINANCING than anything else. What have you done to make your home affordable? If you're selling your home without a real estate agent, are you willing to carry back financing on your purchase price? How EASY will you make it for a buyer to buy your home? You might put together several financing "packages" with a local mortgage lender. This will make the home appear special, and affordable to buyers.

The Best Way To Motivate A Sale Is To Create URGENCY

Have you ever noticed the dynamics of a bidding war? Buyers are scrambling like lunatics to put in the highest offer in order to get the home they desire. But what's really happening is the bidding war takes on a momentum of its own. In other words, the mere shortage of the home makes people frantic to WANT it. People naturally value what's in short supply...what they cannot readily have. And what more could a seller want than a bidding war on their home! But did you know that you can create the very same dynamic with YOUR home? Anytime you want to increase the value of your home, or the overall demand, CREATE A SHORTAGE. A shortage can be limited time, limited supply, or limited financing. Anytime you create a limit, you motivate people to act. Very few for sale by owners or real estate agents know about this, yet it's one of the most important elements of successful marketing.

Your Ultimate Goal

Remember what your ultimate goal is: to put the most money in your pocket at closing. So don't get over excited or have unrealistic expectations based on a "Market Analysis" from an overly-optimistic real estate agent. They are trying to "buy" your business by telling you, you can sell for more than your home is worth, in the hopes of getting the listing and then getting you to lower your price over time.

If you take a more conservative approach to pricing your home (especially because you are a "For Sale By Owner") you'll have a much better chance to sell your home inside of 30 to 90 days. Remember: all the buyers and agents who bring their buyers to see your home know that you are selling "by owner." They expect the home to be priced more than fairly.

Appraisers

Pricing is not an exact science; even appraisers give themselves a margin of error of 3 - 4% (this can be up to \$8000 on a \$200,000 sale) so don't be discouraged if some of the information you get from the appraiser, the agents, and the title companies contradict each other a bit. Each home is different and unique. You may have to "weed" through the piles of information you get to determine the most probable asking and sales price. If you really want to be sure about the fair market value of your home before you try to sell it, you may want to consider having it professionally appraised yourself. Appraisers are professional estimators of the official value of properties around the country. They are used by lenders to determine the terms of real estate loans. We have an appraiser willing to do this sort of work quickly and inexpensively. Appraisers will use objective business-like techniques to derive a reliable estimate a price. Since most buyers are going to need to obtain a mortgage to buy your house it's wise to know what an appraiser is going to say about the value of your home. If you do hire an appraiser you can expect to spend somewhere between \$500-\$1500 per professional appraisal. (Depends on the size of the home)

Other Questions to Ask Yourself

After all your research there are a few other factors to consider before setting your asking price.

- Do you have time constraints to sell? (Are you being transferred, getting divorce, etc.)
- Do you have immediate financial needs?
- What is the employment rate in your area?
- How are the interest rates?
- What will it cost to own your home?
- Is there seasonality in the rates of sales in your marketplace?
- Do you owe more than the house is worth? (If so call me immediately the bank will require you to work with an agent to sell it short.)

Factor in your answers and arrive at your price. If you find yourself saying "it's worth \$250,000 but I need \$275,000" or "I'm not going to give it away." Do some more research and you may find you are overpriced. You cannot ignore the bank owned properties or other distressed properties for sale because the buyers won't ignore them. Determine what bragging rights you can offer potential buyers and then it's time to go to the next step.

The next step in the process is going to be on marketing your home effectively to the buyers out there, and how to grab their attention with the right type of marketing approach.



How To Get Potential Buyers

Ok, you are motivated to sell. You are confident you've got the right price. It's time to let the world know.

When you market the home it's important to understand that you are marketing to two very distinct markets: 1) The buyers out there looking on their own for a home; and 2) The agents who have buyers committed to working with them.

There are advantages and disadvantages to each of those two markets. The buyers out there on their own will either be looking for a bargain (because that's what every financial investor guru tells them to look for when shopping FSBO's) or need a lot of hand holding.

The real estate agents out there don't like to show FSBO's in general because of the negotiated commission, increased workload, and increased liability. If an agent has other options to show their buyers they will skip over a FSBO like yours in favor of a comparable property listed with another agent. This is a reality. So your marketing to the agents needs to show them why showing your home is important to their clients. Thus the "bragging rights" we discussed in the last chapter.

Marketing is a numbers game. You want as many potential buyers as possible to see your offering and then decide to come see it. Because you priced it fairly you'll be able to generate offers. The more offers you get the more money you'll put in your pocket.

This means you may have to answer multiple phone calls and emails for every showing. You'll need to be prepared to talk with real estate agents and bargain hunters. You may have to hold open houses every Saturday and/or Sunday for 4-6 weeks. You'll need signage and flyers. You'll need to be able to talk to people who really want your home but can't buy it because of poor credit, they have a home to sell before they buy, or just plain old can't afford it.

You have to realize that you may have to show several unqualified buyers through your home... because they lied to you over the phone.

All of this is part of marketing your home... and it's what your real estate agent would deal with if you were working with one. But you're not – so you have to prepare for and handle it as it comes up.

Internet / NextGen Marketing Techniques

With all Internet sites, pictures are allowed – the more bright and clear photos the better. Nothing sells as well as a good picture. Put in as many photos as the site will allow. Do NOT put in duplicates! Below are some marketing ideas you may not have thought of

Progressive Marketing Techniques You Can Use

- Create a single property website using a service like Realbird.Com, which allows for you to syndicate your property to 20+ search portals. This great service also integrates with a stats tracking service that gives you the ability to watch visitors to your page in real time, giving you valuable insight into how Internet based buyers are in your property. There are lots of other sites out there too! Get one and create an easy to remember web address for your home (1234 mainstreetroswell.com for example.)
- Use Zillow effectively- add owners comments, post a short video – both increase click rates. If you don't know how to do this give me a call or email
- Create a video of your property and post it to Youtube. Did you know that Youtube is the second largest search engine in the world? Yep, getting your property onto youtube could go a long way toward getting you organic search exposure. And you don't even need a video camera to create the video!
- Instagram, Tiktok and Facebook! Make sure to get your property posted with video reels on all of the social media platforms, if you do decide to hire a realtor make sure they are active and can make your home "Viral" on social media
- Run A Locally Targeted Facebook Ad For Your Property. In no time, you can have an ad for your property live and viewable to thousands of Facebook users in your area! You've seen those ads on the right side of Facebook right? Your property can be there in 15 minutes! It costs a bit, but may be worth it.
- Create A Blog or Facebook Page For Your Property. Then get people to subscribe or become a fan in order to learn about how the sale is going!
- Find some local blogs in your area. Comment on them, be sure to do so from the Website for your single property page so when folks see your comments and want to know more about you... they see your property! You can also approach local bloggers and offer them advertising \$\$\$ in return for a banner ad on their site. Many influencers we know would be thrilled to pick up \$20-\$50 in return for plugging your property to their followers! You can also try a service like fiver.
- Create a Twitter account for your Property!
- Google – "Real Estate In" Your Area. Then go to every agent's website you find and "Friend" him/her. Be sure to drop a line or two about your property to your Facebook profile on a daily basis. Sure, agents will see your property and approach you for your listing... But the best among them will keep your property in the back of their mind in order to do the best possible job for their buyer clients.
- Ask you friends and co-workers to share your Facebook posts.

So marketing involves getting the word out to everyone out there looking to buy or sell a home. If you are willing to work with real estate agents make sure you state that in your ads. "3% commission to buyers agent, buyers agent protected, agents welcome. Etc." will let them know that you are at least willing to show them the house. Prove to them you're easy to work with, return calls or emails promptly, allow showings, meet them, etc. One note of caution 90% of the agents who say they have a buyer for your home are trained to say that even if they don't have one. Their goal is to get in the door and pitch you on why they should be your agent.

What is Most Important to the Buyer

Buyers must be able to see themselves living in your home. You have to understand this a key point when you are creating marketing pieces to advertise your home. I like to suggest you write down the 10 things you liked best about the home and living in that neighborhood. You can expand these points into emotional marketing points that will appeal to buyers. For example if there's a great family room with a high ceiling you might tell about the large Christmas gatherings you have around the 12 foot tall tree.

The most crucial, important aspects of your home – and why buyers would be attracted to them – need to come out in every ad, letter, flyer, or brochure you create to sell it. If it does not come across loud and clear – you have little chance of selling your home. Ads like “4/2 spl level with mstr on main” don’t sell. “Room to roam in this expansive home with a huge master suite on the main level” is a more attractive, descriptor and more likely to interest a buyer.

The first step in marketing is your “For Sale By Owner” sign. The quickest way to get one is to go to a local sign maker that the real estate agents in your area go to for their signs. You can call a real estate company for this info. The sign is part of the curb appeal and first impression, so don’t skimp on it. Expect to pay between \$80 and \$250 for a decent sign.

Next it’s time to prepare a flyer. I suggest both a printed and electronic (.pdf preferably) version with the price, the address, bedrooms, baths, square footage, lot size, some pictures, and the main emotional selling points. Make sure you post ways to get in touch with you (email, cell phone at a minimum.) You might also create a single address webpage. Next it is time to get the word out. The best place to start is with everyone in your “sphere of influence.” This includes all your neighbors, friends, relatives, co-workers, church and little league contacts, etc. Facebook, email, and text them all with an electronic flyer announcing your home for sale. It’s amazing how many people you know who know of someone looking to buy a home. Many “For Sale By Owners” have had success in the past without having to do any marketing whatsoever by simply telling everyone they know about their home for sale. So please start here and capitalize on all of your personal contacts first.

****If you don’t have success with your “sphere of influence” then you must market your home in other ways. Newspapers have diminished greatly in effectiveness as an advertising venue. Unless you have a small hometown type paper, don’t waste your money on print advertising. The Internet is the way to go.**

Ad Writing Magic

The Basics Of Creating & Writing Ads That Produce Buyers!

Creating winning ads is critical to your success as a “For Sale By Owner.” It’s something I think most people can learn to do.

Online and craigslist ads can be a powerful and inexpensive marketing tools if you do it correctly. They can reach a lot of people. There’s nothing clever, nothing elaborate... I think that “the simpler the better” when it comes to creating winning classified ads. But, there’s one thing that you’ve got to understand from the beginning. And that is this

- No one will read or respond to your classified ads if you don’t put their needs, wants, desires, details and passions first.
- Your buyer is only interested in looking at your home to the degree that he understands what it has to offer him.
- In every word you write, every sentence you construct, in every paragraph that goes into your advertisement, and in every picture you post you must realize that your prospect’s desires, anxieties and aspirations must always come before your own.
- If you doubt that this is true.... read through your local craigslist and search real estate for sale and notice all the bad ads that are out there.
- Compare them to what you learn in this section and you’ll understand that there are very few effective ad writers out there.

- **All the great writing will not make up for a lack of good pictures!**

Typical Mistakes Made When Writing Ads

- 1) Not focusing on the prospect, but rather focusing on the property, the agent, the company, etc.
- 2) Assuming the prospect is as excited to respond to you, your property, your offer, as you are to sell!
- 3) Trying to be clever and creative without saying anything. The minute you get clever with your copy is the minute you may lose your prospect. Cute as a button doesn't really say anything does it? If you want to be clever do so by including beneficial details about your house.
- 4) Trying to create an "image." This is ridiculous... but happens all the time! Your property's image should always come second to THE PROSPECTS' NEEDS, WANTS, and DESIRES. Nothing should be more important than your prospect, especially not your home's "image"!
- 5) Droning on and on and on about the features of a home and not on the benefits and what they can do for the prospect.
- 6) Coming across boring and dull. Copy should be written full of action, spunk and enthusiasm. It should move the prospect to action!
- 7) Not giving the prospect a reason for acting NOW. After your prospect reads your ad they should be so excited about the benefits they get, that they drop whatever they're doing and take immediate action!
- 8) Not addressing the anxieties and aspirations of the prospect. If you don't know your target buyer, don't even try to create and write classified ads.
- 9) Not selling specific benefits to the prospect. For example, the best listing classified ads are stuffed with specific benefits for the buyer... like "average electric bill is only \$67 a month." For each individual market you target, your copy must be specific. Stop writing general classified ad copy.
- 10) Having NO pictures.
- 11) And my favorite – not listing the basic information needed including list price, address and a phone number to call. Most have an email but it's a complicated Craigslist generated one that may be sent to your junk mail – use a real email (set up a new one at Gmail or at Yahoo for privacy purposes.)

These are only a few examples of the mistakes that most "For Sale By Owner's" make.

Features vs. Benefits

Transform your features into benefits that will make your prospect pick up the phone and call you, NOW! If you don't know what your prospect wants to buy, then how are you going to sell it to them? You can't. In general a buyer needs to know how much they need down and per month. Then they see if they like the house, can get qualified, etc.

Having said that, let's assume that you know what your prospect wants and why he needs to look at your home, and talk about how to turn your features into benefits. Features are the elements of what you're selling. They are the parts of your property that are desirable for your prospect.

Thus, if you want to write successful ads then you've got to get good at transforming features into benefits. One of the basic rules of successful ad writing is this.

You must always Lead with the Benefits, and THEN you can follow with Features.

Prospects always want to know what's in it for them first. After they know that, they might want to know the in's and out's of your home.

FEATURES

- All about your home.
- What something IS.
- Important, but only to a degree
- They *relate* to a benefit that the prospect gets from the feature.
- Features will not sell your home...
- Benefits are the advantages to your buyer.

BENEFITS

- What causes a prospect to **BUY** your home?
- Benefits are what your prospect gets from a feature.
- Answer the prospects biggest question "What's-in-it-for-me?"
Your prospect wants to know the answer to this question RIGHT FROM THE START. So tell him!

If you have a feature that doesn't offer a strong benefit, then leave it out, don't even waste your time with it, or consider it. You should never list features of your home as if they were in and of themselves, something meaningful. They aren't!

Steps For Turning Features Into Benefits:

1) List every feature that you can think of. The features are basically the key facts about your home: age, style, address, price, availability, square footage, color, bedrooms, baths, lots size, storage, parking, etc...

2) Now answer this question for each and every feature:

- What does my prospect get from this feature?
- How much?
- How often?
- Why does it matter?
- What problem of the prospects does this feature solve?
- How well does it solve the problem? Etc.

If you do this, you'll have a list of benefits that mean something to your buyer.

3) Rank the benefits in order of importance to the prospect.

4) Rank the problems that your home solves in order of importance.

A feature is only meaningful if it tells your prospect what he gets from the feature and by their very nature, features don't do it. If you understand all of this, then you are ready to begin the process of turning features into benefits.

You see, all of this is critical to your classified advertising success. A prospect doesn't care about your features, they just want to know what's in it for them.

They care only about what you or your home provides for them.

Rules For Writing Ads That Motivate Your Prospect To Respond!

Remember, the main question to continually ask yourself, with each word or sentence you write, with each paragraph you finish, is this:

Does This Help Get My Prospect To Act Now, Or Not?

If It Doesn't - It Should Be Pulled-Out And Thrown Away!

The purpose of your advertising is to get your prospect to respond NOW! If the copy does not have a call to action, then it won't work as well as it should!

Never forget this!

- Realize that no matter what anyone else says, classified ads should always be written so that's its focus is on the prospect, never on the home you're selling or anything else.
- Put your ego aside, and realize that you will win at creating ads if your focus is on your prospects, their desires, their wants, their interests, etc.

Identify With What The Prospect's Wants and Needs Are



More basic rules for writing classified ads that sell:

- ## Winning Classified Ads

In this chapter you'll find many winning classified ads that use these highlighting techniques. Try to use these as a model for just how much highlighting you should do. Obviously it can be overdone and that's not what you want.

Following this rule alone will help increase your response to a large degree. Make sure to include these benefits:

- ✓Speak Directly To Your Prospects
- ✓Excite Them
- ✓Let Them Know What They Have To Do To Get The Benefit

In short, motivate your prospect by leading with the benefits he gets, not with you, your property or its' features.

Writing ads that compel an immediate response is something that you can do, if you work hard at it and follow the guidelines in this section.

This section is full of the tips, hints and techniques that I have learned and used hundreds of times across the country –they will help you write classified ads that will get your prospect to call you NOW and buy your property.

Sample Headlines

Here are some sample Ad headlines that may grab a prospective buyers' attention:

- Priced below Appraisal
- Priced Below Assessed Value
- Lowest Price 4 Bedroom in the Area
- Why Rent when Owning is Cheaper?
- Do you Know how Much you Save in Taxes by Owning a Home?
- Do you Have a Dream kitchen? Not in that Rental you Don't. Come See What this Home has to Offer.
- Buy Now, Lock it in and Smile. Interest Rates are at Record Lows.
- When you Own your Own Home you Pick the Colors. Tangerine or Peacock Blue – What's your Color?
- I've got 10 Reasons why Owning this Home is a Good Thing. How Many can you Name?
- Did you Know you Can Start Building Equity for \$50?
- What if I Could Help you Buy a House with a Payment Lower than your Rent?
- Think you Can't Afford to Buy a Home? You Can't Afford Not To. How would your Life be Different if you Owned this Home?
- Pet Deposit, No Pets Allowed, Pet Fee ... Forget all that and Welcome Fido to your Own Home!
- Rents Usually go up but House Payments Stay the Same with a fixed interest rate. Be your own landlord.
- You Upgrade your Software, Why not Upgrade your Home?
- My Dad Always Said "I Wish I had Bought that House." This is "that" House.
- How do you Know when Home Prices have Hit Bottom? When they Go Back Up. The Time to Buy is Now.
- It is Never the Wrong Time to Buy the Right Home.
- The Average Renter Moves Every 5 Years and has Nothing to Show for it. Buy this Home Now and you Stand to Make a Profit.

How to Work with Potential Buyers

The first thing to do when a potential buyer calls is to be polite and positive (even if it is a real estate agent on the other end.) You should then try to get the caller to give you as much information about themselves and what they are looking for as possible without driving them away. This balancing act is one of that only experiences and training with different personality types will allow you to perfect. You might want to allow every showing request and then “prequalify” them once they arrive in your home.



The first call or email is your opportunity to “pre-qualify” the buyer prospect and eliminate time wasters. Asking the following questions will help you’ll eliminate most of the “tire-kickers.” These are direct questions that get to the point with your buyer prospects and are crucial to your success. Remember the balancing act of gathering information versus chasing them away. You don’t want to waste your time showing to someone who’s just declared bankruptcy and is looking for you to owner-finance the home however you also don’t want to have the home not shown because you ask too many questions. A conversational, friendly tone will get you more answers and feel less like an inquisition. Notice also that most of the questions are open-ended to allow them to share with you and build a relationship.

Questions For Potential Buyers

1. What is your desired home size and square footage?
2. What is your desired number of bedrooms and bathrooms?
3. What lot size is ideal for you?
4. How do you feel about a home with a _____ (pool, fireplace, master on main, etc.)?
5. How did you plan on buying your home?
6. Do you have a home to sell?
7. Are you currently renting or owning?

8. Where will you get the money for the down payment?
9. Which lender have you been pre-qualified with?
10. Where are you currently employed?
11. Where is your spouse currently employed?
12. Are you working with a real estate agent?
13. What type of financing are you going after?
14. What price range you are looking in?
15. What is your approximate gross monthly income (combined) (May be too personal at first)
16. What is a most important thing about the home you're looking for?
17. Have you looked at other homes in this area?
18. When do you have to move by?
19. How's your credit?
20. Have you ever owned a home before?
21. How will you know when you've found the right home?

In addition to these questions you may want to compile other questions that come out of your time on the phone with prospects. Remember to keep it conversational and easy.



Lenders

Another suggestion that I have for most "For Sale By Owners" is to make contact with a local lender... someone who will be glad to pre-qualify prospects as they come through or contact you through your ads. This saves you time and gives you peace of mind when showing the property. I know of some great lenders if you want a referral. If you'd like a recommendation give me a call or email.

Home Warranties

One of the most attractive and powerful steps you can take in marketing your home is to provide a home warranty. Home warranties provide comfort to a buyer, and it sends a sign to potential buyers that you have taken care of your house and are confident in its condition. Consider the following:

It Adds Value 8 out of 10 buyers prefer a warranted home. A home Warranty makes your home more desirable and statistics show your home will sell faster (up to 15% faster) and for a higher price. Appraisers consider it an added value to a home — up to \$3000 in additional value. In addition, statistics show you have a 29% better possibility of selling your home when a home warranty is included.

It Avoids Delays A breakdown at the wrong moment can frighten off prospects, delay a closing... even kill a deal. A home warranty ensures rapid, professional repairs of specified components and systems- and it helps reduce buyers concerns about future problems. It reduces Risk When your home is on the market, the last thing you need is a major, unexpected repair bill. A warranty protects the seller from many liabilities since most lawsuits arising from home sales are for misrepresentation of the home and systems in the home, known or unknown. Buyers and sellers rest easier knowing a home warranty company is they're taking care of the seller during the listing period and for a full year after closing.

What It Is Not: A warranty is not a substitute for lack of routine maintenance (i.e. filter changes etc.). The home should be inspected and systems and appliances should be in good working order prior to the purchase of a warranty as part of a real estate transaction. No home warranty covers pre-existing conditions.

You'd be surprised at how affordable home warranties really are, considering the peace of mind and security they provide. Call me or email with recommendations. I have had (and used) home warranties on my personal homes for decades.

Open Houses

As a serious "For Sale By Owner" (besides notifying your "sphere of influence" and running smart classified ads) it's also a good idea to hold open houses – every weekend until your home is under contract.

The reason for this is simple – the right buyer for your home may be someone who is just out driving around on the weekends.

Since you don't have it on a multiple listing service (MLS) more frequent open houses are necessary.

You can hold an open house for a minimal amount of up front expense or hassle. You'll need a large "OPEN" sign for the front yard (\$50) and at least 6-8 directional arrows (\$5 to \$10 each) to direct people through the maze of side streets and into your home. Balloons capture attention too!

That's it, along with your normal flyer that you'll have already created. Most areas have "normal" open house times, but don't be afraid to be a bit different. Saturday instead of Sunday, 1-4 instead of 2 -5, even a Thursday evening if you're in a place where there is walk-by traffic.

The main rules when conducting an open house are the same as when you prepare your property for sale. There are two other keys items to remember when holding your house open.



Understand that many of the people who come through your home are not qualified and are only there to see what type of decorating or upgrades you have done – often times neighbors come by to compare their house, and value, to yours. There is no way to avoid this. Be gracious.

When showing your home – never, ever give buyers the “Grand Tour” of your home. This is a mistake and will cause even a serious buyer to delay making a decision on your property. Buyers don’t need tours – they need space. Give it to them. If you give a tour you can turn into an over-eager seller or a slimy salesperson. People don’t like slimy salespeople and they take advantage of over-eager sellers.

****Maximize every opportunity that you have in an open house situation by making everybody sign in. This makes it easier to follow-up with them later if you lower your price or change some term.**

Getting an Offer and Closing the Sale

Next let's go on to closing the sale. The most crucial aspect of the whole process after pricing the home... why? Because if you can't take an interested buyers and close them – you will lose the sale. Remember to do your best to keep your emotions out of any negotiations. Remember also that many buyers will start their negotiations knocking 3 to 6% off a “fair price” due to there's no commissions being paid. They'll be trying to save the save money you are.

Be prepared to answer these types of questions from your prospects:

What possessions and appliances are you willing to leave?

Will you owner finance?

Will you accept a contingent offer?

Will you accept a VA or FHA offer?

How much earnest money will you require?

What is the lowest price you'll accept?

What closings costs are you willing to pay?

Are you offering a home warranty?

What problems in the house are you willing to have repaired/replaced prior to closing?

Will you allow use to move in prior to closing?

Which closing attorney should we use?

Real Estate Agents and the Buyers they Work With

Once you start to advertise FSBO you'll likely get calls from real estate agents trying to secure your listing. Many real estate agents with motivated, qualified buyers will not show FSBO offerings unless there is simply nothing else to show. In a buyers or neutral market the agent has multiple properties within most price ranges and communities to show their buyers. Some of these agents are trained that FSBO's are to be avoided because of three basic reasons.

3 Reasons Realtors Avoid FSBO's

Reason #1 – The commission is negotiable. Decide whether you will be offering payment to an agent who brings you an acceptable offer. This compensation to the agent is sometimes called a finders fee, a commission, a courtesy, or advertised as “agent protected.” The agent is taught that the FSBO doesn’t have a contractual agreement to pay this fee and therefore the commission is negotiable. If the home is on the multiple listing service the cooperating broker commission is contractually set and stated. Whereas FSBO it is a negotiated item.

Reason #2 – The work involved in closing a FSBO may be up to two times the work needed to close a home listed by another professional agent. Since you are only selling this one house even if you are willing to do the work you may not know how to do it. The agent is licensed by the state and must “protect the consumer” and this means they must do both sides of the work if you can’t.

Reason #3 -There is increased liability. Virtually all professional agents and their company’s carry what is called E&O Insurance (errors and omissions.) It is business insurance that protects the agent and their company if they get sued over a transaction. You as a FSBO cannot get this insurance and therefore there is increased liability if there is a lawsuit because the attorneys always go after the money.

Since almost all of the motivated, qualified buyers work with agents (over 90% of them and a lot of the rest buy from someone they know already) you might be asking yourself “how can I get agents to show my home to buyers?” Here are a couple of thoughts:

- 1) Offer a commission and state what it is in your ads. This is counter-intuitive and erodes into the savings you are trying to generate by selling on your own but it does accomplish two things: an easy way to get most new salespeople off the phone by saying “bring me a buyer and I’ll pay you X%” and it removes some of the need to negotiate from the salespersons mind.
- 2) Make sure you acknowledge that there is work to be done in the sale and express how cooperative and “on the ball” you’ll be in trying to do your fair share.
- 3) Make your home extremely easy for real estate agents to show.
- 4) Price it right so the agents will be compelled to show their buyers a “good deal.”

Ok now you have a seriously interested buyer – what’s next?

Preparing the Contract and Closing the Sale

The easiest way to move the process forward is to have sample contracts available for them to review and sign. Having it mostly filled out allows you to be in control of a lot of the negotiation items by having them typed in so they don’t question whether it should be there or not.

A common question that many “For Sale By Owners” have is “How do I do the paperwork?”

Rest assured that it’s not as hard as you might think and it can be done with a minimal amount of investment on your part. The paperwork is designed for two things:

- 1) Your home gets closed and
- 2) Everyone stays out of court in the long run.

Many FSBO's approach the close with trepidation or over-aggressiveness. A simple "let's see how it looks on paper" generally suffices. You can do all the paperwork yourself and save even more money... but with the ever-changing real estate laws... I think it's a wise move to have a professional do it for you.

You can hire a real estate attorney or real estate agent to draw up the contract for you. This will protect you, the buyer and the entire property in the long run... plus, in most cases won't cost you more than a couple of thousand dollars if you are a decent negotiator. Get a copy of the local offer and disclosure forms before you start showing so you can familiarize yourself with the terms and conditions and blanks that need to be filled in. If you don't have them I can share the standard forms with you. Be sure that you have the following in your contract.

Contract Requirements

1. Your Name – The name under which the buyer wishes to take title.
2. Tenancy – This refers to how the buyer will "take title" to the property. It signifies their interest in the property and rights of survivorship
3. Earnest Money Deposit – The amount of Earnest Money due is negotiable and varies with the value of the property. The range is usually between 2% and 5% and is rarely less than \$1000.00. Its purpose is to show good faith that the offer is serious. It also is the source of payment for damages to you should the buyer default on the terms of the contract. It is made payable to the title company, real estate company, or the closing agent (title company) and held in trust. Should the contract fall apart you and the buyer will have to decide how it is to be released.
4. Legal Description and Street Address – The legal description is the technical information from the government regarding plat location, section, Tax info, etc. The street address is the name by which the property is commonly referred (i.e., 123 Maple Street, Anytown USA).
5. Purchase Price and Terms – This section details the agreed purchase amount and the terms of down payment, loan amount, interest rate, and other loan conditions. A description of the loan should be here. If the buyer has not yet received loan approval, they will need to specify the interest rate, loan conditions, and down payment limits. (For example, your contract can specify, "offer is contingent upon buyer's ability to obtain loan approval on a 20% down, market interest rate, 30- year loan within 15 days." Therefore, if they cannot find such a loan, these stipulations will allow them to be released from the contract, should you desire.) The contingencies are ways for a buyer to get out of the contract so be sure to review any contingency carefully.
6. Some sort of financing contingency if the buyer is obtaining a loan.
7. A Due Diligence or Inspection date clause outlining the buyers rights and limits to inspections.
8. Inclusions and Exclusions – This section details any items that are to be included in the purchase price that are not permanently attached or built-in to the real property. Also, this section details any items you do not wish to leave that may be construed as attached or staying with the property. For example, these items may include the washer, dryer window coverings, refrigerator, stove, dishwasher, microwave, shed, dog-house, garage door opener, etc.

9. Liens, Encumbrances and Restrictions – The contract should detail all liens, encumbrances, easements, restrictions, etc. which are not recorded. Homeowners' association dues and assessments should be spelled out here.

10. Special Assessments – Any special assessments must be disclosed by you. For example, if a property recently got a special assessment to build new sewers, who is to pay for it, etc.

Homeowners/Contractors/Building Inspection – The buyer has the right to request a physical inspection of the property and its inclusions; generally done by a contractor. If the inspection proves unsatisfactory, both buyer and seller have a set time to reach a settlement of how to correct the unsatisfactory conditions. Remember the inspector oftentimes will need to justify their existence and point out minor defects. Be prepared to spend some money to fix some "defects."

11. Title Insurance Policy – A title insurance policy is required by the lender. As the seller, you may pay for the title insurance policy. The buyer is required to purchase a mortgage policy which is a part of their loan fees at closing.

12. Closing Procedures – This section details who is to be responsible for conducting the closing. Usually all monies and documents are handled by a title company (i.e., the closing agent). The closing agent acts as a depository for funds. They disburse funds to the proper parties, handle the adjustment of taxes, insurance, etc. between the buyer and seller. They are also responsible for obtaining pertinent documents such as the deed, title insurance policies, and are responsible for the recording of documents with the state, etc.

13. Date of Closing Procedures – This section details what date the proceedings close.

14. Date of Possession – Although this date is negotiable between buyer and seller, it is customary for possession to occur between the day of (0) and five (5) days after closing.

15. Occupancy – This section details what happens if you do not give occupancy.

16. Terms of Contract Termination – The number of days you have to accept the offer.

17. Signatures – In most states, an offer and acceptance must be in writing. If acknowledged in the body of the contract, fax signatures will be binding until original signatures are obtained

Accepting an Offer

Once an offer is accepted "Be Reasonable!" One thing is for sure if you want a hassle-free closing... and that is Be Reasonable!

Realize that real estate contracts fall apart at an alarming rate due to home inspection issues, obtaining the loan issues, and buyers "cold feet" issues. Many real estate agents feel more than half their job is holding a contract together. Become very aware that buyers have several contractual "outs" in addition to the ones just mentioned. Prepare your offer carefully and do everything you are supposed to do.

There will probably be something in the sale of your home that may delay the dates laid out in the contract; or require you to do a little more than you expected. No big deal. As long as the

buyer is still serious about buying your home, my suggestion is to be reasonable during the process.

An issue frequently seen in today's market is the appraisal coming in at a price below the contract price. Meet the appraiser and show him or her (actually give them copies) of your documentation of your pricing. He'll be looking specifically for comparables. Having 4 to 5 active and 4 to 6 less than 6 months old sold comps will be extremely helpful. If you do all this and the home still appraises low – seriously consider negotiating the price with the buyer as the appraisal may be an accurate valuation.

Obviously you want everything on a tight timeframe and the buyer to fulfill all their responsibilities... but to save your long-term sanity... relax a little and be reasonable.

The Closing Process

As a buyer or seller, you want to be certain all conditions of sale have been met before you get to the closing table.

The transfer of large sums of money is handled usually by a disinterested third party called an escrow agent. This third party holds the money or items for disbursement upon the actual closing and makes sure the contract terms are met, the legal documents are properly executed, and the government is notified.

Simply stated, the escrow holder (usually a law office with attorneys) impartially carries out the written instructions as specified in the contract. They cannot give advice or write contracts. This includes receiving funds and documents necessary to comply with the terms of the contract. Giving instructions, completing or obtaining required forms, and handling final delivery of documents and funds, securing all items to the proper parties upon the successful completion of the escrow.

When all of the instructions in the escrow have been carried out, the closing can take place. At this time, all outstanding funds are collected and fees—such as title insurance protection of the buyer, seller, and premiums, real estate commissions, termite inspection charges—are paid. Title is given to the lender or the buyer if there is no loan, the property is then transferred under the terms of the escrow instructions and appropriate escrow process title insurance is issued. The following items represent a typical list of what an escrow does and does not do.

The Escrow Agent Or Holder

An Escrow Holder serves as the neutral “stake holder” and the communications link to all parties in the transaction

The Escrow Holder Performs the Following Duties

- ✓ Prepares escrow instructions;
- ✓ Requests a preliminary title search to determine the present condition of the property;
- ✓ Requests a beneficiary's statement if debt or obligation is to be taken over by the buyer;
- ✓ Complies with lender's requirements, specified in the escrow agreement;
- ✓ Receives purchase funds from the buyer;
- ✓ Prepares or secures the deed or other documents related to escrow;
- ✓ Prorates taxes, interest, insurance and rents according to instructions;

- ✓ Secures releases of all contingencies or other conditions as imposed on any particular escrow;
- ✓ Records deeds and any other documents as instructed;
- ✓ Requests issuance of the title insurance policy;
- ✓ Closes escrow when all the instructions of buyer and seller have been carried out;
- ✓ Disburses funds as authorized by instructions;
- ✓ Prepares final statements for the parties accounting for the disposition of all funds deposited in escrow (these are useful in the preparation of tax returns).

The Escrow Agent Does Not Handle

- ✓ Offer legal or investment advice
- ✓ Negotiate the transaction;
- ✓ Mediate differences of opinions

Who Pays What?

Florida is a Buyers Beware state and as such the buyers pays for almost all fees A Guide to Common Closing Costs (This is not a guaranteed complete list of expenses – consult your local professionals.)

Sellers Expenses

- Real Estate commission
- Payoff of all loans in seller's name (or buyers' names existing loan balance if being assumed by buyer)
- Interest accrued to lender being paid off
- Prepayment Penalties
- Mail away fees
- County Transfer Tax
- Notary fees (if applicable) contract
- Association fees due.
- Any bonds or assessments (according to contract)
- Any and all delinquent taxes liens, etc. against the property
- Any bonds or assessments (according to contract)
- Recording charges to clear all documents/liens recorded against seller
- Beneficiary Statement Fee for assumption of seller existing loan
- Seller paid closing costs in the contract – that's it!

Buyers Expenses

- Owner's title insurance premiums
- Lenders' title policy premiums
- Escrow fee:
- Document preparation (if applicable)
- Any loan fees required by buyer's lender per contract
- Notary fees (if applicable)
- Assumption/Change of Records fees for Home warranty (according to contract) takeover of existing loan
- Tax Pro-ration
- Homeowner's Association Transfer Fee
- All new loan charges (except those required

- Statement Fees, Re-conveyance Fees,
- Interest on new loan from date of funding to first payment
- Termite inspection
- Termite work (according to contract)
- Assumption/Change of Records fees for Home warranty (according to contract) takeover of existing loan
- Fire & Home insurance premium for the first 14 months

Potential Closing Issues

Prepare yourself for problems that frequently occur from the point of contract to close. It is rare for a sale to be completed without problems.

As Realtors, we are trained on how to respond to just about every imaginable problem that can arise during the home selling process. Even with our training, we still have brokers and lawyers to defer our questions and problems to. Realtors are also required to take out errors and omissions insurance for millions of dollars due to the complexity of real estate transactions. I have included a partial list of some of the most frequent problems that happen during the sales process. These can have a profound impact on the sale of your current house and/or the purchase of your next house.

This is to help you identify potential problems and prepare responses if any of these problems happen to you.

The Buyer/ Borrower

Does not tell the truth on the loan application and/or Submits incorrect information to the lender.

Has recent late payments on credit report

Found out about additional debt

Borrower loses job and/or co-borrower loses job

Income lower when verified

Overtime income not allowed by underwriter

Borrower makes large credit purchase after applying for loan

Illness

injury divorce or job loss

Motivation changes (they get cold feet)

Down payment donor changes mind

Cannot locate divorce decree

Cannot locate a petition of bankruptcy discharge

Cannot locate tax returns, Interest rates increase

Loan Program Changes

Child Support not accounted for

Buyer cannot get homeowners insurance

Recent Bankruptcy or Foreclosure or Short Sale

Borrower/ co-borrower does not have steady 2-year employment

Borrower/co-borrower/seller dies

Family members or friends do not like the home buyer chooses

Buyer feels house was mis-represented

Buyer has spent money needed for down payment and closing costs and comes up short at closing

Buyer does not properly "paper trail" additional money that comes from gifts, loans, etc.

The Seller

Cannot find a suitable replacement
Loses motivation to sell
Will not allow inspectors into home in a timely manner
Removes items from property buyer thought would be included
Is unable to clear liens
Did not own 100% of the property
Thought getting co-owners signature would not be a problem but it is
Leaves town with out a good power of attorney
Delays the move-out date
Did not complete agreed to repairs
Does not disclosure or misrepresents information about the home
Builder or sellers replacement home has overruns or delays

The Buyers Realtor

Has no control over the buyer
Doesn't order inspection in a timely manner
Doesn't truly understand their clients financial situation
Does not get paperwork to the lender in a timely fashion
Does not return phone calls, Is Inexperienced
Jerks around the other parties because of their huge ego.

The Property

Inspection report reveals substantial damage and seller is not willing to fix or repair
Is misrepresented about size and condition
Has undisclosed material defects
Is Uninsurable
In a flood plain
Zoned incorrectly
Has encroachments
Survey shows majority of property has an easement on it
Is unique and difficult to appraise because of lack of comparable,
Doesn't meet FHA/VA sewer and condition requirement.

Title Company/Attorney

Fails to notify lender/ agents of unsigned or unreturned documents
Fails to obtain information from beneficiaries, lien holders insurance companies or lenders in a timely manner
Lets principals leave town without getting all necessary signatures
Loses or incorrectly prepares paperwork
Does not pass on valuable information quickly enough
Does not manage time or coordination well
Does not bend the rules on small issues
Does not find lens or judgements.
Doesn't have time to close at specified time

The Appraiser

Is not local and misunderstands the market
Is too busy to complete the appraisal in a timely manner
Cant find comparable sales

Makes important mistakes on appraisal

Requires a lenders review

Comes in low

The Inspector

Too picky with minor or older “not to code” items

Infuriates the seller

Is not available

Is a deal killer (their reports consistently alarms buyers who cancel the sale)

Please let me know if you experience any problems outside of the ones I have outlined here. I would like to include them in future versions of this handbook.

Real Estate Terms You May Need To Know

Amortized Loan – a loan that is completely paid off, interest and principal, by a series of regular payments that are equal or nearly equal. Also called a “Level Payments Loan.”

Appreciation – an increase in value of real estate. Depreciation is a decrease in value.

Assumption of Mortgage – the taking of title to property by a grantee, wherein he or she assumes liability for payment of an existing note secured by a mortgage or deed of trust against the property, becoming a co-guarantor of a mortgage or deed of trust note.

Balloon Payment – the final payment of a mortgage loan when it is larger than the regular payment. It usually extinguishes the note.

Capital Gains – the taxable profit derived from the sale of a capital asset. It is the difference between the sale price and the basis of the property, after making appropriate adjustments for closing costs, fixing-up expenses, capital improvements, allowable depreciations, etc.

Closing – the final settlement of a real estate transaction between buyer and seller. It is also known as “recording.”

Condominium – a system of individual fee ownership units, combined with joint ownership of common areas of the structure and land.

Contract for Deed – a contract ordinarily used in connection with the sale of property in cases where the seller does not wish to convey title until all or a certain part of the purchase price is paid by the buyer.

Contract of Title – a summary or digest of the conveyances, transfers, and any other facts relied on as evidence of title, together with any other elements or record which may affect the marketability of the title.

Conventional Mortgage – a mortgage securing a loan made by investors without governmental underwriting, i.e., not FHA-insured or VA-guaranteed.

Counter-Offer – a seller’s rejection of an offer made by a buyer accompanied by an agreement to sell the property to the potential buyer on terms differing from the original offer.

Close of Escrow (COE) – the loan has been funded; documents have been signed; what has been recorded at the title company. Sometimes possession of the home is immediate, sometimes after a certain number of days.

CRV – Certificate of Reasonable Value - A document of appraisal issued by the VA establishing their opinion of the maximum value.

Deed – the written instrument which, when properly executed and delivered, conveys title.

Discount Points – additional charges -made by a lender at the time a loan is made. Points are measured as a percent of the loan, with each point equal to one percent. These additional interest charges are paid at the time a loan is closed to increase the rate of return to the lender so as to approximate the market level.

Earnest Money Deposit – a down payment made by a purchaser of real estate as evidence of good faith.

Easement – created by grant or agreement for a specific purpose, an easement is the right, privilege or interest which one party has in the land of another.

Equity – the interest or value an owner has in real estate over and above the liens against the real property.

Escrow – the deposit of instruments and funds with instructions to a neutral party (Escrow Agent) to carry out the provisions of an agreement or contract. When everything is deposited to enable carrying out of instructions, it is called a complete, or perfect, escrow.

Exchange – the trading of equity in a piece of property for equity in another property.

Fannie Mae – the nickname of the Federal National Mortgage Association (FNMA), a tax-paying corporation created by Congress to support the secondary mortgages insured by FHA or guaranteed by the VA, as well as conventional home mortgages.

Fee Appraisal – the act or process of estimating values of real estate or any interest therein for a fee.

FHA Loan – a loan which has been insured by the federal government guaranteeing its payment in case of default by the owner.

Firm Commitment – a lender's agreement to make a loan to a specific borrower on a specific property. An FHA or PMI agreement to insure a loan on a specific property, with a designated purchaser.

FMHA Loan – a loan insured by the federal government similar to FHA loans, usually used for residential properties in rural areas.

Foreclosure – The legal process in which a bank takes over a home for non-payment of the principle and interest. May also apply for State and City Taxes.

Freddie Mac – the nickname of the Federal Home Loan Mortgage Corporation (FHLMC), a federally controlled and operated corporation to support the secondary mortgage market. It purchases and sells residential conventional home mortgages.

Investor – the holder of a mortgage or the permanent lender for whom the mortgage banker services the loan. Any person or institution that invests in mortgages.

Joint Tenancy – joint ownership by two or more persons with right of survivorship. All joint tenants own equal interest and have equal rights in the property.

Land Contract – a contract ordinarily used in connection with the sale of property in cases where the seller does not wish to convey title until all or a certain part of the purchase price is paid by the buyer.

Lease Purchase Agreement – the buyer makes a deposit for the future purchase of property with the right to lease the property in the interim. This is extremely tricky (and unlikely to ever close) so get professionals involved.

Lien – an encumbrance on the property, which usually names the property as security for the payment of a debt or discharge of an obligation. Examples: judgments, taxes, mortgages, deeds of trust, etc.

Loan Commitment – a written promise by a lender to make a loan under certain terms and conditions. These include interest rate, length of loan, lender fees, annual percentage rate, mortgage and hazard insurance, and other special requirements.

Loan to Value Ratio – the ratio of the mortgage loan principal (amount borrowed) to the property's appraised value (selling price). On a \$100,000 home with a mortgage loan principal of \$80,000, the loan to value ratio is 80%.

Marketable Title – merchantable title, free and clear of objectionable liens or encumbrances.

Mortgage/Deed of Trust – an instrument recognized by law by which property is pledged as security or collateral for debt without transfer of title or possession, to secure the payment of a debt or obligation to the lender. Title transfers to the lender during the foreclosure process which occurs in the event that the debtor defaults on the loan obligation to the lender.

Mortgage Insurance Premium (MVP) – the consideration paid by a mortgagor for mortgage insurance either to FHA or a private mortgage insurance (PMI) company. On an FHA loan, the payment is one-half of one percent annually on the declining balance of the mortgage. It is a part of the regular monthly payment and is used by FHA to meet operating expenses and provide loss revenues.

Mortgagee – the lender of money or the receiver of the mortgage document.

Mortgagor – the borrower of money or the giver of the mortgage document.

Note – a written promise to pay a certain amount of money with or without specific terms.

Origination Fee – a fee or charge for the work involved in the evaluation, preparation, and submission of a proposed mortgage loan. Origination fees are paid by the borrower to the lender.

Personal property – any property which is not real property. For instance, money, savings accounts, appliances, cars, boats, etc.

Point – one percent of the loan amount.

Prepayment Penalty – the fee paid to the mortgagee for paying the mortgage before it becomes due. Also known as the “Prepayment Fee” or “Reinvestment Fee.”

Prepayment Privilege – the right given a purchaser to pay all or part of a debt prior to its maturity. The mortgagee cannot be compelled to accept any payment other than those originally agreed to.

Private Mortgage Insurance (PMI) – insurance written by a private company protecting the mortgage lender against loss occasioned by a mortgage default.

Privately Insured Mortgage – a conventional mortgage loan on which a private mortgage insurance company protects the lender against loss.

Promissory Note – following a loan commitment from the lender, the borrower signs a note promising to repay the loan under stipulated terms. The promissory note establishes personal liability for its repayment.

Purchase Agreement – an agreement between a buyer and seller for the purchase of real estate.

Real Property – any land and whatever, by nature or artificial annexation, is part of it.

Rent with Option – a contract which gives one the right to lease property at a certain sum with the option to purchase it at a future date.

Special Assessment – a legal charge against real estate by a public authority to pay the costs of public improvements such as street lights, sidewalks, street improvements, etc.

Straight Loan – a loan with periodic payments of interest only; the principal sum is one lump sum upon maturity.

Subdivision – a parcel of land that has been divided into smaller parts.

Tenancy in Common – ownership by two or more persons who hold undivided interest, without the right of survivorship. Interests need not be equal.

Term of Mortgage – the period during which a mortgage must be paid.

Title – often used interchangeably with the word “ownership.” It indicates the accumulation of all rights in a property.

Title Insurance – an insurance policy which protects the insured (purchaser or lender) against loss arising from defects in title.

Trust Account – an account separate and apart and physically segregated from a broker’s own funds, in which the broker is required by law to deposit all funds collected for clients.

VA (Veteran’s Administration) Loan – a loan guaranteed by the Veteran’s Administration.

Warranty Deed – a deed used to convey real property which contains warranties of title and possession, and the grantor agrees to defend the premises against lawful claims of third persons.

If Your Homes Doesn't Sell

You still have some options. One is to consider renting your home to quality tenants. This process has its benefits and risks also. You need to decide whether you can handle the emotions of being a landlord. Tenants bring a unique mind-set to living in your home. They expect you to pay for all repairs, understand if they can't pay the rent, and may not care for it as well as you expect them to. If you can rent and cover your costs you may be able to hold onto the home and then sell when the market improves (often times this improvement may take several years to be realized.) Of course you will continue to build equity in your home with your monthly principal payments. I've had some owners thrilled to be investors and others think it's a nightmare.

You need to do the research and determine what a fair market rent is for your property. Is fair rent enough to cover your monthly expenses? Many owners under-estimate the costs they need to pay in order to rent their home out. Some costs to consider are advertising, vacancy (plan on a minimum of two weeks per year), payments to agents who bring in the tenants, credit check costs, travel costs, repair costs, increased maintenance costs, property management costs (if you hire a property manager expect to pay them for their work – costs vary widely by region), and cost to evict a nonpaying tenant.

In general a good rule of thumb is to estimate 20% of the yearly rent for standard maintenance, repair, and vacancy costs. Major repairs (appliances, roofs, etc), non- payment of rent, and eviction costs are NOT included in this 20% estimate.

Many owners also under-estimate the amount of time they will need to spend in renting a property to tenants. Showing, background checks, minor maintenance, site inspections, and monthly accounting can be very time consuming and may not fit into your busy schedule. A property manager may help here.

If you end up renting out for three years the tax basis of your home changes from owner- occupied to investment. The tax laws force you to account for the gain with no owner- occupant exclusion. This is made up somewhat by depreciation rules etc. Consult your local tax expert before making a final decision.

Another option will be to give the home back to the bank. I've already mentioned the benefits to you and the bank for completing a short sale. If you are considering letting your home go into foreclosure please give me a call to discuss the negative consequences of this action. And your last option is to stay put. Ride this market out and make this home livable for you for that time period. Many owners are doing this. I welcome your call to discuss any and all of your options.

Final Thoughts

As you started this process to sell your home on your own and you wanted to save money by not paying a full commission. Obviously you want to do this in any legitimate way you can. This includes using a real estate agent to list your home and some of you may be considering using a flat-fee or discount broker to sell your home. They generally will put your home on the MLS and promise you additional exposure. Because they make their money upfront they generally provide little to no service. Most of these discount brokers are lucky to sell 2 to 3 out of every 8 homes they list. So before spending any money with them – check their track record.

Before we go through the process of picking the right real estate agent... let's go through a checklist of questions to determine if you've done everything you possibly can do to sell on your own. By answering these questions honestly, you'll decide if going with a real estate agent is best for you at this point.

How good is the real estate market in your area?

If it's not so good, have you tried to reduce your price?

How is the location of your home?

Have you recently checked all the comparable homes still on the market and homes that have sold like yours?

Has any buyer or agent commented negatively on your price?

Are there any other financing terms you could offer to attract more buyers?

Do you really have to sell?

Are there any major repairs that you could do to improve the perceived value of the home?

Did you do everything you could do in terms of marketing and advertising?

How does your property show?

Your goal here is to sell your home for the highest amount, in the shortest period of time, with the least amount of money spent, right?

In most cases, you can hire an agent if you have been unsuccessful on your own – without paying a commission. Which would partly cover your goal of “least amount of money spent.” A real estate agent can provide you with many valuable services, not the least of which is to help market your home and prepare all the documentation.

In addition, an agent has resources that are not available to you as a “For Sale By Owner”, including many more contacts with potential buyers that you're likely to have. In fact, a good real estate agent can probably get your home out to 20-50 times more potential buyers than you can on your own.

Also, keep in mind that no matter how much effort, marketing dollars and time you put into selling your home on your own... that this is still a part-time gig for you.

The agent, on the other hand, presumably will work full-time at selling your home. It stands to reason that the full-time agent probably has a better chance than you do.

The million-dollar question for most sellers now comes down to the money situation. “How do I get a real estate agent to work with me... without paying him/her a full commission?”

The answer is quite simple... you ask. Everything in a real estate transaction is negotiable.

Most people think that when they list with an agent, that they must pay a full real estate commission. That's not necessarily the case, one of the easiest ways to get a real estate agent to work for you without paying a full commission is to simply ask.

Now, if you're considering working with a real estate agent... there are a few key points, on the next page, to remember so that you can save time and money by picking the right one.

Interviewing a Realtor

Here are few questions you probably should ask every real estate that you interview to list your home.

- How many years have you been in the business? (There is no wrong answer here: Experienced agents have experience but sometimes a new agent might bring something special to your sale.
- How many homes did you sell last year? (6 is the national average – you want a top producer)
- How many homes have you sold so far this year?
- Can I have a copy of your marketing plan? (A good agent will tell you specifically what they are going to do to sell your home)
- What is your commission? (Anything less than 6-7% is your goal)
- What do I need to do to get my home ready to put on the market immediately? (An honest agent will have something for you to do – beware of the agent that over compliments your home.)
- Can I have three or four references to call please? (A professional will have more than this and they will offer them to you in their presentation.)
- Do you have a full-time assistant? (You want someone who spends their time on selling your home – not on the paperwork.)
- Can I cancel my listing at anytime? (Get an agent that stands by their performance – not someone who hides behind a long listing contract.)
- At what price would you list my home for? (Remember, you've done the research, never go with an agent that is "too optimistic" about the sales price of your home.)
- Which real estate company do you work for? (Is there support staff?)
- What other sources of marketing do you provide me that I cannot provide on my own? (Make the agent get detailed and specific with you – no generalities.)

All these questions will help you determine which real estate agent is right for you. The best rule of thumb is to continue to ask questions until you are comfortable with the situation and remember everything in the real estate transaction is negotiable.

Good Luck!

If you follow the steps given you in this manual, the odds are in your favor that you won't have to pay any commission at all. If however, you do end up listing your home... make sure you put at least two agents through the above question and answer process to determine, which is the best for you and your situation. Selling your home should be a fun, enjoyable, and profitable experience. Avoiding the mistakes that are laid out in this eBook will give you the best chance to keep more of your hard-earned money in your pocket.

The greatest compliment that you can give to me is that I helped you with one of the biggest financial decisions of your life. Hopefully you will sell your home on your own and save thousands... but even if you have to use a real estate agent like me – you now know that everything is negotiable and this can save you money too!

I want to thank you for taking the time to read this eBook – I wish you the best of luck in your home selling process!

Please call me with any comments or questions you may have

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Good Luck Selling Your Home, Have a Safe and Happy Move!



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