



What You Should Know Before Selling Your Own Home

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Should You Try To Sell Your Own Home?

It's a natural question to ask. Everyone has seen the sign "For Sale By Owner," so it's clear that some homeowners do try to sell their own property. It's also clear that they don't have to pay the real estate agent's commission on such sales.

How much work and risk are involved in these sales by homeowners isn't so clear. And whether the price received is high enough to make the savings on commission a real savings is also open to doubt.

It's just because real estate marketing and the negotiation of real estate sales are so complex that real estate agents exist in large numbers and must undertake rigorous training and qualification before they can be awarded their licenses.

So, if you are a homeowner wondering whether it's worthwhile for you to put up your own "For Sale By Owner" sign, we believe it would be helpful for you to consider the following questions before coming to a final decision.

What's the RIGHT PRICE?

It is the price that is "in line" with equivalent property in the same and comparable neighborhoods. If you don't have a great deal of up-to-date statistics on current actual sales, you may sell for less than market. Or, sometimes worse in the end, you may overprice your home, resulting in no buyer interest for many months. Eventually, you might be forced to cut the price severely to attract potential buyers.

If you have lived in your house for many years, it's natural that you might tend to undervalue, because the last price paid was in a time of much lower prices. Conversely, some longtime owners, understandably fond of the house that has served them so well, will tend to build sentiment into the value, leading to overpricing.

A competent real estate agent will provide accurate and up-to-date price comparisons, helping the owner to establish a realistic asking price that enhances the chance of sale at the true market value of the property.

How Do You Attract and Screen Buyers?

Most homeowners can afford only a fraction of the advertising that real estate agencies can place. Nor will a small advertisement attract the attention that professionally placed larger display advertisements can. Fewer prospects mean that the average wait for a sale is much longer for the owner who handles the sale himself. Fewer prospects can also mean a lower price.

Another disadvantage to the homeowner is that multiple listing and referral services frequently used by agents are not easily accessible to the "do-it-yourself" seller.

"For Sale By Owner" signs and advertisements are open invitations to the world at large to come through your home. You will probably find it difficult to screen prospective buyers, or to regulate the hours when strangers will call or drop in from the street.

For every home, there is a buyer. If it's priced right. But for every "For Sale By Owner" sign, there is a multitude of people who have made selling a home a nightmare for owners.

How Are You Going To Make The Sale?

There is a certain moment in the sale process that demands a special kind of sensitivity. That's the moment when the buyer is pretty sure that he or she wants to buy your home, and needs just the right encouragement to make a positive decision.

There are many signs that you should be able to recognize. Strange as it may seem, this is the time when the buyer starts voicing objections that would lead you to think he or she is not interested at all. The inexperienced seller often makes the mistake of taking this at face value and ending the discussion. The experienced real estate professional realizes that the time is right to come to an agreement and has the skills necessary to close the sale on an amicable basis.

After You've Made The Sale, Then What?

Your job isn't over yet. Appropriate deposits must be made. Financing must be arranged. Certain third parties must be brought in. And a vast amount of paperwork must be completed. The potential for costly errors at this stage of the transaction is considerable.

Make It Easy For Yourself

You wouldn't be your own doctor. You wouldn't be your own lawyer. We hope we have given you enough good reasons not to be your own real estate agent.

Selling your home? For every good reason, it makes sense to list with a real estate professional. We should know. We have been working closely with real estate brokers and agents for a long time. We know how invaluable they are in any real estate transaction. They can save you time, money, and disappointment.

To assist you in your decision, we've provided a checklist. If you can answer most of the questions "yes," it means you may be capable of acting as your own professional real estate broker/agent. If not, we urge you to call your local real estate professional.

Homeowner's Checklist For Home Sale Capability

Am I capable of...

1. Setting the right selling price?
2. Creating and placing sufficient, effective advertising?
3. Grooming or improving my property so it will sell for more net money for me?
4. Screening potential buyers?
5. Protecting against undesirable callers?
6. Extracting an offer to purchase?
7. Negotiating objectively?
8. Making a "hard close?"
9. Negotiating financing alternatives?
10. Protecting myself in escrow?
11. Arranging sale terms for best tax effect?
12. Avoiding guarantees to buyer that will obligate me later?
13. Remaining in the house if it should not sell for a long time?

Yes No

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*Information taken from the publication "What You Should Know Before Selling Your Own Home"
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Mistakes To Avoid When Selling A Home

Pricing incorrectly

Don't allow emotional ties rather than market conditions influence pricing. The first 2-4 weeks is when you'll see the most action. If your home is not competitively priced, you could miss an opportunity to sell.

Failing to "showcase" the home

Pet stains, cigarette odors, and cracking paint don't make good first impressions. The fewer problems buyers see, the easier it is for them to picture themselves as the new owners.

Using the "hard sell" during showings

Don't follow lookers around pointing out improvements and great features. People want to view the house on their own.

Limiting the marketing and exposure of the property

The two most obvious marketing tools (open houses and classified ads) are only moderately effective. Homes aren't generally sold by using these mediums. Less than one percent of homes are sold as a result of open houses, and less than three percent sell because of ads. You need a broad-spectrum marketing plan.

Not knowing your rights and obligations

The contract for sale and purchase is a legally binding document. An improperly written contract can cause the sale to fall through, or cost you thousands in repairs and inspections. Know which repairs and closing costs are your responsibilities.

FOLLOW THESE STEPS...

Setting the Price

To set the right price on a home, combine an objective evaluation of your property with a realistic assessment of market conditions.

You are more likely to benefit by determining a fair value and sticking close to it than you are by asking an unrealistic figure.

Under pricing can deprive you of money that's rightfully yours. Unless you are in a hurry, aim for full market value.

Study the Comparables

You run the risk of either overpricing or under pricing if you rely on less-than-solid information. Know your competition. Learn the offering and selling prices of similar properties. Find out how long each took to sell.

Compare your home to homes that are close in age, style, size, condition, and location. Timing is important. If offering your home when demand is high, you should be able to increase the price. Sales prices of homes are published in local or regional sections of newspapers, or you can order a list of comparables from your Title Company. (Complete the FSBO Tax and Legal Order Form and select "Comparables" as your "Service Needed.")

Get an Appraisal

Appraisal opinions are subject to honest dispute. Generally, an appraisal prepared by an experienced, licensed professional comes as close to an objective evaluation as you can get.

Considering the Contract

A valid real estate contract must be in writing and be freely offered by the buyer and accepted by the seller. All parties to the contract must be legally competent to do business. Money or other valuable consideration needs to be exchanged for title to the property.

Keep in mind that if things go wrong, the buyer could require you to sell your home to him/her or pay damages. Be familiar with the terms of any contract you give to a would-be purchaser.

Consider the contract as a whole. Is it slanted in favor of the buyer? If so, consult an attorney about making changes. Analyze the document as a series of paragraphs or clauses, each written to benefit one party or the other.

Key Elements of the Contract

Price and terms

If a low offer comes your way, remain cool until you've examined the terms. Nothing evokes a more emotional response than a low bid. Be realistic and objective because many properties don't bring full price. Don't use price alone as a reason not to counter or negotiate. A first offer may reveal what's most important – price or terms – to this particular buyer, giving you the key to begin bargaining.

Condition of home and inspection

The purchaser should have your home inspected for soundness of construction and state of repair. Include all mandatory and voluntary disclosure statements concerning the property's condition, such as known defects, in the contract. Be careful what you guarantee. You cannot be sure the roof won't leak, the heating system won't go out, or any number of other occurrences. Once the property is sold you are no longer responsible for it.

Response deadline

You'll be asked to respond to an offer within a specified timeframe. Try to get as long a response time as possible. Other offers may come up and you'll want to buy time to review them and perhaps use one offer to increase another.

Settlement date and occupancy

If you're selling your home because another is under contract, seek a settlement date that will enable you to take your sales profits to the next closing. Be realistic; the buyer of your home will probably need at least 30 to 50 days to arrange financing and close.

Finalizing

Everything in the offering contract is negotiable. When everyone has agreed to the terms, initialed the changes and signed the contracts, a binding agreement exists between all parties. All that remains is removing contingency clauses, arranging financing and clearing title.

Preparing for closing

As the seller, you have relatively little to do at this point. By keeping abreast of progress on both sides, you can help avoid common glitches.

If your buyer is having trouble getting a loan on the terms specified in the contract, you should know it. If he/she is turned down, it could jeopardize the whole deal, and you could end up putting the house back on the market. A day or so before closing, make sure all the necessary papers and documents have been gathered and are in the hands of the right players.

Things can go wrong. Documents can be misplaced, delayed or lost. However, common last-minute glitches can be avoided.

Parties who should be present at closing need to be informed of any change in the date, time or place. They should be reminded a week before closing and again the day before.

Everyone named on the deed under which you hold title must sign the new deed by which you grant title.

Know when and how you will be paid. Don't expect to walk away from the settlement table with a check in hand.

If you are buying another property, consider having both closings at the same office scheduled back-to-back. That way, the timing of the disbursement is not a problem. You can sign a paper authorizing the Title Company or attorney to assign the funds from your sale to your purchase.

The papers you'll need...

- A copy of the sales contract and documentation showing that any contingencies have been removed or satisfied.
- All documents needed to complete the transfer of title. This may include certificate of title, deed, correcting affidavits, quitclaim deeds, survey, and Title Insurance policy or binder.
- Homeowner's insurance policy. When the buyer plans to take over the unused portion of your hazard insurance, you'll need to make arrangements in advance for all paperwork to be completed on time.
- Prorations for ongoing expenses such as insurance premiums, property taxes, accrued interest on assumed loans, and utilities (if not shut off between owners).
- Receipts showing payment of the latest water, electric, and gas bills.
- A certificate from your lender indicating the mortgage balance and the date to which interest has been paid.

If, after time has gone by and you are having little success selling your home By Owner and you decide to enlist a real estate agent's assistance, consider the following:

Choosing the Agent

Choose a real estate professional who is familiar with your neighborhood and has excellent marketing skills. You should be contacted often with updates about your property. A good agent will tell you what you should hear, not what you want to hear.

Ask for a Marketing Plan from your Agent

There are many ways to market your house, and your agent will know the most effective methods. Ask for a specific plan of attack before signing with any agent.

Avoid Signing a Listing Contract with No Way Out

Although an agent may have every intention of selling your home, unforeseen circumstances may prevent them from completing the sale. Therefore, you should have the right to terminate your contract with them at any time. Protect yourself by getting a guarantee of performance with the right to cancel.