

2015 For Sale by Owner Guidebook

# How to Sell Your Home on Your Own



Provided by:

— Since 2004 —

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# Welcome!

To the exciting job of selling real estate! I love this business. The purpose of this booklet is to give you the tools you need to get your home sold in today's challenging market. 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 competes with each other. This competition includes all the other "For Sale By Owner's" and professionally listed homes in your market area... 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 getting a home sold on your own than 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 and at other sources.

In 2010 roughly 9% 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; a little over half of all FSBO sellers knew their buyer before they sold their home (i.e. they sold to a friend or relative or neighbor.) That leaves 4% to 5% (out of roughly 5.2 million sales) selling on their own to a buyer they didn't know before they started this process. That's a lot of successful for sale by owners. This booklet assumes you don't already know your buyer and need to find them.

The true bottom line is that you can do it. I talk to people every month that sell on their own. It's hard work, involves a lot of time, some expenses, and having a plan. You need to decide whether the costs savings are worth the effort involved.

The first step is to decide why you want to sell and what you are hoping to accomplish. Right now, in most markets in the country, we are at or near the lowest point in prices for over a decade. If you're just "testing the market"; want to downsize; 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 the best time in our lifetimes to do just that because of the low interest rates, low prices and abundance of selection. If you're in the upgrade situation you are in a sense deciding where you are going to live for the next 6 to 10 years. If you are in the unfortunate, but relatively common, situation of owing more on your home than it is worth you should talk to me immediately about qualifying to do what's called a "short-sale." In a short

sale the bank agrees to accept less than the full balance owed on your mortgage(s). They do this because ultimately it saves them time and money. A short sale is not without it's challenges. I know how to navigate the emotional and financial matters of a short sale and every major bank requires you to hire a realtor, like me, to help in the process. So if you're "upside down" give me a call.

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, and in this economy, with the negative media, buyers are 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 well-meaning folks 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 market. Not even if you list with a real estate professional or offer a "rent to own" or "lease purchase" option.

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 you're looking to save the commission.

Rather than paying a real estate agent 6% or 7% commission of the sales price... you are attempting to go it alone and save that money. Some of you have equity and want to keep it and some of you are close to or in the previously mentioned circumstance of being upside-down – owing more than it is worth. Many of you will offer 3% to a real estate agent if they bring you a byer so you're really looking to save that other 3% to 4%

Selling a home is a lot of work... and in order to save the commission you will be required to spend some of your time on the process. Banks list their homes with a realtor. 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 and add value to the transaction.

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 is you are likely to be able to handle selling on your own. All of the questions below require a simple "yes or no" response... and please save yourself a lot of time and hassle by answering them honestly right now.

Have you negotiated high-dollar sales previously?

Are you willing to price your home correctly?

Are you determined to save money on the sale of your home?

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?

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?

Are you a “do it yourself” type?

Are you comfortable letting strangers into your home with little notice?

Are you able to devote the time needed to prepare and market yr home?

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... let's get into how to successfully sell your home – on your own – in the right time, with the least stress, and for the most money!

There are five steps to selling your home after you've priced it correctly.

They are

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!

# “Understanding how to make it 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.

Homebuyers ideally want to 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.

There are some things that can’t be fixed. Items such as a busy street, sloping lot, number of bedrooms, etc. are generally fixed and unchangeable. But there are others 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. The condition and presentation of your home may cause it to sell or not sell.

Buyers almost always see only what is 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 value of your home.

In the real estate business we call this the law of the “thousands.” A buyer will see a 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 below and complete as many tasks as possible can cause your home to sell quicker and for more money.

## **De-Clutter and 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 and 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.

Kitchens are the number one spot in most homes for clutter. 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 stuff 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. Pack away the books, toys, and gadgets you have lying around. You might buy new bedspreads. Make sure there is plenty of light in each bedroom; curtains and blinds open, freshen the air if needed. Make sure all nook 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 they are spotless. Do you need to re-caulk the tub and sinks? No mildew allowed. Air fresheners might also be in order.

Living rooms, family rooms, and dining rooms: pack away the stuff. Make them well-lit and immaculately clean.

Clean or re-paint all nicks and scuffs. The newer 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 they’re 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 shade tree? Repainting the swing set? New mulch or flower beds? 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.

**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 if necessary. Often times the buyers spend a lot of time there why 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.
- ❖ 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 you hear them, or worse, smell them you may cost yourself a sale.
- ❖ Fix any faulty, rusty, older appliances.
- ❖ No drafts. Fix or caulk all windows and doors.
- ❖ 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 gutter. Replace downspouts. 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 cleaned and inspected if you haven’t done it in over a year. This always comes up during the inspection anyway.
- ❖ 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.

## **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—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.

#### **General Notes:**

- ❖ 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.
- ❖ Any cobwebs, wasp nests, ant hills etc. should be removed.
- ❖ Organize closets and remove stuff which 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! \$20.00 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 lights, 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.
- ❖ 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 and another gets their attention diverted and can't remember anything about your house except for your pet.
- ❖ 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 is that 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, trash cans, toys, 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.*

### **A Few Words on Fact Sheets, Single Page Websites, and Loan Officers.**

Buyers look at more than one home. Give them something to remember yours by. I recommend preparing a simple brochure. 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 booklet) and highlight in 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.

## 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 "it's a horrible time to buy"; or that "prices are still dropping"; or "this is a bad decision." They need to be able to counter with – 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." Pricing the home correctly is the first component to creating *bragging rights*.

### ***All the marketing in the world can't sell a nickel for a dime.***

I don't know who said it originally but nothing could be truer in this market. You can have the best marketing, every buyer can see the home, it can look terrific and no one will buy your home if you are overpriced. All the preparation we just completed getting your home looking great won't matter if no one comes to see it. So pricing it correctly and marketing it properly is very important after it's ready for showings.

It's easy to see why many FSBO's over price their homes. You're attached to them, you've poured your sweat and money into your property, and "you need to get X\$ out of it." Overpricing a home is a fatal 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 all this is important some for sale by owners will occasionally "leave money on the table" by underpricing a home. This is why pricing a home correctly is so critical.

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

Remember that 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 won'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.

Another opinion you should get is from a real estate professional or two that sells full-time and consistently works in your area (in this market 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.

Make sure you use homes that have actually sold in your area, not 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.

Remember also that some real estate agents tend to overestimate homes 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 a 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.

Remember what your ultimate goal is: to save the real estate commission. So don't get over excited or have unrealistic expectations based on a "Market Analysis" from an overly optimistic real estate agent who's trying to "buy" your business.

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 also that all the buyers and the agent 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.

Pricing is not an exact science; even appraisers give themselves a margin of error of 3% to 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 paper, 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 may want to consider having it professionally appraised. Appraisers are estimators of the official value of properties around the country. They are used by lenders to determine the terms of real estate loans.

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 \$300-\$600 per professional appraisal.

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 \$150,000 but I need \$175,000” 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 into to see your home - Marketing!

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 disadvantages and advantages 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 dozens of 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, 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.

What is it that is most important to the buyer? Because no one cares why you like your home – you're not the one buying it. You have to understand this 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 15 foot tall tree.

The most crucial, important aspects of your home – and why buyers would be attracted to them needs 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 split lvl with master on main” don’t sell. “Room to roam in this expansive home with huge master suite on the main level” is more attractive and descriptive.

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 chinch on it.

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, text them all with an electronic flyer announcing your home for sale. It’s amazing how many people you know that know of someone who is looking to buy a home. Many “For Sale By Owners” have had success in the past without having to do any marketing whatsoever... by just 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 home-town type paper don’t waste your money on print advertising. The internet is the way to go.

### **On-line and Craigslist 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 that you can learn to do. I think.

Online and craigslist ads can be a powerful and inexpensive marketing tool 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 in there.

Compare them to what you learn in this section and you'll understand that there are very few effective ad writers out there.

You've got to understand that successful ad writing is "all about your target audience" in your case the potential buyers and real estate agents with buyers out there.

### **Write Powerful Ads by Avoiding These Typical Mistakes"**

The mistakes I see being made are that most ads:

- 1) Do not focus on the prospect... they focus on the property, the agent, the company, etc...
- 2) Assume the prospect is as excited to respond to you, your property, your offer, etc... as you are to sell!
- 3) Try 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 do anything does it?
- 4) Try 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) Drone 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) Are boring and dull. Copy should be written full of action, spunk and enthusiasm. It should move the prospect to action!
- 7) Do not give 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) Don't address 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) Do not sell 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) You have no pictures.

11) And my favorite – the ads don't list the basic information needed 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.com for privacy purposes.)

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

After you've created a new ad, always turn back to these pages and test your ad against these listed mistakes.

## **Transforming 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 down and how much 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. Features are all about your home.

Features are important, but only to the degree that they relate to a benefit that the prospect gets from the feature.

Features will not sell your home... benefits will. Benefits are the advantages to your buyer.

Benefits are what cause a prospect to buy your home. Benefits are what your prospect gets from a feature.

Benefits 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!

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.

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!

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.

## Here Are The 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.

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 NOW

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 answer this end, then it doesn't belong!

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 ad if *your focus is on your prospects, their desires, their wants, their interests, etc...*

Tell your prospect that you have the solution to their problem. Prove it in your copy! Let them know that you understand what THEY are looking for. To do this you must:

- Identify With What The Prospect's Wants and Needs Are
- Let He/She Know You Have What He/She Is Looking For

More basic rules for writing classified ads that sell:

1. Target your market specifically.
2. Write the ad as if you were writing to one specific, select person.
3. Read your copy as if you were the prospect, consider it only from his point of view.
4. Never assume that your prospect understands what you are saying, tell him specifically what it is you mean.
5. Make your copy short and spunky, full of energy. Use action words and avoid adverbs and adjectives.

Using non-specific adverbs and adjectives tell your prospect that you don't have any specific facts or numbers to share about your property. You must prove each of these words when you use them.

6. Make Your Copy Interesting. Write everything so that it focuses on the prospect. That alone will make your copy interesting to the prospect. If what you write is not about the prospect, then it doesn't belong!

7. Use emphasis devices to draw attention to words that are important, words that are more likely to get your prospects attention sooner.

\* You can underline important words.

\* **You can make them bold.**

\* You can use asterisks to set them off.

\* You can indent them.

\* USE CAPITAL LETTERS.

\* Use boxes, or other outlining devices

\* Use different colors (pretend this is blue)

Basically, you should use anything that lets your prospect know that THIS IS IMPORTANT. READ ME! I'VE GOT THE PROPERTY YOU'VE BEEN LOOKING FOR!

8. Pictures, pictures and more pictures.

These emphasizing devices work, and will guide your prospects eyes across the page to the important messages you are trying to convey to them to get them to act in their own best interest.

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.

9. This is a key rule to never forget:

**Always Lead With Prospect Benefits, & Follow With Features.**

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

- Speak Directly To The Prospect
- Excite Him
- Frighten Him
- Let Him Know What He Has 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.

10. Make it easy for your prospect to respond.

Don't hide your phone number and email by burying it deep in the text.

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.

## 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?

Need a creative outlet? Gardening, paint and decorating await your touch in this home. What is your passion?

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 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.

There 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.

THIS IS IT!

With many internet sites pictures are allowed –the more bright and clear photos the better. Nothing sells as well as a good picture.

## And here are some marketing ideas you may not have thought of:

### Here Are Some Progressive Marketing Techniques You Can Use To Get More Exposure For Your Property:

📌 **Create a single property website** using a service like [Realbird.Com](https://www.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 mainstreetoswell.com for example.)

🔗 **Create a video of your property and post it to Youtube.** Did you know that Youtube is the second largest search engine in the US? 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!** You can use a free service like [Animoto](#) to create a video photo slideshow... or a free service like [Screenr.Com](#) to give a photo tour of your property as you talk about its better features...

🔗 **Post Your Property To Craigslist, but do it right!** Sure, we know you've probably been using craigslist already, but have you been titling your Craigslist posts so they stand out? Or in such a way that you can benefit from the organic search juice Craigslist is capable of getting you... Have you been making it possible for visitors to your listing on Craigslist to join a list to be notified about upcoming open houses at the property? Why [not capture your prospective buyer](#) and engage him/her with some modern follow up!

🔗 **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's costs a bit but may be worth it.

🔗 **Create A Blog or Facebook Page For Your Property...** Get people to subscribe or become a fan in order to learn about how the sale is going! Here's a link to a service that creates [great looking Facebook Pages built for Lead Capture.](#)

🔗 **Find some local blogs in your area. Comment on them,** be sure to use 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 bloggers we know would be thrilled to pick up \$20-\$50 in return for plugging your property to their readership! You can also try a service like [BlogAds.Com](#) to execute this step.

🔗 **Create a Twitter account for your Property!** Then use a great service like [Tweetspinner.Com](#) to make your property automatically "follow" other twitterers in your area! Yeah, for real... you can do this!

🔗 **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 2 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.

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.

## 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 experience and training with different personality types will allow you to perfect. You might want to allow every showing request and then “pre-qualify” 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 some 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.

What is your desired home size and square footage?

What is your desired number of bedrooms and bathrooms?

What lot size is ideal for you?

How do you feel about a home with a \_\_\_\_\_ (pool, fireplace, master on the main, etc) ?

How did you plan on buying your home?

Do you have a home to sell?

Are you currently renting or owning?

Where will you get the money for the down payment?

Which lender have you been pre-qualified with?

Where are you currently employed?

Where is your spouse currently employed?

Are you working with a real estate agent?

What type of financing are you going after?

What price range you are looking in?

What is your approximate gross monthly income (combined)? (May be too personal at first)

What is a most important thing about the home you're looking for?

Have you looked at other homes in this area?

When do you have to move by?

How's your credit?

Have you ever owned a home before?

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.

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.

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 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 and at least 6-8 directional arrows to direct people through the maze of side streets and into your home.

And 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 to 4 instead of 2 to 5. 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.

1. 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.

2. 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.

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.

### **A Few Words on 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 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.

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. As 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 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 is 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 m a lot of the rest buy from someone they know already) you might be asking yourself “how can I get agents to sow 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 salesperson’s 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:

- **Your Name** – The name under which the buyer wishes to take title.
- **Tenancy** – This refers to how the buyer will "take title" to the property. It signifies their interest in the property and rights of survivorship.
- **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.
- **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).
- **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.

- **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.
- **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.
- **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.”
- **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.
- **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.
- **Date of Closing Procedures** – This section details what date the proceedings close.
- **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.
- **Occupancy** – This section details what happens if you do not give occupancy.
- **Terms of Contract Termination** – The number of days you have to accept the offer.

- **Additional Provisions** – This is where you put all items which may be in doubt or which could be contested later. Often times these include lead based paint addendums, short sale addendums, financing addendums, and other things not generally covered in the contract.
- **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.

### **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.

The biggest issue 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.

## A Few Thoughts on what to do if you owe more than the property is worth.

Short sales have become a fact of life in most real estate markets across the country. As this is written there are markets in which more than two-thirds of the sales that are closing are real estate owned properties or short sales. And with the huge number of mortgage holders who are more than two months behind on their payments due to current economic conditions this phenomenon can be expected to continue for the foreseeable future. One report says in the 4<sup>th</sup> quarter of 2010 that 11.3 MILLION home owners (or 25% of all mortgage holders) are upside-down or under water (source: First American Core Logic) Navigating the tricky path that results in a short sale closing and having your client avoid the foreclosure can be emotionally trying and time-consuming. There are definite advantages and disadvantages to conducting a short-sale. **Since all lenders require a real estate agent to be involved in a short sale – if you are anywhere close to being “upside-down” on your property. Call me now.** *Please note that this guidebook is a general guidebook and does not include all the unique rules, laws, and regulations for every state and county. Lenders are not required to participate in a short sale and there is no time limit for your lender’s approval. Please consult with your legal adviser to see if there is anything unique to closing short sales in your marketplace. We recommend that all sellers considering a short sale contact a legal adviser and their tax adviser to discuss the ramifications.*

What is a short sale? Answers from Wikipedia:

A short sale is a sale of real estate in which the sale proceeds fall short of the balance owed on the property's loan. The sellers owe more than the property is worth and they are unable or unwilling to bring money to the closing. The seller is most often in the pre-foreclosure process because many lending institutions will not consider a short sale unless the borrower is at least three months delinquent. (This “rule” may be softening and some lenders may be making exceptions.) It often occurs when a borrower cannot pay the mortgage loan on their property, but the lender decides that selling the property at a moderate loss is better than pressing the borrower. Both parties consent to the short sale process, because it allows them to avoid foreclosure, which involves hefty fees for the bank and poorer credit report outcomes for the borrowers. This agreement, however, does not necessarily release the borrower from the obligation to pay the remaining balance of the loan, known as the *deficiency*. Many times the deficiency is waived. The advantage to the mortgage holder is that generally a short sale is less disastrous to their credit rating and can many times get a new mortgage in 24 to 26 months after closing. It may also help control future costs/losses that may occur if the property goes through the foreclosure process. The advantage to the bank is generally lower costs to

complete a short sale and one less property in the REO inventory to manage, keep up, and sell.  
**Remember if you are in this situation – give me a call immediately – I am certified and trained to help you, if at all possible, with a short sale.**

# What is The Closing Process?

Buying or selling a home (or other piece of real property) usually involves the transfer of large sums of money. It is imperative that the funds and related documents from one party to another be handled in a neutral, secure and knowledgeable manner. For the protection of the buyer, seller, and lender, the escrow process was developed.

As a buyer or seller, you want to be certain all conditions of sale have been met before property and money change hands. The technical definition of the closing process is also called escrow. It is a transaction where one party engaged in the sale, transfer or lease of real or personal property with another person delivers a written instrument, money, or other items of value to a neutral third person called an escrow agent or escrow holder. This third party holds the money or items for disbursement upon the happening of a specified event or the performance of a specified condition (closing the real estate transaction).

Simply stated, the escrow holder impartially carries out the written instructions given by the principals. This includes receiving funds and documents necessary to comply with those instructions, completing or obtaining required forms, and handling final delivery of 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 premiums, real estate commissions, termite inspection charges—are paid. Title to the property is then transferred under the terms of the escrow instructions and appropriate title insurance is issued. The following items represent a typical list of what an escrow holder does and does not do:

## **THE ESCROW HOLDER:**

- serves as the neutral “stake holder” and the communications link to all parties in the transaction;
- 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 HOLDER DOES NOT:**

- offer legal or investment advice;
- negotiate the transaction;

## Who Pays What?

**A Guide to Common Closing Costs**

<b>The SELLER can generally be expected to pay for:</b>	<b>The BUYER can generally be expected to pay for:</b>
<ul style="list-style-type: none"> <li>• Owner’s title insurance premiums</li> <li>• Real Estate commission</li> <li>• Escrow fee: ½</li> <li>• Any loan fees required by buyer’s lender per contract</li> <li>• Payoff of all loans in seller’s name (or existing loan balance if being assumed by buyer)</li> <li>• Interest accrued to lender being paid off-- Statement Fees, Reconveyance Fees, and any Prepayment Penalties</li> <li>• Termite inspection (according to contract)</li> <li>• Termite work (according to contract)</li> <li>• Home warranty (according to contract)</li> <li>• Any judgments, tax liens, etc. against the seller</li> <li>• Recording charges to clear all documents of record against seller</li> <li>• Tax pro-ration (for any taxes unpaid at time of transfer of title)</li> <li>• Any unpaid Homeowner’s Association fees due.</li> <li>• Any bonds or assessments (according to contract)</li> <li>• Any and all delinquent taxes</li> </ul> <p><i>This is not a complete list of expenses – consult your local professionals.</i></p>	<ul style="list-style-type: none"> <li>• Lenders’ title policy premiums</li> <li>• Escrow fee: ½</li> <li>• Document preparation (if applicable)</li> <li>• Notary fees (if applicable)</li> <li>• Recording charges for all documents in buyers’ names</li> <li>• Homeowner’s Association Transfer Fee</li> <li>• All new loan charges (except those required by lender for seller to pay)</li> <li>• Interest on new loan from date of funding to 30 days prior to first payment date</li> <li>• Assumption/Change of Records fees for takeover of existing loan</li> <li>• Beneficiary Statement Fee for assumption of existing loan</li> <li>• Home warranty (according to contract)</li> <li>• Fire insurance premium for the first year</li> <li>• All pre-pays</li> </ul>

# For Sale By Owner

## Real Estate Transaction Checklist

Property Address \_\_\_\_\_

Contract Date \_\_\_\_\_ Closing Date \_\_\_\_\_

Buyer's Name(s) \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_ Zip \_\_\_\_\_

Buyer's Agent \_\_\_\_\_ Phone \_\_\_\_\_ Fax \_\_\_\_\_

Title Officer \_\_\_\_\_ Phone \_\_\_\_\_ Fax \_\_\_\_\_

Lender \_\_\_\_\_ Phone \_\_\_\_\_ Fax \_\_\_\_\_

Home Inspector \_\_\_\_\_ Phone \_\_\_\_\_ Fax \_\_\_\_\_

Attorney \_\_\_\_\_ Phone \_\_\_\_\_ Fax \_\_\_\_\_

### CHECK OFF ITEMS WHEN THEY'RE COMPLETED

- Lender Letter Received \_\_\_\_\_
- Title Work Ordered \_\_\_\_\_
- Title Work Received \_\_\_\_\_
- Earnest Money Deposited \_\_\_\_\_
- Contract Faxed To Lender \_\_\_\_\_
- Contract Faxed To Title Co. \_\_\_\_\_
- Inspection Completed \_\_\_\_\_
- Inspection Objections Received \_\_\_\_\_
- Inspection Resolution Complete \_\_\_\_\_
- Inspection Work Complete \_\_\_\_\_
- Loan Approval Complete \_\_\_\_\_
- Homeowners Insurance Ordered \_\_\_\_\_
- Appraisal Ordered \_\_\_\_\_
- Appraisal Complete \_\_\_\_\_
- Closing Date Scheduled \_\_\_\_\_
- Contingencies Met \_\_\_\_\_
- Documents signed at escrow \_\_\_\_\_

# 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 principal 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.

**Second Mortgage/Second Trust** – also known as a “Junior Mortgage” or “Junior Lien.” An additional loan imposed on property with a first mortgage, generally at a higher interest rate and shorter terms than a “first” mortgage.

**Short Sale** – A process in which a bank mitigates losses by accept less than is owed and allowing a seller to sell their home.

**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 quiet possession, and the grantor agrees to defend the premises against lawful claims of third persons.

## If your home 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 non-paying 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 1 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 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?

As we mention 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 to remember so that you can save time and money by picking the right one.

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 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

If you follow the simple steps I've 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 booklet 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 booklet –I wish you the best of luck in your home selling process! Please call me with any comments or questions you may have. I can be reached at**

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