

For-Sale-By-Owners: What You Should Know Before You Sell

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If I sell my house myself, I will save thousands of dollars, right? Maybe not! Many homeowners believe that to maximize their profit on a home sale, they should sell it themselves. They feel that by selling on their own, they will save money by avoiding the real estate brokerage fee.

Almost 20% of all homes for sale last year were by the owners.

However, only 13% actually sold by owners. In addition, over half of those who did sell their home by themselves said they were not sure they saved any money and would definitely use an agent the next time they bought or sold.

Why were so many people unhappy with the results they achieved by selling their own home? Many FSBO's explain that the time, paperwork, liability, and everyday inconveniences involved were not worth the amount of money they saved in commissions. For others, the amount of profit was disappointing. By the time they figured the amount of additional fees paid to outside consultants, inspectors, appraisers, title, lawyers, advertising and marketing cost, they would have been better off having paid the broker's fee which includes many of those charges upfront.

FACT: Over the past years, marketing and selling a home has become much more complicated. Even though there are more homes being sold over all, the percentage of homes sold by-owners has fallen. Selling a home requires an in-depth and detailed understanding of the real estate market, finding the best qualified motivated buyers, and many other steps that bring about a successful sale. If the property is priced too high, it will develop a reputation as being a problem property. If the property is priced too low, you could lose a great amount of money. Some For-Sale-By-Owners discovered that they lost money as a result of poor marketing or wrong decisions.

Before you decide to sell your own home, consider the work and liability involved versus hiring a professional. Some time spent investigating at the beginning can pay off in the end.

First, ask if you have the time, energy, know-how, and marketing ability to devote to selling your home. One of the keys to selling a home effectively is accessibility. Many homes sit on the market because the owner is unavailable to show the property when the buyer wishes to see it.

Next, are you prepared to deal with buyers that perceive For-Sale-By-Owners as targets for low offers and an opportunity to save money themselves? One of the great challenges of selling your own home is screening unqualified buyers and bargain-hunting homebuyers. Settling for a low bid is almost always worse than paying a sales commission.

Are you prepared and knowledgeable to offer information about financing? Are you willing to finance a buyer? It is critical to have all the necessary information that a buyer needs, and the topic of finances is certain to come up. A professional real estate agent will have a team of lenders and title reps for you and your buyer to use. Do you have that luxury when selling your home on your own?

There are two primary reasons why homeowners consider selling on their own!

1. Hopes of saving the commission.
2. They did not know a good agent.

FACT: REALTORS will generally sell houses for 5-8% more than owners themselves.

WHY SELLING BY-OWNER IS DIFFICULT.

You only have four ways to attract buyers.

1. Classified advertising.
2. Open House
3. For-Sale-Signs
4. Internet

You must give the address. Buyers can drive by without seeing the inside. For prospective buyers that preview your house, how do you plan to obtain their names and phone numbers? How do you plan to follow up with them? What will their impression of you be when you call them? How will calling them affect your negotiating position?

You have but one property to show. We as REALTORS have many homes to show and can match our buyers to our properties. Do you fully understand all the legal steps in selling a home? Many home sales fail due to incomplete paperwork, lack of inspections or not meeting your STATE DISCLOSURE LAWS that owners are required to make when selling on their own. Are you completely knowledgeable on all of these requirements? If not, it would be very wise to select a real estate professional.

Can you mediate disputes with buyers? Ask yourself if you possess the legal knowledge to work through disputes on any or all of the contracts necessary when selling a home, which puts the owner in an extreme position of liability. Again, this could be the difference in getting your home sold or having it sit on the market month after month.

Are you familiar with the best inspectors and escrow companies? Randomly selecting companies can be disastrous. Disreputable or low-quality companies can slow, derail or even halt completely the sale of your home. A trained real estate professional will know which companies can be trusted to keep the sale of your home on track.

WHERE DO THE BEST BUYERS COME FROM?

40% come from REALTOR'S company name or salesperson contact.

18% come from our company's for sale signs.
18% are referred by our international relocation service.
15% locate a property and/or their agent on the Internet.
4% responded to an open house but purchased a different property.
1% buy a property advertised in the newspaper.
2% bought for a combination of reasons.

Please note: Very few buyers buy as a result of an open house or newspaper ad.

Perhaps you've considered listing with a discount broker. But are you any better off? Did you know that offering a full commission is part of selling your house for "TOP DOLLAR? Discount brokers promise the same services as other brokers, but do they help you to achieve your goal of selling your house for TOP DOLLAR?

FACT: Sales associates often refuse to show houses offering reduced commissions, which drive your sales price down.

FACT: Homes listed by Discount Brokers normally stay on the market longer and sell at a lower price. You net less.

FACT: If the buyer knows the commission is discounted, he/she feels he/she has more leverage to negotiate a lower price. You lose money once again.

Offering a full commission assures more showings, a faster sale and a higher price, which will net you more money.

Choosing Your Agent Wisely:

Any agent will show enthusiasm and will want to list your house for sale but choose your agent based upon

- A. Experience at listing and marketing houses for sale.
- B. Ability to use technology to market your house world wide to buyers 24/7.
- C. Reviewing with you a comprehensive Marketing Analysis of home sales in your area.
- D. Ability to offer a written detailed 30-DAY MARKETING PLAN that will get your house sold at the highest possible price.

Working with a full-time professional real estate agent is a must. Choose your agent by asking questions of him or her. Find out how knowledgeable they are about houses currently for sale in your price range and also of houses that have recently sold. Can your agent recommend a good lender that has the reputation of excellent customer service and low rates to assist your new buyer with financing? A good listing agent can get your house sold quickly at TOP DOLLAR and help you find a new home.

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