

# **Sell It By Owner and Save**

**The Complete Guide to  
Selling Your Home**

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**Michael M. Kloian**

**FOURTH EDITION**



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## PREFACE

When the project of writing this book began my colleagues wanted to know why I, a real estate broker, was interested in revealing information previously hidden from the average homeowner. They believed that, because of my business expertise, were I to write such a book, it would be a bombshell and they wondered about the impact such a book would have in the “world of real estate.”

Over the course of many years in real estate I made it a practice to talk with hundreds of customers, clients and strangers, that crossed my path on issues related to buying and selling real estate. I was especially interested in hearing their stories, good and not so good, including their honest opinions about their *personal* experiences. At the time I made no conscious attempt to amass the information to compile a book of their experiences. Yet, years later, it seemed fitting with what I knew that I could combine this information with the inside story of buying and selling real estate to create a ‘book of knowledge’ that could assist both buyers and sellers. This was the genesis for a *diary* of notes that eventually led to formulating the outline for this book.

It’s no secret that many homeowners would love to save money by selling their own home. Statistics show that one in four homeowners try to sell their own home for various reasons, the most popular being to save the commission. Statistics also indicate many sellers don’t sell or they *throw in the towel*. This tells me that by-owner sellers generally lack the knowledge or motivation necessary to see the process to completion, give up and list their home with an agency. It was for this and other reasons that prompted me to undertake this project.

From my own experiences I’ve learned that the buying and selling public places an extraordinary amount of trust in real estate professionals, and places in their hands the biggest investment of a lifetime, the sale or purchase of their home. Unfortunately, many homeowners had experiences with real estate agents that were disappointing. This, in part, also prompted me to write this book.

There is no doubt that in real estate, as in any profession, there are those whose level of skill or competency exceeds others. Anyone who has ever called tech support for computer or software related problems could relate to this. This also holds true in the medical, legal, technical field and every other industry. Real estate however is one vocation that requires little or no college education, experience or prior skills. Yet we, in the business, find ourselves assisting people with the single largest investment they will make and sometimes doing so cavalierly with little regard to the responsibility placed in our hands.

I don't pretend to believe that this **one** book will change the way the average home buyer or home seller will do business but I do believe the reader will gain a new and unique insight into the world of real estate. It is my hope that you read this book cover to cover.

Michael M Kloian

## INTRODUCTION

Selling your home is **not** a matter of “luck.” When buying or selling a home, “*timing*” is everything (what happened to location, location, location?). However, possessing “*knowledge or know-how*” is just as important as “*timing*.” The “*know-how*” is the inner workings that can effectuate the “*timing*.” Without the know-how the effort in capturing timing, in a given situation, may be futile (there are numerous examples throughout this book to illustrate this point). There is no doubt that these **two key ingredients** can lead to success in any selling situation.

This guide is not one of those predictable or generic, “*I’ve read this and seen this before*” or “*something is missing*” how-to information guides. Often you don’t recognize what’s missing in a how-to-sell book until you reach a crucial point during your selling experience only to discover that you need answers to serious questions and there’s no one to turn to for help.

**Sell It By Owner and Save**, is written in simple layman’s terms yet with as much detail as necessary for each reader to gain a *thorough* understanding of the home selling process. The intention of the author is to de-mystify the entire selling process and instruct the reader. This way anyone, regardless of any real estate knowledge or selling skills, will be able to use this valuable information to sell their home, anywhere.

The reward for your efforts will be:

- Thousands of dollars in saved commissions \$\$\$\$\$\$\$\$.
- A feeling of great accomplishment, where you are in charge, similar to selling your car for a *fair price* rather than trading it in at a dealership and taking a beating.
- The mere satisfaction that you have overcome the “system”; the system that says you can’t do it without “them”; the system that teaches people, when buying or selling, to become dependent on “them”.

Your success in selling depends on many factors such as asking price (in relation to its true market value), condition, location, competition, time of year, exposure to the market, buyer's motivation, your motivation, interest rates, the economy, including your patience and willingness to negotiate or compromise. This book creates a healthy balance of these dynamics and, coupled with many illustrations and explanations, will walk you through the entire selling process. Also included are many *true* case examples that will be instructive and useful.

If you are motivated to succeed at selling your home, with or without a real estate agent, but lack the "*know-how*" then you came to the right place to learn. This book was created for the serious minded seller. The details are unmatched. All the information is from first hand experience. Everything is discussed including Trade Secrets, Little Known Secrets, everything there is to know about how to sell your home step by step, so you can sell your own home, save money doing so, and earn the pride of accomplishment.

The Author

p.s. The term, by-owner, used throughout this book may also imply an owner who has employed the services of a flat fee service broker or a fee for service broker.

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## Section I

***WHO should and WHO should NOT attempt to sell their home by-owner.***

**In this section I discuss the pros and cons, advantages and pitfalls, for those attempting to sell their own home. My intention here is to encourage you to realistically assess your suitability to selling your home by owner, to allow you to decide if selling your own home is right for you.**

**I also discuss the *myths* that some real estate agents may use on by-owner sellers to try to persuade them to “list”.**

**“Disclosure” is introduced in this section.**

### Part I

#### WHO SHOULD CONSIDER SELLING BY OWNER

Ask yourself this question. Why do you want to sell by owner? Is it because you want to save the commission or because you’ve had an unfavorable experience with a real estate company or agent and you’ve lost faith in them and their ability to deal honestly with you? Or maybe you simply want to prove that you could do it without “them.”

You really don’t need an answer. All you need is desire, commitment and *know how*. That’s all it takes!

If you are confident, secure, not afraid to meet with and talk to a variety

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of strangers, invite them into your home, be available for appointments, offer documentation (fact sheet, seller's disclosure statement, etc.), fill out a sales contract (optional), discuss the good faith deposit, and if you feel you can adequately explain the buying process to your prospects, then you are a good candidate for selling your own home no matter where you live and no matter what price range your home may fall under.

There are neighborhoods in many cities that are "hot markets" (*see Glossary*) where homes sell quickly because of the location, the neighborhood, the schools, or because the price range of homes is well suited to a large group of buyers. If you live in one of these "hot markets" you are probably already aware of it and stand an excellent chance of selling your home yourself. Most likely you will not need the services of a real estate agent or an attorney. This book should be very helpful in your efforts.

I live in a densely populated rural area, away from the crowded city, where it is more challenging to sell by owner. But it doesn't matter where your home is located if you know which media is best to use to advertise your home. Living in rural areas away from the city may actually increase your chances of selling by-owner since many people are *moving* to these outlying communities. Prices are often much lower further away from the suburbs of a major city, offering prospective buyers more home for the money. Selling may take a bit longer and it may cost extra advertising dollars but the rewards will be the same.

### **WHAT WILL IT COST TO SELL BY-OWNER?**

Selling your own home requires certain expenditures. You should be prepared to pay for things like a quality sign (\$25 - \$50), brochure box (\$20 - \$30), flyers, brochures, handouts (\$10 - \$50), your own personal web site or listing placement fees for the Internet (\$77 - \$400), newspaper and home magazine ads (\$200-\$1,000), and other incidentals.

If you are comfortable with setting aside a certain dollar amount to ensure your success in selling by-owner then you are definitely a candidate for selling your own home. If you are the overly "conservative type" you

may find yourself wondering why you've wasted all that money ("Gee, we spent \$50 bucks on ads and no one ever came. Do you think we made a mistake"?).

I feel strongly that if you make an honest attempt with the correct approach, based on only one thing, your desire to save the commission, then you should succeed. If this is you, then you certainly qualify to sell your home by owner.

### **WHO SHOULD NOT ATTEMPT TO SELL BY-OWNER**

There are people from all walks of life who may be looking to purchase your home. They may be single, married, unmarried (living together), with or without children, widowed, divorced, heterosexual, homosexual, disabled, people from every religious, racial or ethnic background, whose convictions and beliefs may differ from yours. You will need to look beyond how they are dressed, length of their hair, color of their skin, their mannerisms and any quirky "personality" traits you may find awkward or strange. Don't forget, you may seem strange to them. There are some homeowners who have *no fear* of strangers and others who are extremely cautious or *fearful* of strangers.

My advice to you if you are:

- skittish about taking phone calls without first checking your caller ID
- jumpy, nervous or alarmed by outside or inside noises
- afraid to answer the door unless you see identification or know the person
- worried or afraid that a neighbor may be watching you
- fearful of being robbed or your home vandalized, or living in a high crime neighborhood
- fearful about showing your home because you live alone
- unsure about answering specific questions related to your home; dealing with strangers; making and keeping appointments; drafting or filling out documents (optional); handling objections or asking a stranger questions.

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If any of these reflect you then you may want to *reconsider* selling your home by-owner. The balance of this selling guide will explain in greater detail the kinds of things that may be expected of you once you decide to sell your home by-owner.

### **SALESMANSHIP AND SECURITY**

Much like selling your own car you will need to meet with potential buyers, talk to them, make sense (in other words sound somewhat knowledgeable), present documentation and handle yourself in a professional and courteous manner. You will also need to parade strangers through your home at various hours of the day or on weekends. Many of these prospects are no doubt trustworthy and forthright citizens. A few, however, may not be. If this makes you nervous in any way, ***do not*** attempt to sell your own home. Let a professional handle it.

### **THE MYTHS**

One argument some real estate agents use to coerce by-owner sellers into listing their homes is the “*danger*” theory. Real estate agents know how to play on the emotions and inexperience of by-owner sellers. They may say that allowing strangers into your home poses potential dangers or problems. While there may be a little truth to this such problems are isolated and minimal. However, I will relate a recent personal experience to illustrate that sometimes such problems do exist.

I sell new homes and live in a model home (my own personal home) that I demo in a new housing development. Over the course of a year I have had hundreds of visitors come through my model home, far more than you’ll ever experience. Many are sincere and looking to build a new home or they may simply be “house shopping.” Others are time wasters, “looky-loo’s” (*see Glossary*) and “gawkers” I call them, people who love to look with no intention ever of buying, and still fewer, if any, may be thieves or crooks.

On one occasion I escorted a couple around, and watched them closely as

they toured my model home. They seemed less interested in the home than its contents. They looked through the closets, at the clothes, what was on the shelves, the dresser, the decor and whatever else seemed to catch their eyes. I was not overly suspicious but their behavior certainly was. However, I remained alert and watchful. Let's face it, yes, it's possible, you may also get one or two of these "buyers" coming to your home. I say this not to scare you but to alert you to that possibility and to advise you to remain alert.

However, some real estate agents constantly exaggerate such problems and use them to persuade by-owner sellers to list their home, warning that it will be safer to list with an agency because they "screen" their buyers. However, is this really true?

Should you find yourself face to face with an agent, and the opportunity, the questions to ask are:

- what exactly is their screening process?
- do they really 'screen' the buyer?
- do they really check each prospect before working with them?
- do they verify the buyer's employment?
- do they know what *scam* a buyer may have been involved with in the past?
- do they know if a prospect has a criminal record?

Their argument claims that by-owners may be letting into their homes "unqualified buyers" or "strangers" who may be dishonest and have hidden motives. By "unqualified" they may imply that the potential buyers have bad credit and once they contract to buy a home they may not "qualify." Or perhaps the buyer has a good income but they also have too many other debts, which reduces their ability to borrow sufficient funds to make a purchase. Or is it possible that the buyer may not have two nickels to rub together? Is the agent empowered to dig into a prospective buyer's bank account records or perform a credit check? Or can it mean that these strangers are merely posing as potential buyers? Will the agent run a background check to see if

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they have a criminal record? The answer? No way!

Once you think this through you realize that anyone can pose as a home-buyer. There may not be hard statistics to offer on theft of items that occur as a result of showing strangers through a home but I'm certain if such acts were to happen, they could happen to anyone, either to a by-owner seller or an agent-listed home. Nevertheless, it's best to err on the side of caution.

It's always wise to leave valuables safely tucked away, unexposed in a well hidden or secure area of your home. Tucked away does not mean under the pillow or mattress. Will some people steal personal items if left unattended? Possibly! Every department store has thieves walking around all the time yet merchandise is constantly exposed. Who knows what thieves look like or who they are? They could be anybody.

Here is another example. Several days after some people toured my model home, I discovered in the basement an open box of personal collector items that belonged to my son, items of some modest value. It appeared that someone had rifled through the box and helped themselves to some items. I have no idea who it was, when it happened, or how many items were missing. I didn't notice the open box until later. It was clearly my mistake for not escorting the buyers into the basement. Never did I think someone would find a sealed box, open it and steal contents from it. **THIS CAN HAPPEN TO YOU!** Now, as a standard practice, I escort each couple as they tour my model home. If they go in separate directions I stay with the one who is headed for the bedroom. I then monitor how long the partner is in the basement then proceed to join them.

## **DISTRACTIONS**

If a family arrives at my model home and children dash in different directions I stop them and ask the parents to keep their children close-by while viewing my home. A misbehaved child in a stranger's home is another topic. I've seen kids do everything from sliding down my stairs to jumping on the couch when they arrive. This distraction may

be just the opportunity a thief is counting on. One cannot predict if theft will take place in such circumstances but it's much safer to hide or completely remove all valuables during a showing, especially during an open house where you have opened the *flood gates* for people to tour your home with no knowledge of who they are or where they come from.

## PART II

### DISCLOSURE - HONESTY IS THE ONLY POLICY

Placing a *FOR SALE BY OWNER* sign on the lawn is the first step to selling your own home, and it's the easiest. When showing your home, you must be honest with prospective buyers. This means that when asked you will need to disclose (*see Glossary*) what is wrong with your home, or what was wrong and corrected. This means the exact month and year when the furnace was installed, and by whom. Statements like "we replaced the furnace a few years ago" don't cut it. A *few years ago* could mean two or three years ago in a buyer's mind. In a seller's mind a few years ago may mean five or ten years, making the furnace older rather than newer.

That is one reason why many states have passed legislation forcing the seller to disclose to the buyer any and all known defects (*see Glossary - patent and latent defects*) the seller is aware of. This is something you should document in writing in order to forestall a buyer's objections or erase from the buyer's mind any hint that your home is not worthy of consideration. Where there are such disclosure laws they apply to everyone. Even when selling your home by-owner you are **not** exempted from "disclosure." In Section VI seller's disclosure is discussed in detail.

If you live in one of the states that do not have mandatory disclosure laws please consider this: telling the buyer what was wrong with the home and how it was corrected tells the buyer you're honest and shows you are a caring and responsible homeowner. Not telling the buyer you have cracks in the basement walls that may leak periodically

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during a very heavy rain, though you can't see them, since they are well hidden behind paneling, is not a good idea. They **will** find out eventually. Once a hidden or undisclosed defect is discovered your buyer will then assume there are other problems and that you are less than truthful concerning other aspects of the home. Selling your home by-owner **does not** diminish your responsibility to deal honestly and fairly with potential buyers.

One tactic real estate agents may use to discourage buyers from seeking out by-owner homes is to convince them it is *safer* to work with agents rather than deal directly with owners because by-owner sellers may not disclose all the defects, insinuating buyers are better protected if they deal with a real estate agent. This is incorrect since owners, whether their homes are listed-by-agent or for-sale-by-owner, **must** by law disclose any and all known defects if they live in a state where disclosure is mandatory.

Keep in mind that your buyers have a right to hire a home inspection service, so long as it is mutually agreed upon in writing, and most likely they will if your home is older than 15-20 years. If your buyers have ever been to a realty office or have used the services of buyers' agents, or discussed with them the intricacies of buying a home, they may already be aware of the importance of a home inspection. The inspection service will disclose defects to the buyer, with or without your help. The use of inspection services, or the right of the buyer to hire one, is stated in almost every Sales Contract used today. Only an uninformed buyer, or novice, will ignore this aspect of the purchase process. We will discuss the sellers' disclosure statement and inspection companies later since these topics are very important and worthy of further discussion.

## **PATIENCE IS MORE THAN A VIRTUE**

You will also need to be patient, very patient. More often than not, despite the hype created by some selling manuals, selling by-owner may take longer than listing with an agent to sell your home. Why? Simply because your exposure to the market is limited by the kind of advertising you use, which may be restricted by your budget, whether

you use the Internet, a sign in the front yard, flyers posted in various locations, or ads in newspapers and home magazines.

There are many by-owner sellers who sell their homes in a week, two weeks, or three weeks. Yet, it isn't realistic to expect to sell so quickly. If it happens, it's great. But, I wouldn't count on it. There's no magic formula for selling quickly. If I were to tell you to run two ads, do this, do that, raise or lower your price several thousand dollars, and you will sell your home and you don't, you would think my advice is unreliable. For this reason I offer no hype or exaggerations.

Listing your home with a real estate agent who participates in a multiple listing service is also no guarantee you will sell any quicker. However, because your home is not in the MLS (multiple listing service - *see Glossary*), which is discussed in Section XI, your actual market time may be longer than you anticipate. Sometimes, this can actually work for you, but sometimes also against you.

This can work for you if a real estate agent drives by your FSBO (for sale by owner) home with a client to show a nearby property they found through the MLS and they see your professional FSBO sign (not the cheesy hardware store sign for \$4.99 taped to a stick and thrown in the ground at an obscure angle). And if you have a box of brochures attached to your quality looking sign they may be inclined to stop and grab a brochure. If curiosity is a driving force and your home looks appealing, the buyer may even ask the realty agent about your home.



However, some agents tend to misinform their buyer-clients since their information on any given FSBO home is often scanty. If buyers are from the area and truly interested they will probably return without the agent to inquire about your home, as often happens. Unfortunately, some buyers place their complete trust in an agent only to be controlled and manipulated, believing anything the agent says. This “*trust and control*” is one aspect of real estate business practices that I find regrettable for it gives unfair and unwarranted advantage to agents who may not be necessarily honest with their clients.

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I'll give you one example of the use of "trust" and "control" that recently happened to me. I advertise new home construction and undeveloped lots on a local real estate channel in a nearby city. My advertising representative had visited a realty office to sell advertising and mentioned our name as clients. She discovered from talking with the agent that a potential buyer had inquired about our homes with the agent instead of calling us directly on our 1-800 number. The agent, *being in control* of the situation and the buyer, made a comment as to why the buyer would want to live *so far* from the city, thus planting seeds of doubt in the buyer's mind. The agent then said that something *must be wrong* with our homes since our prices were so low, casting even more doubt in this unsuspecting buyer's mind. As a result of these comments, this agent was able to sway the buyer by saying whatever was necessary to discourage the buyer from any future interest in our homes.

Some real estate agents may exaggerate or withhold information in order to sway buyers or direct them to other properties. In short, they want to retain buyers to make their own sale. It is unfortunate but true that many people can be led around like sheep. They can be easily misled and ill-advised as soon as they place their complete trust in a 'professional.' Unfortunately, such practices are common among some agents, although certainly not most.

Typical comments agents make to clients may be, "the reason they are selling by-owner is they wouldn't list their home with us," or, "the reason we can't give you any information on that home is that those people are unreasonable" or "they are asking way too much for their home, and, by the way, there may be a foundation problem." Unfortunately many buyers are gullible and may be duped by such agents and these comments go unchallenged.

## **THE BEST TIME TO SELL**

You should approach selling your home intelligently, meaning that you set a time frame of three months or longer, depending on your location and your personal circumstances, whatever you feel comfortable with. You should start early in the year, and don't select the slower months of the year, which is traditionally winter. Start in March, April or early sum-

mer when you will increase your chances of selling, since there are more buyers shopping for homes during these months. Offering 30 days or less for the buyer to occupy your home after closing also enhances its salability. Buyers dislike waiting 60 or 90 days to occupy a home after closing.

Homes sell all year round and at times that are often unpredictable. I once sold a home by-owner (yes, even real estate brokers can sell by-owner) on New Year's Eve and the buyer presented an offer only hours before midnight.

Your home can sell any time, any month, although there are *peaks* and *valleys* to a real estate buying season. **Exposing your home to the public and marketing your home consistently are the keys to success.**

### **HOW LONG WILL IT TAKE TO SELL?**

If you are in a hurry to sell for a number of reasons, or because of special circumstances, then you should not consider selling by-owner, unless, of course, you live in a market area that is in high demand where the average market time is one month or less. Offering your home several thousand dollars below market value will, of course, enhance the prospects of a sale but it will not guarantee that you will sell as quickly as needed. Depending on the person some buyers may view this as seller desperation and may mistakenly believe there is something wrong with your home or misjudge your circumstance.

One example of problems you may encounter that could affect the time frame for selling your home by owner may be this: You and your family have been looking for a new home for about a year and now found one you wish to purchase. This is the home of your dreams at a price you find hard to pass up. Your existing home however is not yet for sale. You could purchase the new home by using a contingency clause (*see Glossary*) in the sales contract that stipulates you sell your home first before closing on the new home purchase, providing the owner is willing to accept these terms. Or, you could approach the bank for a mortgage to secure your purchase outright, thereby having two mortgages, one on your

## Sell It By Owner and Save

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existing home and one for the new home. You can then make your offer to purchase the home without a contingency clause.

There are two possible scenarios for this hypothetical example:

### Scenario #1

You proceed to purchase the new home and discover that the bank will give you a mortgage loan and will also lend you money for the required down payment by giving you a “bridge” loan (*see Glossary*), money borrowed against your existing house. So now, faced with two mortgage payments over the next several months, or longer, you are under pressure to sell as quickly as possible. You are also under pressure to get **X** amount of dollars after selling your existing home so you can pay off two debts, your existing mortgage and the bridge loan.

You may also be faced with a *contingency loan approval* from the bank, which could jeopardize your plans. The contingency approval from the bank states they will lend you the money to purchase the new home only if you sell and close your existing home first. Some lenders may require that sellers sell and close their existing home before finalizing any new transaction. This depends upon your qualifications, which can change everything.

Two very real problems arise from this first scenario:

- A) the need to sell quickly can pose a real problem if you plan to sell your home by-owner since the time frame in which you must sell depends on several factors that may be out of your control;
- B) trying to get the exact amount of money you need from your existing home to satisfy **both** debts, your existing mortgage and the bridge loan, can be tricky if you have overcommitted to another purchase. In other words, you would like to net a certain dollar amount after selling your existing home but fail to consider your existing home’s *fair market value*, (*see Glossary*) which may be lower than you estimated. You may have also

forgotten to calculate your true net proceeds after all expenses have been paid from the sale of your existing home.

Now you have placed yourself in the proverbial box of having to sell for a certain dollar amount that you may not actually get. I have seen people do this time and again. The disappointment can be crushing at the time owners sell their home and discover they can't get for their existing home the price they had hoped for and expected. In other words, they needed to sell for X amount in order to net \$40,000 at closing when they should really be netting only around \$35,000 to reflect actual market value (*see Glossary*). Your need to net a specific dollar amount to satisfy certain debts you are committed to paying off has little or nothing to do with the "fair market value" of your property.

This wish or "dream" to squeeze a buyer into paying more for your home simply because you need more cash to complete another purchase is risky, unfair and unrealistic. If you sit back hoping some unintelligent, unsuspecting buyer will walk through your door and pay you more than your home is worth then you will be the fool once you sell your home and the bank appraisal comes in lower than the sale price. You will be disappointed and your buyers will be glad since, if the loan is not approved, they do not have to proceed with the transaction. In short, your deal will be dead and it will be your undoing.

If you try to sell your existing home by-owner for one month and don't succeed and end up closing on the new house you now own two homes along with two mortgage payments. If the market turns sour for whatever reason you will find yourself wishing you hadn't bought the new home before selling your existing home. Or, because of time constraints, you may decide to place your existing home in the hands of a realty company that nets you even less money than you could have gotten from selling by-owner. Worse yet, you end up selling your existing home several thousand dollars below market value just to sell quickly and you end up paying many thousands of dollars in commission in addition to taking a loss.

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My advice here is very practical. I'm not suggesting you avoid the purchase of the new home before selling your existing home. If you qualify for two loans and are comfortable with the notion of making two mortgage payments then finding a new home before selling your existing home can be an advantage. What you need to avoid is having to sell your home quickly for less than market price just to avoid multiple payments or to meet a specific time frame in a contingency clause. Being desperate to sell is an emotional *pressure cooker* that buyers may discern and may then try to take advantage of during negotiations. There are solutions to this in the next section when we discuss how to establish the fair market value of your home.

Scenario #2 (for the hypothetical example above):

You found a new home you wish to purchase and have already approached the owners to buy it on the contingency that you sell your home first (to avoid the bridge loan and dual payments), and you enter into a written agreement. The "contingency clause" (*see Glossary*) will hold the new home purchase for a designated period of time, locking in the sale price and terms, allowing you an opportunity to sell your home before *committing*. The contingency clause also allows the sellers of the new home to continue marketing their home. In the event they find another buyer you, the first buyer, will be allowed a certain number of days (typically three) within which you must either remove the "contingency clause" and proceed with the sale or back out of the deal without forfeiting your earnest money deposit (*see Glossary*).

Now that you've succeeded in securing a purchase contract for your new home for a short duration, utilizing the "contingency clause," you plan to sell your existing home by-owner, something you failed to tell the seller. You decide not to list your home with an agent to save on the commission, which, if successful, will net you more money. You also expect to sell your home in a month or less. Unless you live in a hot, fast moving market this may simply not happen.

The unnecessary anxiety you have placed on yourself may be just the

ticket to the nut house. A worse case scenario is you may lose out on buying the new home if you don't sell and close your existing home in the time frame necessary to save your new home transaction from falling apart. If the home you are attempting to purchase is truly your "dream home" then buying it by using a contingency clause that stipulates you must sell your existing home first makes no sense. You were probably better off with two loans, two payments, and taking your chances at selling quickly.

Handling your existing home this way will certainly bring disappointment if you don't sell it in time to satisfy the contingency. You will lose your new home purchase, become discouraged, and you may give up selling and stay miserable in a house you no longer want to live in or have outgrown. Worse yet, this may place a very heavy burden on your relationship with your partner or on your emotions.

### **PLAN TO SELL EARLY**

In order to avoid this predictable mess and prevent the frantic pressure of having to sell quickly you must plan selling by-owner well in advance. There is nothing wrong with looking for a new home before or during the process of selling your home by-owner. I see no problem with negotiating to purchase the home of your dreams then selling your existing home by-owner. I'm merely pointing out some of the pitfalls of selling your home by-owner should you find yourself in any of the situations I mentioned. Also, its not that I lack confidence in your ability to sell by-owner, its just that I have seen this situation repeatedly and I know how to avoid such problems.

I will close this chapter with this final pearl: There is a buyer for every home. There is no home that cannot be sold. The only real question is how long it will take. There is no solid answer to this question. It's only a matter of when, not if. Over time I have witnessed the most difficult homes sell and if there is any principal worth repeating its this one - have patience.

