

For Sale By Owner

Magnetic Resources

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So...You Want to Sell Your Own Home

There are many good reasons for you to consider doing this.

- You want to save the commission
- You enjoy a challenge
- You have the time
- You're not in a hurry
- Who knows your home better than you?
- You know how much your neighbors house sold for
- How Hard can it be?

But do you have the necessary skills?

- Do you have the necessary knowledge?
- How will you qualify buyers?
- Do you understand the legal complexities of today's real estate processes?
- Are you ready for constant interruptions by strangers walking through your home?
- Are you prepared to keep your home in showplace condition at all times?
- Are you willing to give up private time, evenings and weekends?
- Will you feel safe letting strangers into your home?

- What type of advertising will you do and what will it cost?
- How skilled are you at setting a price?
- Can you handle the MASSIVE paperwork or will you need an attorney?
- Can you avoid liability issues?
- What about inspections, title search, home warranty?
- Can you provide financing information?
- Who will handle escrow?
- How's the money to go into your pocket?
- What if a dispute arises?

It does take more than a For Sale sign in the front yard. Agents spend a lot of time learning their trade, if you're going to do the agent's job you need a comparable education. Use our online resources as well as other information on the web to get the necessary education and spend some time learning.

You Want to Save the Commission

This is easily the number one reason for people to tackle what can be a monumental project...selling their homes themselves. There's nothing wrong with wanting to save money! However, while trying to save money, you can lose money, and there is something wrong with doing that!

How many potential buyers for your home do you currently have?

Do you now how many we potentially have? Do the math: If there are 1000 agents in your town and each agent has 5 buyers; done properly, we have 5000 potential buyers for your home right now, today!

We're here to help!

Selling property can be confusing, costly, even dangerous, if you're inexperienced:

- We know the market and can offer your home to the largest number of buyers
- We qualify and bring through only those buyers who can afford your home.
- We will do a Comparative Market Analysis to help set a realistic and competitive selling price, which might turn out to be higher than you would have asked. We will also share our power pricing strategy which will amaze you!
- We will design a free customized marketing plan for your home.
- We are familiar with the local financing market. In fact we have experts on our team.
- We can tell you what your sellers net will be...if you happen to be in a short sale situation we have experts to negotiate with your bank.
- We utilize extensive online resources as well as our MLS.

- We hold two types of open houses, one for Real Estate Agents and one for potential buyers.
- We use our extensive internet exposure to display photo's and depending on your price point do virtual tours of your home.
- We handle all communications with potential buyers and their agents, and all negotiations, offers, counteroffers and contracts.
- We can explain every part of the process.
- We monitor the progress of your transaction until escrow closes and you receive the proceeds of the sale.

Some statistics about Realtors:

- Sellers have been hiring real estate agents for more than 100 years
- 70% of For Sale By Owners end up listing with a real estate agent....why not talk to the market leaders first?
- We get a higher price in less time.
- We offer you access to thousands of potential buyers
- The longer your home remains on the market the less it will sell for.

How Hard Can This Be?

Well, It can be pretty difficult. You be the judge! Here are a few obstacles you'll need to overcome.

No MLS listing

This is one of the most useful tools in our arsenal. Frequently accessed by potential buyers, it is available only to real estate agents who are members of the local, State and National Association of Realtors. This leaves you the options of a "For Sale" sign in the yard, advertising in the newspaper and spreading the news through "word of mouth".

No Real Estate Cooperation

Without our help, your pool of buyers is significantly smaller. You will be working with the unrepresented and unqualified buyers out there who are looking for a bargain. Since the other real estate agents are not guaranteed a commission for selling your property they will take their buyers elsewhere.

Incorrect Pricing

Wrong price is the #1 reason for a home's failure to sell. Most homeowners are convinced that their homes are worth more than others in the same area. That, however, is hardly an objective assessment, and should not be the basis of your sales campaign. Hiring an appraiser or having us do a free, no obligation, competitive market analysis can help you convince a buyer your price is right!

Intimidating Climate

We're a group of objective professionals with whom buyers can discuss all aspects of the home, the transaction and even their finances. Most buyers will feel uncomfortable discussing negative aspects of your home in front of you and will be hesitant to discuss their qualifications with you. They don't know you and you have no professional credentials to assure them of confidentiality.

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Complexities and Legalities

It is almost impossible to mention everything on this subject. Be clear that overlooking even on required form or legal disclosure could have you facing a lengthy and costly lawsuit from the buyer following closing.

Not to mention:

Basic Selling and Real Estate skills

There is more to selling property than the planting of a sign on the front lawn, much more! We do earn our money by looking out for you! Make sure you do your homework and read up on both selling skills and general real estate information.



What Does it Take?

We've talked about many aspects of selling your own home, including the legalities, skills, the advisability of using us versus selling on your own, and more.

While owners typically concentrate on dressing up the house and yard before placing the house on the market, it is imperative that the necessary "due diligence" and fact-finding be done. Errors in documentation could result in loss of the sale, or worse yet in a lawsuit. You can always sell the property as a fixer upper or reduce the price and still sell, but you absolutely can't effect or close a sale without the critical items on the list below.

- **Order a legal description and property tax information** obtained from the courthouse or title company. This is the perfect time to start to build a relationship with a title company. If you need that contact information it is available on our web site at <http://www.magneticagents.com>
- **Be ready to provide the exact square footage of the house;** this must be livable space, not crawl space, garages, porches or patios and can generally be found on your county property appraisers web site. To find that site for your area got to <http://www.netronline.com>
- **Complete a property facts and amenities form** similar to the listing form used by real estate agents.
- In most states, sellers must **provide a property disclosure**. You can find this form on our website or from the Real estate commission/division in your state.
- **Contact your lender for mortgage payoff information.**

IF YOU ARE IN A SITUATION WHERE YOUR PAYOFF IS MORE THAN YOUR HOME'S VALUE. STOP NOW, AND CALL US FOR A FREE, NO OBLIGATION REVIEW OF YOUR SITUATION.

- Take a look at **county court records to see whether any liens or legal actions** are posted against your home. Find your county web site at: <http://www.netronline.com>
- Prepare details about your **homeowner's insurance policy** including amount of premiums, number of claims and coverage exceptions.

You've Found a Buyer!

Great News! Nonetheless, your work is not over; it has just begun. If anything goes wrong, you could be right back where you started. Probably not out any money but with a lot of time and effort wasted.

To summarize, at this point you've shown the house and have found someone who's seriously interested.

Time for the next steps:

- Make sure the buyer is pre-approved for a loan and obtain documentation.
- Once the buyer is pre-approved, finalize negotiations.
- Draft a purchase and sales agreement (forms are available online and at most stationary stores) Consider having an attorney review the forms. (\$250-\$750)
- Contact the local escrow to handle the money and expedite the necessary paperwork for closing.
- Obtain a good faith deposit (3% of purchase price) and deposit this with your escrow company.
- Complete "due diligence" information and paperwork on the property for the buyer as well as any Property Disclosure form required by your State.
- Coordinate home inspection, termite inspection, buyer's walk through after inspection and the appraisal for the lender. (a lender will only lend based on an appraisal regardless of your contract)

- If the buyer included a provision in the contract that required the property to appraise for the purchase price and it didn't, the buyer could pull out of the deal without losing the deposit.
- Locate companies to make repairs required by buyers as a result of the inspection or be prepared to renegotiate with buyers. Buyers must verify that repairs have been made.
- Once the transaction is in escrow, stay in touch with the buyers and your escrow officer until the end of the escrow period. Take your cheque to the bank and pat yourself on the back...you deserve it!

Liability

Let's talk about the pitfalls we referred to earlier...Unscrupulous and unethical sellers of property have caused lawmakers to enact ever more stringent laws to protect unwary buyers. All one needs to do is look at the thick pile of documents needed to be signed and initialed to make an offer and counteroffer prior to the closing of escrow. Incurring liability is of grave concern to sellers.

Although most commonly used by legal and financial professionals, the words "due diligence" are now part of the real estate industry vocabulary. An owner who sells his own home must comply and make full disclosure to the buyer of all information relevant to the property and the sale.

It is not unheard of for buyers to back out of sales without forfeiting their deposit. They might also sue the seller for any information not fully disclosed. The following is a partial list of potentially litigious, if missing, information.

- Property disclosure forms and fact sheets
- Current and applicable property conditions, covenants and restrictions.
- Information on local improvement district liens of financial obligations that would become the responsibility of the buyer at closing.
- Accurate property square footage information.
- Property tax amount
- Any and all disclosures required by the laws of your state including deaths that may have occurred in the home.

You should know that...

- “For Sale By Owner” Buyers usually offer 6-10% less than your asking price because they know you’re saving the commission.
- That you are facing considerable risk if you agree to “carry back” a note from the buyer. You could stand to lose thousands of dollars.
- If the buyer assumes your loan and defaults, your credit rating could be ruined.
- If you finance the buyers purchase the buyer could remain in possession of your property for many months after he/she defaults and actually live there free for all that time.
- Your buyer’s damage claims could cost you thousands in legal fees.
- Failure to make certain disclosures may result in lawsuits.

Lawsuits are on the rise and they can ruin your day!

Safety

Not to instill fear but rather caution, it is seriously suggested that you place the issue of safety very near the top of your list when preparing to sell your own home. While we would all like to think kindly of all people, the reality is that crimes do occur and there are those who would use any and all opportunities to separate you from your possessions or “rip you off”.

- Show your home only by appointment and ask callers for their names, addresses and phone numbers – this is also a good time to ask them if they’ve spoken to a lender to be pre-qualified.
- Pre Screen visitors before they enter your home.
- Do not show you home to a stranger just showing up at your door.
- It’s best not to be alone when showing your property.
- A familiar scenario: buyers showing up in pairs with one going to the kitchen and the other to the bedroom-sellers later discover items missing.
- Don’t forget bogus buyers looking for ways to break in later-“casing”
- No amount of prevention is too great when it comes to your family’s safety.

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Fair Housing Laws

An owner who sells his own home is bound by federal and state fair housing regulations, just as real estate agents and landlords are. The laws are intended to protect buyers and the penalties for breaking them can be monumental.

Under these laws, discrimination is prohibited in a real estate transaction according to:

- Race
- Color
- Gender
- National Origin
- Handicap*, or
- The presence of children in a family

Owner discrimination, such as refusing to sell, rent or negotiate with anyone in a protected class, is not the only way to run afoul of the laws. Even more subtle forms of discrimination meant to produce the same result, such as changing terms, conditions and services, are also forbidden.

Additional protected classes may be covered by laws enacted by individual states or cities; it would certainly be wise to find out what is applicable in your own locality. Some additional laws might pertain to sources of income and sexual orientation.

Extensive “testing” programs are funded by government and local special interest groups to prevent and punish discrimination. Trained persons (checkers) representing themselves as potential buyers observe and take note of whether equal treatment is practiced.

Although this is mentioned to make you sure you are in compliance with the law, this is also an opportunity for you to do your share to remedy inequities against your fellow man.

*The handicapped category includes those suffering from hearing, visual and mobility impairment as well as chronic alcoholism, AIDS and mental retardation. Excluded are those currently using illegal drugs or who pose a threat to the health or safety of others.

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Your Sale Fell Apart – What Now?

No time to waste. You need to find out what caused the sale to collapse. Be brutally honest with yourself. Of the many aspects involved, which one was responsible? Find the weak link.

Maybe all is not lost. If the buyer is still interested, why not enlist the help of our team for those services that caused the problem the first time around?

Where do you need help and from whom?

Renegotiating with the buyer:

Real Estate Agent

Locating new financing:

Mortgage Broker/Lender

Escrow/ Closing:

Title company

Liability/Disclosure issues:

Attorney or real estate agent

If you still want to go it alone ponder these questions:

- Do you know how to price property accurately?
- Do you know how to prepare your house for sale?
- Do you know how to market your property?
- Do you know how to separate genuine buyers from looky-loos?
- Do you have sufficient negotiating skills?
- Do you know enough about the laws involved?
- Do you know how to close a sale?
- Do you need more education on the subject?
- Do you fully understand the advantages of cooperating with agents?

Best of luck in your home sale.