

FOR SALE BY OWNER



4 Characteristics Of Value Every "For Sale By Owner" Should Remember

1. Demand

Demand is in the eye of the beholder. It varies from person to person. The demand for a particular piece of real estate changes as the wants of each individual change.

2. Utility

In order for real estate to have value it must have usefulness or utility. Usefulness creates a desire for possession and has the power to give satisfaction. Will the typical buyer in the marketplace have their needs met by purchasing your home?

3. Scarcity

In order for real estate to be of value, it must be relatively scarce. If too many homes like yours are for sale it will negatively impact the value of your home.

4. Purchasing Power

Purchasing power is created by desire. Can the buyer who desires the property afford the property? The more people that can afford the property, the better.



5 Things Every “For Sale By Owner” Should Know About The Appraisal Of Their Home By The Buyer’s Lender

- 1. Most homebuyers want or need to get a loan to buy your house. Because the property is the lender’s collateral, the lender will generally require the home to be appraised.
- 2. The appraisal itself is an objective opinion of value. It is not an exact science. If three appraisers appraised your property, they might come up with three slightly or significantly varied value estimates.
- 3. Most lenders have the appraiser focus on “market value”. The best indicator of market value for most single family homes is the sales comparison approach. (Have recent sales of similar properties available to give to the appraiser if they ask.) Hopefully, this data will show that your contract price agreed to with your buyer is realistic.
- 4. Most lenders will base the buyer’s loan approval and loan amount on the appraisal and the buyer’s financial strength.
- 5. In addition to the lender’s focus on the appraisal, many buyers today are writing their offer to purchase subject to an appraisal contingency. If the property doesn’t appraise at or above the contract price, the buyer can declare the contract null & void.



If You Are A “For Sale By Owner” The 5 Checklists Most Real Estate Agents Use To Help Sellers Get Their Home Ready To Look Its Best

- 1. "The 6 C's Of Merchandising Your Home"

- 2. "The Top 10 Exterior Items That Make Your Home Look Its Best"

- 3. "The 8 Interior Items That Buyers REALLY Notice"

- 4. Detailed Room-By-Room Checklists: **Basement, Attic, Garage; General Interior Items; Kitchen And Bathrooms; And Living Areas**

- 5. "16 Steps To Get Ready For Your Open House"

* The five checklists mentioned above can be found in books, magazines at your local library, and over the Internet. Or simply pick up the phone and give me a quick call. I will send you a complimentary copy of the checklist(s) you would like.



7 Things Every "For Sale By Owner" Needs To Know About A Real Estate Appraisal

- 1.** It is an objective opinion of value. It is not an exact science. If three appraisers appraised the same property, they might assign three different estimates of value.
- 2.** Most sellers, buyers and lenders want an appraisal that reflects the market value rather than the insured value, assessed value, sentimental value or other types of value.
- 3.** An appraiser's estimate of value typically reflects the current market conditions in the subject property's marketplace. This can change dramatically if market conditions shift.
- 4.** The appraiser's estimate of value reflects the most probable price the property will sell for without special considerations or circumstances.
- 5.** The best indicator of market value for residential property is found by applying the sales comparison approach.
- 6.** Most lenders base a buyer's loan amount on either the sales price or the appraised value of the property, whichever is less.
- 7.** Many homebuyers today are writing their offers to purchase subject to the property appraising at or above the sales contract price.



"For Sale By Owner" . . .

8 Interior Items That Buyers REALLY Notice

- 1. Buyers take special notice of light and bright homes. Buy high intensity light bulbs and be sure to clean all light shades and covers.
- 2. Buyers notice especially clean homes. Do a "spring cleaning" throughout... no matter what the season is. Give special attention to the following: windows and screens, counter and appliance tops, mirrors, ovens, sinks, toilets and tub/shower areas.
- 3. Buyers notice clean windows, freshly laundered drapes & curtains.
- 4. Buyers notice freshly cleaned carpets and waxed floors. Replace or repair damaged areas of the floor or floor covering.
- 5. Buyers notice spacious rooms. Arrange furniture and decorations to improve each room. Remove unnecessary items that don't fit in.
- 6. Buyers notice colors that will blend with their decor and furnishings. Consider brightening things up with a fresh coat of paint. Think white, off-white or beige. Such colors make a room look bigger and brighter. These colors also are most likely to go with the new buyer's furnishings.
- 7. Buyers notice closet & cabinet space. Neatly arrange everything in your closets, cabinets and other storage areas . . . like the basement and garage. Get rid of all unnecessary items.
- 8. Buyers pay attention to tiny details. Fix all of the "little things"... loose door knobs, leaky faucet(s), towel racks, and clean and repair caulk areas.



If You Are A "For Sale By Owner" 17 Service Providers You Should Consider Using During The Home Selling Process

- 1. Attorney (Real Estate Specialist)
- 2. Appraiser (Real Estate)
- 3. Home Inspector (Building Inspector)
- 4. Mortgage Loan Officer (to check buyer's qualifications)
- 5. Environmental Specialist
- 6. Tax Advisor
- 7. Lead Paint Inspector
- 8. Radon Gas Expert
- 9. Well - Septic - Sanitary Systems Expert
- 10. Occupancy Permit Inspector
- 11. Zoning Inspector
- 12. Survey Company
- 13. Flood Plain Inspector
- 14. Termite/Pest Control Company
- 15. Title Company
- 16. Insurance Consultant
- 17. Moving Company



"For Sale By Owner" Alert!

12 Common Clauses Buyers Might Include In Their Offer To Purchase

- 1. Loan Approval Contingency
- 2. Building Inspection Contingency
- 3. Environmental Hazards Contingency
- 4. Lead Paint Contingency
- 5. Termite/Pest Inspection Contingency
- 6. Appraisal Contingency
- 7. Attorney Review & Approval Contingency
- 8. Sale &/or Closing of Current Home Contingency
- 9. Title Inspection Contingency
- 10. Occupancy Permit Contingency
- 11. Stigmatized Property Contingency
- 12. Survey and Flood Plain Contingency

Although many of these clauses may be new to you, your attorney will be able to assist you through the maze.



12 Key Ingredients To Successfully Selling Your Home Without Using The Services Of A Real Estate Professional

- ❑ 1. Hire an attorney (preferably one who specializes in real estate) to help you with the forms, paperwork and legal issues surrounding selling your home.
- ❑ 2. Get a list from your attorney of other service providers you may want or need to use (ex: title insurance company, building and termite inspectors, etc.).
- ❑ 3. Find and complete a "Seller's Disclosure Form".
- ❑ 4. Map out your marketing strategy and budget yourself for the advertising and promotion of your property. Remember: You're looking for the "Right Buyers." Reach out in your marketing campaign to find them.
- ❑ 5. Consider running an ad in one or more major publications. There are many good publications about writing effective ads available at major book stores.
- ❑ 6. Buy and read a good book on the subject of selling your own home. It will have many lists and checklists to keep you on track.
- ❑ 7. Design fliers, home feature sheets and a "Home Book" to help capture the attention of buyers. See "**16 Key Items To Include In A "Home Book" That Will Catch A Buyer's Eye**".
- ❑ 8. Have standard data and information for buyers to inspect like utility bills, taxes on the property, lot size, etc.
- ❑ 9. Be ready to provide buyers with the names of lenders who might lend money to a buyer of your house. Not all buyers are cash buyers.
- ❑ 10. Consider getting an opinion of value from a licensed real estate appraiser. Pricing your property too low or too high could cost you thousands of dollars. See "**5 Reasons Why Pricing Your Home Correctly In The Beginning Is S-o-o-o Important**".
- ❑ 11. Contact your local Housing and Urban Development Office to get a free copy of the "Federal Fair Housing Guidelines." This valuable information will help you avoid legal problems that might otherwise arise in the advertising and sale of a property.
- ❑ 12. When a prospective buyer does contact you:
 - ✓ Find out if they are qualified to buy your home.
 - ✓ Set an appointment that is convenient to both parties.
 - ✓ Get your home "ready to show."
 - ✓ Have property information, disclosure forms, contracts and addendums ready in case they want to write an offer.
 - ✓ When they arrive, introduce yourself at the front door and thank them for coming.
 - ✓ Allow them to tour your property at their pace giving them as much privacy as possible. At the same time however, be ready to answer questions and address common concerns.
 - ✓ Be prepared... many buyers are shopping the market. Most won't act immediately.
 - ✓ Follow up with each prospective buyer.
 - ✓ If they write an offer contact your attorney and start negotiations.



Are You A "For Sale By Owner"?

17 Things That Every Appraiser Considers When Comparing Your Property To Other Properties In The Marketplace

- 1. The market conditions on the date of sale
- 2. Location, location, location
- 3. The site/view both looking at the property and looking from the property
- 4. The design and appeal of the dwelling
- 5. The quality of construction
- 6. Age of property
- 7. Condition of property
- 8. Total number of rooms
- 9. Number and types of rooms (number of bedrooms, number of bathrooms, etc.)
- 10. Square footage (gross livable area)
- 11. Is there a basement?
- 12. Is the basement finished? If so, number and types of rooms
- 13. How functional is the property? (good, average, fair, poor)
- 14. Is there central air conditioning?
- 15. What type of car storage is available? (garage, carport, etc.)
- 16. Are there any special features that your property offers? (porches, patios, pool, fireplace, special heating/cooling equipment, skylights, etc.)
- 17. Were there any special financing or special sales considerations that might have impacted value for the comparable properties?



"For Sale By Owner" ... Create A "Home Book" That Will Grab A Buyer's Attention

- Plat of survey
- Property description
- Floor plan
- Area facts
- Special features
- Utility Costs
- Area Schools
- Park District Programs/Recreational facilities
- Library facilities
- Community Profile
- Photos
- Financing information with current rates and payments on different loan options...
also available to all prospective buyers as a take-home piece of information
- Copy of current tax bill
- Commuter schedules
- Home Warranty information
- Map of local area



"For Sale By Owner": If You Want Top Dollar...

Things Every "For Sale By Owner" Should Do To Market Their Home & Find The Best Buyer

Finding a buyer for your home may not be difficult. Finding the right buyer that will help you net the most amount of money within your time frame is the true goal. To accomplish this you will want to use a comprehensive marketing plan so that you reach the most ready, willing and able buyers—the best buyers in your market! You don't want to lose out on thousands of dollars because the right buyer never saw your home.

Be sure to read the Federal Fair Housing Laws and Guidelines regarding advertising so as not to violate any federal laws in your ads. These laws apply to anyone advertising a home for sale. After you have become familiar with the guidelines, you might consider written advertising in the following:

- Local Newspaper
- Homes Magazine
- Real Estate Journals
- Internet
- Cable TV

Consider mailing brochures and flyers about your home to the following groups:

- Your immediate subdivision or area
- Adjoining subdivisions priced lower than yours
- Apartment buildings in the area
- Top 25-30 real estate agents in your immediate marketplace
- Relocation Directors of all major real estate companies
- Family, friends and close acquaintances so they can pass the information on to people they know

Consider hosting open houses:

- For real estate agents
- For the general public by running open house ads in one or more local papers
- Advertise your open house on cable TV and the Internet



"For Sale By Owner" . . . Getting Your House Ready To Show

A key to the selling of your home is to be aware of any possible objections a prospective buyer might have. It is valuable to identify any items that may cause a buyer to have second thoughts about purchasing your home. Below are some suggestions to consider.

- Make sure to review and best complete the items included in **Checklists & Systems** for getting your property to show its best.
- Hire a professional home inspector to inspect your property prior to putting it on the market. See "**10 Key Questions To Ask A Home Inspector Before Hiring One**".
- Spend the money necessary to make repairs and cosmetic upgrades for a timely sale.
- Would you consider creative financing to assist your prospective buyer with the home purchase? If so, be knowledgeable about the options available.
- Offer a Home Protection Warranty Program to the purchaser of your home. See "**Home Warranty Policy Checklist . . . For Sellers**".
- Price your home according to the current market indicators. Pay close attention to those properties that have recently closed that are most comparable in amenities and location. See "**How To Read Today's Market**".
- Review the checklist for having your home prepared for a public open house. See "**16 Steps To Get Ready For Your Open House**".
- Pay close attention to the feedback information from showings that your real estate professional has to offer.



"For Sale By Owner" Grab The Buyer's Attention With A Great Home Feature Sheet

Answer The Following Six Questions.
Use Your Answers As
"The Guiding Light To Drafting An Eye Catching Home Feature Sheet".

- 1. What caused you to buy the house?
- 2. What are three major benefits of living in this area?
- 3. What have you done to improve the property over the years?
- 4. What is one feature of this property you would like to take with you to your next home? Why?
- 5. What have friends and relatives liked about your home?
- 6. Is there anything special you and/or the kids will miss about the area when you move away?



"For Sale By Owner"

How To Sell Your Own Home

- Consider buying and reading a book on the subject.
- Hire an attorney to help you with the paperwork, legal issues & a list of other service providers.
- Place an ad in your local newspaper. Include the price, number of bedrooms, number of bathrooms and the location of the home.
- Consider running an ad in other local publications.
- Design a flyer or brochure for your property. Be sure to include a photo and a brief description of the property as well as pertinent facts about the home.
- Be familiar with at least three different ways to finance the purchase of your home. Know how to calculate monthly mortgage payments including taxes and insurance.
- Know your current annual taxes and homeowners insurance premium amounts. What is that monthly payment?
- What are current rates and points on the various loan programs?
- Consider having an unbiased professional appraisal done on your home to determine the current value.
- When a prospective buyer contacts you:
 - ✓ Set appointments at their convenience.
 - ✓ Always prepare your home for a showing even if it means leaving another commitment early to have your home in the best condition possible.
 - ✓ Have your property brochures available.
 - ✓ Introduce yourself at the front door.
 - ✓ Allow the buyer to tour the home at their pace giving the buyer(s) as much privacy as possible.
 - ✓ Be prepared; most people may not be that interested in your home. Buyers shop by comparison & there are usually a great number of homes for them to consider.
- In the event that an offer is being made to you from a buyer, have them put the offer in writing, including an earnest money deposit. Be prepared to pay an attorney to review the legalities of the offer and any addendum(s) that may accompany the offer.



Open House Tips For "For Sale By Owner"

- Look in the local real estate section of your paper to determine the popular day(s) of the week and times for an open house.
- Schedule your open house at least one week in advance.
- Restrict the total hours of the open house. Many buyers may visit your home at the same time. Putting time restrictions limits your waiting for prospective buyers.
- Place directional arrows from 3-4 blocks away to help buyers find your home. (Check your local city ordinance for sign restrictions.)
- Place a visible open house sign in your front yard.
- Leave space for buyers to park.
- Remove all debris from the front yard.
- Your front walkway should sparkle.
- Turn on all lights...open drapes and curtains.
- Turn on lights in closets.
- Place your property brochure in the entry area, if possible.
- Bathrooms must be spotless.
- If your closets are very organized, open a few.
- Remove valuables from sight.
- Tune in soft music on the same radio station in each room.
- Consider a guest registration book for your prospective buyers to sign.



"For Sale By Owner" Preparing Your Home For Sale

Basement, Attic, Garage

- Dispose of everything you are not going to move.
- Pack all items you won't be needing until after the move and arrange neatly so the exterior walls can be inspected.
- Basement and attic stairways should be well-lighted & free from clutter.
- Increase bulb wattage on stairways and in basement, attic and garage.
- Basement and attic handrails must be secure.
- If basement is dark and gloomy, consider painting ceilings and walls a light color.
- Sweep floor of garage; remove any stains and dirt.
- Organize tools and garden equipment.
- Wipe off any dust and dirt from water heater and furnace.



"For Sale By Owner" Preparing Your Home For Sale

General Interior Items

- Entry area should be spotless.
- Entry area closet should appear roomy. Remove out-of-season items and add extra hangers.
- Eliminate cooking, smoking and pet odors.
- If there are smoking odors, have furniture, drapes and carpets cleaned.
- If there are pet stains, carpet and padding may need replacement.
- Stick to neutral colors if painting or replacing carpets.
- Wash all windows - take advantage of natural sunlight.
- Window screens should be in good condition and free from holes.
- Make sure all lighting fixtures have working light bulbs.
- Increase bulb wattage in basement area.
- Clean all carpets.
- Clean all wood and tile floors.
- Get rid of cluttered closets . . . leave very few items on the floor of closets.
- Consider moving large pieces of furniture into storage.
- Clean and polish woodwork.
- If the season is appropriate, open windows and let the fresh air into the house.



"For Sale By Owner" Preparing Your Home For Sale

Kitchen and Bathrooms

Kitchen

- Clean and organize all storage space.
- Avoid clutter, store small appliances.
- Clean ventilating hood and exhaust fan.
- Sink, cabinets, appliances and counter tops should be clean and fresh.
- Wash & organize cabinets.

Bathrooms

- Check all faucets. Repair any dripping faucets.
- All surfaces should be spotless. Clear off vanity countertops.
- Replace worn shower curtain(s).
- Remove all personal care items from sight and neatly store.
- Clean and organize drawers and linen closet.
- Clean and repair caulking.



"For Sale By Owner" Preparing Your Home For Sale

Living Areas

- Have walls and ceilings in top shape.
- Repair any damages that may have caused ceiling or wall stains and repaint.
- If repainting, stay with neutral off-white colors.
- Replace any burned out light bulbs.
- Add higher wattage light bulbs if rooms are dark.
- Be sure all lighting switches are in working order.
- Wash floors.
- Remove stains from carpeting.
- Clean and organize closet space...remove out of season clothing to make closets appear larger.
- Consider adding fresh or silk flower arrangements throughout the house.
- Sweep and clean fireplace.
- Make sure all doors and windows open and close easily.



The Top 10 Exterior Items That Make Every "For Sale By Owner" Home Look Its Best

- 1.** Keep your lawn cut and edged. Trim trees and shrubs, removing all dead limbs and debris.
- 2.** Add color to your yard and front porch with flowers and/or hanging plants.
- 3.** Arrange outdoor furniture and firewood neatly. Put away all lawn equipment, bikes and other toys.
- 4.** Repair any broken areas of your fence, deck, patio, etc. Make sure these areas are clean and in good shape.
- 5.** Check the exterior of items like siding, window sashes, trim and shutters. Clean these areas and/or paint as needed. Give special attention to the front door area.
- 6.** Make sure your gutters are clean of debris. Wash or paint as needed. Re-align the gutters if they look crooked.
- 7.** Check the roof for shingles or flashing that need replacing or repair.
- 8.** Replace broken windows, doors and screens. Make sure each looks clean and in good condition.
- 9.** Wash driveways and sidewalks. Patch holes and try to remove stains.
- 10.** Touch up the "little things"... house numbers, mail box, door bell, etc.



A Simple Feedback System To Help Every "For Sale By Owner" Realize Their Goals

Feedback from the activity in the marketplace is extremely important. By evaluating the current competition and recent sales, you will gain information to assist in making decisions regarding the current pricing of your home. Most activity will take place in the first 3-4 weeks. After the initial period, the activity may slow down until new buyers arrive in the marketplace.

During this period of time your property was shown or previewed _____ times.

Reporting Period: _____ to _____.

Comments from agents and clients:

NEW Competition:

Address	Price
Address	Price
Address	Price

NEW Recent Sales:

Address	Price
Address	Price
Address	Price

NEW Properties Pending...Recent properties that have gone under contract:

Address	Price
Address	Price
Address	Price

NEW Expired Listings...homes that failed to sell due to price:

Address	Price
Address	Price
Address	Price



If You Are A "For Sale By Owner" ... 12 Sets Of Laws, Rules And Regulations You Should Be Aware Of BEFORE Selling Your Home

- 1 Seller Disclosure Laws
- 2 Lead Base Paint Disclosure
- 3. Federal Fair Housing Laws
- 4. State and Local Housing Laws
- 5. Laws Regulating Advertising and Marketing
- 6. Real Estate Contract Law
- 7. Zoning and Local Ordinance Laws
- 8. Occupancy Laws
- 9. Building Code Laws
- 10. Environmental Rules and Regulations
- 11. Stigmatized Property Laws
- 12. Governmental Rights and Real Property Laws
- * Other rules and regulations impacting the buying & selling of real estate in your area



If You Are Selling Your Home "For Sale By Owner" ...

10+ Costs That You Might Need To Factor Into Your "Seller Net" Equations:

The costs associated with selling your home typically include items like those listed below. Even though the list is NOT all-inclusive, it does cover some of the typical expenses. Contact your attorney for a more comprehensive list.

- 1. Mortgage Payoff
- 2. Interest Payment (from the day of closing until the payment reaches the lender)
- 3. Pro-rated Property Taxes
- 4. Closing Fees - Lender
- 5. Closing Fees - Title Company
- 6. Closing Fees - Closing Company (may be same as fees charged from Title Company)
- 7. Title Policy Fees
- 8. Survey Charge
- 9. Buyer's Agent Fees
- 10. Your Attorney Fees
- * Other fees . . .



If You Are A "For Sale By Owner" ... Free Checklists & Services Available To You As A BUYER

There are many free services available to you as a buyer. The following is a sample of five such checklists or services that you can obtain that will make your move easier.

- 1. Detailed information about your targeted relocation destination and neighborhood. See "**22 Things To Consider When Shopping For A Neighborhood**"
- 2. A list of top real estate agents that will be candidates to serve as your buyer's agent
- 3. The details about "**The 5 Big Mistakes Most Homebuyers Make . . . And How To Avoid Each One**"
- 4. A step-by-step moving checklist
- 5. A copy of "**14 General Questions To Ask All Lenders**"

Call _____ at _____ for free information on any of the items listed above.



"For Sale By Owner" Is Your Buyer Qualified?

A Quick Overview Of How Lenders Grade Buyers/Borrowers And The 5 Critical Areas A Lender Will Scrutinize.

- 1. The borrower's ability to repay the loan - cash flow
 - ✓ Income
 - ✓ Employment stability

- 2. The borrower's assets
 - ✓ Liquid cash for closing and back-up funds
 - ✓ Other

- 3. The borrower's liabilities
 - ✓ Revolving and installment accounts
 - ✓ Child support and alimony payments
 - ✓ Pledged assets and unsecured loans

- 4. History toward repayment of debt
 - ✓ Credit report
 - ✓ Mortgage history rating

- 5. Standard Qualifying Ratios . . . for loan approval
 - ✓ Normally, the total housing payment PITI (principle, interest, taxes, insurance) should not exceed 28% total gross monthly income
 - ✓ Normally, the total monthly income debts, including housing, should not exceed 36% of the total gross monthly income



"For Sale By Owner"

6 Essential Elements That Most Real Estate Contracts Must Have To Be Valid And Enforceable

- 1. Competent parties — must be at least 2 parties to any contract
- 2. Names and signatures of all parties to the contract
- 3. Consideration — such as a promise to pay money
- 4. Must be in writing — except for leases of one year or less
- 5. Address of property
- 6. Meeting of the minds — an unqualified acceptance of the offer so that the seller clearly understands the terms of the buyer's offer and the buyer clearly understands the performance required and the timing of the obligations

*In most instances, the parties involved in a real estate transaction would be best advised to seek the services of an experienced real estate attorney to review an agreement to purchase.



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