

9 Steps to Selling your Home *"For Sale by Owner"*

Introduction

Have you ever thought about selling your home **"For Sale by Owner"**, without the help of a licensed Real Estate Professional?

At current home prices, not paying an Agent the usual 2%-6% commission (real estate commission is negotiable and not set by law), can mean a saving of 10's of thousands of Dollars. However, you will have to do the work that an Agent would normally do: Determining the current market value of your home, proper marketing and handling all required paperwork are just a few tasks of what's involved. Thanks to the Internet, consumers have access to pretty much the same information that used to be only available to Real Estate professionals. With this in mind, it is easier to sell your property **"For Sale by Owner"**, than you may think. Just follow these 9 steps.

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9 Steps to sell your home "For Sale by Owner"

1. Price your home to sell

Start with selecting a price range of what your home is worth. Many homebuyers attach a sentimental value to their home. However, it is unlikely that you will find a buyer who places the same value on those items. Overpricing the property will have a negative effect on your sales effort. On the other hand though, you don't want to leave money on the table. Start out by obtaining a **FREE home evaluation** at: <http://www.appraiseahome.com/addleads.asp?customerId=525>

Take this information, and compare it to your immediate neighborhood. What homes are currently listed and for how much? Make the necessary adjustments for differences in the square footage, amenities (Pool, Spa, etc)

You can also contact a local appraiser who will determine the Fair Value of your home. This will cost you probably around \$375-\$500, depending on the size and value of your home. For most residential properties the Appraiser will use the **Sales Comparison Approach**, by comparing recent sales of similar properties in the vicinity of the subject property. The cost approach will be able to substantiate the value by taking into consideration the replacement value of the structure.

At a time of appreciating home values, you may want to start out about 5% ABOVE the appraised value.

Keep in mind however that you will not be paying a real estate commission, therefore enabling you to price your property more aggressively, just below currently listed properties in your neighborhood.

Follow the same technique Gas Stations use and pick an amount just below a "round number": Choose a price of \$349,900, instead of \$350,000.

2. Prepare your home to sell

The first impression a prospective buyer has is very important. Start on the outside. Does your home have curb-appeal? Does your fence need a new coat of paint? Does your front yard look clean and inviting, or do you need to trim your trees and bushes? How about the grass and flowers? Follow the same steps in your backyard. If you don't have a gardener, you may want to get one who can help you with getting the property ready. Inside, make sure your house is clean AND tidy. That does include the garage. You want to be able to show the buyers what your home looks like, not just imagine what it could look like. Make sure surfaces are clean (floor, carpets, kitchen counter tops, stove, bathroom, bathtub, toilet, etc). Your house should smell nice and there should be enough daylight coming through the windows.

When everything is done, ask a friend or neighbor to come over and take a look. Ask them what they think, and tell them to be honest! Honesty here may mean more money in your pocket.

3. Find Professionals who can help you complete the sale

Although you are selling your home **For Sale by Owner**, you still need the assistance of certain professionals! These professionals would even be needed, if you would be selling your home with the help of a Real Estate Agent.

Locate a Mortgage Professional who can help your buyer with a Mortgage, if they don't already have one. Go to www.valley-mortgage.biz to help you with the mortgage and loan process. You want to know fairly soon if your buyer will qualify for a Mortgage. A local Escrow Company can handle the paperwork for you and the buyer. The earnest money can be deposited in their escrow account and they will also be able to help you with the Title Insurance (a lender requirement) etc. Keep in mind though that they will not be able to give you legal advice. You may want to consult with your attorney who can help you protect your interests. You need to disclose certain items about your property to the buyer! Make sure you don't omit any of the required disclosures. The California Department of Real Estate has the Booklet **Disclosures in Real Property Transactions** available online at: <http://www.dre.ca.gov/disclosures.htm>.

Standard Real Estate Contracts can be found in local stationary stores, online, or through your attorney.

If you feel overwhelmed with the paperwork of the sale, you can always consult with a local Real Estate Agent, who can help you with the paperwork. You should be able to negotiate a flat fee at this time since the buyer has already been found.

4. Market your home the right way

Now, it's time to tell the world that you are selling your home. Don't be shy telling people about your intentions. List your property for **FREE** at www.valleylist.com and expose your home online to people who are looking to purchase a home in the San Fernando Valley, and adjacent areas (Simi Valley and Conejo Valley). You are able to upload pictures, select property features and list other pertinent information about your home. That way, anyone contacting you will have a pretty good idea, instead of you being asked the same questions over and over again.

Take out an ad in the newspaper. To keep it short and inexpensive, refer buyers to the website www.valleylist.com to obtain additional information about your property.

Create a flyer for prospective buyers. Don't forget to include a picture, address and contact info, as well as property amenities. We can prepare a flyer for you, if you

email us a picture and text. We will do the rest, convert it into a "PDF" document and email it back to you so that you can print it at your convenience.

Place a sign in your yard, to attract people who are driving/walking through your neighborhood. Attaching flyers to the sign lets buyers take the information with them. Use the disclaimer "**Shown by appointment only**". You don't want to be surprised by prospective buyers unprepared.

Prior to showing your home, you may want to ask the buyer a few questions as: Are you pre-qualified for a home loan, will a purchase be contingent upon the sale of another property, are you familiar with the area, how soon do you plan to buy, etc. You will then be able to address some of these points during the showing.

Do what every Real Estate Agent would do, hold an **Open House**.

Real Estate Agents hold open houses to attract buyers for their properties. Even though you only have one house to sell, it is important for you to hold an open house in order to show the property to prospective buyers. Let them take a flyer and ask them to mention your home to other buyers who they may run into during other open house visits. This gives you additional **FREE** exposure. Using a sign in sheet (name, phone, email) at your open house is not only a safety precaution but also a powerful marketing tool. Following up with interested buyers after the open house is an important part of your sales process. Find out if they are interested in making an offer on your home. Listen to what they have to say. Ask them what they liked about your home and what they did not like about it. Use that information to improve your online ad, flyer, or newspaper ad.

Sell your home, as well as the Neighborhood, but keep your personal memories about the home to yourself (watching your kids take the first steps in your backyard, will NOT increase the value of your property). However, being able to watch your children playing in the backyard through the kitchen window/patio door, may appeal to some buyers. When being contacted about your home, don't forget to mention the neighborhood (quiet street, close to schools, shopping, etc).

5. Review an offer on your home and negotiate the terms

When an offer is presented to you, make sure you understand all terms and conditions. Consult with your attorney if you have any question about the offer, prior to accepting it.

It's not just the price offered for your property. Nowadays, offers include many contingencies - "**Subject to**" conditions. Is the offer subject to a loan approval? Subject to the sale of another home? Subject to a specific closing date? Although those terms and conditions are understandable from a buyer's perspective, make sure they don't interfere with your ideas of a sale. If the buyer insists on these conditions, make sure you also have an "easy" way out, in case your plans change or a "cash offer" comes along. Also, how long was your home on the market when the offer made? If your asking price was not offered, do you have time to counter

at a higher price, or wait until a “better” offer comes along? Monitor your local Real Estate market for changing conditions up or down.

Step 6. Home inspections

Standard real estate contracts allow for the buyer to inspect your home. Understandably, certain things are not easy to detect such as termites, building code violations, roof, electrical, heating & cooling, as well as plumbing conditions. Moreover, no lender will lend money for a property that is not up to a certain standard!

Prepare yourself for these inspections. Most of them can be completed within about 10-14 days, after which the buyer should either accept the property conditions, or “withdraw” the offer.

Consider paying for a one year “Home Warranty”. This will cost you about \$200-\$500, and will give the buyer peace of mind in case an appliance breaks during the time period. Make sure you understand what items are covered!

Step 7. Home Appraisal

The appraisal is independent from the home inspections and focuses on other aspects. An appraisal is required by the lender, and places a monetary value (Market Value) on your home. It does not take into consideration the condition of appliances, etc. Even though a buyer may be willing to pay more for a property than it is worth, no lender will lend more money for a property than its Fair Market Value. If the borrower is ordering their own appraisal, make sure the appraiser is approved by the lender.

Step 8. Satisfy all conditions during the Escrow Period

While your home is “in Escrow”, both the seller and buyer have to satisfy certain conditions in order to proceed to closing.

The seller needs to disclose certain property issues, provide access to home inspectors & appraisers. The lender will also require you to convey “clean” title to the property. That means that all outstanding liens must be paid off, etc. Your current mortgage will be paid off as part of the transaction. Again, refer to the DRE publication ***Disclosures in Real Property Transactions*** available online at: <http://www.dre.ca.gov/disclosures.htm>.

The buyer on the other hand needs to “approve” the inspection reports, and meet the lenders requirements in order to get approved for the Mortgage. This may include proof of income, assets, employment verification, etc.

Some documents both parties (the buyer and seller) have to sign will need to be notarized. Pick a professional Notary Public who is familiar with notarizing Real Estate and Loan Documents. For your convenience, many Notaries are so called "Mobile" or "Traveling Notaries" who will visit you in the comfort of your home. Contact **All States Notary, Inc** (www.allstatesnotary.com) to schedule your document signing at your convenience.

Step 9. Closing

About 30-60 days after "opening Escrow", the day has come to "close" the transaction. The buyer will do a "walk through" of the property to make sure that the property is in the agreed upon condition (all agreed repairs are completed, appliances that were part of the sale are still there, etc). The seller will hand over the keys, and receive the proceeds from the Escrow Company within about 2 days. In case a problem has not been rectified to the buyers satisfaction, the Escrow Company can withhold funds in order to correct the problem and closing can still take place, as scheduled. The Title Company will issue Title Insurance, and the Deed conveying title will be recorded with the County Recorder.

Summary

This general overview should give you a basic understanding as to what is involved in a Real Estate transaction. Each situation is unique and may vary depending on your specific situation. Laws are different from State to State (Some States require an Escrow Company to handle the paperwork, other States will let Attorneys handle the paperwork).

If you are ready to proceed, go to www.valleylist.com to list your home **FREE** of charge "**For Sale by Owner**".

This website is specifically dedicated to properties that are offered "**For Sale by Owner**" in the San Fernando Valley and adjacent areas (Simi Valley and Conejo Valley).

If you decide to sell your home with the help of a licensed Real Estate Agent, send an email to: info@valley-mortgage.biz and we refer you to one in your area.

Rest assured that we are here to help you, should you feel the need for help.