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## **For Sale By Owner Home Selling Process**

### **1. Prepare your home to sell - make it look great**

Presentation is everything! Buyers are attracted to clean, spacious and tidy homes. You've heard first impressions last a lifetime, it's critical that your home is at it's best when buyers come to visit. Brighten-up the house and eliminate all clutter from counter tops, tables and shelves in every room. Scrub-down your house from the floors to the ceilings and make it sparkle. Simple aesthetic improvements such as paint, crown molding, trimming trees, planting flowers, fixing squeaking steps and doors, cracked tiles, steam cleaning carpets and even re-painting the exterior will greatly enhance the appeal of your house. Also, make sure your house smells good.

### **2. Pricing your home effectively**

Don't over price your home. Over-pricing will reduce buyer interest and makes competing homes look like better values (don't forget you have to go see your competition. Over-pricing is the single biggest reason why many "for sale by owners" don't sell their homes successfully. Remember: the home selling market dictates the price (not what you think it should be worth).

Usually, if you set the price of your home around 6% above the market price, you'll end up with an offer close to your home's true value. Finally, set your house selling price just under a whole number, such as \$169,900 rather than \$170,000.

### **3. Municipal ordinances**

Remember to contact your municipal office for any ordinances regarding the listing of your property (eq: signage, pre sale inspections, open houses....).

### **4. Marketing your home**

*Exposure, exposure, exposure. That's how sellers sell their home fast.*

**iRealty Flat Fee Brokerage** provides extensive home exposure because over million unique visitors come to our network of advertisers each and every month. Check on the website for details [www.irealtymls.com](http://www.irealtymls.com).

*The MLS*

The MLS or Multiple Listing Service can also help market your home, particularly to real

estate agents who may know of buyers seeking a property like yours. The MLS is a directory used by real estate agents to announce to other agents that they have a home for sale. However, if a real estate agent brings your and a buyer together after seeing your home on the MLS, you must pay that agent a 2.5% to 3% commission (the law states that all commissions are negotiable, however).

Most home buyers scan ads, so it is important that your home stands out. For example, you may want to add a theme-line such as "Priced below market value" or "Walking Distance to Schools." Stay away from industry jargon and use language that makes home buyers comfortable.

*Interior & Exterior Photos: Yes, a picture is worth a thousand words*

If you are taking photos of your home, be sure that the home's yard/driveway is uncluttered. Remove bikes, garbage cans and parked cars. The same applies for interior pictures. People are looking to buy your house, not your possessions. Think of furniture as props and the room a stage. Move things around if you have to. Also, take lots of photos of your house. Take pictures of your house and rooms from every angle. Pick the images you like best and upload them from your camera to your listing.

*Lawn signs*

Lawn signs are one of the most important marketing tools for a home seller. The sign should display a telephone number that buyers can visibly see from a moving vehicle. Directional signs also help drive buyers to your property, especially if you do not live on a busy street.

*House Flyers / Property Information sheets*

It's very important that you print flyers (free with every listing) to give your potential buyers and to leave in an information box outside the property. Just click "print brochure" from your listing page to print unlimited house flyers.

**Open houses**

You may be surprised to know that some marketing tools that most agents use to sell homes (eg. traditional open houses) are actually not very effective. In fact only 1% of homes are sold at an open house. Open houses are often a good way to attract buyers to your home. Typically, real estate agents conduct open houses for two reasons; 1. Clients expect them 2. They are a good way to attract new buyer prospects, not just for the open house but for all the homes for sale in the agent's area (yes, your competition). The fact is that *very few houses sell due to an open house itself*

*You are your home's best salesperson*

As every salesperson knows, you have to really know your product to be effective. And who knows your home better than you? Certainly not a real estate agent, who, in all likelihood,

has spent only a few minutes in your home before showing it to prospective buyers. Be sure to sell your neighborhood as well as your house.

## **5. Negotiating an offer on your home**

When a home buyer makes an offer (this is often presented to you directly from the buyer or through their agent if they have one), you should consult with your broker, attorney or title company. Buyers and sellers have an Attorney Review Period, which is usually three days, to cancel or amend the offer. The offer becomes a contract at the end of the Attorney Review Period, and is binding. Many offers can be complicated and contain special clauses that favor the buyer. If you don't want to pay a full buyer's agent commission, to get around that you can ask for money back at closing (eq1% of the agent's commission).

Purchase price isn't everything. Carefully consider the purchase contract's other terms and conditions. Too many contingencies can leave loopholes and cause a deal to fall apart. Especially avoid contingencies that favor the home buyer, such as linking the escrow closing date to the buyer's sale of their current home. If the buyer insists on such terms, include a kick-out clause in the contract that will allow you to consider other offers if the buyer isn't able to sell within a certain period of time.

### *Assess your buyer's financial qualifications*

Is the buyer pre-approved for their home loan? Have they provided all documents to their lender and gotten a written loan pre-approval. DO NOT sign a contract with a buyer that does not have financing in place. Sellers are often stuck in a contract that a buyer can't close and miss the opportunity to sell their home to another buyer in the process. Also, be sure you don't waste any time showing your home to Looky Lou's and unqualified dreamers. Send everyone to your Internet listing and pencil in a time to meet with them. Call the lender to confirm that they can buy your home and ask for a pre approval letter.

### *Know the home selling market*

How you judge an offer can depend on market conditions. If the selling market is slow, you may feel vulnerable, especially if circumstances are pressing you to sell. Make sure any offer you accept does not keep you in escrow longer than 30 days. In a hot market where multiple offers are likely, be wary of countering more than one offer at a time (you could end up in legal trouble if two buyers both accept your counter offer). Also be wary of offers that promise more money but contain poor contract terms (long escrow, multiple contingencies, etc.).

If you feel the home's offer is insufficient, make a counter offer. Rarely is a first offer the buyer's absolute highest price they are willing to pay. Negotiating is part of the home selling process.

## **6. Get a real estate lawyer**

Any lawyer can help you evaluate complicated offers (those with a variety of conditions), act as an escrow agent to hold the down payment, review contracts and handle your home's closing process. They can also tell you what things, by law, you must disclose to buyers prior to a sale and can also help you avoid inadvertently discriminating against any potential buyers.

## **7. Home inspections**

All standard real estate contracts are going to give the prospective home buyer the right to inspect your property - so be prepared. Under a general inspection you are obligated to make major repairs to appliances, plumbing, septic, electrical and heating systems - or the buyer may cancel the offer. The inspection will also include your property's roof, as well as a termite inspection (in some states, home sellers must provide proof that the home is termite free).

If you are concerned about how your home will fair when inspected, you may want to contact a local home inspector. They can conduct an inspection for you before a potential buyer has one done. This way, you can address the problems before a buyer stumbles upon them. Contact your lender or Loan Officer for a referral.

## **8. Buyer appraisals and other details**

The mortgage lender will order an appraisal of your home to make sure they are not paying more than the house is worth. They'll also order a land survey to make sure that the property boundaries are properly laid out. They will also order a title search to determine if there are any liens against your property. These tasks are all the responsibility of the buyer and/or their mortgage lender.

At this point too, the mortgage company will issue a *loan commitment*. Again, the buyer must complete all conditions listed on the mortgage commitment.

Prior to closing, you should notify your lender that you will be paying off your mortgage to find out if they will apply your escrow to your balance or mail a check. The title company can do this for you and get an approximate payoff.

## 9. Closing

The day before or the day of the *closing*, the home buyer will do a "final walk through" of the property to make sure all agreed repairs are completed and that the home is in the same condition as when the buyer made their offer. If problems arise at this point, the closing can still take place with funds held in escrow to remedy the problem.

Closings usually occur 30 - 45 days after you have signed the sales contract. Depending on what state you reside in, you may close with an attorney, or with a title company. At the closing, all monies will be collected, any existing loans or liens will be paid, the deed will be transferred, and insurance will be issued insuring a free and clear title. The home seller will receive the proceeds of their home equity at the closing although it can take one to two business days after the closing.

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