

Selling Your House

Larry Miller

**An overview of the various
ways to hang a SOLD sign
on your house.**



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Selling your house in this market can be tough. People are unsure of the future of the market. They wonder if home prices have hit bottom or if there is still some room to fall. Beyond this, the listings are flooded with homes on the market for months... some for more than a year. What do you do? Some houses are being sold. What can you do to make yours one of them?

You can go the traditional route and work with a Realtor, or you can look at some of the ways of making the sale yourself. It's not that complex, and hopefully after reading through this ebook you will be better equipped to decide the best way put the sold sign in front of your house.

The resources at the end will help get you started on which ever path you choose. Do not take this as an exhaustive list as the markets are constantly changing with new choices becoming available all the time. A little searching on your own may produce just the answer you are looking for.

Do You Need To Sell?

Before delving into the ways to sell your home, consider whether or not you really need to sell your home. If it is to move to another area, or it's house you inherited, or any of a number of good reasons, proceed at full speed. If, however, you are in the same situation as many Americans, where they can no longer make their house payments and see selling or letting it go into foreclosure as the only way out, you may want to look into some of the loan modification programs available.

If done properly, they may be able to bring your payments down to something within your capabilities. Be careful of companies looking for large upfront payments. Too many home owners, in a bind, have fallen for misleading or outright dishonest con artists who gravitate to situations where the uninformed have a problem they promise to fix. To keep from falling into the traps of these vultures, do your homework, check with the Better Business Bureau, ask to speak with past clients. Don't just take the word of a slick lipped salesman.

Getting Your House In Order

The first thing to is clean up the place and make it as spotless as possible. The lawn should look nicely trimmed. If there are dead trees or bushes take them out if it's feasible. Clean out the basement and the attic. If it needs a little paint, go for it, but don't get carried away spending money as you will most likely not get it back.

The only exception is if there is some problem with the house that makes it unsalable, That is something like a cracked foundation or if multiple prospects turn up their noses at some fixable feature. If the problem is that the house lies in the flight path of a major airport, there's not much you can do, but if it isn't too great, then it may be better to spend a little to remove the obstacle. If you choose not to fix a problem, you will most likely have to discount the price far more than the repair would cost.

I have looked at homes where you literally could not walk around the dining room table, there was so much junk on the floor, chairs and even on the table itself. This is not good. Broken switch plates are both unsightly and dangerous. Often times its just a series of little things that add up to a positive or negative impression of a property. If it's a house you live in, you might want to get an honest friend who does not visit all the time to take a walk through with you and tell you the draw backs they see that you miss because you step over the same dangerous extension cord every day without thinking about it.

There are plenty of homes on the market. You don't want to give people a reason to eliminate yours and move on to the next one because of something you can fix.

Your Circumstances

Often the reason you are selling the house will help determine the best method. If you are selling because a job is taking you to another city and you need the money from your current home to buy another, your options are more limited than if you are selling a paid off home you inherited or an investment property that is currently covering its expenses. The immediacy of your need for the funds will also help determine your flexibility as will your equity in the property.

If you bought the property with a one hundred percent loan, or one close to it, near the peak of the market, there is a good chance that you, like many Americans, are under water, that is, you owe more than you can possibly sell the house for. If you find yourself in this position, all is not lost... even if the wolf is at the door and the lender is threatening foreclosure. There are ways of working around this situation as well. We'll look at this more under *What Is A Short Sale?*

Arriving At The Best Price

Second only to having a house someone would want, is the price. This can mean either the selling price or the terms. This will be discussed in more detail as we look at the various methods of making the sale. The point is that now is not the time to try to squeeze every last dollar out of the property. You can start out high with the idea of dropping it if it doesn't sell or expecting people offer less if they they want to bargain. For some reason, this strategy has not

worked recently as the offers are not coming. If something seems too high, buyers just keep looking as the market is flooded with other properties. It is not the same market we saw five years ago.

If you are unsure about where to start in arriving at a fair price, local newspapers often list recent real estate transactions. Find homes that are similar to yours for comparison. You may want to discuss your home with a real estate agent, no matter what your ultimate plans are. They have a pretty good idea of the market in your area. There are several web sites that work off general information so they are not particularly accurate, but you can tell if you are in the ballpark. Of course you have to adjust up or down to account for the condition of the property and it is best to get numbers from several sites as some tend to estimate high and others low.

Of course, your circumstances will help determine your priorities and flexibility in this area, but in general it's best to know what homes are selling for in your area and arrive at a reasonable price in comparison to those around you. Keep in mind that buyers are not necessarily sympathetic to features of your home that have sentimental value. It is not always easy, but you need to look at the property in the cold light of day, forgetting all the good times you've had with your family in the past twenty years. Think about it from the buyers viewpoint. They are looking for a place to live or to rent out and they don't care if you and Aunt Suzie really worked hard to get the wallpaper just right in the guest bed room.

Working with Realtors

Selling with the help of a real estate agent is the traditional method of selling a home that has worked well for generations. They are generally hard working people who understand how to market your home under normal circumstances. Many of those surviving have learned to adapt and are comfortable working with short sales (which we will be discussing later), lease options and the like.

They tend to handle the whole process for you. Your home will be placed on a multi-list which means pretty much all agents in your area will have information on your home and be in a position to sell it for you. Their fee includes advertising and showing your home along with a host of other less visible, but essential, services. They will also do some preliminary buyer screening for you so you don't waste your time or theirs on people who have no hope of buying your house or may not have honorable intentions. They have access to lenders and handle all the paperwork for you. It is good to have a real estate agent on your team to get your house sold.

For their efforts, a real estate agent will charge you around six percent of the selling price. This is split between the offices of the listing and selling agents. Then they get their share from that. Today they usually more than earn their money. However, as with the price of your home, this is also often open to negotiation. You should not feel intimidated about asking to reduce this to five percent or even a little less. However it's best not to push this too far as they have many homes to sell and may not promote the ones that don't make them

as much money.

There are times when a real estate agent will not be able to work with you. For instance, if you have little or no equity in your house, you would have to come to the closing with a check for the amount of their commission plus whatever other fees fall on your side of the closing statement. In fairness to you, they will not even list a house in this situation unless they are comfortable working with short sales and can make arrangements with your lender.

A Realtor is the first place most people go to sell a house and, for many, it is the best choice for a variety of reasons. If this does not work out for you, there are still some other alternatives.

For Sale By Owner

Whether you need to sell the house yourself because there is not enough equity to pay the agent or if you just want to do it yourself to save money, the process is not difficult. What it is, is time consuming and sometimes boring. Instead of you taking off on a Sunday afternoon while the agent babysits your house, you stay home and welcome visitors. Keep in mind that for the agent, his or her primary reason for being there is to gather names of prospects who may buy a house... and it does not necessarily have to be yours. When you sell it yourself, you are the one who handles every showing... but then you are the one saving the sellers commission.

Putting a sign in the front yard is rarely sufficient advertising unless you live along a heavily traveled route and everyone envies your location. Offering your house for sale is not like the *Field of Dreams* where, "if you build it, they will come". The methods will be covered in a separate chapter, but advertising is an essential activity that will help determine the success or failure of your efforts as you will not have the benefit of the multi-list and must generate interest yourself.

The For Sale By Owner (FSBO) signs are available at many hardware and office supply stores. Sales agreements (we never say contracts as it tends to make buyers a little more hesitant) are available at many office supply stores and are available online. Be sure to get the agreements that are appropriate for your state. They all cover pretty much the same information, but each state has its own quirks and you don't want to delay or lose a sale because you used the wrong piece of paper. If you are unsure, but have a friend in the business, perhaps you can get a copy of the agreements used by local real estate offices. Or you can contact a real estate attorney as you will either be using an attorney or a title company for the closing. They are also a good source of other information such as requirements for termite inspections or any other process unique to your locality.

The location of the closing will probably be determined by the buyers lender if they are buying the house with a mortgage. All that needs to be done is the buyer giving the lender/attorney a copy of your valid sales agreement and they will pretty much take it from there. Be sure you get a copy of the Good Faith

Estimate (GFE) of closing costs the day before scheduled closing. Look it over closely and if you have any questions, do not assume everything is as it should be and speak up. It probably will be in order, but you may need explanations to retain a comfort level with the process and if something is not right, it can usually be corrected before closing.

For Sale By Owner With Help

With the growing popularity of individuals selling their own homes has come the advent of companies dedicated to help them do it successfully. There are essentially two ways they do this. In either case, there is someone to help guide you through the process. Many are regional companies or local franchisees so it is best to clarify with them exactly what they do and what they expect before signing any paperwork (contracts).

The first, and least expensive initially, is the company that will list your house with the local multi-list service. This can be done for as low as several hundred dollars. You need to be sure they cover your area so you get the most benefit for your dollars. You also need to be aware that real estate agents may want to show your house... which is not a bad thing. If they make the sale, payment to them will have to be figured in your budget. This is half the regular agent commission, but can still save you thousands of dollars. You won't get other advertising from this plan, but you will have access to the pool of potential buyers that are looking with an agent.

The second type of help you can have takes you a little further and will cost a little more. It may be a flat fee of one thousand to fifteen hundred dollars or something like one and a half percent commission. Check with your local providers for the exact details, which, in most cases, are dependent upon the asking price of your house. This second type will also connect you to the local multi-list, but will also do some advertising for you. They will look almost like a regular real estate operation, but they will not be bringing people through your house and they may be able to help you with the paperwork.

Auction Sale

An auction is a way get a house sold relatively quickly. It is only relatively quickly because of the lead time and advertising done by the auctioneering company. This is another arrangement where, like the Realtor, they handle the entire process for you. You pay the auctioneer about the same as you would a real estate agent. It is up to them to bring in potential buyers looking for a bargain... and they usually do a pretty good job.

Things to be aware of are that you as the owner need to include in the agreement that, if the sale price is insufficient, you do not need to go through with the sale. You can also specify a minimum price you will accept. However, if you go through the process and do not accept the sale, the auctioneer will still need to be paid.

How much you get for your property depends on who shows up to bid. I have

been at an auction for a fixer upper where I had to park three blocks away because of the crowd and the audience spilled over into neighboring yards. One of the neighbors was even selling bottled water to the crowd. Investors dropped out after the first three or four bids as there were two women intent on getting this "good deal". They bid the price up beyond a reasonable price for the house in good condition and the "winner" still had to install a heating system and a kitchen.

On the other hand, and this is more typical, a nice house in a really nice neighborhood went for about ninety percent of its real value. The owner had been transferred out of the area and the mortgage company agreed to accept whatever would the house would bring at auction. Someone got a good, but not a great deal, and the owners problem was solved.

A variation on the auction, and something you can do yourself with similar results, is to conduct an open house and take bids. As with a regular auction your success depends on who shows up. During the week to two weeks before, advertise that on the specified day, you will accept the highest bid for your house, make sure you add that it will be subject to the owners approval.

On the day of the open house have a sheet for bids with columns for name, phone number and bid. Then at the end of the open house, take your sheet and call the top three to five bidders, starting with the lowest one selected. Let them know what the high bid was and give them an opportunity to increase it. Just keep cycling through the numbers until you have a bid that no one is

willing to beat. Be sure to let the other bidders know that you will keep them in mind if the winning bidder is unable to complete the purchase.

There are a couple of points to keep in mind. In your advertising let it be known that you require a pre-approval letter from a lender. These are not difficult to obtain if the potential buyer is qualified. It does not mean they have a loan commitment, but will keep you from wasting your time in many cases. If someone comes along that saw your notices at the last minute, you can use your discretion on accepting their bid. The last point is in your advertising, do not call it an auction. Some states have strict regulations about auctions and the auctioneers trade groups can get cranky if they think someone is horning in on their territory. You can, however, as a homeowner take bids on your property.

Sell To An Investor

Often in larger cities one sees billboards advertising a group of investors that buy houses, some even want ugly houses. They have potential for providing a quick sale, sometimes closing within a week if necessary, with the added benefit that they will take the property exactly as it is. As investors, they are not looking for a place to live but for a business opportunity to make some money. Because of this, they will offer you about 60 to 65 percent of the home's value. If you can live with this, an investor may be a good choice for you.

Private investors not tied to larger chains or franchises may give you a slightly

higher percentage of your value, but may not have the cash on hand for such a quick sale. As with much of life, there are trade offs and you need to make the deal that suits you best.

Lease Purchase

The lease purchase arrangement is a way to sell your house and get closer to full market value for it. The advantages include not having the house sit on the market for month and after month waiting to sell while you are making payment after payment, and the ability to command a higher price. The disadvantages include a delay in receiving most of your money and dealing with tenants. This last disadvantage is moderated by the lease purchase agreement.

A lease purchase agreement is usually set up like a traditional lease. The differences being a larger, non-refundable deposit that will eventually be applied to the purchase price, and that the rent is usually somewhat higher since you would be applying the difference, or a little more than the difference to the tenants account to be applied at closing. This too is non-refundable.

Usually the people looking to buy a home using this method are decent people who cannot, for whatever reason, get an approval for a mortgage at the moment. As time goes by, it looks like there will be more and more of these. While the market and rules are constantly changing, often a good payment history for a full twelve months will allow the new mortgage to be considered a refinance, which is much easier to get than a new mortgage. Since there is

some time involved in the approval process and the lender is looking for twelve months, I have found that giving the buyer 18 to 24 months to get things rolling works well. Because our goal is to get the house sold and not create unnecessary problems for anyone, if they are generally good tenants, extending the time period can only help if it is necessary.

The reason you get closer to the full price is that in a lease purchase situation, the terms are much more important than the total cost. You can use pre-printed lease forms, which are pretty much like a standard leases, and can be picked up at many stationary stores or online for your particular state. The difference being the deposit is larger and non-refundable and that minor repairs of under \$250 to \$500 will be paid by the tenant with the approval of the owner and other provisions to encourage the tenant to take care of the property as an owner.

Swap Your Home

If you are looking to move to another area, you may find people at your destination that are also trying to sell their home to move into your area. Finding this kind of situation is relatively easy with several web sites that specialize in connecting people in remote locations. To be on the safe side, be prepared to visit the house you want to move into and have a lawyer review the paperwork. However, it could well be the answer to your dilemma.

Advertising Your Property

It should go without saying that the key to successfully selling your home is to get the message out to as many potential buyers as possible. This usually means using a combination of methods and is part of what you get with a real estate agent. While they are professionals, many do not have all the answers, however they generally get the job done. If you are selling the home yourself, you can learn from them and add a few tricks of your own.

The first thing to do is put together a flyer describing your house. Make it as neat and professional looking as possible, but don't get hung up on it looking for perfection. The purpose is to convey information about your property. The process is a great exercise in preparing for buyers questions and focusing on what it is that makes your particular house unique and why they should buy it. A few pictures, inside and out are usually helpful along with a list of the rooms and any other special features that set your house apart and make it more attractive... such things as granite counter tops or a new heat pump or roof are good to promote. Information about schools is particularly helpful if your market could include young families with children. If you are planning on selling your house through a bidding process, be sure to include all pertinent details. Then, of course, you need to include your contact information.

Next put a sign in your front yard. If you are working with a company that helps you sell your property by placing it on a multi-list, you will probably be able to get one from them. If not, they are available at many hardware and

stationary stores. Keep in mind as you write the contact phone number that people will be driving by at 30 to 40 mph, or higher. Keep the numbers large and thick with a black marker. Don't make it any harder than necessary for prospects to find you. Even if you live at the end of a long dirt road, put the sign out as it makes it easier for people you contact with other methods to find you.

A useful addition to the sign is an information tube or literature box. They are available at the same place you get your sign. Use the tube or box to hold the flyer you create to describe the house and the neighborhood. They are made to keep some weather out, but, especially if you are not living at the house, check it every few days, more frequently if you've had heavy rains, to make sure your materials are in usable condition and have not run out.

The most traditional method is a newspaper classified. Even if you spring for the larger ad or one with a picture, you are in the midst hundreds of other ads from real estate agents and owners. It is pricey because classifieds have a long history of working. However, just as newspaper circulation has been dropping in recent years, so has the interest in newspaper ads. If it's in your budget, it's good to cover your bases by running an ad, but many more people are doing their preliminary shopping on the internet. This is generally far less expensive and you usually don't have space constraints as with print advertising.

Making Use Of The Internet

There are many ways to advertise your house on the internet. If you work with a real estate agent this is generally included with their services, however this varies with your area of the country. Your home can be listed on the Realtors site and the multi-list site as well as on any other real estate sites that get the feed from the multi-list. This also applies if you work with a broker that helps you sell it yourself at a reduced rate.

When you look at selling the house yourself, you have a wide range of options. Often print advertisers will also have an online option. This can be in addition to or in place of the print classified. By choosing online only, you can save considerable money as the rates are usually significantly lower.

Online classified sites, such as Craigslist or Backpage are usually free and reach a substantial targeted audience. In either case you are not restricted to a few lines of abbreviated codes, but can include a complete description of the property, along with pictures and/or link to another site with this information. Because of the volume of some of these sites, it is good to come back every few days and repost the ad as new ones show up at the top of the page and you don't want yours buried too far down the page.

There are various specialized real estate sites that you might want to check out depending on your circumstances. Some are primarily for investors and would be good if you have a fixer upper that will have to be sold at a discount. Others

are regional and all can be found through Google, Yahoo, Bing, etc. You will be surprised at what you have available.

Flyer Distribution

Flyers are one of the most basic forms of advertising your house. They should always accompany your yard signs. They should be placed on every bulletin board you see: at the grocery store, at work, at community centers... anywhere there are people in your area. The house I am living came to us when my wife was working at a church and a lady came in with a flyer for her house she was selling. She wanted it put on a bulletin board, however we looked at it first and bought the house.

If you are taking bids, flyer distribution the two weeks prior is critical to getting the word out. Pass them out at retailers... even Walmart parking lots. I once interned at a television station, where one of the ace sales people had a little sign on her desk that said, "Unseen is untold, untold is unsold." This is a good guide to your flyer distribution.

Bandit Signs

While some localities are restricting ad hoc, hand printed signs that show up on poles and along roads, they are used by many investors because they are effective. They are simple to make, and can be used most anywhere people drive.

Just do something simple like 3 Bdr House, \$150,000, (555)555-5555. As with your FSBO signs, make sure they can be read by someone in a car traveling at reasonably expected speeds.

One thing to be aware of, some municipalities have enacted ordinances with possible fines for violation. You might want to check on this. It probably should not deter you, but be aware. My own county has deputized a cadre of volunteer sign-nazis with their own florescent vests who run about snatching them up where ever they are found, so be aware you may have to replace them periodically and it is possible you would get a call from some minor bureaucrat.

Financing the Sale

You may have to jump through a couple of hoops to work with regular mortgage companies if you sell the house yourself, but it is nothing that cannot be done. Having a buyer that is pre-approved makes your life easier. Then just make sure you have an agreement of sale that is appropriate for your state and you should be in pretty good shape.

There are some reasons why you may want to take back all or some of the financing yourself. Sometimes it helps make the sale. Depending on your tax situation, you may have some benefit from spreading out the payments over a period of years rather and getting it all at once.

The reality of leaving money in the property is that if you are the first mortgage holder, you are in a pretty good situation as you can always foreclose if the payments don't come in as expected. If you leave a smaller amount in the house, say ten or twenty thousand, you will usually be in the in the second position. What this means is if the loan goes bad and a foreclosure becomes necessary, any proceeds from the property will go to the first mortgage holder up to the amount owed. If anything is left, you may see some of your funds. It is safe most of the time, but you have to make the decision if the taking back of some financing to make the sale is worth the risk.

What Is A Short Sale

A short sale is a sale of a piece of property for less than is currently owed on it. Sometimes lenders will agree to this if foreclosure is imminent. They do this because a foreclosure costs them at least \$40,000 in legal and other various fees. Then they have a house sitting vacant for months... all the while they have a non-performing loan on their books.

If a short sale is something that would be beneficial to you, your buyer can contact the lender's loss mitigation department directly if they are an investor familiar with the process. Otherwise it would be best to deal with a service that specializes in making this type of deals. They should not be excessively expensive and the real estate agent should be able to absorb most of the cost as well as finding the service for you.

Be forewarned, not quite half of these deals are approved and they can take well over six weeks to get an approval... but if you are underwater with your house and the wolf is at the door, a short sale may be the answer for you.

Showing Your Property

A house does not have to be spotless be shown, but it should be clean. It's best not to have too much in the way of personal materials, like pictures setting around as you are never sure who is coming through your house... whether you or an agent is showing the property. If the house is empty, having some furniture arranged to give some feeling of being lived in will help. You can use spare furniture or, if your budget permits, there are professional staging services that can make your house look like a model home.

While showing a house, particularly for women who are alone, your personal safety is always a consideration to keep in mind. It would be a good idea if you can arrange to have someone else with you or if you let your neighbors know what is going on. I have usually enjoyed showing houses as I have met many interesting people but with the world we live in today, it is better to be safe than sorry.

More Online Resources

I am not recommending any of the sites listed below as able to work in your particular circumstance, but as a place to start in finding what you need.

Home Valuation

zillow.com
bankofamerica.cyberhomes.com

Online Advertising

backpage.com
craigslist.com
domesticsale.com
freerealestateadviser.com
fsboadvertisingservice.com
house.info
realado.com
yahoo.com (fee charged)

Helping You Sell

assist2sell.com
forsalebyowner.com
helpusell.com
myfsbo.com
owners.com
sellmyhouse.com
ushomeassist.com

Investors

cashhomebuyers.com
housebuyernetwork.com
ibuyhouses.com
soldin9days.com
webuyhouses.net
webuyuglyhouses.com

Swapping Your Home

goswap.org
homeexchange.com
homeforexchange.com
homelink-usa.com
onlinehousetrading.com

Short Sale Services

accesslossmitigation.com
ishortsale.com
shortsalehelp.com
shortsalehelp.net

Loan Modification

fixyourloan.com
foreclosure-loan.com
government-modification.org
loanmodification1.com
renegotiatemortgagerates.com

Staging Services

centerstagehome.com
managemyhome.com
sterlingpropertyservice.com