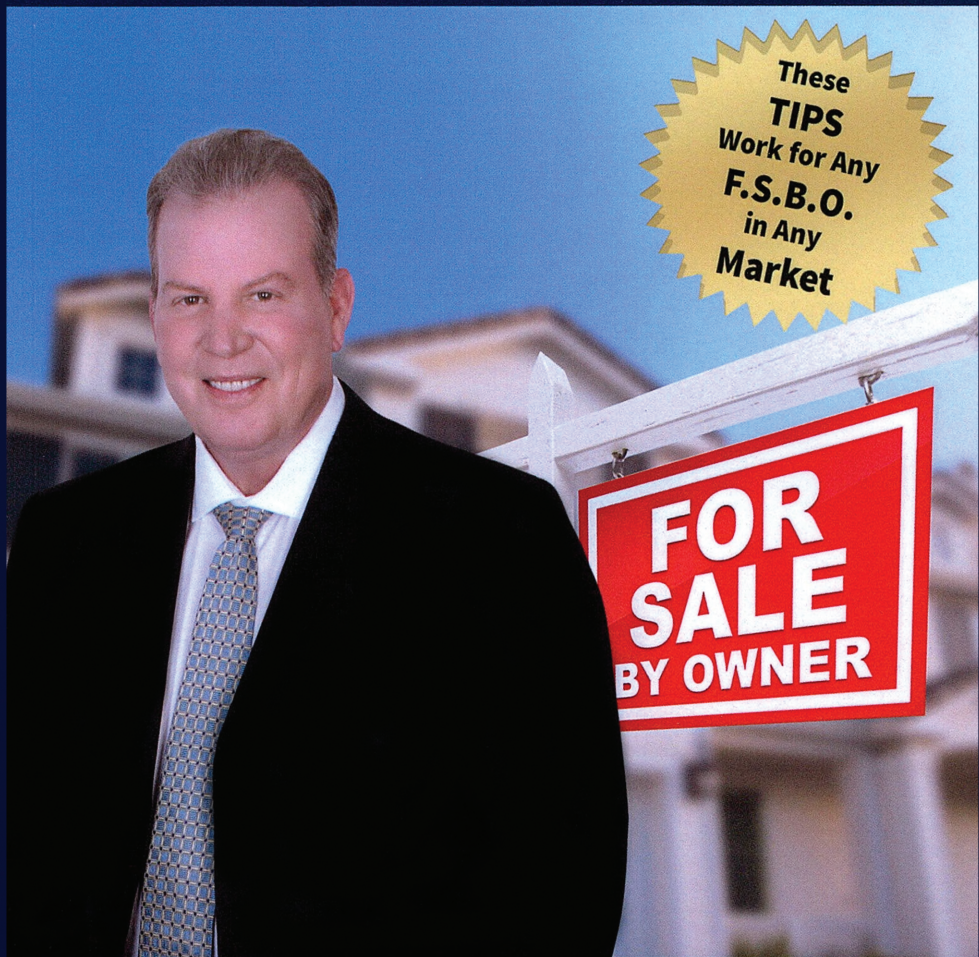


RICHARD C. BROWN



These  
**TIPS**  
Work for Any  
**F.S.B.O.**  
in Any  
Market

— “THE OFFICIAL” —  
FOR SALE BY OWNER  
**GUIDE**

# **“The Official” For Sale by Owner GUIDE**

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Your Official Guide to  
everything that goes into  
selling your Home or  
Property by yourself FSBO

**By  
Richard C. Brown**

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# **Chapter 1**

## **How to Sell Your Home for More Money... And Sell It Faster**

In the process of selling, you will spend an incredible amount of time holding shows for potential buyers. Unfortunately, many are not interested in buying your home. This wastes a lot of your time.

### **The average home showing process takes 3-4 hours.**

Most owners show their home at least 8-10 times before making a sale. In some cases, it takes over 30 showings to find the right buyer!

The average owner spends 24-40 hours of his or her life showing their home. It can easily take 80-120 hours to complete the process.

Many homeowners will jump at the chance to show their home to anyone and everyone. When a buyer calls, they drop everything. This reactive approach is a big reason why it takes them anywhere from 8-30 showings to find the right buyer. The process will consume your life.

In the beginning, you may take the showings in stride, but over time, the stress begins to build. Not just on you. Repeated showings are stressful on your entire family. It gets worse as casual buyers continue strolling

through, consuming your time, and walking away undecided.

**Preparing for a home showing is a highly stressful routine.**

Do you have children? Pets? Showings cause chaos in their lives! Kids are rushed off to a friend's house or perhaps whisked away to the park. Toddlers are parked in a playpen so you can begin the hurried cleaning process. Pets must be corralled.

Maybe your pet gets locked in a crate. Sent to the basement. Or tied up in the yard. If you have a dog, he can't run around during the showing. He can't even run around while you clean house. That means' poor pooch is cooped up for hours every time a buyer wants to stop by.

Children and pets do not like chaos. It is stressful on them. They might start misbehaving or need extra attention to counter the stress.

At the same time, the house needs to be spotless from top to bottom. This is stressful on the parents. Someone has to rush around frantically cleaning and organizing every time a buyer calls.

**Chances are you are going through all this stress to prepare for someone who was never serious about buying in the first place.**

It's sad but true. Most of the people who look at a house are not going to purchase that particular one. Often, they are not very serious buyers. Sometimes they are not interested in your house at all. Quite

frequently, your “buyer” is only coming by out of curiosity.

Many real estate agents will show buyers a large number of houses in order to increase their odds of making a sale.

According to the National Association of Realtors®, an average agent sells eleven houses a year. Therefore, each transaction represents approximately one months’ worth of income.

Obviously, it follows that each listing is incredibly important.

The agent wants to close a deal quickly and receive their commission.

### **Here is the problem you are facing.**

Most real estate agents go about it the wrong way. They believe they will increase the odds of making a sale by showing as many houses as possible to their potential buyer.

They flood the buyer with options, hoping something will catch his or her attention. At the same time, they do not have a clear picture of exactly what the buyer is looking for, so they are unable to deliver.

Let’s take a closer look at how the process typically works. An agent has a potential buyer who would like to buy a 3 bedroom/2 bath house in a specific area.

First, this agent prints out every listing that matches the buyer’s criteria. He will also print out a

few fairly close matches... These houses might not have 3 bedrooms, or they may be slightly over budget.

He then takes the client from one house to the next. The buyer will see many houses, but in most cases, won't be interested in any of them. Nothing has that special something they want in a home.

The buyer goes on several outings, in search of the perfect home.

This leads to wasted time, both for the buyer and the sellers they visit.

In fact, most buyers end up touring 20-50 houses before making a purchase. If they visited 30 houses, and each seller took 3-4 hours per showing, that buyer wasted 90-120 hours of his and the sellers' time.

Many hours could be saved if real estate agents and sellers learned how to qualify buyers ahead of time. Buyers could then look at the listings and know if they wanted a particular property immediately.

### **What if you could find serious buyers and get them interested in buying your home?**

In an ideal world, buyers would not go out to see a property if they didn't want it. If you were the seller, you would not have to prepare your house for a buyer who wasn't going to make a purchase.

Instead of showing your house to anyone and everyone, you would only show it to people interested in buying. That would help you sell your house faster while reducing stress on you and your family.

Time would only be spent preparing the home for very interested buyers. Yes, it would cut down on the total number of showings, but each visit would have the potential of becoming a sale.

This book will help you turn that ideal world into reality. First, though, you need to have a clear understanding of exactly how much your house is truly worth in today's market.

## **Chapter 2**

# **Rule of Life Shows Why Some FSBOs Sell and Others Don't**

The key to this entire home selling approach is a revolutionary finding discovered by an Italian economist. His name was Vilfredo Pareto. The most important thing we can learn from him is the Pareto Principle, better known informally as the 80/20 rule.

### **The 80/20 Rule applies to all aspects of life.**

In 1906, Vilfredo found a very intriguing correlation. He noticed 20% of the pea pods in his garden held 80% of the seeds!

Studying the seeds prompted him to take a closer look at this ratio. In one of his initial discoveries, he found 80% of land in his area was owned by 20% of the people.

After detailed study, he observed this ratio held true in many aspects of life. The Pareto Principle, or the 80/20 Rule, is a result of his findings.

### **The 20% is vital and the 80% is trivial.**

For example:

- 80 percent of your income is derived from 20 percent of your work.
- 80 percent of a business's income is derived from 20 percent of their customers.

- 80 percent of your income is going to be derived from 20 percent of your work.
- 80 percent of your value to an employer is derived from 20 percent of your work.

You might wonder what all of this means. In a nutshell, it means some things are substantially more important than other things. In other words, things are not equal. Approximately 20% of what you do matters. The other 80% is insignificant.

It is important to understand this is not always split at 80/20. It can be 70/30 or another percentage. The key is that the two numbers are not equal and they are usually close to 80/20.

### **How can you apply the 80/20 Principle to selling your home?**

Understanding this concept can save you time selling your home.

Unfortunately, many real estate agents and sellers buy into the false idea more is more. They completely ignore the Pareto Principle.

Now that you know what the 80/20 Rule is, you are probably wondering how it applies to selling your home.

When you use the 80/20 principle in selling, you stop trying to sell people on the entire home. Based on the rule, only 20% of your home's features are important. The remaining 80% are trivial.

That is because they are the same features many other homes in your neighborhood have. Instead of focusing on those trivial features, you need to focus on the vital features.

**When you sell your home, focus on unique features to grab the attention of buyers.**

These features make your home different from others. These features will make it easier to sell your home for the full asking price.

Let's look at a few real life applications and examples of how the 80/20 Rule can have an impact on selling your home.

## **Chapter 3**

# **Violate This Home Selling Rule and Lose Money**

Remember that buyer in the market for a 3 bedroom/2 bath house? Let's assume the agent found him five houses to preview. Each meets his general criteria, and is located in the area he hopes to live.

He and his agent drive out to look at the five houses. They all have very similar features. The prices are comparable. In theory, you might think the buyer will have a hard time deciding between houses.

**No matter how similar they may seem, no two houses are exactly alike.**

In real life however, that is not the case. The 80/20 Rule comes into play. Imagine four of the houses don't have a pool, but one does. He is not aware of this though, because the agent didn't mention it.

The buyer sees the four houses that don't have a pool. He isn't particularly interested in any of them. Then he sees the fifth house and the pool! Suddenly, he is ready to make an offer. He may even pay full asking price, even though this house is more expensive than the others.

**The 80/20 Rule in action:  
buyers focus on unique features.**

His offer isn't based on the 80% of features this house shared with the rest. Instead, his bid is based on

one unique attribute: a pool. The 80/20 Rule predicted the sale of this house.

Sadly, in this case, much time was wasted finding the perfect house. Had the agent known to look for the 20% difference, this may have been their first stop. As a seller, you can leverage the rule to work in your favor. Draw attention to defining characteristics in your home.

Here is a real life example. A real estate agent had a client visit from out of town. He did not have a list of criteria, just liked the area.

She drove him from house to house. In each case, this buyer suggested offers 10-20% below the asking price. He would not budge. She began to worry; the whole day was turning into a big waste of time.

As the sun set, they stopped at one last house. It did not have a lot of curb appeal. It was not a good looking home. She was out of options. Nevertheless, this house broke the tough negotiator down.

He was suddenly willing to offer the full asking price! You may wonder what set this house apart from the others. It was not because he had a thing for ugly houses. Nope. The 80/20 Rule kicked in again.

**The 80/20 Rule in action:  
Buyers pay more for unique features.**

This agent and her client had spent the whole day looking at houses that shared 80% of the same features. He did not care about any of those details. A bedroom was a bedroom as far as he was concerned.

He fell in love with the one remarkable feature of this house.

This plain jane house had something special. As you walked into the great room, there was a large window. The house sat atop a hill with a gorgeous view. And to top it off, the sun was setting below the distant tree line. That view sold the buyer. The other 80% could be improved.

He did not buy the house because he liked the floor plan or the number of bedrooms and bathrooms. His decision was completely based on the hill and view. That view caused him to stop negotiating and offer full price on the spot. Such is the power of the 80/20 Rule.

Learn how to tap into this rule, and you will not have to settle for less than your asking price. Leverage a unique selling point. Buyers who fall in love do not haggle over pricing; they make good offers.

In some cases, the 80/20 Rule even helps people make a sale without conducting a showing. This is a huge time saver. The house in the following example had languished on the market for months.

Unlike the previous house, this place was not ugly. On the contrary, it was a brand new custom built home. But nobody seemed to care. It sat on the market over seven months without a single offer.

The builder was baffled. His fancy new house would not sell. He ended up tiring his agent and hiring a new one. Fortunately, the new agent knew the

importance of finding that special feature. He drove out to give the house a thorough investigation.

What he found changed everything. The house had a gorgeous 5- acre yard. Other houses being sold in the area were all on 1-2 acre lots.

Not only was the yard bigger, it was more private than other lots available. The new real estate agent marketed the 5 acres. He mentioned details and a description of the house. But, he focused attention on the lot.

The house was not the main selling point, so he shifted attention to the 5-acre lot. In no time, his phone rang! A buyer was relocating. He had noticed the house was for sale, but it hadn't caught his eye.

**The 80/20 Rule in action:  
Buyers are searching for unique features.**

That changed when he learned it was built on a 5-acre lot. All of a sudden, he was very interested. So interested, in fact, he submitted an offer from 1,000 miles away. He had never even seen it in person,

He was afraid someone else would buy it before he could, and he would lose out on the perfect house. That sale happened in 45 days.

The builder was amazed! His house had been on the market close to eight months without so much as a nibble. Suddenly it was sold. Purchased sight unseen, all because of the 80/20 Rule.

By shifting focus to the 5-acres, the real estate agent captured the interest of buyers immediately. The house was no longer unsellable. On the contrary, for a short time it became the hottest house on the market.

Don't create an advertisement similar to every other house in the area. Instead, turn a spotlight on something different about your home.

You will attract interested buyers. Buyers willing to pay full price.

### **Selling to Interested Buyers**

Find something unique about your home. Build advertisements around that one item. It will catch people's attention. Buyers who are looking for that one item will ask to come see your home in person.

As a result, you will stop wasting time showing to people who are not interested. Instead, you will be showing your home to buyers who are motivated to make a purchase.

You won't have to show quite so often. You also won't have to sift through lowball offers from apathetic buyers. Less stress for you.

With that in mind, it is essential you take time to uncover your home's most attractive and unique features. Compare notes with other houses in the neighborhood to see what makes yours stand out.

## Potential Unique Features

Each house will have its own unique features. You may already have some in mind. If not, these ideas should help to get you started:

- **Hilltop views are an excellent defining** feature. Like the example from earlier, a high vantage point comes with a spectacular view of the surrounding area.
- **Maybe your home looks out on an open field frequented by wildlife.** Many people would like that view.
- **Your house might even have an unobstructed view of the sunset.** That would interest potential buyers.
- **Patios are another great feature.** Maybe the rest of your neighbors do not have patios, or their patios are smaller. That vital feature could help you sell your home.
- **Location** is something else that can set your property apart from others. Not your addressed location but rather your location compared to the surrounding homes.

A buyer once paid extra for a townhouse simply because of its location in the complex. Most of the surrounding homes did not have any yard. However, a few shared a large half-acre “yard area.”

One of the owners whose townhome backed up to this yard area was able to sell his townhouse for a higher price. It set his property apart from others on the market.

His home had a characteristic shared by fewer than 10% of the others. He had the only available listing offering that feature. With this easy point of difference, the house sold for a higher price.

Another townhome seller (in the same complex) found a different unique feature. He did not have a yard, but he was still able to use his location \0 his advantage.

His property backed up to a lake and fountain. That extra feature helped him sell his townhouse quickly and for a great price.

- **You might have a private location.** For instance, your lot may be partially concealed by trees, or you might have an empty lot next to you. Use this to market your property.
- **You might have a unique backyard.** If you have a larger backyard than your neighbors do, use that to your advantage.
- **A shady backyard can also help you sell your property.** Some people like the idea of lounging in the shade.
- **A fenced in backyard is also a big selling point.** People with kids and pets flock to homes with fenced in backyards.
- **You can also look at other features.** For instance, a finished basement can help you sell your home. You can also market a large attic, an extra-large garage, a swimming pool, or anything else that makes your home stand out.

**Look for the 20% difference and find a way to market it.**

That is how you will get results. You cannot just throw the information into your listing, though. You have to take the right approach.

## **Chapter 4**

# **High-End Tactics to Sell Your Home for Top Dollar**

The rich & famous use this secret strategy to sell their homes. In one instance, II real estate agent reported using this strategy caused one condo to sell for \$110,000 more than a similar condo in the very same building.

### **Why did one condo sell for more than the other?**

One seller knew the secret strategy, and the other did not! In reporting, the real estate agent mentioned having intimate knowledge of both condos. Neither listing was bank owned, a short sale, or a distress sale. The only plausible explanation why one home sold for more than the other was the seller's use of this secret home selling strategy.

This strategy is effective in any market. No matter what type of property is being listed, this approach works. It applies equally to homes, apartments, townhouses, or condos. Agents and sellers using these tactics have a greater chance of closing a sale for more money.

Here's how this particular real estate agent discovered the secret strategy, almost by accident. He met a wealthy executive who was interested in selling his condo. However, the man had a special request.

He was willing to hire the agent, but on one condition. The real estate agent must agree to use the man's secret method to sell the condo. It sounded crazy, and the agent was naturally skeptical.

On the other hand, selling the condo would bring a handsome commission. Conversely, if it did not work out, their agreement would expire, and he would walk away.

The real estate agent decided to give it a shot. He helped prepare the listing. They priced the condo at \$554,900. For reference, two similar condos in the same complex were listed for \$479,000 and \$439,000.

**Two similar condos for sale were priced much lower than this listing.**

The agent was skeptical the condo would sell for the \$554,900 price. On the other hand, the owner's secret strategy was intriguing, and he really wanted to see how it worked out. The condo went on the market, and he waited to see what would happen.

Almost immediately, he began to doubt the strategy. The condo was showing regularly, but no one was making offers. People were just walking through and leaving.

To make matters worse, most visiting agents thought the condo was overpriced. They could not understand why the owner was asking for so much money. After all, a similar condo just around the corner was available for \$100,000 less! They counseled their buyers to keep looking, and left without making offers.

The story is real. The condo had no special attraction that set it apart from the others. This unit was not a penthouse. It was on the 6th floor of a 10-floor complex. The top floor units were not penthouses either. And the other agents were not wrong. The price was high.

Still, the owner stood firm. One day, 4 months and many showings later, another buyer walked in. This time it was different. This buyer loved the condo the moment he stepped through the doorway. Made an offer before he finished the tour.

The agent could not believe what he had heard! He rushed to call the owner. The owner accepted the man's offer, while the agent began to worry. Maybe the buyer would find out they were overpaying. Maybe it would all fall apart. But no, everything worked out.

**The place successfully sold for \$549,000, which was a record high!**

The strategy they used was a huge success! Naturally, the real estate agent was thrilled. So was the owner. He made a substantial profit.

The price was \$110,000 higher than the previous condo that had sold two and a half months earlier for \$439,000. The higher price was not because prices were rapidly increasing.

The next unit that sold (28 days later) went for \$435,000. It was a less desirable second floor unit. Five months later, another similar condo sold for \$450,000.

Would you like to use this secret strategy to sell your home for more money? It does take some extra time and some extra work. But as you can clearly see, the payoff is well worth the effort.

### **What is the secret strategy?**

What was the special request the wealthy home seller had for his agent? It was simple. He wanted to stage the condo.

Staging is the act of sprucing up a home to make it as visually appealing as possible. It might sound crazy, but it causes homes to sell for more money. In fact, a whole lot more.

Many agents encourage sellers to stage their homes. However, very few of them could ever show you a case study proving it will actually help your home sell for more money.

Fortunately, this real estate agent knew he was on to something. He began researching everything he could find on staging, and the impact it had on sale prices.

He put his findings together in a big write up sharing the tactics the wealthy seller had taught him. He included all the examples he had found as case studies.

The next chapter is an excerpt from his report, with one of the case studies he recorded.

## Chapter 5

### Does Clutter Matter?

#### Staging - vs - Non-Staged Case Study & Report

Dear Reader,

I wanted to give you the most convincing proof possible. Many people find it hard to believe the simple act of staging helps one home sell for more than another similar home.

In my research, I looked for examples of similar houses being sold for differing amounts of money where only one of the two houses were staged.

#### **The clearest example I could find was in the case of these two listings.**

This development has 200 equivalent townhomes.

Every single townhome in the neighborhood is 3 stories with 3 bedrooms and 3 bathrooms. Every single unit has the exact same floor plan.

#### **I looked for two sales there, and found these:**

- 4438 Capital Dome Drive ***sold on August 26.***
- 4456 Capital Dome Drive (5 doors down) ***sold on July 26, for 40,000 dollars less.***

I personally visited this neighborhood, and I am familiar with these properties. You could not find a better example of two identical properties that sold for different prices.

**The details show these two homes are identical in every substantial way:**

- The lots the units sit on are identical as far as the desirableness of the location.
- Both units had the same kitchen plan with the same cabinets and a tile floor.
- Both units had nice hardwood floors in the living room, and carpeted bedrooms.

Every important detail of these two townhomes was identical. I studied every aspect of these sales to find what made the difference.

**There are 2 reasons one home sold for \$40,000 more than the other:**

- Townhouse #4438 was professionally staged, giving it a more appealing appearance.
- The agent selling #4438 took higher quality, more attractive photos of the home.

Those two seemingly small actions made the \$40,000 difference! The buyers of #4438 made a higher offer because the agent

presented the home in a more appealing and attractive way.

### **--- End of Staging Report ---**

Even simple things can make a big impact on the final sale price of a home. Staging done well is one of those things!

#### **You have two options for staging a home:**

**Option 1:** Do it yourself Learn how in the following chapter.

**Option 2:** Hire a professional home stager. If you are considering hiring someone to handle your staging, contact me for a list of references. I'd be happy to share recommendations and send you information on stagers that will do a good job for you.

## **Chapter 6**

# **Get Buyers Off the Fence in 8 Seconds**

Buyers decide in the first eight seconds of seeing a home if they are interested in it or not. That is why it is so important to stage it.

You can hire someone to do much of the hard work for you, but some things you can handle yourself.

### **Cleaning: Spotless is the name of the game.**

It is vital to do a thorough, deep cleaning of your home. It works for people selling a car (they get more money) and it will work for you on a bigger scale when selling your home.

For a good deep cleaning, you should do the following:

**De-clutter:** Begin with de-cluttering. Here is the standard rule of thumb: go through your home and get rid of 50% of your belongings.

Items like photographs, highly personalized items, out-of-season clothes, random junk and excessive furniture. These all need to go.

Just to be clear, you do not have to throw the stuff out!

Donate it. Sell it at a yard sale. Give it away. Someone can use what you don't need. Put the

precious items (i.e. family photos) into a safe, offsite storage location. Once you de-clutter, you will be amazed how much roomier and nicer your home feels.

The goal is to de-personalize the home so potential buyers can envision themselves living there.

**Hardcore Cleaning:** Now that the clutter is gone, move on to hardcore cleaning. Be meticulous. Tidy each room from top to bottom.

**Make sure you do not forget to:**

- Get rid of the cobwebs first. This keeps you from getting dust bunnies all over freshly cleaned floors and furniture.
- Dust ceiling fans and lighting fixtures while you clean out the cobwebs.
- Dust your blinds.
- Wash walls, unless you plan on painting.
- Clean all glass surfaces: mirrors, television screens, patio doors, and windows.  
Polish all wooden surfaces.  
Wipe down any leather furniture.
- Clean out and reorganize the closets and cabinets.
- Attack all appliances with cleaning fervor. Make them shine!
- Sinks, toilets, tubs, showers, faucets, and countertops need to be impeccable. Every room is important, but the kitchen and bathrooms will take you over the top. They need to be eat-off-of-the-floor clean.
- Vacuum rugs, shampoo carpets, and mop as if your life depends on it.

**Side note:** Attack these tasks last or you will inevitably have to do them twice.

### **Painting:**

#### **Fresh paint provides a clean canvas.**

If you have not painted your house in the last year, consider doing the entire inside of the home right now.

If you have painted it, you might want to paint a second time.

When planning to repaint, include everything. Paint the ceilings. Paint the trim and window casings. Paint the doors. Do not forget to paint inside the closets. And of course, paint the walls.

**Just make sure you paint the right way.** An artist creates a new painting on a plain, primed canvas.

Through your efforts with painting, you are hand delivering your potential buyers, a clean, primed canvas where they call imagine their family in your home.

Keeping all of this in mind, proceed with your home's canvas using neutral colors. That does not mean everything must be lifeless or stark white. That can have a negative effect as well.

Rather, you want your colors to be unobtrusive.

Stick with gray, beige, off white and white colors. Even if you just painted the master bath turquoise and added cute polka dot trim - change it! Remember, a blank canvas opens the imagination to endless possibilities. Polka dots do not.

## **Kitchen and Bath: Focus on these high impact areas.**

Buyers are most turned off by dirty, grungy bathrooms and kitchens.

Let's face it. Nobody wants to eat in a place they feel is nasty.

Likewise, no one wants to be naked in a disgusting place.

Now that doesn't mean you can create stunning bathrooms and kitchens, while leaving the rest of the home a mess, and still expect to sell your house for top dollar. Just be sure to address your bathroom and kitchen first.

Keep this in mind: potential buyers might forgive a less than stellar child's room, but a questionable bathroom or kitchen could cost you a possible sale.

So, let's get started.

Now, you've done a deep clean of the whole house, and you most likely painted it as well, including the bathrooms and kitchen. Now it's time to move on to another important issue, appliances.

This can be a good idea or a money pit. Fortunately, you can follow a few guidelines, to make the big decisions.

**Should I Buy New Appliances?** It depends on your particular situation. No doubt, new appliances make an impact with buyers.

The National Association of Realtors ® did a survey of buyers in the market over the past several years and found:

- Buyers were somewhat or very interested in buying a home that featured new appliances.

Roughly 17% of the respondents preferred stainless steel.

The most important factor: appliances were available.

- Most buyers who were unable to get their sought after appliances said they would have been willing to pay, on average, nearly \$2,000 more for them.

Potential buyers want appliances included and will pay more for them, especially if they are new, or at least in excellent condition.

If you can afford it, new appliances might be the very act that sets your house apart from the home for sale across the street. If new appliances are a bit out of your reach, offer them your immaculately clean, and fully functioning existing ones.

**Updating Hardware.** Stop and take a nice, long look at your bathroom and kitchen hardware. You will likely notice they look well used. The truth is they are.

It is not that big of a deal until you put yourself in a buyer's shoes. They are looking at your old house as their potential new home. Old, worn out fixtures are not going to speak to them the way nice, shiny, new hardware will.

That does not mean you should run out to buy all new fixtures.

Unless your knobs, pulls, handles, and hinges are broken, there is no real reason to replace them.

Get that new look simply by thoroughly washing and repainting them. It can be that simple. There is spray paint made specifically for this reason. The project is incredibly cheap.

Here are some ideas of household hardware you can give an almost new look to with a paint overhaul:

- towel bars
- toilet paper holders
- door handles
- old light fixtures

The goal is to patch your home up nicely with as little cash as possible. This is a great way to do it.

If you do have broken or completely worn out hardware, you had better replace the whole set. Unless you can find matching pieces. You could paint the old and new to match. You could also combine the good parts in one bathroom, and replace all the hardware in the other.

**Warning.** Make sure if you end up replacing your knobs you get matching exposed hinges for cabinet doors etc. Consistency is a good thing when selling a home.

**Other Excellent and Cheap Update Ideas for the Bath and Kitchen:**

- Buy a new toilet seat.
- Refurbish worn out looking cabinets with a faux paint project.
- Replace an old, ugly bathroom sink with a pedestal variety.
- Repair grout in tile backsplashes, floors, and tub surrounds

## Chapter 7

### Details to Look At

According to the National Association of Realtors®, a majority of recent home buyers would have preferred improved and greater closet space, as well as other storage opportunities. People have lots of stuff, and they need somewhere to hide it all.

#### **Overcome negatives with positives: You can never have enough storage!**

So give them the storage to do just that! Give buyers great storage, and you've won their hearts.

If you can add new closets to your home with ease, it is a huge bonus for you. Building a simple closet is not really all that difficult if you are even just moderately handy. If you are selling an older home, where closet space is typically at a minimum, this will help!

However, putting in new closets is not always a possibility.

For instance, if your rooms are already small, you might not want to take any square footage away from them.

You may not have the skills or the funds to hire someone to build new space. This is when we turn to closet organizers for help. For instance:

- You can easily design your custom closet kit online with a storage solution company like Closet Maid.
- Your standard superstore or hardware store often has exactly what you need in an inexpensive, pre-fabricated form. Organizers may not enlarge your closets, but maximizing vertical and horizontal space is a good substitution.

Don't stop there, after all, "storage" is not restricted to closets.

Storage improvement opportunities apply to all of your cabinets, clothes closets, linen closets, and attic and basement spaces.

It is important to make sure you organize your cabinets. The same places that provide closet organizers can help you with this. Take a good look at your laundry room or in the linen closet. Adding extra shelving in these places makes a big impact.

Look for any place you can add attractive and inexpensive storage. Make sure your improvements are tasteful, and you will benefit from improved storage solutions. Buyers really love this stuff.

### **Use the bedroom addition trick.**

Who doesn't want to add tons of extra value to a home? Here is an easy way: you can add another bedroom relatively inexpensively.

Okay, before you start laughing, take a minute to consider your options. While not every home will benefit from an extra bedroom, in special cases, it can really set your home apart from others in the market.

This does not mean you need to add square footage to your home.

Simply create space for another bedroom. Example: add a closet to an extra junk room. Voila! You have a bedroom.

That's right. You can easily convert a den, office, spare room or conditioned attic into a third or fourth bedroom by building a closet.

Before rushing off to build closets, take time to compare your home with other similar houses available in your area:

- If three bedroom homes are the norm in your neighborhood, a fourth bedroom might give you a real advantage .
- However, if buyers in your area are looking for one or two bedroom homes, what good is a fourth bedroom? An additional bedroom would be a waste of money in that case.

Do some homework before you start. Find out configurations of rooms in nearby homes. Talk with a real estate agent about buyer preferences. They can help you determine whether you would benefit from a simple bedroom addition.

Bottom line: if you need a significant boost to your home's worth, adding another bedroom is one great way to do it.

## **Mechanical maintenance is a must.**

It is very easy to get wrapped up in the more eye-pleasing aspects of getting a home ready to sell. However, you should never overlook the upkeep of all of the more mundane aspects of your home.

### **Take a closer look at these mechanical features:**

- electrical boxes and wiring
- natural gas lines
- plumbing
- central heating and air conditioning system

If these components of your home are old, outdated, or not working properly, you are lowering your home's price significantly.

According to the National Real estate agent's Association, 65% of home buyers surveyed were very concerned their new home had a working central air system. Of the 31 mechanical features inquired about in the survey, this was the most important one across the board.

It is true that people buying homes want to purchase something that reflects their aesthetic tastes and lifestyles.

However, they also want to own a home that is safe and sound. Faulty electrical systems do not provide a feeling of safety. Leaky plumbing arouses concerns of mold infestation.

These areas are not necessarily entertaining or fun to fix, but they are extremely important. Overlook

these areas in the preparation stage, and you run the risk of trouble later with inspections and appraisals.

Buyers are attracted to a house with beautifully updated cosmetic details. They also want to know they are buying a safe, secure home for their family. Take care of the many mechanical features of your home, and you'll profit from it.

Obviously, professionals should do most of the mechanical work. Having a professional inspection is a big plus to most buyers as well:

- Have a certified plumber inspect your entire water system for leaks. Check the well and septic field if applicable.
- Hire an electrician to check your wiring.
- Call your local HV AC company, and have their technicians perform a thorough service checkup.
- Contact your natural gas supplier and have them double check the mechanics of your tank and lines.

There is an alternative option to calling and arranging all these different inspections. Certified home inspectors can usually cover all the different items related to mechanical issues, and more. They will be able to identify possible trouble spots you need to address. Many buyers hire an inspector, so you may even be saving them a step.

Having antiquated wiring and plumbing replaced is not cheap. If you do have mechanical issues, and decide

to sell your home as is, it may be necessary to drop your selling price. Turning to a real estate agent for a professional opinion can help. Just like the extra bedroom step, it pays to know what competition you are facing. You can also choose to wait, and negotiate with buyers.

Sometimes you will get lucky and find a buyer who is already interested in doing some remodeling. Sometimes you find a buyer who has certification in that area, and will buy the house for a lower price and plan to do his own work. If you are unable to update and repair, be honest, upfront, and flexible. An interested buyer will work with you.

If you can update, highlight fixes you can handle. Then, note any fixes requiring professional work. Finally, note anything you wish you could fix. Start with the easiest items and work down the list. Remember the 80/20 Rule, and focus your efforts on the updates and repairs that bring the greatest returns!

## Chapter 8

# Tactics for More Showings and More Money

Floors are a key feature buyers notice in your home. Buyers will be sure to notice how worn they are, and if the floors need to be replaced. Let's face it, floors can be quite expensive and difficult to replace.

### **Everyone notices flooring, should you clean or replace?**

Good news is, replacing is not your only option.

Installing new floor coverings of any kind, including carpeting, hardwood or tile, can get pricey. Costs vary widely, based on the size of your rooms and the flooring material used.

Use these cleaning tips to avoid expensive flooring work.

### **Carpeting**

Carpets take a beating. General traffic, pets, children, muddy shoes, coffee, and wine all leave their calling cards on your carpeting. Unless you have been extremely fussy about your carpeting, it shows signs of use. This job calls for more than a good vacuum.

**Shampoo:** You can often rent or purchase a carpet shampooer inexpensively. If your carpet does not have stains, spruce it up with a good washing:

- Move the furniture out of the rooms you need to shampoo.
- Follow the shampooer's instructions.
- Go over the carpet thoroughly to remove all soap residue.
- Keep all traffic off the carpet until it is completely dry.

You should see a significant difference in both the smell and look of your carpet. Buyers will notice the fresh, clean feeling, too.

**Steam Clean:** Stained carpets need more in depth treatment than a regular carpet shampooer can offer. If that is the case, go with a steam cleaning and spot treatment:

- Rent a steam cleaning shampooer.
- Hire a professional carpet cleaner.

If you are dealing with severe stains or damage, get a cleaning estimate first. Then compare the price to replacing the carpet. Cleaning can make a tremendous difference, and save the cost of replacement.

Sometimes deep cleaning works, but cannot remove an extra stubborn stain. Other times, there is only one bad spot. You may be able to cover up with rugs. Adding a tasteful area or throw rug makes the room a little more attractive for showings.

Don't be dishonest about a trouble spot. If your carpet was in bad enough shape a steam cleaning did not take out all of the stains, it will be evident to buyers the carpet needs to be replaced.

Even if your carpet is beyond the help of a professional cleaning, you may not want to replace it.

New carpeting is a big expense for most people to fit into their budgets. Carpet, like paint, is a very personal choice. It would be a shame to re-carpet, only to discover a family loved everything about yow' house but the carpeting you just purchased!

Instead, work with what you have. Clean it and put down rugs. Keep it vacuumed. Stop people from eating and drinking on it effective immediately. Confine pets to rooms with slick floors for easy mopping. Do everything you can to keep the carpet from getting worse.

If a buyer loves everything in your home, except for the ugly carpeting, they might overlook it. They may be willing to negotiate a lower price or accept a flooring allowance in your final contract.

Obviously, a clean carpet is best. These alternative options can help you keep costs low, and still make a good impression.

### **Other Flooring Types**

Take the same approach with other types of flooring. No matter the material, if you have a floor that is a little worse for wear, clean it thoroughly. Pay attention to special details that vary on each material.

Take tiny steps until you find the right fix. Your hardwood floor can probably get by with a good wax. Vacuum the joints, where dirt accumulates. Refinishing is a last resort. Give your tile floors a heavy scrubbing.

Clean the grout joints in between the tiles. If that doesn't work, have it re-grouted.

In some instances, you might feel the only option is to replace flooring. Make this a last resort. You might be pleasantly surprised how some tender loving care can make a floor shine!

When these non-carpet flooring types need more than a cleaning, consider repairs. However, in some cases, it is cheaper to replace your floor than to have it repaired.

If your current flooring is damaged beyond repair, you may have to replace it. When you do, consider less expensive flooring options. For example, vinyl self-stick tiles are inexpensive, easy to install, and simple to replace when damaged.

### **Brighten up the house with new bright light bulbs.**

Lighting is an essential element to update when prepping your house for sale. Similar to flooring, tackle lighting improvements by repairing what you can and replacing the worst fixtures.

The single most important key to lighting is this: be moderate and practical with your updates.

Why? The National Real estate agent's Association reveals many home buyers will replace lighting fixtures as one of the first changes to their new home.

With this in mind, there is no need to go overboard on spending big on lighting fixture updates. Help existing fixtures look their best.

Here's a cost saving idea to refurbish the good light fixtures you already have in place. Follow these tips to save cash:

- Use the same spray painting principles you practiced on your handles, pulls, and knobs.
- New globes give an old fixture an updated look.
- If repairing an old fixture will cost more than replacing, just replace it with something tasteful, but simple.
- Replace any light fixtures that are broken, damaged, or dangerous in any way.
- Put in new light bulbs to brighten rooms up.
- Clean the fixtures you are not updating. Inside and out.
- Don't forget the outside lights!

Great lighting is important when showing a home. When potential buyers walk into a bright, well-lit house, they get a feeling of openness and trust. Plus, you put in a lot of hard work cleaning. Light everything up, and let your home shine!

Bright lighting also makes an area look more open and attractive. This will make closets and rooms in your home feel larger.

One more tip: change old, haggard ceiling fan blades. Look for inexpensive ones at any hardware superstore.

## **Revamp the front entrance.**

Take a step outside of the house and onto your front lawn. Don't feel bad if you've gotten so wrapped up in updating and improving the inside of your home you have neglected the outside.

It happens to all of us.

You can rectify the situation quickly and efficiently. Here is what to address first: the front entryway. The first thing to work on is the lock and knob of your front door.

Take a hard look at your doorknob. What do you see?

- Is it a mousy little knob from decades long past?
- Is it dented or rusted? Does the key stick? Is it hard to open?
- Could someone break in with a bobby pin and patience?

If you answered "yes" to any of these questions, you definitely need to replace your door handle with a heavy-duty deadbolt and knob combination.

Why? The knob is the first point they touch on your home.

A flimsy lock and handle on your front door tells potential home buyers your home isn't secure. It makes them feel uncomfortable, and they won't even know why.

So, get a nice, big, sturdy set and they'll feel your home is as safe as can be.

Now, take a good look at your door. Is it pleasing to look at? Or is it weathered and dinged up? Has your metal door never seen a coat of paint? Is the paint on it peeled and flaking? It is time for a change. Here are two simple ways to put a new face on your house:

- Add a dash of color. Choose paint that compliments the color of your home.
- Use faux painting techniques to transform your metal door into a wood grain look-alike.

If your door is severely damaged, have it fixed or replaced entirely. As always, go with whichever costs less.

You've addressed the living area inside of your home. Your front entrance is inviting. Now is the time to take a critical look at your front yard.

### **Curb appeal is very important.**

Curb appeal (how your home looks from the road) is the most important image of all. You want to make an amazing first impression. A well-prepared house can even catch the eyes of buyers who never intended to visit your home.

Buyers driving by who look at your home should immediately feel as though they want to go inside. This will not happen if you have poor landscaping, a dingy exterior, or an unkempt yard.

Look around your yard and list everything that needs a little work.

- Are your shrubs, trees, flower gardens, and walkways tidy?
- Is there trash or just a general mess in your yard?
- Does everything (front light, garage door, porch rails, etc.) function properly, and look its best?
- Could outdoor features, like patio furniture or the garage door, be updated with a quick coat of paint?

Chances are excellent you'll have a little improving to do. Take heart: just think of how many people are going to beg to view the inside of your home when they see how beautiful it is from your curb!

This might seem like an overwhelming list, but the truth is it takes hard work to get a home ready to sell. Anyone can put a house on the market. Not everyone sells quickly or with great profits.

Thankfully, you now have a big advantage over other sellers. You know what it takes. Follow these guidelines to gain the best advantage for your home to sell quickly, and for the best price.

## Chapter 9

### If a Billionaire Sold For Sale By Owner

**First, the Bad News.** There is a good chance the buyer of your home will be a great negotiator.

If you don't know anything about negotiating, you risk having them take advantage of you.

**Now for the Good News.** This book reveals how an average negotiator can avoid being taken advantage of by a better negotiator.

**There are two things that determine who wins a negotiation.**

- The **motivation** of the people negotiating.
- The **skill** they have or do not have negotiating.

Here is a story that plays out every day, all across America. This happens over and over again.

**There is a good chance this could happen to you.**

**A seller is selling his home.** He is an average negotiator. He is not that great. But he is not horrible either.

**Unfortunately, he is a motivated seller.**

- He has had the home on the market for 8 months.

- He has already relocated to another city.
- The home and upkeep have been stressing him out.
- He is super busy at work and doesn't have the emotional energy to deal with another problem.

**A buyer wants to buy his home.** The buyer is highly motivated to buy this home, because it is the perfect home for him. He has been looking for a home just like this for a long time and couldn't find it.

Therefore, the buyer is highly motivated to buy this home. In fact, his wife is scared if they negotiate too hard, they will lose this house!

### **This buyer is an incredible negotiator.**

He's cool and collected. First, he gathers all the facts. He finds out the home hasn't been shown in 2 months. Then, he finds out the seller has already moved.

He looks the seller up on Facebook and stumbles across a rather revealing Facebook post. The seller vented about real estate and how badly he wants to sell the house. Now, let's ask ourselves a question.

### **Who do you think is going to win this negotiation?**

Yep. The buyer. Yes, both people are motivated. But one did a better job at negotiating. As a result, he wins! He buys the home for \$43,000 less than the fair market value.

## **Don't let this happen to you!**

In the upcoming chapters, we'll take a closer look at negotiation.

Take time to prepare and you'll be ready for whatever comes along!

## Chapter 10

### Why Most FSBOs Screw Up Negotiations

Let's start with some negotiating mistakes to avoid. After all, what you don't do is going to be more important than what you do! One slip of the tongue can result in a negotiating mistake (and hurt your pocketbook too!)

#### **Common Negotiating Mistake #1: Not learning the other party's motivation.**

Price isn't the only reason people buy. They may really like a certain feature your home has. They might be willing to pay more because of that feature.

Sometimes they might absolutely love that feature. They have been hunting for a while and finally found a home meeting their needs completely. That means they are willing to pay more for your home.

**If you meet the buyers, you should ask them why they are buying a home.** They might tell you they are being transferred and have to find a home by a certain date.

If you know that, you will be able to negotiate a higher sales price. If the buyers have an agent, ask the agent for information. Here are some questions you can ask:

- Why do the buyers like this home?
- Where are they moving from?
- How does this home compare to other homes?

You shouldn't be as blunt as that. **However, you can often find the answers to these questions in a roundabout way.**

For example, you could say, "You will love our town because of the X (insert a unique feature of your town.) Do they have an X where you live now?"

That will start the conversation about where they are moving from. You can learn a lot from what they say. It will be helpful during the negotiations. You would be amazed at what some people will tell you.

### **Common Negotiating Mistake #2: Meeting in the middle.**

(This is the most common mistake novice home sellers make.) It's the easiest way to sell your home for \$10,000 less than you should.

I don't want to come across as cocky, but meeting in the middle is never a good strategy.

It's the most common thing everyone does and the problem is everyone thinks they have to do it. That's a big mistake. There is no rule book that says you have to "meet in the middle".

Here is a quick story that illustrates this. A home was on the market for \$240,000. The buyers made an offer for \$220,000.

The agent told the seller to reject the offer and told the other agent they should come back with a better offer. (The house had only been on the market for 2 days.)

The buyer came back and “Met in the middle” with a \$230,000 offer, The agent knew they were serious buyers and really wanted the house.

The seller thought the buyer was being a good person by “meeting in the middle”. He was willing to accept the \$230,000 offer.

The agent told him to give a little, but not “meet in the middle”.

He recommended that he counter at \$237,500 and see what happened.

The buyers came back with \$235,000 and after some more negotiations the buyer and seller agreed on \$237,000. **So, what can you take from this?**

Don’t meet in the middle. Instead, give 10-20% and let the other 41 guy give 50%. You’ll gain a little more in each round of negotiations.

### **Common Negotiating Mistake #3: Talking too much.**

This is the worst sin of negotiating. Don’t tell the buyers or their agent your life’s story.

What do you think would pop into a buyer’s head if they heard this out of a seller’s mouth? “We must sell the home because it is in foreclosure and if we don’t sell it by June 23rd, then the bank will foreclose on it.”

Immediately they will think. “I wonder what they owe on the house. Because if it doesn’t sell, they will have a foreclosure. The sellers probably just want to

get what they owe on the home so they can avoid foreclosure.”

**This is an extreme example, but it shows you how a simple slip of the tongue could cause a seller to lose a large amount of their hard earned equity.**

A seller facing foreclosure in that situation might be desperate enough to “get out” with none of their equity just to avoid foreclosure.

But, what if the buyer was willing to pay the market value for the home? That seller just lost all of their equity! When a buyer asks why you are selling, answer them without giving away any extra information.

You could say, “Oh, we would like to move to Omaha.” (Or whatever place you are moving to.) You don’t need to say much more than that. And don’t tell them you have a job transfer!

#### **Common Negotiating Mistake #4: Making the first move.**

Many buyers will ask what your bottom line is. They know they can usually negotiate a home seller down to an even lower price.

Don’t fall for it. You’ve already made the first move by setting a price for your home. Tell the buyers you need to think it over and get back to them.

Then, ask them what they like about your home. If they tell you, you can determine their motivation to

buy your home. After that, ask them what they are thinking of offering on your home.

**The reason this rule is so important is in some negotiations, you may offer more at the beginning than the other party is willing to accept.**

Here is an example of this. A person I know was trying to buy something. He had a price in mind he was willing to pay. He thought the best price he could get was \$1,500, but he was willing to pay up to \$2,000.

He asked the seller what he wanted for the item. The seller responded he didn't know what he wanted. He offered the seller \$1,500 and the seller accepted it.

He later learned that the seller was desperate. The seller had a price in mind of \$800 to \$1,000.

If the seller had mentioned an opening price first, he would have saved \$500! Instead he lost \$500.

### **Common Negotiating Mistake #5: Letting your ego get involved.**

What is your final goal? You want to sell your property quickly for top dollar, right? Keep that goal in mind during the entire negotiation.

I have seen people kill a potential top dollar sale simply because they didn't like the buyer. Or the buyer started negotiations with a low ball offer and the seller got offended.

"I refuse to negotiate with someone who insulted me with that lowball offer," they said. And a good buyer moved on to buy another house.

## **Most lowball offers can be negotiated to a higher price.**

Some buyers have a big ego and think they are great negotiators (when they actually aren't.) Their definition of a great negotiator?

Someone with a big ego that tells people off and walks around like they own the world. They think being abrasive and rude will get them a better deal. They'll throw around "take it or leave it" offers.

## **I can tell you from personal experience most buyers are willing to pay more than their "take it or leave it" offer.**

You just have to keep the negotiations going, even though you might be a little unhappy or angry with what they are doing.

I have seen home sellers tell off a buyer that said something rude. That buyer could have bought their house. The buyer might actually be a very nice person. Keep your eye on the goal and don't get distracted by petty things. You want to sell your house for top dollar.

Let anything a buyer says that is rude, or otherwise offensive, roll off like water off a duck's back. It means more money for you in the end. That is the best feeling of all, far better than telling them on.

## **Common Negotiating Mistake #6: Failing to take time on the counter offer.**

Many times you will be pressured to reply right away to an offer. Buyers are impatient and if they really like yow' house, they will want an answer to

their offer right away. But do you know what else that means?

**They are probably willing to pay more for your property.**

Take the time to talk to your Real estate agent. You need to take a little time and consider the situation.

Have you been able to find out any information on the buyers? Use that to put yourself in the buyer's shoes. A little space and an objective third party will lead to more effective decision making.

# Chapter 11

## Advanced Negotiating Tactics

**Now that you know what mistakes to avoid, here is how to negotiate for the highest price possible.**

Finally, you are where you want to be in the home selling business. You've worked yourself senseless updating your home, cleaning it and pretty much creating an appealing abode for home seekers.

Next, you get your first viewers. Yes! Now you're at another first, with someone making an offer on the property. You suddenly realize you're in a very precarious situation, and you may have no idea how to proceed.

I can help you with that, so don't sweat it. Try to realize this is one of the most important financial decisions of your life. I know, I just told you not to sweat it, and then I throw that at you.

But, in truth, most people don't stand a chance of coming into this kind of money more than once or twice in their lives, if that.

So, you want to make the very best of this situation for yourself, for your future and for your children's futures. The more money you make, the better off you'll be. But you already knew that part.

That is why I'd like to guide you through more than just the standard approach to negotiating the sale of your home.

I want to see you come away from this deal with a few less debts, a wonderful new home and some extra cash under the mattress.

While there are times when the offer, counter offer, deal approach works best, there are also times when you could come away with thousands more through simple strategic planning.

Let's explore your options, and then you can choose which is best for you.

### **Negotiation Technique #1: The typical negotiating approach.**

You are probably familiar with the way most people approach the buying and selling process. The home is put on the market, and when an interested buyer comes by, they make an offer to the homeowner.

The homeowner will typically make a counter offer, which can be accepted or rejected by the bidder. Sometimes this back and forth can go on for a while. There are both pros and cons to this particular situation.

#### **Pros**

One positive to the typical negotiating method is the transaction is fairly straightforward and easy to understand.

It makes the seller seem flexible and willing to work with the buyer's needs. It's a bang, bang, boom sort of situation, and everybody knows exactly what's going on.

This strategy can work quite well for folks who are willing to take lower offers to simply be rid of a home. It's a pretty straight forward process. That is as much as any home purchasing transaction can be straight forward.

### **Cons**

A serious negative to this approach is once you accept and sign off on the low offer, your house is off the market. Let me put that in perspective for you.

Let's suppose Sally Sue, who checked out your home last week, calls with a much higher bidding price five minutes after you reluctantly signed off on the low offer.

You are now legally bound to put Miss Sue on hold until you see if your current accepted contract works out or not.

The bottom line is you could be making substantially less money and there's not a thing in the world that you can do about it.

Another con to the standard approach is you might feel pressured to take low ball offers from deal seekers out of fear nothing better will come along.

If the cons outweigh the pros in your situation, let me ease your mind. You don't have to go through those

negatives, because there are many negotiating approaches you can take. Allow me to share.

**Negotiating Technique #2:  
Reject an offer, but throw the bidder a bone.**

Let's just say a buyer comes around, loves your property and makes an offer. You are happy they want the home, but you're a little less than thrilled with their bid.

You find yourself on the fence. You wonder if you should get the deal over with and take what you can get, or if you should hold out for a better offer in the future.

That's a valid concern, and there is a way to handle this. Go ahead and reject their offer. That's right. Take a step most folks have a hard time taking and simply say that one dreaded word, "No".

Saying no can sometimes take you exactly where you want to go. Just don't stop with the negative answer. Reject their offer, but invite them to resubmit a higher bid. That takes some of the pressure off of you. There are several ways a deal like this can go.

The potential buyers are not usually going to expect you to take their very first bid, and they might be throwing out a low ball offer just to see how far down you're willing to go.

You can send your own little message by rejecting that less than desirable offer, but keeping them in the loop.

They'll know without a doubt they ventured far too low. If they sincerely want your property, and not just a bargain, they are likely to come back to you with a much higher bid.

As always, there are two sides to every coin. In the event the bidders really do want your property, out of all of the other properties available, this procedure can work well.

However, you are liable to lose the deal if this is just a person gobbling up cheap real estate the way some people gobble cookies. While that may seem bad at first, in retrospect it leaves you completely open to better offers in the future.

### **Useful Tips**

- It's most desirable to use this approach when your home has just come on the market or if you have all open house scheduled soon.
- Keep in mind that whole legal counter offer thing-a-ma-jig, too.

The instant you accept and sign off on a low contract offer, which could be a real estate vulture on the prowl, you've tied yourself to dealing with that contract.

During the time you and your bidder are working on the accepted contract, you can't accept any other offers. That wastes your valuable time, and could cost you better bids.

### **Negotiation Technique #3: Bring on the bidding war.**

Did you know there is such a thing as a bidding war? This is usually a carefully crafted situation that can literally bring the bid on a home above the price the homeowners are asking for in the first place.

Here, allow me to explain how this can happen.

#### **The Process**

- The first thing you do is to put your desirable home on the market.
- You also ideally schedule an open house for just a few days later.
- As you put your home on the market, you also put in a disclaimer that you're not going to entertain any bids made on said home until after the completion of the open house.

Well, you're probably thinking this is ludicrous! How is going through all of this trouble going to help you sell your home quickly, and for top dollar? You could be missing out on real bids!

Hold on to your horses, cowboy, because there's more to this story. The answers to your questions are simple as can be. Human nature will take over, my friend. You and I have just created a prime situation for competition to abound.

Everyone who sees the home and loves it will want to make a bid. Some really competitive players will want to bid just to see if they can win the prize! They'll

know from the start you are potentially getting offers from countless other people.

You have just been set up to take multiple bids at once, and this gives you the freedom to go with the best one.

Potential homeowners who really want your house for their own are going to start bidding high, and they might keep overbidding each other.

In this type of situation, or a bidding war, it is not uncommon at all for the seller to come away with more than their asking price.

The reality of the situation is you might only get one bid out of the whole shebang. However, the bidder isn't privy to that information. The fact they know they could be competing against other offers also works in your favor.

They are going to try to make an offer that's better than everyone else, because they don't have a clue there is no one else at all. At the end of the day, who does the winner turn out to be? You do!

#### **Negotiating Technique #4: An expiration date for extra motivation.**

Let me remind you. Once you and the buyer agree to an offer and sign the contract, you are legally bound to see the process through until you and the buyer close the deal or agree to cancel the contract.

This means you can't take a higher offer if one comes along. That is a rotten situation to be in.

However, there is a way you can counteract this problem.

You can set yourself up for a higher selling price and a shorter waiting time ail at the same time. To help your cause, in order to sell your home quickly for the most money possible, put an expiration date on your counter offer.

It means you give your bidder a certain amount of time to either agree or disagree with your terms. This benefits your outcome in a couple of ways.

### **Benefits of a short expiration date**

- First, a short expiration date motivates your potential buyers to make a speedy decision. Either you'll go into a contract with them, or they'll move on to greener pastures.
- If the bidder moves on, you are free to negotiate with other bidders quickly.
- If they accept your terms in short order, you sell your property faster.

I encourage you to be reasonable about this. The last thing you want to do is turn your buyer off by making the time frame too short, particularly if they aren't that far off from your ideal price with their current offer.

However, feel free to go below the standard time used ill your state. If the typical deadline is three days, make yours two.

The potential buyers will know you mean business, but you also recognize this is a life changing decision for them, as well as for yourself.

There's another reason to expedite these contracts besides quickly closing a deal or being free to negotiate with other buyers. The longer your home is on the market, the less desirable it appears to potential buyers.

If the deal falls through, you've extended the number of days your home has been on the market. Valuable time has been wasted.

By shortening that time, you're shortening your overall number of marketed days in the event that this deal doesn't go through.

**Negotiating Technique #5:  
Pay the piper, but raise the price.**

Buyers are increasingly asking sellers to pay their closing costs, which are normally around 3% of the actual price of the home.

I know it makes you shudder to even think of handing out that kind of cash. However, this kind of deal could actually work to your benefit. Let me explain.

## **Chapter 12**

# **The Crucial Point That Sellers Can't Afford to Miss**

### **The Buyer's Perspective**

Let's look at this from a buyer's perspective for a moment. Many homebuyers just can't afford to come up with those kinds of additional costs.

Often, they are strapped for cash after coming up with the down payment for your home, money for new appliances, moving expenses and re-decoration needs.

### **Your Perspective**

On the other hand, it isn't quite fair for you to come up with that much cash so they can buy a home, now is it? After all, they not only want you to pay the closing costs but also to come down on your original price.

I'll give it to you straight. You should pay those closing costs. Wait! Before you decide I've lost my marbles and toss this book out of the nearest window, allow me to show you how paying those costs will work for you and not against you in the long run.

You should pay the closing costs, but you should also increase the price the buyers pay for your home by the same amount. Let me restate that.

If the only thing preventing you from selling your home is the out of pocket cost for closing fees, and you're able to afford it, it would be beneficial for you to

do so. You should recoup that money by raising the price on your home by the same amount.

You see, buyers may not be able to come up with extra cash for closing costs, but they can often borrow more money with their loan.

Many buyers don't realize if you pay their closing costs, you are giving up some substantial profit on your home's sale. You should help them realize that fact in your counter offer.

Here's how you handle the situation. When the buyer submits an offer that includes you paying the closing costs, simply counter with an offer that says you'll do just that. That is, you'll do just that as long as they agree to the higher price you're proposing for your home.

### **Show me some numbers, please!**

- Let's say, for instance, your asking price is \$250,000.
- Closing costs would be approximately \$7,500.
- Your bidder makes an offer for \$240,000 and additionally asks you to pay the closing costs.
- We understand this means you would be letting your home go for \$17,500 less than you asked for it. That's a nice chunk of change, and often more than anyone with a brain and a house worth the asking price is willing to go.
- So you make a more reasonable request. Simply counter offer by agreeing to pay the \$7,500 in closing costs as long as the bidder is

willing to pay the original price of \$250,000 for the property.

- You've reduced it to a more reasonable amount of loss at \$7,500.
- The bidder is still getting a deal, and you're getting a fair price.

(Keep in mind these numbers are only approximations. I'm a Real estate agent, not a mathematician. I think you can see the point, though. Thanks!)

Ideally, this approach allows you to come out smelling like a rose, because you'll get back the money you invested for closing costs as soon as the deal is done.

However, there is one major hurdle that could hinder you. In the event your home won't actually stand for the amount of money you're asking, you'll have to go back to the drawing board.

A bank is not going to loan more money than your home is worth in any event, and especially in today's economy.

However, paying closing costs in many situations can be a great way to close a deal. It can actually mean the difference in your possible buyer choosing to go into debt for your home rather than the guy's down the street.

It's just a matter of asking a fair price for an outstanding home from the very beginning,

### **A Final Tip: How to immediately gain the upper hand in any negotiation.**

If you ever feel you are getting “taken advantage of” in any negotiation, do this. Tell the buyer you are changing your mind. Yes, that’s right. You are taking your home off the market.

The dynamics of the negotiations will change right away. The buyer will now have to sell you on why you should sell the home to them. In addition, they will have to make a really sweet offer in order to have any chance of you accepting it.

I’m not saying you should use this tactic in every negotiation, However, this is a very effective strategy when you feel you are losing the negotiation. I only recommend using it in that type of a situation.

If the buyer doesn’t buy the house, you can always change your mind and continue to try and sell it.

After all, there is nothing wrong with changing your mind, Lying, cheating, and stealing are wrong. But changing your mind isn’t! Does that make sense?

## **Chapter 13**

### **The Easiest Way to Lose \$36,000 on Your Home Sale**

Chuck wanted to sell his home. A real estate agent contacted him and told him that someone wanted to buy his home. The buyers were offering \$285,000 and were approved for a loan. "Will you sell your home to them?" the real estate agent asked.

On the surface, it all seemed like a great deal. Chuck could sell his home quickly and avoid the inconvenience of the normal home selling process.

**Without further ado, Chuck accepted the \$285,000 offer and moved on with his life.**

**A few weeks later, Chuck's neighbor sold his house for \$321,000.** The neighbor's house was very similar to Chuck's home. It was a little bit smaller but otherwise comparably to Chuck's. It wasn't in better shape than Chuck's house.

**Why did Chuck sell his house for \$36,000 less than his neighbor?**

- Why did he work so hard to pay down his mortgage?
- Why did he work so hard to keep his house in tip top shape only to sell it for less than it was worth?

Because he didn't know what his house was actually worth! Unfortunately, Chuck never checked with anyone to find out what his house was worth.

**He didn't get an appraisal or a second opinion from another real estate agent.**

**Here is how to avoid having this happen to you.**

Obtain a second opinion of the value of your home, BEFORE you put it on the market.

**If you don't price your home correctly, you take the risk of:**

- **Selling your home for less than it's worth.**
- **Wasting time** while your home sits on the market (because it's not priced correctly.)

Here is how to avoid having this happen to you. Price your home so it sells quickly and for the highest price possible.

If we're being honest here, we probably all have skewed ideas of the worth of our homes. Either we think it is far more marvelous than it actually is, or we're so tired of it that we think it is a horrendous cross to bear.

Add to that your hopes and dreams of what to do with your money once you sell, and pricing your own home is a complete danger zone. This is one area where the aid of a real estate agent really does come in handy.

## **Danger Zone #1: Pricing Below Value**

It is possible that a home priced too low could eventually aid a seller to start a bidding war so that the price is driven above what the sellers wanted to make in the first place.

However, conditions must be ripe for this kind of arrangement to work. Well-laid out and professional plans are also crucial to this maneuver's success.

On the other hand, when a home is priced far below market value, potential buyers are left feeling as though there is some hidden, ominous fault with the property - even if there isn't.

That kind of mentality can leave a home simply hung out to dry, which wastes valuable time. The longer a property stays on the market, the less money that sellers are likely to make.

## **Danger Zone #2: Pricing Above Value**

Pricing too high, obviously, leaves your home sitting stagnant in the water while all of your neighbors' homes are snatched off of the market. Why would anyone purchase your home if one very similar is priced thousands lower nearby?

Common sense says that your home is not going anywhere anytime soon. Now you're sitting and playing the waiting game while your peak selling time is slowly dwindling away.

These dangers are why getting an accurate price on your home from the get-go is imperative to your selling for top dollar.

There are several ways that you can proceed with discovering this mythical figure, but it isn't necessarily a simple or cost-free endeavor.

### **Avoid the most common mistake novice home sellers make.**

They don't check comparable sales and just put the home on the market. It sounds too simple to be true. But, it happens all the time.

At other times, they do not check the highest and best value of the property and sell a prime development property for pennies on the dollar.

One savvy investor bought a prime development property for about \$275,000 and re-sold it for over a million dollars! The sellers made the mistake of selling their property without checking out all their options.

### **Understand how different market settings affect how you should price your home.**

First, you need to determine whether or not you are in a buyer or seller's Market.

While you're scouting out other homes for sale in your area, you should also pay attention to how long they've been on the market.

Places like Zillow often have a little section under each home that tells how long it has been up for sale in

their systems, although not necessarily how long they've been on the market.

If homes in your neighborhood are getting snatched up right and left, you stand a good chance of the same happening for you if your home is priced right.

This would be referred to as a seller's market, and you could get more profit from your home's sale.

On the other hand, if the 'Home for Sale' signs in your area seem to be growing roots and taking up permanent residence, then you are probably in a buyer's market.

### **How to price your home in a seller's market.**

Sold homes don't matter that much. You should price your home to be competitive with the other homes on the market. But, you don't have to match the price of what homes have sold for.

For example, a home recently sold that was seemingly about \$100,000 overpriced. Comparable homes were selling for about \$525,000 to \$550,000. However, home prices in the area were increasing rapidly.

Nothing similar that was available for less than \$650,000. The seller owed \$650,000., so they priced the property at \$699,900. And guess what? It sold 3 months later for \$674,000.

## **How to price your home in a buyer's market.**

If your local market is a buyer's market, then you should look at all of the other homes for sale and make sure that your home is priced competitively with them.

If your home is not selling, then you will need to adjust the price until it sells. This is never fun.

## **How to determine your home's exact value.**

There's more than one way to find out the value of your home.'

You can use the following method by itself. However, a combination of some or all of these suggestions will likely give you the best pricing direction.

**Hire an appraiser:** One way you can get an accurate valuation is by consulting a professional. Many appraisers will charge hundreds of dollars to give you a reasonably accurate home price estimate.

**Let me help you:** Do you know there is a simple way that is 100% free? As a real estate agent, I have access to the same information. I'd be happy to put together a Comparative Market Analysis (CMA) for your home!

The CMA will provide you with the following information:

- **Detailed information on each house sold in your area** over the last 6 months along with the **final sale prices**. If you are thinking of

selling, this will help you price your home realistically.

- **Detailed information on all houses for sale in your area** and their **asking price**. These homes are your competition.

Skip ahead to last Chapter if you would like more information on how to request a free home valuation.

**Do your own homework:** There is a free way of getting a decent valuation of your home, but it is risky and time consuming.

You can use the Internet to scout out other homes that are for sale in your area, and narrow them down to those that are similar to yours. The prices on these homes can give you a good benchmark for setting your own price.

### **How to find accurate comparable sales and use them to determine your home's exact value.**

Search on the internet, sites like Zillow or Realtor.com can show you similar sales. To search for homes similar to yours, enter criteria, such as square footage, the number of bedrooms, etc.

The key to finding accurate comparable sales is to find the properties that are closest in location, condition, square footage, features, etc.

### **How to determine which comparable sales you should use and which to ignore.**

**The following comparable sales should not be used.** Very few of these properties sell for a fair value.

Here is why each of these property types are NOT good comparable sales.

**Bank Owned / REO Properties.** Banks always sell their homes for less than they are worth. I don't know exactly why this is. But, they do it so often that I know it is true.

The average bank owned home in today's market is selling for 5- 10% less than its fair value. This is true even for the homes that are in good shape.

**Short Sales.** Buyers and their agents hate short sales, because they are tricky and unreliable. A buyer will often fall in love with a short sale home, only to find out the banks won't approve the short sale.

Agents do not like to show them for the same reasons. As a result, the pool of buyers for a short sale is much smaller than for a regular listing.

**Ugly Homes.** These are homes that are unappealing and aren't kept up. People buy homes because of emotion. Logic doesn't always apply. As a result, a well-kept up home will sell for more money.

We have seen well-maintained homes sell for 10-15% more than an unappealing home. We have seen professionally staged homes sell for 20% more than an un-staged property.

Yes, the condition of a home counts. Don't use an ugly home as a comparable.

## **Are you in a Buyer's or Seller's Market?**

While you're scouting out other homes for sale in your area, you should also pay attention to how long they've been on the market.

Places like Zillow and Real estate agent.com often have a little section under each home that tells how long it has been up for sale in their systems, although not necessarily how long they've been on the market.

If homes in your neighborhood are getting snatched up right and left, you stand a good chance of the same happening for you as long as your home is priced right.

This is referred to as a seller's market, and you could get more profit from your home's sale.

On the other hand, if the 'Home for Sale' signs in your area seem to be growing roots and taking up permanent residence, you might benefit from setting a little lower price than your competitors. You may not make as much profit as you would have liked, but some profit is better than none at all.

### **It's all in the timing.**

Timing is a slippery slope for sure. If you take too much time actually going through with a sale, just holding out for the perfect offer, you're probably doing yourself a disservice.

What is more likely to happen is that buyers will notice your home is just sitting there, and only offer

lower prices. Market statistics suggest that the first offer is most often the highest, anyways.

Conversely, if you need to sell quickly, you don't have a whole lot of wiggle room when it comes to negotiating. You need to get out of the home, and you're limited to taking whatever bids are thrown at you.

### **To all things there are a time and a season.**

More often than not, the best seasons to put a house on the market are in the spring and fall. Keep this in mind as you prepare your home for sale. If the timing allows, shoot for your next hot season to begin the marketing process.

For instance, if you decide you want to sell in June, plan to put your home up for sale in the fall. Use the intervening months for the necessary preparations.

### **A Little Nudge.**

It isn't uncommon to get to a place where you're desperate to get this selling business over with, and yet, there are no takers. Give your prospective buyers a little nudge. Make them feel as if they're getting the deal of a lifetime!

Everyone loves a bargain. There are several ways that you could use this psychological tendency to your advantage.

- Offer an allowance for decorating, new appliances or even landscaping. Look at the

flaws of your home, and instead of trying to correct them with MORE improvements, correct them with money. Buyers love being able to pick out all of their own, new stuff.

- Consider paying for a home warranty. They aren't typically astronomically expensive, usually just a few hundred bucks, and they give a new homeowner the peace of mind to buy your used home.
- Think about paying the closing costs. While this may seem a little unfair, if you can sell your house quickly, you'll be benefiting tremendously. Remember, the longer your home marinates on the market, the less you're going to make anyway.

## **Chapter 14**

### **Five Reasons Homes Don't Sell**

Are you the victim of a common mistake that stops your home from selling? What else can you be doing to ensure your home is going to sell?

In this chapter, you'll discover the biggest mistake agents make, a proven marketing secret, and how to "sweeten the deal" for buyers.

These topics are crucial to selling your home, and quite honestly, most other real estate agents are oblivious to these proven methods. A common mistake most agents make is not having professional pictures of the home!



Most Real estate agents don't take the time or use the energy to get decent pictures. They will show up

with their point and shoot approach, take a few shots and call it good.

Professional pictures will make your home look much better.

Photographers know what to do to make their subject look its absolute best.

Whether it's a cute puppy, a newly married couple, or a home for sale, professional pictures are a complete necessity in my book.

**You have to view your house from a buyer's perspective.** If you owned the house in this picture, you may not notice the trees that dominate the photo, the bland coloring tint, or the really bad angle this was taken from.

Even if you don't hire a photographer, at least get someone to touch up the pictures and make them look their absolute best.

For example, here's a picture before and after a touch up:



**BEFORE**

Now the same picture, after a simple touch up:



**AFTER**

**Pictures sell your home.** It's the first thing a buyer notices and it's what will keep them interested, Get professional pictures taken!

### **What can you do to sweeten the deal for the buyer?**

Everyone is looking for a deal. This includes you, me, your mom, everyone. If people think they are getting a bargain, they are going to hear that little voice inside of their head saying, "do it, do it, don't pass it up!"

Marketers have been using this method for centuries, because it works. If you want to convince someone to buy your home, offer them something no one else is offering. Even if it's something that seems insignificant to you, it may be the closing deal for the buyer.

Take this example, an agent had been trying to sell a particular home for almost a year and was ready to give up. In fact, he had come very close to selling the house at one point, but the deal fell through.

Getting people interested in the home was not a problem. Buyers were looking at a lot of homes in the neighborhood. This listing was even one of the nicer ones in that particular area. That was a problem.

Yes, the house was nice, but so were a few other houses in the neighborhood and this house was priced above the others. The agent could not seem to close the deal on his house, because everyone would eventually turn their interest to one of those other homes.

**Luckily, he talked the owner into “sweetening the deal”.** He needed something that would make the house stand out. He needed an incentive to buy this house instead of the ones that were almost just as nice right down the street. Finally, the owner agreed to give it a try.

The following week a new buyer came to look at the house. As usual, they planned to visit other houses in the area, after this one.

So before they moved on, the agent told them he had something special to share. Based on his agreement with the owner, he gave them something to consider. Told them the owner had agreed to pre-pay the entire first year of property taxes! That is a sweet deal in any sale.

**The buyers came back later that day, and wanted to buy the house!** All it took was a little incentive to make one house stand out from other similar homes in the area.

See the power of a good incentive? It doesn't have to be much, and it doesn't have to be a discount on property taxes. You could include free cleaning or lawn care or pest control services.

The list goes on and on and the only thing stopping it is your creativity. Put yourself in your buyer's shoes and ask yourself what kind of “deal” would you like to get when buying a home. Be ready before the first buyers come. If they show interest, it might be the right time to sweeten the deal with one of your incentives.

## Chapter 15

### Preparing to Market

#### Step 1: Preparing to Put Your Home on the Market

There are several steps that you need to take in order to prepare your property for showing. This is time-consuming, so give yourself room between actually deciding to sell and putting a sign out front.

**Lots and lots of paperwork.** One of the very first items you're going to want to check off is getting all of the appropriate paperwork in order. The list is extensive, and is by no means an 'across the board' kind of deal.

Requirements often vary by state. Even worse is the fact that it just as often varies by county. The best way to find out exactly what you need is to check with a local real estate agent.

Of course, I am always at your disposal and can help you sort out what you need for all of my surrounding areas. Just give me a ring, and I'll help you out.

**Dig out your title insurance policy.** Be prepared to provide proof of your title insurance. Most mortgage companies require that you present this before loan approval can be made, so it is advantageous to have it within arm's reach before you actually nail down a buyer.

Title insurance can be tricky business, and a professional must handle the whole situation. Customs of who pays for title insurance differ across the nation.

You may recall hiring someone to “search your deed” when you originally bought the home that you are now selling. Title insurance is bought at that time, although you may not have even been aware that that was what you were doing. It guarantees that the deed to your property was searched from the present back to its U.S. Patent. The insurance is for protection against human error, because let’s face it: mistakes do happen. The process will also have to be repeated with your current sale, but it’s very handy to have your prior paperwork nearby.

**Surveys Are sometimes required.** Some states require by law that if a homebuyer is using a mortgage loan to purchase a property that mortgage surveys be done. This guarantees the property is as is and should be without any encroachments.

An example of an encroachment might be a neighbor who has gone over the boundary line of your property with their garage, or you might have put in a fence that is actually on their land. All improvements will also be noted on this survey,

Many states also require that the boundary of the land be surveyed. Again, every place is different. Make sure you check with a professional to find out exactly what your specific laws require.

**Some states demand disclosure statements.** It isn’t uncommon for states to mandate that a seller

provide potential buyers with certain disclosures about the property being sold. Some examples of disclosures are natural hazards, pest control, and lead paint. These are certainly not the limit of what can be required. An attorney or a qualified real estate agent, such as myself, can help you to determine what is specifically needed.

**A pre-inspection report is recommended.**

Technically, it isn't normally a requirement for you to have a pre-inspection performed. Regardless of whether you're forced to or not, it's a good idea. Most of the time, certain inspections are going to have to be done before a mortgage lender will indeed offer the money for your buyer to purchase your property.

In the event that some part of your home doesn't pass inspection, you are in a whole wide world of very complicated trouble. If you go ahead and pony up the cash to get a pre-inspection done, you have every opportunity to make repairs yourself, and before the future mortgage company ever finds out about the problems.

You could also choose to make allowances in your asking price for the repair of any faults once the home is out of your hands. Another route you could take is selling the home "as is," but that's a whole other ballgame unto itself.

It really can't be stressed enough, and you may be tired of hearing it, but you need to check with a professional before assuming anything. The rules for these sorts of circumstances vary too widely from

location to location for you to take anything to chance. The last thing you want is to have legal repercussions from this sale hounding you years from now.

**A home warranty is a great idea.** A home warranty is becoming a more important incentive to prospective home buyers. These warranties are purchased by you, the seller, at the close of your property. A basic package is usually below \$500 and guarantees a number of different home features for a year. These could include major appliances, electrical, plumbing, and heating and air systems, among other things.

You'll want to really research and understand what you're getting, because there are all sorts of home warranty packages available. Having the one you've chosen on hand while showing your property can really put your potential buyers at ease.

## **Step 2: Marketing Your Home**

Marketing is not easy, nor is it necessarily cheap. The main reason you probably have chosen the FSBO route is to save yourself a good bit of money, so you're going to want to strongly consider your marketing strategy.

There are all kinds of tools at your disposal, from the traditional signage to information packets to Internet listings. You will want to set a budget for your marketing, and stick to it.

This is where a real estate agent really does come in handy. You may be quite surprised at how much

time, money, and effort it takes to make effective marketing happen.

**Old fashioned newspaper ads.** Sometimes, the old tried and true methods still work, and newspaper ads do. Most of the time, a classified ad is priced based on the number of lines or words that is being published. There are also extra charges for photos and special lettering such as bold and italics, so get to the point quickly in your ad, but also add enough insight to hook prospective buyers.

Use special lettering sparingly. You're going to want to include:

- Price
- Number of bedrooms and bathrooms
- Street address
- Square feet
- Special features, such as hardwood floors or a finished attic
- A void too many abbreviations, since this can be overwhelming as well as confusing.

When you get ready to place your ad, ask your newspaper personnel when most other real estate ads are heavily incorporated into the paper. Most often, this will be on the weekends.

Shoot for the same time frame for your ad to run. Most home buyers are going to know when the real estate ads are heavy as well, and that is when they're going to be looking.

Keep in mind that placing this kind of ad can be tricky. Even saying something that seems harmless like, “a nice home in a Christian neighborhood,” can get you into tons of trouble.

Federal fair housing laws are pretty strict, and anything that could be considered discriminatory is dangerous - even if you mean nothing harmful by it. Nothing in your ad should even allude to discrimination against potential buyers based on:

- Religion
- Race
- National origin
- Color
- Sex
- Familial status
- Handicaps
- Any number of other factors

Check out more information on this at the U.S. Department of Housing and Urban Development site at [HUD.gov](http://HUD.gov).

**Get a high quality sign.** You absolutely need a high quality sign for your yard. Although many people are going to the Internet for their first-stop home shopping these days, a sign lets potential buyers know they’ve found the right place when hunting your property down. There are also those folks who still take the time to drive around and search out homes that feel right, and they find them by the signs.

Your sign should not be poster paper scrawled on with a Sharpie and stapled to a tomato stake! This is not an effective way to woo a buyer willing to pay anything near your asking price. You want your sign to lend a professional, well-groomed appearance that works well with your curb appeal. Make sure that your phone number and other vital information are clearly visible from the road.

You might also find it advantageous to add a box or tube to your sign for fliers with more information on your home. Keep these fliers handy, because you're likely to run out more than once. Of course, before you construct any signs rivaling a billboard, check out any restrictions on signage in your community.

**Using listing services and internet ads.** Even if you aren't a computer guru, you can likely handle posting your home with any number of online listing services.

Often, you get more space for details at a cheaper price than with printed publications. A number of different sites are available to help you market your home for sale. A qualified real estate agent would know precisely which ones to choose for you- home and for the area in which you live.

You can go with the freebies, like Craigslist and Facebook - but beware of scammers. There are also places like Zillow, Trulia, and real estate agent.com who will advertise your home for a fee.

Those programs that add your home to the Multiple Listing Service sometimes offer additional

help with things like paperwork and pricing. Of course, those services cost extra.

**Compiling information packets.** Often overlooked, information packets can really help you out when you want potential buyers to remember your wonderful home more than anyone else's wonderful home.

Most folks looking to buy a home take a peek at more than one place before settling on their favorite. If you have given them a simple information packet loaded with photos and details about your property, they are very likely to look closely at it. .. and remember your home.

Make sure that you have your information packets available on your sign, but also hand them out whenever someone comes by for a showing. If you decide to throw an open house, have plenty available there as well.

### **Your Information Packet Checklist.**

- Several high quality photos
- Your contact information. Be thorough and give several contact methods such as home phone, cell phone, and email address.
- Home address
- Price of the property
- Number and size of bedrooms
- Number of bathrooms

- Special features, such as outbuildings and Whirlpool tubs
- Square footage
- Improvements and updates
- Size of lot
- Community details
- School district
- Information on neighborhood association, if applicable

## **Chapter 16**

### **All You Need to Know to Show Your Home**

#### **Step 3: Showing Your Home**

At last, you can reap the rewards of all of your marketing work. People begin to call and ask questions about your property.

You need to answer their questions honestly while also getting a feel for whether they're just browsing or if they are seriously interested in buying. When it feels right, invite them to come by and take a look.

When a seller chooses to go with a real estate agent, they are typically given 24-hour notice when someone wants to come and look at their home. FSBOs have more leeway with scheduling showings, in a sense, but there are a couple of things to consider before penciling in a showing three days from now.

Have you ever heard the saying, "Get it while the getting is good?" Your callers may be totally interested in looking at your house today, but in three days' time, they could very well have been tempted by another property.

You also shouldn't be surprised in the least to find that you're sitting in your living room speaking with a prospective buyer who turns out to be sitting in your driveway.

Once you ask if he'd like to come by and look, you are going to have a hard time explaining that he needs to wait until another day. I mean, he's right outside.

You need to keep your house in top-notch shape so that interested folks can come by at any time without you suffering from extreme embarrassment or jeopardizing a sale.

In the event that you are welcoming buyer's agents to show your home, you will likely want to invest in a lockbox. This will allow you to leave the premises while the agents are showing your home, and give them a secure way to enter.

#### **Step 4: Hosting an Open House**

An open house is more or less advertising all over the place that anyone who wants to have a look at your lovely home may do so at such and such time and on such and such date.

Your most successful open houses will likely be on weekends between 12:00 noon and 5:00 PM. In order for your open house to draw in an adequate number of viewers, you need to publicize it like mad. Make sure that you put out plenty of high quality signs for people searching for your home 10 follow. As guests arrive, give the grand tour of your home as if it were Buckingham Palace.

#### **Your Open House Checklist**

- Sign-In Sheets** - This is very handy for knowing who came to your home, how to contact them and whether or not they're

working with an agent. Keep several sheets near your entrance with plenty of pens, and request that each visitor to sign in.

- **Information on Sales Price** - Hire a real estate agent to work up your CMA, or do the research on other similar homes in your area. Have this information *in writing* handy so that you can justify your sales price if necessary.
- **Give the Kids a Vacation** - Everyone loves their kids, but an open house isn't the best place for them to be. It can be overwhelming for the little ones to think of selling their home, and they may cause a fuss. Some viewers may find the pitter patter of little feet distracting. Take the kids to a safe sitter, like Grandma or a trusted neighbor, for the day. An added bonus is that you'll actually be able to focus on the open house rather than your little ones.
- **Preparation is Essential** - There are many questions that you're going to have to answer during an open house. Think about the potential ones beforehand and be prepared. The best way to do this is to think of the things you would want to know about a property if you were thinking of purchasing it. If you don't know the answer to one of these questions, find it before you open your doors to the public. To get you off on the right foot, common question topics are:
  - Shopping opportunities

- School information
  - Parks
  - Various services (recycling, trash pickup, etc.)
  - Utility costs
  - Taxes
  - Examples of financing options
  - Neighbor friendliness
- **Touch Base Later** - Once the open house is over and you can breathe again, you'll be glad that you had sign-in sheets. You're going to want to contact each visitor to see if they're truly interested in your property. You'll also want to see what they thought of your place. Don't be offended if you get some critical answers. You can use this valuable information to improve your home before more viewers come by.

Another important issue when following up from an open house is whether or not the folks who are interested in buying your home are actually *capable* of buying your home. Without enough purchasing power, buying is a lost cause. For this reason, you might consider qualifying your prospective buyers.

# **Chapter 17**

## **How to Close Effectively**

### **Step 5: Negotiations with the Buyer**

At long last, you have received an offer on your home! Congratulations! The question is, how do you handle the negotiations? Without a trusted real estate agent to guide you, negotiations can be very frightening situations, and they should be! But let's see what I can do to ease the way for you a little.

When you begin negotiations, you might get a verbal or written offer, and that's fine. However, insist that the verbal offer be put into writing immediately for your own legal protection. Your standard real estate purchase agreements are easy to find, believe it or not.

They're usually available at the local real estate association, or the local bar association. You might also be able to purchase them in certain bookstores or office supply shops. Have some on hand as soon as you start showing your home.

You don't have to accept an offer as it comes, although that is an option for you. You can also choose to reject it outright, or you may make a counteroffer. Entering into a contract is scary.

That's probably one of the biggest reasons that folks end up changing to a real estate agent. However, if you're a little queasy about the whole situation, but

are still committed to FSBO, you can always add a little addendum to your contract which says, “Contingent on the approval of my attorney.”

Yes, you need an attorney, and he’ll likely make up the offer and final contract. Don’t be surprised if you have to make a counteroffer, because there is an excellent chance that you will.

It isn’t always about the selling price that negotiations commence, although that is a common reason. Other reasons could be disagreements on precisely what will go with the property, contingencies, closing and move-in dates, as well as which party is responsible for the payment of closing costs.

Keep in mind that you need to be fair to yourself and your buyer throughout the whole negotiation. Everything, and I mean everything, must be in writing or you’re just shooting in the dark. You can withdraw your counteroffer at any time before the buyer accepts it. The same goes for the buyer withdrawing their offer before you accept. I highly advise that you seek out a professional at this point to help you along the way, because negotiations can be very complicated.

### **Step 6: The Closing Process**

Hallelujah! You’ve worked through negotiations with your buyer. All the *i*’s have been dotted and all the *t*’s have been crossed on your legally binding contract. It’s now time to get ready to close this puppy.

This part, you absolutely cannot do alone. You'll need to hire a lawyer, an escrow holder, or a title company to function as your closing agent. Depending on your needs, and those of your buyer, you will likely close in 30, 45, or 60 days.

**Using an escrow holder.** Often, contracts in real estate require an escrow holder. The escrow holder is a third-party that is impartial to the outcome of the transaction being made.

Both buyers and sellers are protected with this kind of arrangement. Legal protection is allowed everyone involved in the transaction during the closing process.

Usually, the escrow holder handles each of the necessary steps throughout the closing. Keep in mind that there are alternatives to an escrow holder depending on the location in which you live.

**Using an attorney.** Real estate laws vary by location. Many necessitate the use of a lawyer during these transactions, and this is especially true along the East Coast.

The attorney in these cases takes on the role of the escrow holder. It is highly encouraged, however, that a seller utilizes an attorney throughout the closing process whether required to or not. After all, tills is serious business, and having an attorney at yow- back can't hurt a thing.

**Using a title company.** Title companies can provide title insurance, and also often have access to

your escrow and closing needs. You need to have a clear understanding of what your state specifically requires of you before hiring any providers to aid in the closing of your property.

Your work isn't finished yet. As a matter of fact, you're just getting started. Keep these three things in the forefront of your mind, and your closing should go smoothly.

1. Your buyer must get their loan approval.
2. You must meet all of the expectations of the buyer's lender. This could include an appraisal, title insurance, surveys, and title inspection. Remember, this changes from location to location, and by lender.
3. The inspections come next. Hopefully, you've already done a pre-inspection and the ones required by the bank will run smoothly.

### **After the Offer is Accepted**

There are several hurdles to cross before the closing. You need to keep up with all of the details that are swirling around you at this point and keep everything on schedule.

**1. The Loan Application:** If this is a cash sale, then skip to #3; otherwise, the buyer, if they have not done this by now, will initiate the loan application usually within 3-5 days after the contract is totally negotiated and signed.

**2. Credit Report:** Although a simple "on-line" credit report may have been performed already on the

buyer, the lender will order a special “home mortgage credit report,” which derives data from several different sources.

If there are any problems, your agent will be notified. Some credit problems can be worked with, while others can't. It usually takes anywhere from 5-10 days to obtain a “home mortgage credit report.”

**3. Inspections:** If the buyer used an “inspection contingency clause,” which usually provides for either a 10- or 15-day inspection period, an appointment will be made either with you or with your agent for the home inspection service to perform the inspection.

The inspection process usually takes 2-3 hours, and the buyer may accompany the inspector. The home inspector will bring a bag of many gadgets and will inspect everything from the roof to the electric circuit box.

**4. Inspection results:** The inspection report is usually delivered to the buyer or their agent within a day or two after the inspection. The buyer will examine the report and will either

(1) Accept the premises “as is” and proceed with the sale,

(2) Accept the property with a condition that certain item(s) be taken care of in order to continue with the sale. Sometimes the items on the buyer's “punch list” may exceed the liability as negotiated in the contract.

If this happens, then you have a right to negotiate only to do your share, or you may elect to do all of the repairs, especially if they are repairs that would need to be done anyway just to sell your home. Sometimes, items may be listed that are not normally the seller's responsibility, such as cosmetic items.

(3) The buyer may elect to terminate the agreement because of the inspection results. The buyer has that right if the standard inspection contingent clause was used.

In most cases, some negotiating will go on after the inspection report is submitted. In some cases, the inspector may state that something is not working properly, when, in fact, it is.

You have the right to hire your own professional to dispute the home inspector's findings. This sometimes occurs because the home inspector is a general inspector and is just trying to cover his liabilities.

Sometimes, the home inspector may state that there is a possible problem and recommends that a professional should be consulted (i.e. Heating/AC, roofers, etc.). In this case, the buyer may add to their "punch list" to have the Heating/AC or roof checked by a professional.

**5. Appraisal:** If your contract has an appraisal contingency or loan contingency, an appraisal will be performed. The appraiser will call either you or your agent for an appointment. He or she will come out to your home and do some measurements, take pictures and notes, and go back to the office to write it up.

Depending on the type of loan, the appraiser may also do a minimum home inspection, which includes a visual inspection of the roof and flipping switches on to see if major appliances work.

Typically, it takes about 10 days from the date the appraisal was ordered to its completion. If your home appraises lower than the contract amount, there may be some re-negotiations, or the buyer may even back out of the deal unless an adjustment is made.

**6. Loan approval:** After the appraisal, and after all the paperwork required to verify the buyer's ability to pay the mortgage is accumulated, the "loan package" is sent to the underwriter.

Most of the underwriters are out of town. This process usually takes 3-5 days. Some of the lenders are doing point of contact underwriting by way of computer. It is not unusual for this step to take place within the last week before the closing date.

**7. Title Work:** Normally, the seller is providing title insurance for the buyer. If you have not done so already, your agent will bring or fax copies of the contract to the title agent or attorney that you and your listing agent had previously discussed using.

If this was a cash sale, the title work is usually ordered just after the contract is negotiated. If this sale is contingent on financing, then typically the title work will be held up, pending credit report, inspections, and appraisal steps being satisfied.

Your agent will normally keep in touch with the title company or attorney and advise them of the buyer's loan progress.

\*The title agent or attorney also handles all the arrangements with your mortgage holder(s) regarding the final payoffs. You need not do anything.

**8. Survey:** After the loan is approved, or earlier at the discretion of the loan officer, the survey is ordered by the buyer, their agent, or their lender. This usually does not occur until the last 10 days of the process.

It usually takes place on the morning of the closing. It is not necessary for you to be home for the survey, since they do not need to come into your home. The only evidence of the survey having been done is the classic wood stakes with red or orange ribbon at the corners of your property.

**9. Pest inspection:** The "termite" inspection is actually an inspection of all wood-destroying organisms, including but not limited to dry wood and subterranean termites, wood-boring beetles, carpenter ants, and wood rot caused by "wet rot" or by fungi.

The pest inspection paperwork, called the "WDO," cannot be more than 30 days old. If the sale is contingent on financing, the inspection is usually not ordered until there is a full loan approval.

However, if the loan approval is imminent but not official within the final week before the closing date, then it might be wise to order it anyway.

Your agent will advise you on this. If you have an active termite contract, then you should call that termite company to set up the inspection.

If you do not have a termite contract, then you and your agent will discuss selection of a company to do the inspection, and either one of you may make the phone call.

. You will need to be home for the inspection. If you cannot be there for the inspection, then your agent may be able to help co-ordinate the inspection on your behalf. When you call to make the inspection appointment, make sure to inform the inspector that the purpose of the inspection is for a real estate sale.

**10. Pest Inspection results:** The termite company will either give you the written report at the time of inspection, or they may deliver or mail it to you or your agent. It is very important that your agent get the original inspection report as soon as possible.

If you ordered the report yourself: please advise your agent by whom and when the inspection is being performed, so your agent can follow-up on the paper work. Copies have to be faxed or delivered to all parties concerned, including the lender, closing agent, and the buyer or buyer's agent.

**\*NEGATIVE REPORTS:** Occasionally a negative report is received indicating that a **termite infestation** has been found, or worse than that, a **wood-boring beetle infestation**. Your contract may cover only certain types of pests.

If you have a subterranean termite infestation, then a ground treatment is done which may involve boring holes in the slab for treatment. If you have a dry wood or boring beetle infestation, then your home may have to be “tented.” This can run over \$1000.

**\*DAMAGE:** If damage is indicated, then the lender or buyer may need to examine the damage before repairs are performed. This is their right. If repairs exceed your liability, you have the right to cancel the deal. However, you will still need to do the repairs for the next buyer, and all negative reports must be disclosed to all future potential buyers. This is the law.

**\*WOOD ROT:** If the property is cited for wood decay (and expect this to happen in at least 50% of all deals), then the lender will either require that the repairs be done, or they may send out an inspector to determine whether the wood decay has caused any structural damage.

If the inspection determines the wood rot to be cosmetic only, then you may not have to do anything about it. Most wood decay problems are not very expensive to correct.

After treatment and/or repairs are done, the lender may require another inspection by the pest company or by their own inspector.

**11. Moving logistics:** If you have not done so already within the last 10 days before the scheduled closing date, you should notify your power, phone, gas, and cable companies and any other utilities you might

have that you will be terminating service for the day of closing.

If you are moving out before the closing date, leave your utilities on until the day of closing. This is important in case repairs are required, for pest treatment, and for final inspections and walkthrough.

You should also cancel any other services associated with the home such as water softener service, pool maintenance, lawn maintenance, satellite service, security dial up service, your home owner's insurance, etc.

**12. Occupancy Logistics:** Unless your contract specified a date different than the closing date for the buyer to take occupancy, you will be expected to turn over the keys to the buyer at the closing.

If you or the buyer desires a different arrangement, this must be negotiated between yourself and the buyer. If you anticipate a problem due to logistics to turn over the keys to the buyer at the closing, you should make a request for a deviation as quickly as possible.

If the buyer is also selling their home on the same date, there may also be a logistics problem with the buyer, making it impossible for the buyer to deviate. Due to many liabilities, it is advisable to make a clean break at the time of closing.

Even though there is always a slight possibility of the deal not closing until you are actually sitting at the closing table, you should proceed to make the

necessary arrangements to comply with the occupancy as specified in the contract.

**13. The final walkthrough:** Usually within 24 to 48 hours before closing, the buyer, along with their agent, will do their final “walkthrough” to verify that all repairs (if any) have been finished, and to make sure that what they contracted for is still in the same condition.

If there are any problems, your agent will be notified. Most problems should have been “ironed out” by now, but if the walkthrough results in a non-acceptance by the buyer, there may be some re-negotiation.

# **Chapter 18**

## **Once You've Sold Your Home**

### **Step 7: The Closing**

You should arrive at the closing at least 10 minutes before the scheduled time. Most title companies allow an hour for each closing, and they try to keep to their schedule.

A cash sale closing usually only takes 10-15 minutes, whereas a closing with a new loan usually takes about 45 minutes. If there are problems or paper mistakes, it may take longer. The closing agent will collect all moneys and disperse all money.

You should receive a check at the end of the closing for your net proceeds. In rare cases, it may be several hours later before the closing agent can disperse you money.

During the closing, you will meet with your buyer and other necessary parties, such as your attorney, to transfer the ownership of your property. Sometimes closing is also referred to as a settlement.

All paperwork is signed, agreements completed, and details finalized at the closing. Normally, the whole transaction takes about an hour. Exactly where and how your closing will take place simply depends on the customs used where you live.

The closing often takes place at the closing agent's office. Make sure to stay in touch with this agent to be

100% certain that your sale doesn't get off track. There shouldn't be any surprises at the closing.

All expected costs should already have been covered and put into writing between you and the buyer. The following is a list of items that are commonly paid for by sellers at closing, although this is not set in stone.

- Title insurance
- Escrow or attorney's fee
- Transfer tax
- Survey costs
- Home warranty fee
- Mortgage payoff
- Outstanding utility bills
- Recording fee
- Inspection costs
- Buyer's agent commission

### **Step 8: Moving**

The closing is usually the time that the buyer takes possession of the property, which more or less means that you need to be out of the home by then.

There are situations where a rental agreement is set up between the buyer and seller. However, it's far less complicated if you go ahead and tackle the packing and moving process before closing. Keep the following in mind as you do so.

### **Where You Currently Reside**

- Provide a forwarding address to your post office.
- Don't forget to give your friends, family, and acquaintances your current contact information.
- Submit changes of address to your magazine Subscriptions, credit cards, etc.

### **Insurance and Banking**

- Order new checks and transfer money if you switch banks.
- Make sure that all insurance companies have your new address (auto, life, fire, and health).
- Get cashier's check for closing, if necessary.
- Obtain credit references.

### **Health and Prescriptions**

- Get referrals for a new physician from your current doctor.
- Have your prescriptions transferred.
- Get copies of your family's medical and dental histories.
- Gel your family's medical and dental records.

### **Utilities**

*Take care of both the connection at your new home and disconnection at your old one:*

- Electric
- Propane/oil

- Water
- Waste management
- Cable
- Home phone
- Internet
- Organizations: Religious, Education, Civic
- Move membership.
- Move registrations and records.
- Request introduction letters.

### **Pets**

- Make transportation arrangements.
- Check into licenses, tags, vaccinations, etc.

### **Be Sure to Remember to:**

- Clean out the fridge
- Defrost the freezer
- Rugs: clean and wrap
- Service appliances
- Ask about insurance coverage with your moving company.

### **The Day You Move**

- Keep important documents and expensive jewelry with you, or send through registered mail.

- Use traveler's checks and/or cash while moving.
- Contact a family member or friend with your moving schedule and planned route.
- Leave any extra house keys with the buyer, real estate agent, or a trusted neighbor.
- Notify buyer of key's placement immediately.

### **At Your New Home**

- Make sure that pilot lights are lit on the hot water heater, furnace, stove, and incinerator.
- Make sure that all utilities function properly.
- Check appliances for proper functioning.
- Retrieve any held mail from your new postman.
- Fill out a voter's registration card.
- Change the address on your driver's license, or get a new one.
- Your vehicles also need to be registered.

### **Would you like a professional's help with all of the items on this list?**

If you said "yes," I can handle all of the real estate transaction items I described in this chapter and the entire book.

### **Here is what will happen after you contact me.**

I will come out, take a look at your home, and show you how I can do all of this for you. Best of all, it won't

cost you anything. In fact, many sellers actually make money hiring a real estate agent to sell their home. Is that true of every listing, every time? No, but that is the case more often than not. Good agents will likely sell the home for more money than the seller could sell it for on their own.

As an added benefit, having a professional to take responsibility for the important steps along the way can save you an immeasurable amount of time and headache!

## **Chapter 19**

# **What Has to Be Disclosed When Selling a Home**

Even though you now have all the tools to make your house the most wanted it can possibly be, you need to know that you can't polish out every imperfection in your home. Some problems cannot and should not be taken away by a little bit of elbow grease.

Many states in America now require by law that the seller of a property must offer written disclosures about any unseen physical or socioeconomic problems affecting the property and the neighborhood.

Once you have a potential buyer, you are obligated to disclose any major problems that may affect the property's value,

I know it seems counterproductive to tell a potential buyer things wrong with your home, especially being so close to the sale, but this transparency will not only create a stronger and more trustworthy relationship with the buyer. It will also keep you out of potential litigation or, in some serious cases, criminal charges in the future.

### **Why disclosing negative items actually helps you sell your home.**

I know this may sound crazy, but it's true, and I have a crazy story that backs this up.

A friend of mine was selling an old, used truck. It was about 20 years old and had over 200,000 miles on it. He put it up for sale and showed it to someone that wanted to buy it. The truck was in good shape for a vehicle with 200,000 miles, but it had a few problems.

The seller did not want to have to worry about the buyer complaining about the problems after he had bought the truck. He also didn't care if he sold it or not.

Here is what he did: as soon as he met the buyer, he immediately showed him all of the things wrong with the truck.

*"The passenger door window doesn't roll up or down,"* he said. Then, he proceeded to spend the next five minutes telling him everything that was wrong with it.

*"Look at the driver's side door. The hinge is a little weird and it doesn't always shut completely."*

*"When you accelerate you have to keep steady pressure on the accelerator. Otherwise, the truck may jump out of gear and then kick back into gear."*

*"The entire (nick) will jerk forward. It's kind of hard on the transmission when it does that."*

### **The buyer ate it up!**

He bought it on the spot. He knew that most 20-year-old trucks would have problems. He also figured that a seller who was so upfront about the problems wouldn't be hiding any problems from him.

You would think that the guy was selling the truck for a really good deal. Nope. He had owned it for just over a year and was actually selling it for 30% more than he had bought it a year before. No, he didn't buy it for a really cheap price the year before.

He actually bought it from a used car dealership for a fair price.

He had done some work on the truck and fixed a few things, but, overall, it wasn't a bargain of any sort.

This same strategy works for selling a home. Most buyers are not stupid. They know if they buy an older home, it will have some problems. The more forthcoming you are about the potential problems, the more relaxed they will become about buying your house.

OK, let's keep going.

### **If you see something, say something**

One thing you should know is that, in most states, you don't have to worry about discussing issues that you have no knowledge of. Don't run out and hire an inspector to nit-pick every little detail of your home with the intention of finding problems that may not even affect the property value.

**The problems you have to report are the ones that you know about.** Leaky pipes, rotting wood, basement flooding, and basically anything about your property that has bothered you and you know will bother the new residents.

However, you can't be cavalier about the unknown issues. In some scenarios, turning a blind eye could get you in some real hot water. Depending on what state you are selling your house in, you may be held responsible for not discovering unknown potential problems.

It's very important to educate yourself about the specific disclosures that your state requires. Some states are very strict while others are more lenient. To get a decent idea of what you may be up against, let's take a look at all the regulations in California, one of the most stringent disclosure report states in the nation.

### **The State of California Disclosure Requirements:**

- Any significant defects regarding walls, ceilings, floors, roofs, windows, doors, foundation, fences, driveways, plumbing, and electrical systems.
- Lack of compliance with child safety standards.
- Additions or modifications to any rooms in the house.
- Use of hazardous substances on property.
- Zoning violations.
- Regular neighborhood noise disturbances.
- Any features on property shared with neighbors.
- Damage to property from fire, earthquake, floods, or landslides.
- Deaths on property (within three years).

- The location of any publicly registered sex offenders or at least ensuring the buyers have knowledge of the sex of Tender database.

### **What your state expects from you.**

Many states share the similar strict regulations of disclosure that California has, but you'll want to find out specifically what is expected from you by checking with your state department of real estate. They can get you all of the forms and checklists that you need to make sure you've met all the requirements of your home state.

It's also very important to not just take a macro surveying of what needs to be done. You need to get micro, too. Contact your city planning department to make sure your property is up to date with all of the local ordinances that would not be covered in the state regulations.

Overlooking issues such as misplaced land borders or an unregulated build could scare off prospective buyers, which is the last thing you want on the eve of a sale.

### **On second thought, get an inspection.**

As you saw from California's very thorough requirements and all the local disclosures that may fall through the cracks, you may want to consider hiring a property inspector, even if it is not required by your state.

While the results of an inspection may cause unplanned investments in renovations, you will be saving money from what could be a much more costly lawsuit in the future if undisclosed issues are discovered after the sale.

Having an inspection beforehand will also give you the upper hand when negotiating with the prospective buyer since there will be no last minute surprises or unfounded demands that set the sale off course.

### **A disclosure for all.**

There are some disclosures that every home seller must know because they are required in all fifty states. The use of lead-based paints or other hazardous materials can be harmful to the inhabitant of a home, especially if young children will be living there. If any of these materials have been used in your home, the buyer needs to know.

The Residential Lead-Based Paint Hazard Reduction Act of 1992 (AKA 'Title X') states that if you are selling a home built before 1978, you must comply with the following procedures:

- Give an EPA-approved information pamphlet on identifying and controlling lead-based paint hazards.
- Disclose any known information concerning lead-based paint or lead-based paint hazards. The seller must also disclose information such as the location of the lead-based paint and the condition of the painted surfaces.

- Provide any records and reports on lead-based paint or lead-based paint hazards which are available to the seller.
- Include an attachment to the sales contract which includes a Lead Warning Statement and confirms that the seller or landlord has complied with all notification requirements. Sellers and homebuyers must sign and date the attachment.
- Sellers must provide homebuyers a ten-day period to conduct a paint inspection or risk assessment for lead-based paint or lead-based paint hazards.
- These requirements are very important to meet not just for the safety of your buyers, but also the safety of your finances.

**Title X requirements the buyer can sue you for triple the amount of damages suffered from the exposure.** To make sure you won't have to triple pay, be sure to triple check that you have done all you can to disclose any potential hazard materials in your home. For more information, visit the EPA website: <https://www.epa.gov/lead>.

**When in doubt, disclose, disclose, disclose.**

The best way to ensure no repercussions of liability from lack of disclosure is to just sing like a canary. There is no such thing as "*too much information*" when it comes to transparency with your buyer. They have the right to know everything about the home they are buying and it is both morally and ethically your responsibility to tell all.

However, **just because you've disclosed a problem doesn't mean the problem is yours.** The buyer may negotiate potential costs of renovations into the deal. For example, if the cost to get the pipes fixed is appraised at five grand, subtract the amount from the sales price. The buyer can use the savings to get the work done themselves.

Some eager buyers may even look the other way on the minor issue that will not affect their quality of living in order to get a deal done as soon as possible. Both you and the prospective buyer will have a healthier and more productive negotiation when all the cards are laid out on the table.

### **How to disclose.**

Once you've figured all that must be disclosed to your prospective homebuyer, you need to figure out the right way to divulge the information. There are specific forms in many states featuring prompting questions and fill-ins that make it for an easy to complete and understand the reports of all the problems with your home.

These forms also feature a page that you must sign and date to authenticate all of your disclosures. The buyer also has to sign and date this form so that it officially shows that everyone is on the same page.

Even if your state does not mandate a form, in order to protect yourself in the future, it's very important to get a receipt or legally approved document signed by the buyer officially confirming

they have agreed with and have knowledge of all the relevant disclosures.

In the end, it's all about knowing you made a sale that both sides feel good about and nothing comes back to haunt you.

## **Chapter 20**

### **Hire a Real Estate Agent or Not?**

I am sure you have wondered why people even hire a real estate agent. Well, here are a few reasons why.

#### **Reason #1: We can sell homes for more money.**

In fact, most sellers net more money in their pocket, even after they pay the agent's commission.

The typical home sold by an agent sells for \$230,000, while the typical For-Sale-by-Owner home sells for \$184,000. That doesn't mean every agent is going to sell your home for more money, but the numbers do show agents typically sell homes for more money.

In fact, many sellers actually make money hiring a real estate agent to sell their home. Here are a couple of real life examples:

- Brandon had his home on the market for \$220,000. He wasn't getting much activity. The buyers who did look at it were not serious. They showed little interest in buying the home and made lowball offers. He listed his home with an agent for \$240,000.

Three weeks later, he received an offer from a buyer willing to pay full price. He actually

ended up with more money in his pocket, even after paying the real estate agent's commission.

- Jimmy & Kaye had their home on the market for \$380,000. It wasn't selling. After a few months, they hired a real estate agent and increased the price to \$420,000.

A few months later, the home sold for \$408,000. They actually made more money, even after paying the real estate commission.

Do these stories happen every day? No. Does this happen to every For-Sale-by-Owner that hires a real estate agent? No. However, they happen more often than not. In most cases, the agent can sell the home for more money than the seller could sell it for on their own.

**Reason #2: The whole process is easier when you hire a real estate agent.**

Let me give you a concrete example. I talked to a title company manager who handles both For-Sale-by-Owner closings and real estate agent closings. He told me that when a For-Sale-by-Owner sells their home, it takes about 30-45 days for the two parties to sign off on the sale contract. He said that sometimes, they don't even sign it until they sit down for the closing. When a property is sold by a real estate agent, the sales contract is usually signed in 45 hours.

## **Why does this matter to you?**

Have you ever heard of “Buyer’s Remorse?” It’s what happens when a buyer makes a decision to buy your home, only to immediately begin questioning their decision. It doesn’t matter if the decision was good or bad. I’ve seen buyers get buyer’s remorse when they were getting a steal on a home. They still question it, and sometimes they freak out and change their mind.

If you have a signed contract, you can hold them to it. If not, they may walk away, and you have to sell your home all over again.

## **This isn’t to say that you can’t sell your home yourself.**

You probably can, but unless you have sold a lot of homes yourself, then you probably aren’t set up as well as a professional real estate agent is. Does that make sense?

## **Reason #3: A good real estate agent can save 80-100 hours of your time.**

That is because we handle all of the work for you. We are experts at financing, loan conditions, home inspections, surveys, title work, termite inspections, appraisals, negotiating, disclosures, etc.

Some people have estimated there are 189-213 different things an agent does to sell a home. That list is shorter or longer, depending on the property. I haven’t familiarized myself with every item on that list,

but I do know from personal experience that selling a home does take a lot of time.

#### **Reason #4: We solve problems.**

This is the most important thing a real estate agent can do for you. After all, just because a buyer is interested in your house does not mean they will actually be able to complete the purchase.

#### **Here is a story that illustrates this perfectly,**

A seller put her home on the market. The perfect buyer came along and made a full price offer for the home. The seller and the buyer signed a contract, and the buyer started working on financing. The buyer ran into a problem with the financing and cancelled the contract.

The seller told the story to an agent. It turns out the problem the buyer had was completely solvable. However, the seller didn't know how to solve it. As a result, the buyer couldn't obtain financing to buy the home.

**The agent is confident if they had been involved in the sale, the buyer WOULD have obtained financing and bought the home.**

Unfortunately, the seller had to put the home back on the market.

It took another five months to sell. The seller had to pay an additional five months' worth of mortgage payments, property tax payments, and homeowner's insurance premiums. In addition, she had to maintain

the lawn, pay the electric bill, and take care of the property.

**This reminds me of the old story of the importance of “Knowing Where to Tap.”**

Have you ever heard the story? Here’s the short version: A huge steamship boiler system was not working properly. The steamship captain hired a top boiler expert to fix it. The expert asked a few questions and inspected the boiler room. He looked at the pipes that twisted and turned every which way and listened to the boiler and all of the machinery. He studied the problem, reached into his tools, and grabbed a small hammer. He gently tapped one valve and “voila!” The problem was fixed. He sent a bill for \$1,000 to the owner of the steamship.

**When the owner saw the \$1,000 invoice, he was mad as a hornet!**

He called the expert and confronted him about the bill. “You were only there for 15 minutes! How dare you charge me \$1,000!” he said. The expert heard him out and told him he would send a new bill.

The owner received another bill the next day. The bill was itemized as follows:

**Tapping the valve: \$.50**

**Knowing where to tap: \$995.50**

**Total: \$1,000.00**

Specialized Knowledge is one of the most valuable resources in the world.

Fortunately, for you, I have specialized knowledge. I know how to sell homes for more money. I know precisely where to “tap the valve” and to solve any problems that come up.

**In fact, you will usually make more money when you hire me to sell your house.**

I know that sounds crazy, but it’s true. The fact I can sell your home for more money is usually more than enough to pay my commission.

Here is how you make money hiring me. I save you countless hours chasing down surveys, handling inspections, etc.

**What is your time worth?**



If it isn’t worth anything, you should sell your home yourself, but I know that isn’t the case. Your time isn’t worthless!

I know from personal experience that most homeowners are successful, hardworking individuals. You have probably spent many hours becoming skilled at your profession. I am sure you have considerable “specialized knowledge” in your area of expertise. An

outsider might look at what you do and think it's easy. It's not. You know it and I know it.

Run the numbers. Consider the valuable insight I've shared with you. When you are ready to hire a highly skilled, professional real estate agent, give me a call. I'll be glad to help you.

When you are ready to have me do all of the work required to sell your home, contact me. I'll help you take the first critical step: Determining your home's true value. With that number in hand, we'll be ready to talk about listing and selling your home at the highest possible price, in the shortest period of time and the least inconvenience to you. I will provide you with everything you'll need to know to be able to make well-informed decisions.

The next page has all my contact information. I can't wait to help you get started!

## **What is Your Home Truly Worth?**

**To Get a Quick Estimate of Your Home's Value**

**Go To:**

<http://www.SmartChoiceSD.com/homevalue/default>

This will be a quick non-visual computer-generated estimate of the value of your home.

If you would like my free, professional opinion on the value of your home, I'd be glad to help. You can give me a call or email me and we can set up a time for myself and my wife Tara do to an in person visual property and area inspection.

This will be an all-inclusive, in depth comprehensive market evaluation that will provide you the actual value of your property in today's market. I can also give you in writing what your estimated net proceeds would be after all closing cost and any loan payoffs.

**This is all 100% free with no obligation.** An appraiser would charge between \$300 and \$500, but I will provide you this at no cost. I look forward to helping you! Contact me today.

Email me at: [Richard@SmartChoiceSD.com](mailto:Richard@SmartChoiceSD.com)

Cell (619) 343-3551 or Office (760) 419-9004

Best Regards,

**Richard C. Brown**

**Realtor, NAR, CAR, CRS, SRES, ABR, Author**

**"Voted One of San Diego's Best Realtor's 2016"**

## **About Richard C. Brown**

*Richard is a long-time resident of beautiful San Diego that has been an active full time licensed REALTOR® for over 30 years. He is a verified fundraiser for the MAKE-A-WISH San Diego Foundation as well as an active member of the Elks Club Lodge. Together with his wife Tara and their highly experienced Tech-Savvy Power Team are helping Buyers, Sellers and Experienced Investors achieve success with all their Real Estate wants and needs.*

*All Real Estate agents are not created equally. Richard has had the pleasure of helping 1,000's of families, individuals and real estate investors successfully buy and sell their homes and investment properties. He is extremely experienced in Residential, Investment, Multi-Family and Commercial Real Estate.*

*If you are considering buying, selling or investing in Real Estate you can count on his experience and his tech savvy team to provide you the Highest Quality of Performance and Professional Service to achieve all your real estate goals. Richard implements the newest cutting-edge technologies, the internet and social media that empowers them to provide you the most effective services available.*

*He will get you the Great Results you're looking for.*

**Richard C. Brown (619) 343-3551 or (760) 419-9004  
Realtor, NAR, CAR, SDAR, CRS, SRES, ABR, Author**

## **About Tara M. Brown**

*Tara and her husband Richard Brown along with their highly experienced Tech Savvy Power Team are helping buyers, sellers and investors throughout San Diego County successfully achieve their real estate goals. Tara and her husband Richard Brown have become San Diego's "Go to" agents.*

*She is a true leader with uncompromising integrity. Tara heads up the most important areas of our company the property research and marketing departments. She's a sharp high tech savvy woman that takes action and gets things done right. She'll make sure your Property gets Listed and Ranked on the 1st page of Google for maximum exposure and Great Results!*

*Tara also oversees our Transaction Coordinators and double checks to make sure all paperwork, contracts and documents are done correctly. Tara makes sure even) phase of your home sale, purchase or investment goes smoothly and your transaction is successfully completed.*

*If you are considering selling or buying real estate in San Diego, Tara, her husband Richard and their Tech Savvy Team will provide you the Highest Quality of Performance and Professional Service. Make the Smart Choice, take action and call Tara today! She will get you the Results you're looking for in the shortest period of time with the least inconvenience to you!*

**Tara M. Brown Partner - Cell (858) 922-9620**



# “The Official” For Sale By Owner Guide

Tired of not being able to sell your home? Tired of trying hard with no success at all? This book specifically details how to sell any home in any market with very specific attention to details in order to make the most money out of your home in the quickest time possible. These strategies and advice have helped sell thousands of homes and now it's time for you to implement them and sell yours today!

The *ultimate* home selling secrets.

This book contains.

- \* High End Tactics to Sell Your Home for Top Dollar
- \* Selling Your Home for More Money, Fast
- \* Five Reasons Homes Don't Sell
- \* Why Most FSBO's Screw up Negotiations
- \* What has to be Disclosed when Selling a Home
- \* Tactics for More Showings and More Money
- \* Any much, much more

This information has been thoroughly tested and proven effective time and time again. Don't miss out on this opportunity to learn tips and tricks that can help you sell *any* home, even hard to sell homes!

Richard C. Brown is a Real Estate Agent at eXp Realty of California, San Diego CalBRE#01937688. He hopes the advices in this book will help owners selling on their own avoid common pitfalls.

He has laid out his proven marketing strategies inside this book for you to use. If you don't have time to implement them, then you can hire him to implement them for you.

To contact Richard, email [Richard@SmartChoiceSD.com](mailto:Richard@SmartChoiceSD.com) or call (619) 343-3551.

To find out what your home is worth for free, go to  
<http://www.SmartChoicesSD.com/homevalue/default>.



U.S.A. \$ 19.99  
CANADA \$ 26.39