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Revised

Deciding To Sell Your Home

The time has come to sell your home. Now you must decide how to sell it. A majority of sellers take the simplest route, hiring a Real Estate broker to sell the property for them. But a growing number are choosing to sell on their own. There are pros and cons attributed to each method, as we will see. The fact that you are reading this book indicates that you have either decided, or are at least contemplating acting on your own behalf. Right now, the first order of business is to decide whether or not you have the time and/or inclination to sell your home on your own. It does require time and effort, but it need not interfere much with your normal routine, if done right, and planned well.

Using a Broker removes much of the stress of selling the home, but it comes at a high cost. While the Realtor commission might only be a mere 5% of the selling price, that can actually represent as much as 100% of the equity proceeds. For example, if your home sells for \$100,000 and you have 20% equity (\$20,000) and your Broker fee is 5% (\$5,000), that fee will cost you 25% of your proceeds. That's a lot! By selling on your own, that \$5,000 stays in your pocket, less some minor costs for advertising your own home.

A Broker will remove the stress of negotiations - seldom do they allow buyer and seller to come

together. On the other hand, the Broker's negotiation and/or people skills may not do as well by you as you might do on your own. Many Brokers discourage potential buyers before the buyer ever makes an offer. They do this, inadvertently, because they do not know exactly what the seller will or will not accept. By selling on your own, you will meet with all potential buyers, and not lose out on a good offer simply because a "third party" did not fully understand the offer, or your needs.

As an example, I presented an offer to a Broker on a property she had listed. Upon seeing the offer, she immediately stated that the seller would not even consider such creative techniques, and not to waste everyone's

time. I had to insist she present the offer. Not only did the seller accept, he even made further concessions during negotiations. Had I not insisted on having my offer presented, that seller would not have had a buyer that day. This is not all that unusual - in my years of real estate investing, I have met many Realtors who tried to discourage offers I made, simply because they did not believe it was viable.

Selling without the aid of a Broker requires more effort on your part. Without the advice of a good broker, you may not know how best to present your property. You will have to advertise it yourself, talk face-to-face with buyers and negotiate, and learn how to do all those necessary, pesky tasks, such as providing Title Insurance, securing an escrow agent and so on.

This book has been designed to help you overcome these little problems. You will learn the best methods of advertising, how to word your ads, how to prepare and show your home, how to provide Title Insurance, set up escrow, close and everything else in between. But you will still have to do all the work. That said, let's begin...

Determining A Fair Price

The first step in selling any property is determining the fair market value of the property. If your asking price is too high, you won't sell the property. If too low, you may sell quickly, but you will be losing money you need not lose. Even if you are motivated, and must sell quickly, there are ways to sell quickly while asking a fair price. For example, a \$100,000 home offered at \$100,000 might not sell fast if the terms are all cash (hard terms). But that same home, offered at the same price could sell quickly with the aid of some creative financing (discussed later), which might include some owner financing, deferred down payment or other strategy.

There are any number of ways that fair market value can be determined. The fastest and easiest method, which is also the most expensive at an average cost of \$250-\$350, is to have a certified appraiser come and appraise your property.

Another method, used by most Realtors is through "comparing". Comparing simply means comparing your property with other similar homes in the neighborhood that have recently sold. For example, if you are selling a 3 bedroom 1 1/2 bath Ranch with a one-car garage on an acre of land, you would compare your home against another recently sold 3 bedroom home, preferably with a one-car garage on about an acre. You would then add or subtract dollar amounts according to the differences between the two properties. For example, let's say you discover that a 3 bedroom 2 bath ranch, with a two-car garage on 2 acres recently sold for \$150,000. A local builder tells you that a two-car garage is worth \$5000 more than a one-car, and a full bathroom is worth about \$2000 more than a half-bath. The tax assessor informs you that the "extra" acre is worth roughly \$15,000. By subtracting these differences, you can fairly determine that your home - assuming the general condition is the same - is worth about \$128,000. However, your home has whole-house air conditioning, and the comp does not, so you can add about \$3000. And you have a large deck, which the comp does not, valued at \$2000. Therefore, fair market value for your home might be closer to \$133,000.

For your benefit, you have been provided with a Market Value Calculator spreadsheet, on disk. Simply input the selling price of a comp, then type in the value of the differences in the appropriate places.

The spreadsheet will keep a running tally, and when finished, will provide you with a close value for your property.

Bear in mind that you should use at least two or three homes for comping, since some sellers may very well have undersold their properties. It is not unusual for a \$100,00 home to sell for \$85,000, for example, particularly if the seller was motivated to sell quickly. By choosing more than one comp, you can determine a rough average, and use that average as your base comp figure.

There are a number of vendors - many on the Internet, who can provide you with info on houses recently sold in your area. Though there is always a small fee for this service, it is well worth it. It is noteworthy that, while comping is pretty solid, it is not infallible. Property values can quickly rise or fall in an area, and your comps may have sold six months ago. Take a little time to go to open houses, and check what prices are being asked TODAY, for homes similar to yours. This can indicate that prices are rising or falling, and may affect your asking price which, until now, were based on SOLD comps.

Yet another option is the "desk appraisal". At a cost of around \$60, this could save you time and work. A desk appraisal, done by a certified appraiser in your locality, will give you an up-to-date "range" of values for your home, based on the info you provide on your home and his most recent comps. You would then choose a price somewhere within that range. This method also has the benefit of providing you with a piece of paper from an

appraiser to help you justify your price with sellers.

It is also worthwhile to note that the single most important reason why a seller selling his own home fails is simply because the property was overpriced. Most of us humans tend to do that because a) we have sentimental values placed on the property, distorting our sense of value, and b) we tend to overlook problems with the home because we have lived with them so long that we no longer notice them. In most every case where a frustrated seller finally decides to list with a broker, and the house sells, it is usually because the Broker has convinced the seller that the price must come down.

To compound the problem, many sellers who broker their own homes will ask full value. They figure that means extra bucks in their pocket because they did not go through a Realtor. However, nearly every buyer who shows an interest in a FSBO property expects to share in those savings. They realize no commission will be due, and figure the seller can well afford to share those savings and still come out ahead. If you are not prepared to share those savings, either by reducing the price about 2% or by offering to pay part of the buyers' closing costs, he will possibly look elsewhere. This may not be the time to be "penny wise and pound foolish".

Finally, take note that most homes sell within 10% of a properly set asking price. Therefore, you might consider setting your price at the high end if a) the market is fast (homes sell in 30-45 days) and/or b) your home is in good condition. If the market is slow and/or your home needs some work, consider pricing at the low end. But whichever you choose, leave yourself room for negotiations. A happy buyer is your objective, and the quickest way to make him happy is to let him think he won during negotiations. Let him dicker you down a bit, or sweet-talk you into good terms, particularly if you have left some room for him to do so. In other words, do not start out by offering your low figure and best terms.

Example: Your home is valued at \$135,000-\$145,000. Your low figure is \$135,000, and you are willing to pay \$2000 toward the buyers closing costs. In a fast market, you might start by asking for \$145,000. Buyer can then feel very good about buying if he gets to "dicker" you down to \$140,000 AND get you to pay \$2000 in closing costs. On the other hand, if the market is slow, you may want to advertise that price is "negotiable, and seller may pay some closing costs for the right buyer". This lets prospects know that they just might get a good deal, without committing yourself to anything in particular, leaving that up to negotiations.

Before You Advertise - Prepare

This is where a lot of sellers go wrong, and cause themselves a lot of unnecessary stress, perhaps even a lost sale. Before advertising your property for sale, you should take a little time to put your ducks all in a row. A little advance preparation will save you a world of aggravation later.

The very first thing you should consider doing is a thorough room-by-room inspection of your home, and foot-by-foot inspection of your property. This is a time to be generous with objective criticism. Bring a legal pad and pencil, taking note of every single little defect you can find. Do not be concerned about having to fix them all, or what it may cost - your objective here is to make absolutely certain you know everything about your home.

Reasons why: a) most states have disclosure laws - if you fail to disclose certain things, you could end up in court; b) during negotiations, the buyer and/or his inspector will not toss you any curves you are unprepared for, and c) you will have the opportunity to mend or cover many, if not all minor defects prior to showing your home. In Appendix A you will find a checklist of many of the more typical tasks that should be done prior to showing, to insure "curb appeal" and the best possible showing of the home.

Let us consider the exterior of the property, bearing in mind that a buyer's first impression is very difficult to change. Therefore, make sure that impression is the best you can afford. Studies indicate that approximately 50% of home buying decisions are actually made during the first minute after seeing the property. Therefore, the front entrance exterior is the most important part of the property, insofar as curb appeal is concerned. If you must cut fix-up costs, do not cut them here. Another reason to do outside improvements first: you will likely track dirt inside. Better to do this before you spiff up the interior :o)

The first thing an approaching buyer actually looks at is the home's exterior. Take a hard look at it. In most cases, a fresh coat of paint (or, if vinyl siding, a powerwash) can add the greatest amount of curb appeal per dollar spent. Shutters painted, windows and doors caulked and sealed will tell buyers that you have kept the place in good repair. If any ancillary items are not up to snuff (doorbells/knockers, rain gutters and spouts, steps and railings etc.) fix, repair or replace them. This is a good time to check that all windows and doors operate smoothly - if not, they should be fixed. If the facade of your home is rather bare, consider putting up window

boxes, complete with blooming flowers. Remember - that first impression means a lot.

Now for the yard. If there is any debris, remove it. Gardens should be weeded and a layer of mulch put down, to create a neat appearance. If gardens are not in bloom at the moment (and the time of year permits), consider buying some blooming annuals to add color. Unclutter any areas where toys, tools or other objects create a visual slap in the face. Neatness counts! Studies have indicated that clutter, either in or outside a home makes everything seem smaller and more cramped. This is not the impression you want to give.

Sometimes, a new front door will do wonders for a first impression. If yours is beginning to show its age, consider replacing it. Polish all metal items, such as knockers, street numbers, doorbell, light fixtures. And make sure all these things actually work. While checking out the front entrance area, check for and repair steps that may be out of kilter, broken, wobbly etc.

Keep lawns neatly mowed and edged, and gardens free of weeds and dead plants. Prune shrubs and trees as necessary. If plantings have grown too large - especially those near the foundation, consider cutting them back or removing them. This can improve light and air circulation, and help create a neater, less cramped impression.

Well in advance of advertising your home, get your lawns in shape with fertilizer, regular watering and

trimming. It takes time to make a sickly lawn into a healthy turf that people feel good about.

Oil stains in the driveway should be sealed or otherwise removed from sight. Paved drives should be swept or blown regularly, as should all walkways. Missing or broken pavers in walks or patios should be replaced. If you have a garage, make sure the doors open smoothly, and any remotes work effectively.

Decks and porches should be checked for clutter and eye-appeal. Equipment such as barbecues or outdoor furniture should be cleaned, or even painted (bbq's require a high heat paint). Broken rails should be replaced. Adding potted plants in strategic places is a good idea.

Outdoor rec areas such as swimming pools should be clean and all pumps and equipment running smoothly.

Now it is time to crane your neck - how does the roof look? If shingles are torn or missing, they should be replaced. Rain gutters should be cleaned out. If you have a TV antenna, make sure it is straight.

OK, if I haven't completely worn you out yet, take heart - there is still the interior :o)

Clean everything. Wash all windows until they sparkle, and remove any clutter. You should try for an image of spaciousness, and cleanliness is an absolute must - if a buyer is not impressed by the clean nature of the home, he may well assume that things he cannot see are also in a state of disrepair, and not properly maintained.

Remember - buyers aren't just judging the home -they are judging you, as well. If they believe that you are the kind of person who neglects things - even details - they may make assumptions about the home that coincide with their assumptions about you.

If walls/ceilings need a fresh coat of paint, break out the brushes, but try to use neutral colors - shades of off- white are best. This is because buyers often opt to repaint, anyway, and such colors are easily covered with another color. And for those buyers who may not want to repaint, off-white goes with just about any decorating scheme. Rest assured, Mrs. Buyer is contemplating such things when she tours the home, and the missus carries a lot of weight in the decision process.

Now refer to that inspection sheet you wrote up earlier. Tackle those items that are most noticeable, first, along with those that are quick, easy and cheap to fix. You may have to give serious consideration to repairs that will take either a lot of time or money - you may just decide it is more cost effective to reduce the asking price, and let the buyer take care of it. Whatever you choose to do, understand that most buyers today - and their lenders - will require a professional inspection. Keep this in mind when determining what repair jobs will be left undone.

You may also want to take note that, in addition to competing with other homesellers, you are also competing with all the brand spanking new homes being built in your area. Hence, all lights should work, windows and doors should operate smoothly, all toilet and kitchen fixtures should be immaculate and function like new. Make sure all heating and cooling equipment is clean, tuned up and operating correctly. Pay attention to details - because your buyer most certainly shall.

Homes that appear spacious and with plenty of storage space will sell more quickly, and at a better price. Removing clutter, even in closets, is a good start. To create the impression of spaciousness, strategically placed mirrors can make a room seem much larger. Especially good is to have bi-fold closet doors in bedrooms replaced by glass units. Mirrors also distribute light, making spaces seem more "airy" and pleasant. But avoid placing mirrors near strong lighting - the reflection could seem harsh.

OK, so the carpets have been shampooed, everything has been cleaned and polished, all knobs and pulls are nice and tight. You have used up 2 gallons of polish, and have something similar to tennis

elbow from all the rubbing and cleaning. Things that are supposed to function in a certain way are doing so. Are you finished? Not quite.

Homes tend to develop their own odors over time. Do not try covering them with scented room deodorizers. Instead, air out the home daily, if possible. There is nothing better than no odor, other than fresh air.

Note that, as the homeowner, you likely do not look up very often. But trust me - your buyer will. So check out your ceilings and make any needed repairs. Dust off the ceiling fans.

Basements and garages need attention, as well. Cobwebs should be made to disappear, tools should be organized and oil spills should be dealt with. If, like myself, you have managed to collect a rather huge assortment of stuff that the wife calls "junk", consider renting storage space for some of it until after you have sold the house. This goes for the wife's collection of treasures that you call junk - you know, all that stuff in the closets.

Before making any major repairs that are not necessary for proper function of the home, realize that few such renovations will return 100% of your investment. In such cases, let it go, and let the buyer take care of it if he so chooses.

NOW you are (almost) done.

There are a few other things you will want to do before advertising your home. You will want to check on a warranty for your home - there are companies both in the real world and on the internet that will provide warranty for your home. Buyers want a warranty, and feel much better about buying a home that offers one. At this time you may want to shop for rates for Title Insurance. When the time comes to provide it for closing, you will already know where to go and how much it will cost.

Determine if any personal property, such as the lawn mower, appliances etc. Will be included in the sale. If so, prepare a Bill of Sale for these items, leaving the buyers name & address and the date blank for now.

Another bit of business that should be attended to - line up an escrow agent or Title Company to handle escrow, when the time comes. When you have a buyer, it's nice to know you can immediately set up escrow, rather than try to sift through agents to find the one you want to work with. A later chapter will deal with how to choose an escrow agent or Title Company.

One last thing you want to do - get the contracts you will be using when a buyer arrives on your doorstep. There is nothing worse than to have an eager buyer waiting to sign, and you have no agreement available. If you received this book directly from IntelliBiz, it probably came with very good agreement writing software, so you are all set. Otherwise, you will likely need to go to an office supply store and pick up a handful of "generic" Real Estate agreements. Before using those, however, do yourself a favor and read the chapter on CONTRACTS. I am certain you will find important items you will want to include in your agreements.

Methods of Advertising

Traditionally, advertising real estate has involved a) listing with a broker who adds it to the MLS and advertises for you, or b) classified ads and a "For Sale By Owner" sign in your front yard. You or your agent could also hold an Open House. All of these methods are viable. But times change, and now there is another method - the Internet!

As a seller who chooses not to enlist a Broker, you may need to resort to every advertising method available. Later, we will see how to write the best classified ads, and discuss how to hold an Open House. The lawn sign is

easy, though rather ineffective as a rule. And, of course, you may want to put out flyers, as well. But you have more options available to you that can speed up the sale of your property, and give you an edge over other sellers - even over many Brokers.

Besides classifieds, flyers and Open Houses, strongly consider using the Internet. No other media reaches more people, selectively, and no other advertising medium is as inexpensive. Studies indicate that about one in every five buyers begin their search online. It is not surprising, therefore, to know that these buyers are generally more sophisticated, more educated and more affluent. There are many ways you can put up and promote your own web page, but unless you are expert at marketing on the Web - and very few people are - you would fare much better to have your listing with a web company that specializes in advertising homes for sale by owner. The biggest reason is visibility - because they list many properties, a lot of buyers visit their pages. The second reason is promotion - any business that has been successful on the Internet has learned that traditional marketing techniques simply do not work on the 'Net. The 'Net works under a whole new set of rules, understood by precious few.

Your web page should allow you at least 3 color photos, unlimited "sales" text (comments) and a very detailed statistics section - square footage, all about the number & sizes of rooms, taxes, utilities and so on. Your page should provide complete contact info, and a mail link so prospects can e-mail you directly. And, such web exposure should not cost any more than \$20-\$30 for a web page that stays up until your property is sold.

Anything more expensive should be avoided unless they offer so much extra that it becomes worthwhile.

And did you know that many employers often hire from outside, and these new employees coming into town need places to live. The Human Resources department will likely allow you to post an ad on their bulletin board. Perhaps they will even let new employees who are getting ready to relocate know about your home. Take advantage of these very real possibilities for finding a good, qualified buyer.

Another idea to consider: there may be people who live in smaller homes nearby who might be ready to "move up" to a home like yours. Leave a flyer at their residence to let them know your house is on the market. Last, but not least - make sure you tell everyone you see that your house is for sale.

Consider offering a finder's fee of

\$100-\$200 to anyone who refers the buyer who signs a purchase agreement and consummates the sale. That is a very small price to pay for getting a buyer more quickly.

Aside from these things, prepare your ads and flyers professionally. Use your computer to design attractive flyers, preferably in color. If you do not have a color printer, many copy shops like Copy Express will print your flyers from the design you created on your computer and put on a floppy disk.

As for that "For Sale By Owner" sign, go ahead and put it up. If nothing else, it will help people who are trying to find your house to locate you.

Writing A Good Ad

The vast majority of buyers who will contact you will have found you either on the Internet or from a classified ad in the newspaper. So you definitely want to place classifieds. However, even small classifieds in large newspapers can cost a bit, especially if you end up running your ad for weeks, or even months. The secret, of course, is to keep your ads simple and short. The difficult part is to keep short while still creating interest. This chapter is dedicated to showing you how to do just that.

Ideally, your ad will provide just enough information to make buyers want to know more, but not so much that the ad costs you a small fortune to run. Concentrate on price, location and highlighting the major benefits. That's right - benefits! Most of the ads you read will list the features, such as "close to schools", or "Jacuzzi". But as most professional advertising folks would tell you, it is far more effective to list the benefits that such features provide - to "sell the sizzle, not the steak". For example, if your home is close to schools, fine - write your ad in a way that shows how this will make the buyer's life a little better, such as "Mom can sleep late - schools in walking distance". If your home does, indeed,

have a Jacuzzi, you may want to say something like, "Unwind & relax with a personal massage in your own Jacuzzi". Remember - people do not buy features. They buy benefits. If you offer them benefits they can appreciate, they will buy.

So, you know what to put in your ad. Now, ya gotta make it short. Perhaps the best way to shorten any ad is to include a URL - the address of your web page. In this way, buyers can find out more, immediately (and in full color) with anonymity. You classified just arouses curiosity - let your webpage do the rest. With a good web

page, your classified need not say much more than, "By Owner - nice 3 bd, 2 bath brownstone in great neighborhood. See at www.myhouse.com, or call 555-1212 for appointment. \$125,000, Boston". That's about as short as it gets, folks! You gave the location (Boston), the price range (so you don't waste time with people looking in lower or higher ranges), and provided the curiosity factor, along with two methods to satisfy their curiosity - call, or visit your web page. You have also told them that they might save, because you have listed it as "By Owner".

If the specific neighborhood in which you live is desirable, you may want to list it, such as "Nob Hill area, Boston". If you have other good assets, such as a large yard, or acreage, include it. And, if you don't mind advertising that you are willing to pay \$2000 toward closing costs, by all means say so. These things create interest. If price is below the appraised value, make sure you state that in your ad. Revamped to include such things, your ad might read:

By Owner - 3 BD 2 BA brownstone, Nob Hill area, Boston. Large yard. Seller pays \$2000 toward closing; priced below appraisal. \$125,000. See @ www.myhome.com or call 555-1212 for appt.

Larger ads placed on bulletin boards or local newsletters can contain much more info, but anything beyond the basics shown above should be limited to those benefits mentioned earlier. If allowed, and cost effective, include a photo. This ad can be printed up as flyers, also.

Using The Internet

We have already mentioned how the Internet can help you sell your home. More information, however, is required, particularly if you are not well-versed in "Web-ology".

The Internet is most unusual. Traditional advertising methods do not necessarily have the same effect on consumers in a media that a) is controlled by the user, and b) is interactive. In "normal" advertising, the reader must read through an entire ad to find the info most important to him or her. But on the Internet, interactivity allows the user to avoid reading the entire ad and find those points that will most influence a buying decision. Bypassing much of the content, the advertiser has less chance of "hooking" a customer, simply because the customer ends up with only a limited amount of info regarding all the benefits available. In short, buyers can discriminate as to what portions of a web page they will read.

On the other hand, this can work to the sellers advantage, provided he realizes that most visitors to his page will selectively choose information. The wise marketer uses this propensity to sell the points most important to each buyer. For example, if a prospect is looking for a widget, but is primarily interested in the price, the marketer will include certain important and relevant benefits on the page that gives the pricing information. If, for example, this particular widget can do what most others cannot, such as "sorts & collates automatically", the marketer will write the pricing portion in such a way as to inform the prospect that the widgets they sell "sort & collate automatically, all for the same low price of those "other", less sophisticated widgets - just \$995.99". The marketer will also link the phrase "sort & collate automatically" to a page that describes this great feature, and lists the benefits. Hence, the buyer, now knowing the cost is reasonable, clicks the link to read more about this new benefit.

Internet advertising must be, in effect, non-advertising if it is to succeed. Since the user can decide

what he will or will not see - he can choose his own destinations, as opposed to getting hit with arbitrary advertising in other media - those websites that promote more of a "useful" function other than sales will likely fare much better than those who try attracting surfers with old, tired ad copy. For example, a marketer selling a book on treasure hunting might advertise that surfers interested in such things can find free tips and stories on treasure hunting at his site. He may also offer users a treasure hunting chat room, or bulletin board. He could even offer a page that reviews the latest metal detectors. Such free "function" will draw many more visitors than an ad that says "Come here and buy my book". And many of those visitors, getting psyched up reading the stories, may very well order his book. Partly because it is of interest to them, but mostly because they now trust this seller - he has already, and generously, provided them with satisfaction.

The point: Internet advertising can be complex. Moreso because, with 500 million websites, only experts can get their sites listed in favorable positions in the search engines. The fact that you our site attests to our ability to attract buyers, wouldn't you agree?

Holding An Open House

Holding an Open House is an excellent way to show your property and zero in on prospective buyers. It may also reduce the number of times you would be called upon to show your home to individual sellers, one at a time. But it is not as simple as opening your doors to a group of strangers and showing them around. To be most effective, follow a few simple rules, and utilize proper safeguards. It is often claimed that open houses rarely attract the person that will eventually buy, but later in this chapter you will find a neat little trick I have used successfully to sell a house before the open house is over.

First, advertise your open house in advance, and advertise it widely - flyers, newsletters, newspapers, bulletin boards. And do not forget word-of-mouth.

Place your Open House signs in strategic, high traffic areas and make sure your home is easy to find. An Open House sign with balloons attached is a nice - and essential - touch.

Before the scheduled showing, give your home the once-over, to insure everything is in its place, clean and uncluttered. Place bouquets of flowers throughout, in appropriate spots. Turn strategic lighting on, especially those that highlight some of your homes best points.

Turn on soft music. This type of music - instrumentals are best - can relax even the most uptight buyer. If it is chilly outside and you have a fireplace, stoke it up and get it going, to provide warmth and ambiance. Open curtains/drapes to let light in, show any views and to permit people on the street to look in.

Store all valuables that are easily concealed somewhere outside the home- a safety deposit box, with a relative etc. Remove temptations, as you will not be able to screen the people who arrive for an open house.

If you have dogs and/or cats, try to have them stay with a friend or neighbor during your open house. While you may love your pets, many people can become nervous around strange animals; others may have allergies. And, of course, some prospective buyers may worry about damage done by pets that may not be easily noticed.

It is a good idea to have a Guest Book or sign-in sheet. Visitors should be asked to include their name, address, phone number. Also on the sign-in table you should have information sheets about the property (photo, comments, statistics etc.) That include your name and phone number.

If at all possible, do not show the property alone. It is always a good idea to have a partner. Reasons: more than one prospect may need attention at the same time, and you never know if a pair of unscrupulous individuals should decide to use your Open House to deprive you of valuables. When

this (rarely) happens, it is often two people working together - one distracts you while the other pockets items.

Open Houses usually attract the most visitors when held on weekends, particularly Saturday afternoons.

When the time of the Open House arrives, meet your guests at the door, smile, introduce yourself, shake hands, have them sign-in and take an information sheet. Let them know you are available to answer questions. But let them travel through the home without you. This is important because a) he will feel less pressured, and b) you will be available to meet the next guest. Before they leave, ask if they have any questions about the home. Remember to keep smiling.

After the Open House - the next day is good - call each guest and ask if there is any additional information they want to know about the property, and whether or not they have any interest in the home. Such follow-ups are not only polite, but can lead to questions that may very well provide you some insight on the kinds of things prospective buyers want to know. Armed with this information, you may be able to present your home more effectively when the next buyer comes knocking.

I inferred earlier that I use a twist when I hold an open house. Here is what I do:

First, I determine the type of buyers who might be interested. Then, instead of a normal, bland Open House, I hold a party, and invite potential buyers. The "party" will be in accordance with the types of buyers I expect. As an example, here is what occurred when I had a nice executive home for sale in an upper-class neighborhood.

First, I visited all major employers in the area, as well as the Chamber of Commerce. I got a list of all new, incoming executives being brought into the area, and the names of high-income families who had inquired with the Chamber of Commerce about moving into the area. In addition to publicizing the Open House through the

more traditional media (newspapers, flyers etc.) I sent out personal invitations to those incoming execs. The premise was a "Wine & Cheese Party Open House", where prospective buyers would not only be able to tour the home, but enjoy a party with others like themselves.

Of those who attended, every one of them noticed how well the home was suited for entertainment, because they were already parting there. Because it was a party, the buyers appeared to endure less stress than during a typical Open House. They met with one another, networking, and making new friends. The atmosphere was so charged with friendly ambiance that the buyers began feeling right at home. Long before the party was over, I began getting bids on the home. I sold that house that evening.

The same idea can be used for many types of homes. Homes in a blue-collar area are also suited for some type of specialty gathering or party, where prospects feel at ease, and more importantly, realize what a great home this would make.

And that is how I hold an Open House.

Screening Buyers

You are now (hopefully) ready to meet with interested buyers. Before you do, however, it is wise to prescreen them. There is nothing more frustrating than to go through all the trouble of showing your home to a stranger, negotiating price and terms, only to find out the "buyer" can't even qualify for a mortgage, or has no money for a down payment, etc. It is just as important to eliminate those callers who are likely looking for a more "executive" type home.

Part of the screening process begins with your advertising. As mentioned earlier, by listing the price you weed out those who are looking in other price ranges. By listing location, you further weed out those who want a home in another area. Now, those who call should be partly screened - they figure the home is priced within their means, and is located in an area in which they would like to live. That is a good start, but it is only a start.

Further screening can be done on the phone when prospective buyers call. Your main objective is to try and determine if he is a legitimate buyer, or just a "wanna be". The first thing you should do when someone calls is get their name and number - and write it down. Keep a "Caller Log" by the phone, and take notes. (After the call, transfer the name, number and notes to a 3x5 card that you will have handy when the buyer comes to see the house, and use it to refresh your memory about this buyer.) Then, you can describe your home and allow the caller to ask a few questions. Before the caller hangs up, you, too, should ask some questions, designed to help you evaluate the sincerity of the caller. Questions like "Do you currently own your own home? Where - what part of town? Is your house already up for sale?" And don't forget to ask how soon they are planning to move. Also, find out if he has a pre-qualification letter from his lender. If he does not have direct answers to the last three questions, then he is just playing with the idea of moving. No concrete plans. Hence, he won't be a sincere buyer for at least a couple of months.

If after talking with the prospect you believe he may be a genuine buyer who qualifies to buy your home, set up a definite appointment for him/her to tour the property. If there will be a "party" or Open House, invite him. Before the appointed day, call him back to confirm that he will be keeping his appointment. Do this for two reasons - you do not want to waste time waiting for someone who has changed his plans, and you also get to verify that the phone number he gave you is valid.

Before showing your home, it is a good idea to stash valuables elsewhere. Not everyone is honest, and there are unscrupulous people who will take this opportunity to case your house, not buy it. And, whenever possible, arrange for someone else to be present when the buyer arrives. Never, ever, show your home to an unscheduled "drop in" when you are alone. In fact, take great pains to try and discourage drop-ins. Post it on your sign, and have "By Appointment Only" in your advertising. This may not stop all drop-ins, but it will reduce the number.

Again - and I cannot state this strongly enough - take extra care before letting unknown, unscheduled drop-in into your home. Personally, I do not permit drop-ins, even if they are good prospects. If they knock on my door, I simply inform them that they came at a busy time, and to please call for an appointment. I am not paranoid, but I am not foolish, either. I learn from my mistakes. I once showed a home to a drop-in, and the next morning I awoke to find I had been robbed. Fortunately, the authorities caught the person. Unfortunately, I recognized him as the drop-in. 'Nuff said!

Another good idea is to refuse to show your home after dark. If someone arrives after dark and you do not want

to risk losing a potential buyer, it is perfectly fine to just kindly inform the person that he/she has come at an inopportune time, and to please set up an appointment for a time more convenient. Be sure to get his name and phone number so you can call back to confirm.

Showing Your Home

Showing your home can be stressful for many sellers, but is an absolute necessity. As mentioned earlier, however, it is wise to require an appointment, refuse drop-ins after dark, and to always have someone else present when showing your home.

By keeping curtains and drapes open, you make it possible for people on the street to look in, and to notice how inviting it seems.

As a seller, you would do well to note that prospective buyers can be nervous, so give them plenty of room. Greet them at the door with a smile, a handshake- and a sign-in sheet. Let them know they are free to tour the home and property, and if they have any questions, they only need to ask. Then, (assuming you have safeguarded your valuables elsewhere), leave them to go it alone, unless they request otherwise. Offer coffee, tea or soft drinks (no alcohol - maybe the buyer is in AA).

After the prospect has toured the home, they will likely want to go back through, with you, to ask questions. Be prepared. If you have done your homework, you will likely know, already, the questions they will be asking, and have your answers ready. For example, if your initial inspection revealed that the attic was not insulated well, and you did not choose to add insulation, the buyer might well inquire about the lack of insulation. Prepared in advance, you can simply explain that you had had plans to remodel the attic as a private study area, so there was not point in putting in more insulation yet. Not only does this adequately explain why it is under insulated, but it also gets the prospect thinking about what he could do with that attic.

After showing your home, do not wait more than a day or two to call him, and ask if he has any more questions, and whether or not he is still interested. If he is, indeed, still interested, this is a good time to invite him over to begin tentative negotiations.

Sometimes, a buyer will begin negotiations during the showing of the home. Be prepared for that. If they are interested and want to know what should be done next, let them know that the next step is to present a written offer. You should have the agreements ready for such.

IMPORTANT: Remain calm, friendly and smiling at all times, even if the prospect is obnoxious or rude.

Now, the time has come where you will have to negotiate with a serious buyer. There are important rules that come into play at this stage. Use care, and make sure you end up getting a deal that you feel good about.

Know What You Want

I know this sounds rather stupid, but you might be surprised at how many sellers are not really all that clear as to what they want, or they know what they want, but not how to get it. While you undoubtedly have a pretty good idea as to what price you want, have you given any thought to how you want it, or even why? Perhaps a straight deal, putting big equity bucks in your pocket might create a huge tax liability. Or maybe you plan on investing at least some of it into CD's. Perhaps your child is ready to go to college, and you need money for the tuition.

Whatever you might be using the money for, you could easily increase your chances of a sale for top dollar simply by allowing the buyer to help you fulfill those needs. If the buyer requires less upfront cash, or requires a smaller mortgage because he is taking on some of these things, the buyer benefits greatly, and can afford to pay top dollar. And you, the seller, can get everything you want - a true win/win situation. Let us look at an example:

John Seller wants \$150,000 for his \$150,000 home, but realizes that he will likely get only \$140,000. He has \$60,000 in equity, with an existing mortgage of \$90,000. John plans on getting only \$50,000 out of this, after negotiations. He plans to use \$30,000 as a down payment on his next home, and the other \$20,000 would be invested in CD's, currently at about 5.5%.

Bill Buyer wants to buy the house, and can only afford \$7,000 down and a mortgage of \$133,000, for a total of

\$140,000. On the surface, it appears that this deal will work for both parties. But there might be a better way, IF John Seller realizes it before negotiations get too far. When Bill Buyer begins negotiating the

price downward, claiming it is "just a bit out of my reach", John can come back with something like, "If you will agree to \$145,000, I would be willing to finance \$20,000 at 7% interest only, principal due in 5 years when you can refinance - that's much less than the rate you would pay on your mortgage, which saves you money. And, instead of taking out a \$133,000 mortgage at 8.5%, you would only need a \$125,000 at that rate, and with the \$20,000 second you would owe at 7%, you come out a little better- a slightly smaller mortgage payment each month. Then, we both get what we want."

You see, if you sell for \$140,000, pocket \$50,000, use \$30,000 as a down payment on your next home, you have \$20,000 left, earning you \$1100/year in interest. But if you sell for \$145,000, you still have \$30,000 down on your next home, \$5,000 extra cash in your pocket and a \$20,000 note that pays you \$1400/year (instead of \$1100). You come out ahead by \$5000 cash plus an EXTRA \$300/year in interest (times 5 years = \$1500 extra dollars). That's a total increase of \$6,500, and the buyer pays nothing extra for it. You both win.

Or, instead of paying \$5000/year towards your child's tuition, let the buyer sign an agreement to do that in exchange for an equal amount off the price of the house, provided he can show the financial means to do so, and your agreement with him is a lien on the home. Or perhaps you had planned to use \$5000 of your proceeds to pay off your credit cards - let Bill Buyer assume responsibility for those debts in return for an equal amount off the purchase price.

The point here, of course, is that if you can give the seller a break - and still accomplish what you need to do - you can negotiate a better deal for both of you, just in a different way.

Negotiation Tactics

A big part of your profits will be directly proportional to your negotiating skills. Sharpen them by following and practicing these tips. Use them in everyday dealings with people, whether buying a suit or trying to convince an associate that you are right. Practice, practice, practice!

* A sophisticated buyer will try to gently and subtly poke holes in your expectations. Owners tend to get used to the flaws in their properties, and no longer notice them. Your job is to make sure that you do notice them, and not allow him the position of power he would otherwise hold if you had not noticed these flaws beforehand

*Often the best negotiation tactic is silence. Silence tends to make the other party a bit nervous, and almost forces him to speak, just to break the tension. In speaking, he will often say something that will cost him.

*Act a bit disinterested. Make sure he understands that, while you certainly want to sell, you do not have to sell today, that you have time to find a buyer who will pay close to your price.

*First one to mention a price loses. Except for your original listing price, never, NEVER be the first to mention a lower price. If you are the first to mention a figure, you will lose in the negotiations.

*Meet on your turf, preferably in the home. A seller has a distinct advantage meeting with buyers at his home or office. Home court advantage, you know. It may be psychological, but it is still effective. Meet on YOUR terms.

*NEVER involve emotion in your negotiations. If the buyer even thinks you are anxious and motivated, the price will go down, accordingly.

*When face-to-face and the buyer mentions a price, do not counter-offer with a higher one. Just keep silent and look at him as though you are waiting for him to say more. In many cases, he will go up of his own accord, out of sheer uneasiness. Again, silence can be your strongest asset.

*Never insult a buyer, by word or deed. The friendlier you can be, the less likely he will see you as an opponent. Avoid being blunt and bold, but do be honest and straightforward. Let him know that if he buys, it is your intention to help overcome whatever problems he may have and to make this a "win-win" deal. Listen intently, and listen as well to what he is not saying.

*Before talking money, just get him talking - about his family, his hobbies. In a short time, he will subconsciously accept you as a friend, and this will make it more difficult for him to negotiate effectively.

*While letting him talk, you are learning more about what motivates him, and what his priorities are (see "Speaking the Buyer's Language"). This gives you an edge in negotiations.

*Always write terms into your agreement that you really don't want, or expect to get. Then, you have something you can "give up" in exchange for things that you DO want, like a higher price, stricter terms etc.

*Never give up dimes for dimes. Give up nickels for dimes. For example, if the buyer comes up \$2,000 in price, you should only go down \$500-\$1000 in your counter offer. If you give up the \$300 power mower, make sure you get something worth more to you in return, such as the buyer paying part of your closing costs.

*When meeting with a buyer, do not dress up to the point where you look like a cold businessman. Dress casual, but nice. He will feel more comfortable, and be more apt to deal

*If the buyer is in a bad mood, postpone negotiations until a later time.

*Whatever you do, do not get so tied up in a deal that you let the buyer talk you into terms you can't live with. If you cannot get the terms and price you feel that you need to, let him know that he is working too far below what you will accept.

*Determine beforehand the minimum price you will accept and the maximum terms you will offer. Hold to them. If you cannot make this profitable for you, forget it. There are other buyers.

* Be honest and ethical. A straightforward approach that shows respect and a true desire to help the buyer as much as possible will pay big dividends. I cannot stress this point enough.

Note, too, that while customs, and even state laws may dictate who is responsible for various closing costs, these costs can still be negotiated between buyer and seller. In other words, if the custom or law states that buyer shall pay a certain cost, you can agree to pay it on his behalf. Splitting closing costs which are often the responsibility of the buyer can often result in a signed agreement. If you want to share your non-agented savings with the buyer, this is a good way to do it, since it requires less cash out of his pocket at closing, making it easier for him to close.

Choosing an Escrow Agent or Title Company

You will want your transaction to go off without any hitches. A smooth closing is essential. Therefore, use care in choosing who will act as your closing (escrow) agent.

Your first consideration would normally be to consider only those who are experienced professionals with good references. Spend some time talking with them, asking questions, such as their experience with FSBO transactions and discovering the ease with which they work with you. In short, you not only want a knowledgeable pro, but one you feel comfortable with, because you will be spending a lot of time with him - escrow can take from 30 to 90 days. If the you and the agent "hit it off", talks in terms you understand, and his references speak highly of him, that is the one you

want.

Whereas you will likely make numerous trips to the escrow agent's office, it should ideally be within a comfortable distance from your home. Long trips to an agent's office can add more stress, and you don't need any more of that.

You will also want to discuss the agent's fees. Fees can vary. Get answers on what his fees are, who will be responsible for which of those fees (buyer or seller). You should receive a breakdown listing and describing each fee, and which party is responsible for it.

Escrow agents take care of most of the paperwork, ensure all terms of agreements are complied with and distribute the funds accordingly. They will also:

- * get instructions and loan documents from the buyers lender
- * order the preliminary Title Report
- * secure payoff demands from existing lenders, requesting full reconveyances of any deed of trust or mortgages to be paid off at closing
- * obtain documents necessary to clear any and all outstanding liens on the property
- * issue receipts for deposits and hold those deposits in a separate escrow account
- * prorate taxes, rents (if any), interest etc.
- * prepare escrow instructions per buyer & seller
- * determine the date that escrow will close
- * obtain Title Insurance on behalf of the buyer or his lender
- * assuring timely transition of fire insurance
- * record all necessary documents, such as deeds, reconveyances, powers of attorney (if used)

Depending on the terms of the agreement(s), the escrow agent may perform other tasks necessary to execute the terms of those agreements.

When all is said and done, closing - or settlement - can occur. At this time, you and your buyer will sign your names so many times, on so many documents that your hand will get tired.

Note that most escrow agents will require that checks brought to closing for down payments, escrow fees etc. Be in the form of a cashier's check. Most will not accept personal checks, so make sure your buyer is aware of this, to prevent unnecessary delays.

If either party, for reasons unknown, shall be unable to attend closing, that party can issue a Power of Attorney to have someone else take his place at closing, and sign all papers. Another method is to have the escrow agent send the documents ahead, to be signed in advance of closing.

Closing documents that you will be required should be examined carefully, preferably before closing, to check for any errors in the wording or the math. ">

Appendix A

Seller's Checklist

- ___ Determine fair price, based on type of agreement to be made
- ___ Thorough inspection of premises
- ___ Determine best assets of property, and worst faults
- ___ Make necessary exterior repairs
- ___ Prepare yard & gardens
- ___ Make interior repairs
- ___ Clean/polish everything
- ___ Remove all clutter
- ___ Obtain a home warranty
- ___ Shop for Title Insurance

- ___ Check out escrow agents/Title Companies
- ___ Obtain all necessary forms/contracts
- ___ Write your ads, place them. Includes Internet ads, flyers, classifieds etc.
- ___ Determine best times of day to show, when possible
- ___ Plan & implement Open House (store valuables before open house or showings)
- ___ Screen buyers (ongoing process)
- ___ Negotiate best deal, sign agreements (attorney recommended)
- ___ Set up escrow
- ___ Review all closing information, figures prior to close
- ___ Attend closing
- ___ Celebrate

Property Analysis & Statistics

Square Feet:

Lot Size: Water/Septic: Heat:

Taxes: Bedroom 1:

Bedroom 2:

Bedroom 3:

Bedroom 4: Annual Elec. cost:

AC:

Fireplace: Garage: Baths Attic:

Construction: Porches: Basement: Age:

Annual Heat. cost

Other rooms- Describe with sizes: Other comments: