



The For Sale By Owner Guide to Selling Your Home

Selling your home on your own does not have to be as difficult of a process as you might think. Almost 10% of the homes sold each year are sold **WITHOUT** real estate agents. With the help of this handy guide, you will be sure to have your home sold in no time!



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Chapter 1: Preparing Your Homes for Sale

Before you put your home on the market, you first need to get it prepped and ready for sale. Preparing your home for sale requires completing three essential steps. These include:

- Making necessary repairs
- Creating curb appeal
- Staging

In this chapter, we will examine these three areas a bit further.

Making Necessary Repairs

The first step in preparing your home for sale may seem relatively obvious, but many home sellers fail to realize the importance of completing basic repairs. Unless you plan to sell your home as a “handyman’s special” or a “fixer-upper,” you need to make sure it is in good shape. After all, most buyers do not want to buy a house that requires additional work before they can move in.

Keep in mind that making repairs does not mean making additions. Investing money into additions is not usually a good strategy if you are doing so for marketing purposes. If you spend \$5,000 on a new deck, for example, you are not likely to see a \$5,000 increase in the value of your home. The only time you should do major renovations and improvements is if your home is significantly out of date or not on par with other homes in the neighborhood.

Creating Curb Appeal

The second step in preparing your home for sale is creating curb appeal. Creating curb appeal involves taking the steps necessary to make your home look attractive from the road. Since many potential buyers do a quick “drive by” of homes before asking to take a closer look, you want to make your home as appealing as possible when viewed from the road.

Creating curb appeal involves focusing primarily on the outside of your home. This includes assessing all of the following:

- Entryway
- Landscaping
- Siding/Outside paint
- Windows and shades

At a minimum, your landscaping should be comparable with the landscaping of your surrounding neighbors. Your landscaping must also be well maintained, with all of the bushes properly trimmed, grass cut and collected, leaves raked, weeds pulled and clutter removed.

Creating curb appeal also involves cleaning your windows – both inside and outside – as well as cleaning the front door and repainting it if necessary. Be sure to polish the door fixtures and to ensure the lock and key work properly. Your front door is often the very first thing a buyer notices. The same is true of your exterior paint and siding. If the paint is chipped and faded, repaint the house before you put it on the market. Painting a home does wonders for curb appeal and is usually an economical investment. If you have siding, rent a power washer and clean it thoroughly.

Even if your backyard is not readily visible from the road, you still need to keep it neat and tidy. Make sure your lawn and garden beds are properly maintained, while also keeping backyard fixtures such as swimming pools and Jacuzzis clean and maintained.

Staging

The final step in preparing your home for sale is to stage your home. Staging involves depersonalizing the home while also decorating the home in a way that helps the potential buyer visualize himself living in the home. Since buying a home is a largely emotional experience, your goal is to help the buyer make a positive emotional connection with the house.

To stage your home, you first need to remove personal items, such as photographs and souvenirs. While all of these things help to make your house a “home” for you, they make it difficult for the buyer to picture anyone other than you living in the home. Obviously, this serves as a major roadblock in helping the buyer visualize himself living in the home.

Staging also involves removing clutter and helping the home appear as spacious as possible. In some cases, this requires removing certain pieces of furniture and placing them in storage. Your goal should be to make the house easy to navigate while also appearing welcoming and inviting. In other words, potential buyers shouldn’t have to squeeze past furniture or through doorways to move from place to place. At the same time, furniture should be positioned in such a way that they want to sit down, relax and enjoy spending time inside the house.

When removing clutter, you also need to make sure all of your closets and cabinet drawers are well organized. Rent a storage unit for extra items if necessary. Overflowing rooms, cabinets and closets give the impression that your home is small or does not have enough storage space.

The final steps in staging your home involve adding those simple decorative touches that make your house feel like a home. A vase with fresh flowers on the kitchen table, scented candles and decorative throw pillows all help to create the right mood and atmosphere. You should also pull back the curtains and pull up the shades so the natural light can shine in your home as you are showing it to potential buyers.

Chapter 2: Pricing the Home

To get your home sold as quickly as possible while still getting what it is worth out of the sale, it is important for you to price your home properly. If you price it at below market value, you will not get an offer that is fair to you. On the other hand, if you ask too much, your house will sit on the market for a very long time and will become increasingly more difficult to sell. Fortunately, there are many resources available to help you with pricing your home.

Checking Out the Local Market

The first step in pricing your home is to check out the local market. One quick and easy way to do this is to simply look at the homes in your neighborhood and see how much people are asking for those homes. Another option is to check with your local tax assessor or use a tax assessor website to learn the value of the homes in your area. Many tax assessor sites have free tools that allow you to research neighboring sales. There are also several websites available to help with assessing the value of your home. Some of these include:

- Zillow <http://www.zillow.com>
- Electronic Appraiser <http://www.electronicappraiser.com>
- Realtor.com <http://www.realtor.com>
- Trulia <http://www.trulia.com>

As you compare your home to other homes in the area, be sure to consider which features in your home are similar to those found in homes that have recently sold in your area. This will help you better determine the value of your home while also helping you determine a competitive price. Although many factors are assessed when comparing one home to another, location is typically the most important. The closer a recently sold home is to yours, the better it can be used as a gauge to determine the value of your home. When it comes time for buyers to get a mortgage, their lender also looks at recent sales near to your home. Other factors to consider include square footage, lot size, age of the home and any upgrades or special features that make your home stand out from other homes in the area.

Getting a Professional Opinion from Appraisers or Brokers

An appraisal of your home from a licensed appraiser is often money well spent. Appraisals typically cost anywhere from \$250 to \$500. While many FSBO sellers do not choose this route, it gives you a realistic idea of what your home is worth. The accompanying report also provides solid evidence to back your asking price, which can come in handy when it comes time to negotiate with an interested buyer.

Another option is to speak with a few real estate agents who are very familiar with your neighborhood. Be upfront with the real estate agents and let them know you are selling on your own, but let them know you value their opinions and will compensate them if they bring you a buyer.

Setting the Price

Once you have a general idea of the value of your home, set your asking price 5 to 10 percent higher than the market price. This will allow you to have some negotiation room without setting the price so high that it is outside of its ballpark value. Another trick is to set the price so that it is slightly below a round number. In other words, rather than asking for a flat \$250,000, set the price at \$249,900. Although the actual difference between these two prices is minimal, the psychological impact of setting this lower price can be huge when it comes to attracting potential buyers.

Getting the Best Price Possible

If you are not in a hurry to sell, there are a few things to keep in mind in order to get the best price possible. First of all, you need to consider the current market. Timing is everything in the real estate market. Therefore, you are more likely to sell your home at a higher price when the market is up. In other words, if the housing inventory is low and the demand is high, you can set a higher price. If inventory is high and demand is low, however, you are less likely to get a high offer. Of course, if you are not in a hurry to sell your home, you have the option to sit and wait for the price you want.

Watch the Market

Most real estate markets are in a constant state of change. Monitoring your neighborhood with some of the free tools mentioned above will help you adjust your price accordingly.

Chapter 3: Hiring Professionals

While you can handle most aspects of selling your home on your own, there are a few steps where hiring a professional is necessary. With the help of a few key professionals, you can be sure your sell is legally binding and that you are not putting yourself in a bad situation due to some minor detail that you missed. Three professionals that can really help make the process run smoothly include:

- Real Estate Attorney/Title Insurance Company
- Escrow Company
- Mortgage Company

By putting together a team of these professionals to work with you through the process, you are keeping yourself and the buyer protected while also getting your home sold as quickly as possible

Staying Within the Law with a Real Estate Attorney

Perhaps the most important professional you can hire to help you with the process of selling your home is a real estate attorney. Depending on the state you live in, you may need to go through a title insurance company instead. Either way, these professionals will help ensure you are staying within the law and completing the proper forms. A real estate attorney can also help you evaluate offers, prepare and review contracts and even act as your escrow agent. Every negotiation is different, but most FSBO sellers need this type of help once they find a willing buyer.

Escrow and Title Companies

Whether you work through your attorney or with a standalone escrow or title company, enlisting in the help of these professionals is an essential step in the process of selling your home. The escrow or title company typically is an impartial third party who maintains the buyer's deposits, retains and prepares the legal documents, and closes the sale. When opening an escrow account, the buyer's initial deposit and signed sales agreement is needed.

Enlisting in the Help of a Mortgage Company

A mortgage company (lender or bank) can assist you with the financial aspect of selling your home and pre-qualify interested buyers. This will help you quickly weed out those who are not financially capable of purchasing your house. Although the buyer typically selects the mortgage company, many buyers start looking for a home without getting prequalified first. Having a trusted lender available to assist a buyer can speed up the process. Unless your buyer is willing to pay cash, it is important to make sure the buyer is prequalified before accepting an offer. You don't want to take your home off the market only to discover the buyer is unable to obtain the necessary financing.

Chapter 4: Tips for Taking Quality Photos

Now that you have prepared your home for the market, set a price and assembled a team of professionals to help you sell your home, the next step is to start marketing your property. Before you can develop marketing materials, however, you need to take high-quality photos of your home that you can use with your marketing materials. While you can certainly hire a professional to take the photos for you, this is a task that you can easily handle yourself if you follow a few simple tips.

Make Your Home Picture Perfect

You have already made the necessary improvements and repairs to attract potential buyers, so getting your home picture perfect should be a relatively simple task. Nonetheless, there are a few details that can really help make your home look more attractive when it is photographed. For example, while you want your shades to be up so the natural light can enter your home when a potential buyer comes for a visit, the exterior of your home may look better when the shades are drawn. Consider these minor details and make the necessary adjustments as you take your photos.

In making your home picture perfect, you also need to make sure your yard is properly manicured and all clutter is removed. This includes removing your garbage cans as well as your car.

Choose the Right Time to Take Your Pictures

The best time to take a picture of your home is on a sunny day during the summertime or in the spring. If you absolutely must take the photos in the fall, make sure all of the leaves are raked and avoid including bare trees in your pictures if possible. Wintertime is the worst time to take a photo of a home, particularly if you live in an area that gets snow. If you have no other choice than to take a picture while there is snow on the ground, pick a sunny day after a fresh blanket of snow has fallen. Regardless of the time of the year, take your photos at a time of the day when the sun is shining behind you and onto your home.

You should also consider the direction your house faces when deciding when to take your photos. If your home faces west, it is typically better to take the photos in the evening without two hours of sunset. If your house faces east, take them in a morning within two hours of sunrise. For a south-facing house, take the photos in the afternoon when the sun is no longer directly overhead. Generally, any time between 1:00 pm and 4:00 pm is best. If your house faces north, any time when the sun shines on your house is sufficient. If the house does not receive direct sunlight, wait for a bright day when the sun is not covered by clouds.

Taking Interior Photos

If you wish to take photos of your home's interior, keep in mind that you do not necessarily need to take a picture of every room in the house. Instead, choose those rooms that are the most important, such as the master bedroom and the kitchen. If you have any rooms that offer a special or unique feature, you may want to include photos of these rooms as well.

Before taking photos of interior rooms, make sure they are clean and well lit. Take photos from several different angles and choose the single photo that best represents the room's special features and dimensions.

Developing Your Photos

Generally speaking, a digital camera is your best option for taking photos of your home. This way, you can see the photos immediately after you take them and you can keep taking photos until you get the perfect shot. When using a digital camera, set it on the highest resolution in order to get the sharpest, clearest photos possible.

If you are using a 35mm "film" camera, take several photos of each room that you wish to include in your marketing materials. Select the best shots and get them converted to digital files. You can get this done at virtually any office supply store as well as at many drug stores and chain stores, such as Wal-Mart. After you convert the photos to digital files, you can easily upload them to the Internet and use them when creating marketing materials.

Chapter 5: Tips for Creating Marketing Materials

Once you have taken some high-quality photos of your home, you are ready to start making your marketing materials. There are several different types of materials you should consider developing. These include:

- Signs
- Brochures
- Flyers
- Highlights sheet

Signs

There are two primary types of signs you should consider making. The first are directional signs to help draw people to your home. The second type of sign you should develop is a “For Sale” sign.

When posting directional signs, look for main intersections near to your home. This way, people who are interested in a home in your area are likely to see the signs. Your “For Sale” sign, on the other hand, should be placed on your lawn.

Your “For Sale” sign should include several pieces of information. This includes your phone number, a web address for your Internet posting of the home and the words “By Owner.” Make sure the font is large enough that potential buyers can easily read the sign from the street.

When making yard signs, consider having them made at a professional print shop, an office supply store, a drug store or another store that makes professional prints. You can also create your own signs on the web. Simply perform a search of “real estate signs” to find a vendor. A sign that looks like it was made by an amateur or that has a “cheap” look to it will significantly detract from the overall appearance of your home.

Brochures and Flyers

Creating brochures and flyers is another great way to quickly share information about your house. You can quickly and easily make a brochure or flyer with Microsoft Word and other similar programs. Simply perform an Internet search of “real estate flyer template” to find several available options.

When creating brochures and flyers, be sure to include:

- Pictures
- Price
- Information about the property
- Features
- Your contact information

Consider placing a box filled with these brochures or flyers next to your yard sign. This way, interested buyers can stop and pick one up when they drive past your house. Not only does this help make you look more professional, but it also provides the buyer with a quick and easy takeaway reference about your property.

Highlights Sheet

A highlights sheet is another resource that you might want to consider creating, though you may also choose to combine your highlights sheet with your flyer or brochure. A highlights sheet is typically more detailed with and includes information such as:

- Square footage of the home
- Specific room sizes Example:
 - Dining Room 10 x 12
 - Master Bedroom 12 x 16
- Amenities, such a swimming pool, spa or deck
- Dates of recent improvements
- Features that may not be visible or noticeable without an explanation.

Your highlights sheet should include at least one color photo. These sheets can be easily distributed throughout the community by placing them on community boards in places such as libraries, local shopping centers and grocery stores. Always get permission prior to posting your highlight sheet, brochure or flyer in a public location.

Following the Law

When creating your marketing materials, you need to be aware of laws that regulate the sale of a home. These laws include both State and Federal Fair Housing Laws. Keep in mind that it is illegal to discriminate against a buyer based on that person's race, gender, religion, national origin, family status and other factors. These laws apply to your marketing strategies as well as to your selling practices. To make sure you are not inadvertently violating these laws by mentioning any of these items in your marketing or using wording that could be considered discriminatory. Consult with your real estate attorney if you are unclear.

Chapter 6: Exploring Marketing Strategies and Options

No matter how great your marketing materials turn out, they won't do you any good if you don't know how to use them properly. In addition to distributing your materials on community boards or placing your materials next to your yard signs, there are several other marketing strategies that you can pursue. Some of the key marketing strategies and resources you should consider using include:

- Internet
- Open House
- Word of mouth
- Local publications

By keeping a few tips in mind, you can drum up a great deal of interest in your home with the help of these resources.

The Internet

The Internet is one of your best resources for selling your home. In fact, real estate experts estimate that approximately 77% of interested buyers begin their search by looking online. By listing your information online, interested buyers can quickly and easily look up information at any time of the day or night. Of course, if you do not use this resource properly, you might actually turn off potential buyers. To get the most out of your Internet posting, keep the following tips in mind:

- Develop a catchy heading that will capture the interest of potential buyers, such as “Priced to Sell,” “Area’s Best Schools,” or “Handyman Special.”
- Keep your description informative and to the point with pertinent details, such as the square footage, the number of rooms and special features.
- Highlight features that add value to the home, such as areas that have been recently remodeled or updated.
- Include the most flattering pictures that show the areas buyers are most likely to be interested in seeing, such as an exterior photo, a photo of the kitchen, a photo of the master suite and any special features the house may have.

Be sure to keep your Internet posting fresh and current with information about your house and neighborhood. This way, you will be more likely to attract a potential buyer quickly.

Holding an Open House

Holding an open house is another great way to help generate interest in your house while also showing it off to many potential buyers. One disadvantage to having an open house when you are selling the home on your own is that some buyers are uncomfortable with looking at a house when the current owner is present. On the other hand, others may be more comfortable looking at the house at an open house event as opposed to a one-on-one appointment. To have a successful open house, keep the following tips in mind:

- Use the suggestions discussed in the “Staging” and “Preparing Your Home for Sale” sections of this ebook prior to hosting the event.
- Schedule the open house on a weekend in the early afternoon.
- If there is another open house in your area, schedule yours for the same day.
- Advertise your open house by announcing it on your online listing and by placing signs along highways and other areas where people are likely to see them.
- Invite your neighbors.
- Include a sign-in sheet so you can easily follow-up with those who attend your event. Be sure to ask for basic contact information on the sheet.
- Keep your marketing materials handy to give to your visitors as they walk through the house.
- Consider baking some snacks or having other finger foods prepared for your visitors.

During your open house, be sure to give visitors plenty of time to explore your home at their own pace. While an open house provides a great opportunity to make personal connections with potential buyers, you should also limit your conversation to a simple welcome when guests arrive. As your guests are leaving, ask them if they have any questions. Hovering around them as they look through the house will make them feel uncomfortable and rushed. Therefore, it is best to simply remain by the door throughout the event. This way, you can properly greet your guests while remaining easy to find if anyone has any questions.

When hosting an open house, you also need to keep your safety and privacy in mind. Some general safety tips include:

- Put away jewelry and other valuables.
- Do not allow strangers to roam throughout your home unattended.
- Get someone to help you host the event. If you are married, make sure your spouse is around. Otherwise, enlist in a neighbor to help out for a few hours. If one of you is showing the upstairs or backyard, the other one can still be available to greet new visitors.

In “hot” markets where few homes are available and buyers are abundant, you may become overwhelmed with visitors. If this happens, stagger the visitors by bringing them through in groups.

Word of Mouth

Word of mouth can go a long way toward helping you get your home sold, which is why it is important for you to invite your neighbors to your open house. After all, your neighbors have a vested interest in helping you find a buyer. The more they know about your house, the more they can share information with people who might be interested in moving in. Even if you don’t have an open house, consider talking to your neighbors and asking them to help spread the word about your house being up for sale.

You can also spread the word by handing out your materials to the people you come in contact with over the course of your day-to-day activities. These include people such as your bank teller, the checkout person at the grocery store, your doctor, your child’s coaches, your co-workers and anyone else you deal with throughout the day. The more people who know about your house being for sale, the more likely you are to quickly find a buyer.

Local Publications

Local publications are another good resource for spreading the word about your home. When considering local publications, however, keep in mind that the Internet has grown in popularity. As a result, fewer buyers are using print publications to help them find a home. If you choose to use local publications, it is best to use them *in addition* to the Internet and not *instead* of the Internet.

When using traditional print publications, consider placing a classified ad in your local newspaper or in real estate magazines. You might also consider sending out ads through direct mail circulars, though this can become quite costly. In the next chapter, we will discuss how to write an effective ad in order to get the best results.

Chapter 7: Tips for Writing Ads

Writing an ad is an excellent way to draw attention to your home for sale. At the same time, if the ad is poorly written, it will be ineffective. In fact, if the ad is full of spelling errors, grammatical mistakes and other problems, it can actually hurt your chances of getting your home sold. By keeping a few simple tips in mind, however, you can create a highly effective ad that is sure to grab the attention of potential buyers. In this chapter, we will discuss tips for writing ads for traditional print publications as well as for the Internet.

What to Include in Your Print Ad

When writing print ads, it is important to remember that these ads can be very expensive. Since newspapers and magazines typically charge by the number of lines you have in your ad, you need to keep your words to a minimum. At the same time, you need to be sure to communicate effectively with potential buyers as you pique their interest.

Before you get started, you must first have a clear idea of what information needs to be included in your ad. Information that is an absolute must include:

- The fact that you are selling the home as an FSBO
- The asking price
- The location of the home
- The number of bedrooms and bathrooms
- Your phone number

Depending on the amount of space you have available for your ad, you might also include the square footage, any special features that your house might have and other information that might pique the buyer's interest, such as words such as "motivated seller."

Ironically, many buyers end up purchasing a property that is different from what they originally thought they wanted. Therefore, you should keep in mind that adding too much information could eliminate potential buyers. In other words, you want to give enough information to grab the interest of the buyers, but not so much that the buyers can quickly cross your property off the list.

Formatting Your Ad

In most cases, your ad should start off with the price that you are asking. This will help to quickly draw in serious buyers. If you want to mention that the price is negotiable or that financing is available, this should follow the price in your ad. Adding the words "Financing Available," "Excellent Financing" or "Affordable Financing" will help put some buyers at ease, but you should only include these words if you have actually taken the steps to help pre-qualify prospective buyers.

The location of the home should come next. Unless your property is located in a highly-desirable area, avoid being too specific about where the home is located. Otherwise, potential buyers are likely to make false assumptions about the property. Remember, the goal is to get the buyers to actually come out and take a look at the home.

Listing your price and location are the two most important aspects of your ad, as serious buyers will quickly skim through ads and will pick out homes based primarily on this information. Once you have included this information, you can provide the more descriptive information. The number of bedrooms and bathrooms should come first, followed by information that is likely to attract buyers. For example, you may mention features such as “large backyard,” “two-car garage,” “located on quiet street,” “privacy fence,” or “recently remodeled.” At the same time, use caution when listing special features, as some features may not be as appealing to potential buyers as you might think. Mentioning that the home is “located close to stores,” for example, may give some the false impression that the area is overly populated or too congested.

Examples of Effective Print Ads

To get a better idea of how to write an effective ad, it is helpful to look at a few examples.

\$135,900, KNOX, affordable financing available by owner, large 4 bedroom home, deck, two-car garage. Call 555-1234 or view online at xxxxxx.

\$290,900, MICHIGAN CITY, 3 bedroom lakefront home for sale by owner, newly remodeled kitchen, boat slip. Call 555-1234 or view online at xxxxx.

These ads provide the essential information as well as a few extras to help grab the attention of potential buyers while also providing them with a means to contact you and obtain more information. With these ads, you are likely to get many potential buyers calling to set up an appointment to view the property.

Writing Internet Ads

When writing an Internet ad, you typically have far more flexibility. Some real estate websites allow free-form text, which means you can place all of the details of your home in one or two paragraphs. Others are data-driven, which means all of the features of your home are categorized and labeled. The type of site you use will determine how your ad is structured.

With a free-flow website, such as Craigslist, you still need to place all of the most important information first. In this way, your ad will be very similar to the ad that you would write for a print publication. Placing the most important information first allows the buyer to quickly scan through listings and determine which ones to explore further. After listing the most important information, you can then write a second paragraph that provides more details about your home. Consider including the same type of information that you included on your highlight sheet and use bullets to help make the ad easier to read.

If the site is more organized and data-driven like ByOwner.com, potential buyers will be able to easily sort through listings by selecting the specific features they want. Since all of the key data is already presented in an easy-to-read format within your listing, you do not need to include this in your written description. Rather, use your description space to highlight the additional features that are likely to appeal to an interested buyer. For example, your written description may include information about a recent remodeling project, details about the neighborhood or information about the extra amenities and features that make your house stand out from others in the area.

Chapter 8: Negotiation Tips

Once you have a person who is seriously interested in buying your house, it is time to start the negotiation process. If the interested buyer has hired a buyer's agent, you will negotiate the final price and other details through that agent. If the buyer has not hired an agent, you will conduct the negotiations directly with the buyer.

Before you get into the negotiation process, you need to get a better idea of the potential buyer's financial situation. Therefore, you must ask whether or not the buyer has been approved by a financial institution and, if so, how much that buyer has been approved to receive from a loan. You also need to know how much the buyer has available to put down on the loan. If the buyer is not even qualified to obtain the financing necessary to purchase the home, there is no need to move on with the negotiation process.

It is not necessary for you as the seller to intimately know the buyer's finances. If the buyer is prequalified, however, you should be given permission to talk with the lender in order to verify the buyer's ability to close. When paying in cash, it is also common for the buyer to prove the source of the funds, such as a bank account, stocks, etc. They should be able to copy a recent statement and remove any personal or account information.

If the buyer has the financial means to purchase the home, the first step in the negotiation process is for the buyer to make an offer on the home. There are many ways a buyer can submit an offer. Examples include making a formal written offer with a deposit, submitting an offer via email, or giving a verbal offer in person or over the telephone. A formal written offer is preferred, but negotiations usually can start without one. Once the details have been ironed out, they should be put in writing and submitted to the title or escrow company. If you make changes to the price or closing terms at a later date, make sure they are acknowledged in writing by both parties. Consult with an attorney to make sure you are taking the necessary steps to protect yourself and create a legally-binding agreement,

Making a Counteroffer

In most cases, the original offer made by a buyer is less than the original asking price. Therefore, you are likely to make a counteroffer in response to that offer. When writing a counteroffer, you are rejecting the buyer's first offer while making concessions of your own. For example, you may counteroffer with the original asking price, but you might throw in a home warranty as part of the offer. Or, you may lower the price by only a fraction while also offering to cover all of the closing costs.

There are thousands of ways to structure an offer and counter offer. Again, this is a point in the process when the real estate attorney you hired should look over the paperwork to ensure it is properly completed.

Handling Multiple Offers at Once

If you have received multiple offers, be sure to let all of the buyers know there has been more than one offer made on your home. Include this information in the counteroffer paperwork. Notifying buyers of multiple offers puts pressure on the buyer to offer the best terms when making an offer.

Ideally, you should finalize one offer before moving on to another. After all, you can only sell your home to one party and having multiple counters out at the same time can become confusing to everyone involved. If you want to be sure to keep your options open, however, specify in your paperwork that the buyer's acceptance of the counteroffer does not necessarily mean the sale is final. This way, you can review all of your offers before deciding who to sell the property to.

When reviewing offers and counteroffers, keep in mind that the offer with the highest price is not necessarily the offer that will provide you with the largest profit. This is because your profit margin can be greatly affected by other aspects of the offer. For example, if you have to pay the closing costs with one offer, these costs could be thousands of dollars. Furthermore, some counteroffers may include a contingency that allows the buyer to wait to purchase the home until after he sells his current home. This could result in a loss of money on your part while also significantly slowing down the closing process. Take all of these factors into consideration when determining which counteroffer to accept. With multiple offers in play, the engagement of an attorney would be very helpful.

Chapter 9: Writing the Sales Agreement and Closing the Sale

Once you have selected the offer that you want to accept, it is time to write the sales agreement. It is a good idea to enlist in the help of a real estate attorney or escrow company to assist with this step of the process. Whether you choose to hire a professional or not, knowing the basics of how to write up the sales agreement and how to complete the closing process is important.

An Overview of the Closing Process

The closing process includes ten basic steps. These include:

- The buyer applies for a mortgage loan and provides you with a preliminary loan approval letter
- You and the buyer sign the sales agreement
- The buyer's deposit is placed in an escrow account
- The buyer schedules the necessary inspections
- You complete any work that is necessary following the inspection, (if required by the contract)
- You take care of any issues that are necessary to create a clear title
- The buyer receives final approval on his or her mortgage
- You and the buyer complete a final walk-through of the property
- You and the buyer sign the final papers and closing documents, including loan documents and the deed to the house
- You hand the keys over to the buyer and collect your money

Creating the Sales Agreement

Your sales agreement serves as a document stating the terms of the sale. To assist with the process of creating a sales agreement, you and the buyer should write an unofficial list of the items you wish to see included. While this list should not be binding, it gives the attorney an outline of what you both expect to see in the final draft. Information included in the sales agreement include:

- The sales price and the amount of the deposit
- Financing contingencies or cash
- The closing date and deadlines
- Items included in the sale, such as appliances
- Details on which parties are paying what closing costs

It is not recommended that a draft of the terms be signed. Otherwise, it could be interpreted as a contract if a disagreement arises between you and the buyer.

Completing the Inspection

With the sales agreement completed, you now need to coordinate with the buyer in order to complete a home inspection. Some home inspections are quite detailed and take hours to complete, with the inspector examining everything from the roof to the foundation and everything in-between. If problems are located during the inspection, you may need to make the necessary repairs before you can

finalize the sale. If so, the terms of this should be clearly laid out in your sales agreement. If you don't make the repairs, the mortgage lender is not likely to sign off on the loan. Furthermore, failure to make these repairs gives the buyer the option to back out of the deal.

Keep in mind that you are also responsible for disclosing any defects that your house may have. If the buyer encounters any damage after purchasing the home that you did not tell him about but that you knew about, you could be liable for damages. For this reason, many states have mandatory disclosure laws in place. According to these laws, you must provide interested buyers with information about any defects that you know about the house, such as structural problems or water damage. Since you may also be held responsible for any unknown defects, the inspection will help you make sure you are making all of the necessary repairs to absolve yourself from any issues that may arrive after the closing is complete.

After you have disclosed all of the information regarding your home and have made any necessary repairs, be sure to have the buyer sign a disclosure statement. This will help protect you if the buyer later claims you did not make him aware of defects. This is also an area where you may need an attorney to help you properly create the statement.

Selling AS-IS

If you have agreed to sell the property in AS-IS condition, the buyer still has the right to inspect your home. If any defects are found, however, you are not required to repair them. Instead, the buyer has the option to complete the sale or to be refunded the deposit. Selling a home in AS-IS condition is a common practice among FSBO sellers, but this option typically attracts buyers who are looking for a discount on the price. Keep in mind that a disclosure of known defects is still required with an AS-IS sale.

Obtaining a Title Report and the Closing Process

A title report provides information regarding any problems related to your title. This step will most likely be handled by your attorney, escrow company or title company. The title research process begins when a fully signed contract is completed. If you have any outstanding liens, an encumbrance, an easement or any other issues that could prevent your title from being clear, this information will show up on your report. Whatever the issue may be, you are responsible for resolving the issue before moving forward with the sale.

In all, the entire closing process typically takes 30 to 45 days to complete if the buyer is taking out a mortgage loan. If the buyer is paying with cash, the process should take less than 30 days. At the final closing, all of the existing loans will be paid off, the new loan will be signed and recorded and you will transfer ownership to the buyer. Your sales proceeds should be given to you at closing in the form of a check or wire transfer.

Chapter 10: Tax Planning

After selling your home, you need to be prepared to address any tax issues related to the sale of your home. According to the Taxpayer Relief Act of 1997, you do not have to pay taxes on up to \$250,000 of profit on the sale of your property. If you are married and filing jointly, that amount is \$500,000. To qualify for this tax break, however, the property must be your principal residence.

If you sell your home at a price that is more than \$250,000 or \$500,000 as a married couple, you have to pay taxes on the profits in excess of your original purchase price.

In order for a home to be counted as your primary residence, you must have resided in the home for at least two years prior to selling it. You must also have spent the majority of your time living in that home. If you rent a portion of your home out to other people, the portion that you rented out is not considered your primary residence. Therefore, a portion of your sale is considered to be an investment property and is taxable.

There are no limits on how many times you can take advantage of this tax-free opportunity. Furthermore, you are not required to take the money from the sale and use it toward the purchase of another home.

It is important to note that local and state tax laws are not always the same as federal laws. Therefore, you should consult with an accountant to check on the tax laws that will affect you when you sell your home. In some cases, you can save a significant amount of money on taxes by simply waiting a little longer before selling your home.

Clearly, there are many things that can affect the process of selling your home and closing on the deal. By paying attention to the details and enlisting in the help of professionals when needed, you will graduate from being a rookie home seller to semi-pro in no time.



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