



# ESBO

**FOR SALE BY OWNER**

**A GUIDE TO SELLING  
YOUR HOME ON YOUR OWN**

**MAINHOUSE**  
REALTY ASSOCIATES

*Pink Shoes Realtor*  
Your Local Real Estate Professionals



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*hello there!*

I see that you have put up your home sale on your own! There are many reasons why sellers choose to sell their home via the For Sale By Owner route, and those reasons are completely valid, especially if you're seeking to maximize profits and maintain control of the selling process.

I genuinely love seeing properties get sold and see homeowners get happy and excited when their home sells (especially when we sell them for over-asking!). This is why I am not here at all to judge you or pressure you into working with me. I simply love helping others and have found that if you're selling your home on your own, you may like some complimentary advice from someone who works in the field every day!

Therefore, in this For Sale By Owner Guide, I will lay the groundwork for how to prepare your home for sale from beginning to end. If you have any questions or have decided to hire a real estate agent at any point in the home selling process, please know that you can contact me; I am here for you and genuinely wish you the best of luck!

Moreover, since selling real estate can sometimes be complicated, I have some helpful connections with mortgage brokers, lawyers, and title companies that may be useful if you find an interested buyer and would be happy to provide you with their names and numbers should you need them. I leave my contact details below, and we'll talk soon!

## why pricing matters.

Pricing your home right the first time is key to selling your home fast and for top dollar. In fact, incorrect pricing is the #1 reason that some properties eventually fail to sell. When buyers are shopping for their new home, real estate agents perform a comparative market analysis for their clients before making an offer to set a reasonable price for the current market's status.

Therefore, if you price your home too high, buyers may get turned off, or they might offer you a lower price than what you were hoping for. On the other hand, if you price your home too low, buyers might suspect that there's something wrong with the property.

According to a report by Trulia, for sale by owner homes are listed at an average of 2% higher than agent-listed homes, as real estate agents typically help sellers determine how much their house is worth based on data only licensed real estate agents can access. Therefore, to have a chance at successfully selling your home on your own, below are some tips on how to price your home based on the research you can conduct.

## three tips to pricing your own home.

### **Tip 1:** Search up the current prices for homes like yours.

Using home searching engines such as Realtor.com, Trulia, or Zillow, you will be able to find information to help guide you at how much to list, including some indications of current local prices, estimates for neighboring homes, typical price ranges for the homes in your neighborhood, and more. Remember that just because a home has been listed at a specific price doesn't mean that the house is worth that amount, and the house could sell at a very different price.

### **Tip 2:** Figure out the type of real estate market we are currently facing.

In real estate, we are always dealing with one of three types of markets:

1. Seller's Market: This happens when buyer demand for properties exceeds the number of homes available on the market. Since competition is more common, prices for homes tend to sell at over-market value.
2. Balanced Market: This happens when the buyer demand and the housing inventory are equal. Properties tend to sell at or around market value.
3. Buyer's Market: This happens when the number of homes available on the market exceeds buyer demand. Since there is a surplus of properties than buyers looking to buy, properties tend to sell at around market value or lower prices.

### **Tip 3:** Consider the home improvements you have made to your property.

If you have renovated or upgraded sections of your home, your home should be worth more than a dated home in your neighborhood. While you shouldn't expect to receive a 100% return on investment, your renovations have most likely added value to your home, so this will likely affect how much your home is worth and the price you should be asking for from the get-go.

# PREPARING TO LIST

As real estate agents typically guide sellers into which repairs and upgrades they should invest in to make their homes appeal to buyers in a cost-effective way for the sellers, you will have to decide which improvements to make to your home (if any). Additionally, to help present your home in its best shape and make an excellent first impression to buyers, consider the following tips to prepare your home for listing.

## Tip 1: declutter

When presenting your home to buyers, you want to make it feel as large and airy as possible. By removing excess furniture, home decor, and personal belongings, you may feel like the room is empty. Still, it will make your house look full of potential and make it easier for buyers to visualize themselves living in your home.

## Tip 2: deep clean

A spotlessly clean home typically tells buyers that the house has been well-maintained by the sellers, so they don't suspect that the house has been poorly maintained or that anything wrong with the home has not been already properly fixed by the current sellers. Therefore, take time to deep clean every inch of your home, or hire professional cleaning services to help you if you have the means.

## Tip 3: neutralize your home

Neutral colors in a home make the spaces look brighter, airy, and larger. Furthermore, neutral tones can appeal to a broader audience, as they help make for a blank canvas on which buyers can visualize how they can adapt and decorate the space to please their aesthetic desires.

## Tip 4: repair as needed

When you list your home, there are likely other homes that buyers are looking at in your area. Therefore, to make your home stand out and get the most value for your home, go around your home and jot a list of any repairs your home may need (including screeching door sounds, broken cabinet handles, screeching floors, etc.). If possible, make these repairs before listing your home, as buyers will notice, and they may either scratch your property off their list or offer a low-ball price to justify the cost of repairs they will need to incur upon possession.

## Tip 5: spruce up your curb appeal

As we have mentioned, first impressions are crucial when buyers visit your home. Since buyers will first see your home's curb appeal, make sure it looks presentable. Cut the grass, trim trees and shrubs, add fresh plants, paint the door, and add a new welcome mat.



As you get closer to the day you launch your home on the market, you will want to focus on preparing all the marketing materials you will use to promote your home. Below are some ideas based on a few of the key services we offer our seller clients when we list their properties that you may want to consider for your own listing. Please keep in mind that when advertising your property, you will have to follow all the rules, regulations, and laws that apply, so my suggestion is to research "fair housing" and related topics to prevent you from facing any lawsuits.

## Professional Photography.

Professional pictures of the exterior and interior of your home will help catch the eye of potential buyers when highlighting them on your marketing tools.

## Create Your Listing.

Unfortunately, you will not be able to list your home on the Multiple Listing Service (MLS), as this can only be done by working with a real estate agent. Additionally, adding your home to the MLS will very likely get your home exposed to buyers who have real estate professionals representing them and leaving you vulnerable. However, you can list your home directly on other home searching websites, such as Zillow, Trulia, Facebook Marketplace, etc.

## Brochures.

Buyers love holding physical brochures of properties with stunning pictures of the home and its key features, as it also helps them remember your home when they get confused or overwhelmed after viewing many properties in a short period. Therefore, I would suggest you create or hire a professional to design some custom sheets that you can display and that buyers can take home.

## Signage.

When it comes especially to properties for sale by the owner, signage can help you boost traffic from people driving around your area looking to buy a home or knowing someone who does. Therefore, I would suggest you place as many signs as you are allowed with directional arrows and your address on the main intersections surrounding your property to maximize the number of interested buyers.

## Social Media.

Blast your property listing on all your social media platforms and ask friends and family to share your post to spread the word among their circle of contacts.



When sellers decide to sell on their own, they typically expect that they will have to perform many of the tasks on their own, such as host open houses, list, and market their home, negotiate with the buyer or buyer's agent, and more. However, one key part that has been found to surprise and overwhelm FSBO sellers is the amount of paperwork involved in selling their home.

## why is there so much paperwork involved?

The short answer to this question rests in that properties are regulated by a complicated web of laws and regulations set by all levels of government, including local, state, and federal ones. Since each of these entities regulates different areas of a property, each of these government levels requires their own set of papers to be completed correctly, resulting in about 180 pages to assemble, sign, or fill out in some regions to sell a home successfully.

## All the documents you need when selling a home.

\*Please note that these are guidelines and you may be required to gather more or fewer documents than those listed below.

### Before You List:

Original Sales Contract

Home Repair & Maintenance Records

Mortgage Statement (if you're selling before paying off your mortgage)

Certificate Of Compliance

Governing Homeowners Association (HOA) Documents

Receipts For Capital Improvements

Manuals & Warranties For Items Left In The Home (e.g., Appliances, Garbage Disposals, Etc.)

Copies Of Past Utility Bills (Water, Gas, Electricity, Etc.) To Help Buyers Budget Accordingly

### When You List:

Mandatory Disclosures

Comparative Market Analysis (CMA)

Preliminary Title Report

Exclusion List

### After Accepting An Offer:

All Offer Documents (Including Purchase Offer/Counteroffers)

Final Agreement Of Purchase And Sale

### For Closing Day:

Most Recent Tax Statement

Seller's Estimated Settlement Statement (Or The "Closing Statement")

The Deed

1099-S Tax Form (If Applicable)



# SELLER DISCLOSURES

In real estate, disclosures refer to the seller's legal obligation to reveal known defects about the home that they're selling. Disclosures are always required, whether you're working with a real estate agent or selling on your own. However, if you're selling your home on your own, the responsibility to research and comply with the disclosure laws and regulations falls solely on you.



## what you need to disclose as a seller.

The disclosure laws vary depending on the state, county, and city. However, a general rule you can follow is that you are only required to disclose defects you are aware of. While you're not obligated to hire a home inspector to search for any defects your home possesses, some states do require sellers to look for and report certain issues, such as termite damage. Therefore, make sure to do your research, do not cover things up, and consult lawyers before listing your home to avoid any lawsuits.

To give you an idea, common disclosures that sellers find in their property include:

- Water Damage
- Mold
- Roof Leaks
- Foundation Cracks
- Mechanical System Issues (i.e., electrical, heating and cooling, water, sewer, etc.)
- Previous Repairs Or Renovations

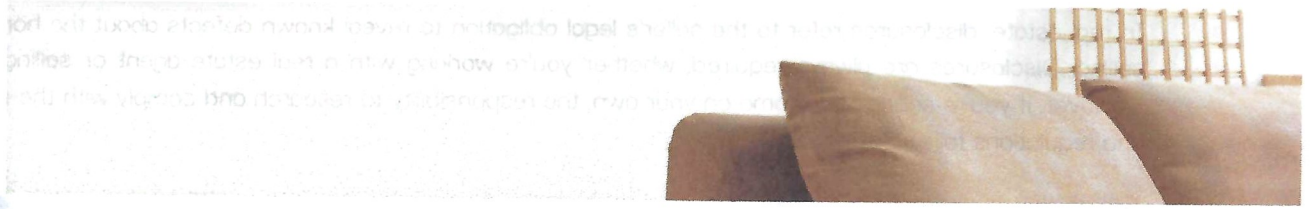
## how do I disclose issues to the buyer?

If you need to disclose any defects to buyers, you may have to find a form online and fill it out or create one from scratch since you're working on your own. The state real estate board may help guide or provide you with any documents they have available as well.

## *consequences of not disclosing*

Since disclosure laws have been put in place to protect buyers from purchasing a home with significant defects without their knowledge or consent, not disclosing any defects set out in the governmental levels applied to your property can have legal ramifications. If you get caught hiding a defect in your home, the buyer is entitled to sue you for nondisclosure, which could result in you having to pay for the damages suffered (e.g., medical bills if there was an injury) or repairs (even if you have already closed).





## Tips To Successfully Show Off Your Home.

### Part 1: *the welcome*

Although the buyer is a guest in your home, you want to help them visualize themselves living in your space. Therefore, make them feel as welcome as possible (especially as some buyers may avoid For Sale By Owner properties to avoid awkwardness) and do not be too pushy. As some buyers may forget to take off their shoes, ask them politely to remove their shoes if this bothers you. Furthermore, avoid leaving the house, and instead tell the buyers where they can find you if they have any questions as they move around your home. Make sure to give them plenty of space so that they can talk openly without feeling uncomfortable.

### Part 2: *the temperature*

Make sure your home is at a comfortable temperature to avoid buyers from wanting to leave as soon as possible. If it's cold, turn up the heat and if it's hot, turn on the air conditioning.

### Part 3: *the mood*

Turn on your water fountain, light a fire in your fireplace, turn on soft music at a low volume, or even set a couple of champagne glasses and chocolates on the kitchen table for a more romantic mood. These are some ideas, but your goal is to create a neutral yet pleasant mood throughout your home at showings.

### Part 4: *the property brochures*

We have already covered why to use property brochures in our "Marketing Materials" section of this Guide, but now is the time to use them during your showings! Have them readily available for them to take one with them if they wish.

### Part 5: *the refreshments*

Offering delicious food to buyers may help them stay longer and give them a reason to ask you more questions about your property. Some simple sweets or cookies and water are great examples of food to serve. Plus, if you bake right before the showing, the delicious lingering smell will help attract buyers touring your home!

### Part 6: *the feedback*

Asking buyers for feedback after they have finished touring your home can help you tremendously when you show your home the next time around.

# SETTING EXPECTATIONS



## **Determine & Set Your Expectations.**

Setting realistic expectations when selling your home is important. For example, if you set your listing price too high and expect higher offers, you may be disappointed when you receive offers at or below your asking price. Therefore, set objective and realistic expectations before listing. While you are free to decline offers or counter them, the longer you wait expecting a better offer, the weaker those offers could become.

## **Be Realistic & Objective.**

As you have likely made many beautiful memories in your home, it can be easy to overestimate the value of your home to the buyer and challenging to accept that a buyer might disparage something about your property. However, do not take this personally or become defensive, as we all have different tastes and needs for finding a home. If your priority is to sell your home at the best possible price, terms and conditions, treat your home selling journey as a financial endeavor to avoid making this process an overly emotional one.

## **Pre-Qualify Buyers.**

Buyers that a real estate agent is representing have more than likely already gone through rigorous pre-qualification by mortgage brokers and lenders. However, buyers who contact you privately may not have even inquired if they can qualify for a mortgage (if needed). Therefore, to avoid wasting time and spend more time negotiating with buyers who are serious and ready to purchase your home, you are best off requesting from them a letter of pre-approval or pre-qualification from their lender or proof of cash. Since the financial aspect of a transaction is essential, taking this extra time to pre-qualify interested buyer prospects will help you smoothly proceed with the next steps of the sale.

# NEGOTIATIONS

Upon receiving an offer, you will have to look scrutinously at all the terms and conditions included in the contract. As a buyer may have placed an offer through their experienced real estate agent looking out for their best interest, you will have to make sure their offer is right for you and that they are not taking advantage of your vulnerable position. Therefore, I highly suggest you hire a lawyer who can review any incoming offers.

## tips on making negotiations run smoothly.

Every offer is different, and you will have your bar of expectations, while the buyers will have their own idea of what your home is worth. Therefore, negotiations can get complicated as both parties reach an agreement over the terms and conditions. To not get overwhelmed and avoid wasting time, decide on what is important to you (i.e., whether it's the price, not having any contingencies, what stays and what goes, the closing date, etc.) and make any amendments to the contract as necessary. Lastly, remember that your first offer will most likely be your best offer, but this is not always the case.

## how do negotiations typically play out?

The steps on how negotiations play out vary immensely, but these are the general steps in which they occur:

**Step 1:** A buyer makes an offer.

**Step 2:** You either accept the offer, decline the offer, or send in a counteroffer at a higher price and/or with different terms and/or contingencies which, upon making these changes to the contract, you would agree to sell.

**Step 3:** If you sent in a counteroffer, the buyer will either accept the counteroffer, decline the counteroffer, or send you their counteroffer, which upon making their changes to the contract, they would agree to purchase your home. When counteroffers are involved, they can go back and forth a few times before both parties reach an agreement.



# NAVIGATING THE CLOSING PROCESS

Once you and the buyer have finished negotiating and both parties have signed a final contract, it will be time to celebrate (as you have reached a major milestone), but the work doesn't end there!



## Step 1: *hire an attorney*

Depending on your location, hiring a real estate lawyer may be required or optional. Either way, I would highly recommend you hire a lawyer to ensure your paperwork has been done correctly and deal with any transaction complications (such as liens, judgments, and questions of title).

## Step 2: *order title and arrange for escrow*

Deciding who hires and pays the title company and any associated fees can be negotiated between the buyer and the seller, but the home seller typically pays for this. If you end up having to make the title ordering arrangements, I would highly suggest you have everything sorted out before closing day. Since an escrow agent can take care of many of the escrow tasks (i.e., ordering the title, loan balances, and property tax information) at typically no extra charge, I would also suggest you take that route if available to you.

## Step 3: *appraisal and inspection*

If the contract stipulates a contingency for the buyer to perform a home inspection, the buyer will order this before firming up the contract. If the home inspection results in the inspector finding any issues, the buyer may want to negotiate the home's final price, back out from the purchase, or ask you to cover the repair cost. Similarly, if a buyer requires a loan, you will most likely have to arrange for an appraiser to tour your home. An appraisal may come at or above purchase price, or it may come in lower. In that case, you may be able to contest the number by showing the appraiser some comparable properties (which you will want to be very careful doing to avoid creating an adverse effect), or you may be forced to renegotiate with the buyer to cover the difference.

## Step 4: *get your paperwork in order*

Aside from the purchase and sale agreement, you will have to produce and present a few other documents at closing. These will most likely include the title, a property taxes statement, loan documents (if applicable), a property survey (confirm that the buyer will order this), plans and permits (if you have done any major renovations or additions to your home), homeowner's insurance information, and a settlement statement. You will also need a photo ID and a valid method of payment to cover all the expenses, such as buyer's agent commission fees, your mortgage balance, attorney and escrow fees, title fees, transfer fees, and any outstanding balances.

## Step 5: *move out, close and celebrate!*

# CONCLUDING THOUGHTS

I hope the information I have provided you in this Guide has been helpful. Helping home sellers like yourself understand how a home selling transaction works has always been a great pleasure and passion of mine.

As you have seen, the home selling journey itself is not always difficult but can get complex and risky in many different areas of the process, especially when trying to take care of everything on your own.

Therefore, if you have any second thoughts about listing your home For Sale By Owner, kindly remember that by hiring a real estate agent like myself, the odds of having a successful sale are more in your favor. Why? Well, consider the following factors:

You generally get more money from the sale of a home with a real estate agent, even after paying the commission fees. In fact, in 2020, a study conducted by the National Association of Realtors found that the median price of homes sold by an agent was \$242,300, and those sold FSBO were \$217,900. Therefore, those who sold with an agent were left with more money in their pockets, even after paying commission fees, which is still relevant in today's market.

**Real estate agents have access to list your home in the Multiple Listing Service (MLS), where thousands of buyers and buyer agents can see your listing.** Maximum exposure to your listing is key to getting top-dollar for your home. According to a study conducted by the National Association of Realtors, an all-time high of 97% of home buyers used the Internet to search for a home. Therefore, having your listing exposed in the MLS will bring higher visibility to your home.

Selling homes is part of a real estate agent's full-time job, so we will dedicate our time and energy to promoting your home, hosting open house events, and showing your home for maximum traffic. On the other hand, since most sellers have other responsibilities and priorities in their lives, they typically find it challenging to show their home to all interested buyers (not to mention all the other aspects that come with selling a home).

**Experienced real estate agents like us have lots of knowledge on handling negotiations and being a middle-man between buyer's agents, escrow, and title companies.** On the other hand, FSBO sellers have to strategize by themselves, rely on their own expertise, negotiate with the buyer, buyer's agent, buyer's attorney, seller's attorney, home inspector, lender, and appraiser, etc., all on their own.

Selling a home is a legal transaction, and real estate agents know the legal ins and outs of a home's sale. While you can definitely sell your home legally on your own, you are putting yourself in a position where you could end up with a lawsuit after closing if you're not well-versed in legal documents and make a mistake during the process.

To conclude, I truly wish you all the best in your For Sale By Owner home selling journey. As it won't be easy, if you ever change your mind and would like to have a chat with me, please don't hesitate to reach out, as **I'm here for you and all your real estate needs!**



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