

Information for FSBOs

Compliments of

Mal Sillars

Accredited Buyer Representative

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Greetings and thanks for downloading this information package.

Selling a home can be quite an involved process and is not just a matter of taking a check and handing over the keys. First of all, let me wish you success in this process; it can be daunting at times. Keep in mind that since you are selling the house yourself, you probably want to maximize your profit by not paying a commission. Buyers of FSBOs are often looking for a deal and trying to pay as little as possible, so the gap between asking and offering can be quite large, so don't be surprised or insulted. This whole selling process can be an emotional one because the buyers are buying a house, but you are selling your home. This is typically where the broker comes in, but this time it is up to you and staying cool, calm and collected will go a long way.

The following pages will give you some information about the selling process and what you should expect to do and what you should expect your buyer to do. The subjects addressed here are primarily for FSBOs. There is also an information package for Sellers that you may want to download that deal with all the features of selling.

If you get to the point where you need help, feel over-whelmed or have had enough, just give me a call and I'd be happy to discuss your situation. Meanwhile, the best of luck.

Sincerely,

Mal Sillars ABR, GRI, MRE
Broker Associate

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Tips on How to Price Your Home

- **Consider comparables.** What have other homes in your neighborhood sold for recently? How do they compare to yours in terms of size, upkeep, and amenities?
- **Consider competition.** How many other houses are for sale in your area? Are you competing against new homes?
- **Consider your contingencies.** Do you have special concerns that would affect the price you'll receive? For example, do you want to be able to move in four months?
- **Get an appraisal.** For a few hundred dollars, a qualified appraiser can give you an estimate of your home's value. Be sure to ask for a market-value appraisal. To locate appraisers in your area, contact The Appraisal Institute (www.appraisalinstitute.org) or ask a REALTOR[®] for some recommendations.
- **Ask a lender.** Since most buyers will need a mortgage, it's important that a home's sale price be in line with a lender's estimate of its value.
- **Be accurate.** Studies show that homes priced higher than 3 percent over the correct price take longer to sell.
- **Know what you'll accept.** It's critical to know what price you'll accept before beginning a negotiation with a buyer.

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Open House Tips

- **Advertise your open house.** Ideally you should advertise both the weekend before and the weekend of the open house. Check with the local paper to see when their ad closing deadlines are.
- **Create a property summary sheet.** This sheet gives prospective buyers an overview of your home. Include dimensions for each room, copies of a property survey, summaries of utility costs and property taxes, and a list of when capital items, such as roofs and furnace, were added.
- **Develop a sign-in form for prospects' addresses.** You'll ideally want both phone numbers and e-mail addresses to follow up with prospective buyers.
- **Put up signs.** One or two days before the open house, place directional signs at major intersections within three to four blocks of your house. Be sure you check on anti-sign regulations in your area.
- **Get your house ready.** Remove clutter, clean your house, wash your windows, add flowers, turn on lights, open draperies and blinds, remove valuables and breakables, confine pets, turn on soft music, and set up a table for your property fact sheet near the entrance.
- **Develop a follow-up sheet.** Getting feedback on your home from prospects who attended your open house will give you a better understanding of how to make your home more appealing to buyers.

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17 Service Providers You'll Need When You Sell

1. Real estate attorney
2. Appraiser
3. Home inspector
4. Mortgage loan officer
5. Tax adviser
6. Sanitary systems expert
7. Well expert
8. Tree expert
9. Survey company
10. Flood plain inspector
11. Title company
12. Closing company
13. Insurance consultant
14. Moving company

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6 Forms You'll Need to Sell Your Home

- 1. Property Disclosure Form.** This form is used to reveal all known defects to your property.
- 2. Purchasers Access to Premises Agreement.** This agreement sets conditions for permitting the buyer to enter your home for activities such as measuring for draperies before you move.
- 3. Sales Contract.** The agreement between you and the seller on terms and conditions of sale.
- 4. Sales Contract Contingency Clauses.** In addition to the contract, you may need to add one or more attachments to the contract to address special contingencies—such as the buyer's need to sell a home before purchasing yours.
- 5. Pre- and Post-Occupancy Agreements.** Unless you're planning on moving out and the buyer moving in on the day of closing, you'll need an agreement on the terms and costs of occupancy once the sale closes.
- 6. Lead-Based Paint Disclosure Pamphlet.** If your home was built before 1978, you must provide the pamphlet to all sellers. You also must have buyers sign a statement indicating they received the pamphlet. This is a federal requirement.

Forms for Colorado are downloadable from the Colorado Real Estate Commission at <http://www.dora.state.co.us/real-estate/contracts/CONTRACTSII.htm>

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Is Your Buyer Qualified?

Unless the buyer who makes an offer on your home has the resources to qualify for a mortgage, you may not really have a sale. If possible, try to determine a buyer's financial status before signing the contract.

1. Has the buyer been pre-qualified or pre-approved (better) for a mortgage. Such buyers will be in a much better position to obtain a mortgage promptly.
2. Does the buyer have enough money to make a down payment and cover closing costs? Ideally, a buyer should have 20 percent of the home's price as a down payment and between 2 percent and 7 percent of the price to cover closing costs.
3. Is the buyer's income sufficient to afford your home? Ideally, buyers should spend no more than 28 percent of total income to cover PITI (principal, interest, taxes, and insurance).
4. Does your buyer have good credit? Ask if he or she has reviewed and corrected a credit report.
5. Does the buyer have too much debt? If a buyer owes a great deal on car payments, credit cards, etc., he or she may not qualify for a mortgage.