

## **FOR SALE BY OWNER FIRST AID KIT**



This document was designed specifically for individuals just like you who have made a decision to sell their homes on their own without the assistance of a real estate professional. You may find the process of selling your home very easy or it may turn out to be very complicated depending on the details of your particular transaction.

We are providing you a copy of this booklet to assist you with the many details of selling your home and to make you aware of issues and situations that will come up during the transaction. Our goal is to help you get from LISTED to SOLD as quickly as possible.

**Good luck on selling your home!**



**a c o r n**  
*financial group, inc.*



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# PRICING YOUR HOME

There are several ways to come up with pricing:

## Comparables

- Check the price of other properties for sale or sold in your area
- Use a Realtors market analysis (or several) with MLS information
- Contact the Tax Assessors office at the courthouse for the selling price of homes in your area.

## Appraisal

Have a certified appraiser evaluate your property for the fair market value FOR SALE BY OWNER sellers often price their homes too high to start with, thinking Ill price it high and I can always lower the price later if necessary. This is a drastic mistake!!! Always try to price your property competitively in the beginning. If you overprice initially you will probably be offered thousands of dollars less when it is finally sold than you would have been offered early on if the price had been competitive.

The reasons for this are simple:

1. A property will not sell quickly if it is not offered at a competitive price. 2. FSBO buyers will usually walk away from an overpriced home without making an offer.
3. The most enthusiasm for a newly offered property is in the beginning (first few weeks).
4. After the first month or so, an overpriced property becomes shop-worn. Prospective buyers lose their enthusiasm and may begin to make negative statements about it being overpriced.
5. New prospects know how long a property has been offered for sale and, if more than a month or so, they may assume something is wrong with the property. 6. Buyers at this late date, knowing how long a property has been for sale, assume the seller must be desperate and will almost always make very low offers. Remember that buyers are usually very market smart. They have already shopped around and THEY KNOW if your property is priced fairly and competitively. Don't kid yourself!!! Buyers WILL bypass your home and go on to find more fairly priced home. Buyers are more likely to make a reasonable offer on a fairly priced home and they are likely to make no offer on an overpriced home!

## Pricing Your Home-continued

### **Overpricing your home will generate:**

1. No offers
2. No Showings
3. NO SALE!
4. Which house would you buy?

If after following the suggestions in the CHECKLIST FOR SETTING YOUR PRICE you are still not comfortable with being able to price your property competitively then consider a professionally prepared appraisal. This may prove to be a very wise investment for a small cost. The appraisal can justify your asking price to a buyer. This will not only add strength to your negotiating position but credibility to your whole FOR SALE BY OWNER process.

### ***Checklist for Setting Your Price***

- Check prices of comparable properties in your area (i.e. size, sq. ft., features, general condition, etc.)
- Check the selling prices of similar homes in your area that have sold in the last six months. (This is in the real estate records in the courthouse.)
- Check newspaper real estate ads to find current market prices for properties in your area.
- Try to visit open houses (usually on Sunday afternoons) so that you may compare inside features with your property.
- Consider very carefully the minimum price you are willing to take for your property and price your home very close to this minimum price.
- If you are not satisfied with your ability to determine a fair market price, hire an appraiser.
- Make sure you're comparing apples to apples (even with a Market Analysis from an agent)!

## Preparing Your House for the Market

You know the feeling well. You see a beautiful house, and you just know that you'd like to live there. That's what you want prospective buyers to feel when they see your home.

The deciding factor in most home sales is the Curb Appeal and attractiveness of the house.

Do the repairs that are necessary in order to make your home look its best. Be careful not to invest in overly-expensive or large scale improvements like room additions and new

plumbing systems. Making these major repairs will only return you a fraction of their cost. It would be much better to disclose the problem and adjust the sales price accordingly. Instead, you should invest your improvement dollars and energy into cleaning and painting. You will definitely realize more cash at closing time than you will have spent for the cleaning and painting supplies!

Be as objective about your properties appearance as a buyer will be. Does that little crack in the wall really need to be fixed? Yes! It may cause doubts about how well built the house is. How your home is decorated is not as much a factor as being clean, neat and in good repair.

The first look a prospect will have at your home is when they pull up in the driveway. Be sure the landscaping and general appearance is attractive and neat. A trimmed lawn, cut shrubbery, trees free of dead limbs, weeded flower beds, a swept and stain-free driveway, clear sidewalks and gutters, etc. will assure a pleasant first impression. Put in plenty of flowering plants. Its the easiest, least expensive way to beautify the exterior of your house.

As they approach the front door, little things will mean a lot. A clean, freshly painted front door, polished door knob and knocker, clean surrounding windows, screens and window sills will all be noticed. Once inside, the senses take over. The prospective buyer will notice odors and light. If possible, open curtains and drapes, blinds and windows to brighten and freshen the house. In winter, a fire in the fireplace and bread in the oven lends warmth to your home. Fresh cut flowers add color and appeal. If the interior of your home needs painting, consider white or a light, neutral color making the house appear larger, open and bright. Make sure all rooms are clean and neat. Fingerprints, cracked plaster and clutter should be eliminated everywhere. Fresh paint and polished woodwork will always improve the look and value. Kitchen and bathrooms are the rooms that can really sell a house or turn a buyer off. Make them sparkle. Fresh, plush towels, cut flowers or silk flower arrangements, new shower curtains, etc. will add luxury and glamour to the most ordinary bathrooms. To make the dining room, living room and bedrooms look big and airy, remove some furniture. The rule of thumb is to remove approximately 1/3 of your furniture. Also consider putting away cluttered looking knickknacks, collections, toys and other unnecessary items. They just draw attention away from your homes other features and make the house appear smaller and messy.

Put away dishes and store counter-top appliances. Have carpets cleaned. Remove throw rugs and area carpets if possible. Visit a local model home tour for other ideas. Do everything possible to make your home look its very best. It doesn't really take much money, just your time and energy. Get rid of the junk and anything you have stored in closets and the garage. Have a garage sale if necessary or give the stuff away to friends or charity. You will probably be glad you did it now rather than having to move it all to your new home!

## **To add warmth and charm to your house when buyers visit**

- play soft, romantic music.
- Turn on all lamps and chandeliers to make the house glow even in daytime.
- Also, whenever possible, pets and children should not be around.
- An important point to remember is to never have to apologize for the appearance of your home. Keep it ready to show all the time!

## ***Advertising Your Home***

### For Sale By Owner

When you sell your home by owner, the real estate industry calls you a FSBO which means For Sale By

Owner. Some buyers think this is great because they believe they can deal with you easier than a trained real estate professional. They can deduct what you are saving by not having a Realtor and they tend to make lower offers. This doesn't always happen, but you need to be aware of it.

When placing your advertising, you want to let people know that you're a FSBO. Put it in your ad. You may want to advertise in several places in order to get the most exposure for your home. Some of the places to consider advertising are:

1. Your front yard with a FSBO sign
2. Listing flyer for home to pass around
3. Financing options flyer
4. Open house signs around the neighborhood
5. Local newspapers, Pennysaver, home magazines
6. Cable television real estate channel
7. Make sure to include the following in ALL of your advertising.

Indicate you are selling by owner. (This really attracts excitement.)

Indicate the structure style and number of bedrooms and baths.

Tell about the neighborhood, eliminate the address. (Make them call.)

Indicate the sale price.

Indicate any special features like pool, spa, fruit trees, R.V. parking, etc.

Indicate the best phone numbers and times you can be reached.

## Advertising Your Home For Sale by Owner

The following is a typical ad that includes the necessary ingredients:

FOR SALE BY OWNER: Beautiful, 4BD, 2.5BA home. Sparkling pool and spa. Excellent schools, walk to shopping and parks. Just remodeled, plus new paint. Owner anxious. \$255,000. Bill Johnson (213) 555-1212 Day, (714) 555-1212 Eves.

Bigger ads cost more and show inexperience and most often are just a waste of your money. Don't list things that tell everything . . . just the basics. If your property has things that people are NOT looking for and you list them all, you are chasing them away before they have the opportunity to see for themselves. They may settle for what they didn't want for what they do want. If all else fails, go to the library and check out a FSBO book. They have complete marketing plans and can assist you greatly.

### Example

Spacious 4 br. 2 ba. in great neighborhood.  
Move in condition. Cozy fireplace. 2 car garage.  
\$2,000 down \$748.00 per mo. (1 year ARM,  
FHA, P&I) Call Dan at 815-226-9620  
FOR SALE BY OWNER

## ***The Yard Sign***

Dont make your own! No plywood and spray paint. Go and buy one from the local sign shop or hardware store. Have it professionally lettered or purchase the stick-on vinyl lettering. Make it look professional or you risk looking like an inexperienced, easy mark for sophisticated FSBO buyers. There are sharks out there waiting to take advantage of your inexperience and you must be aware. Always list your phone number on the sign. You may want to also add Shown by appointment only. This won't keep them from knocking unannounced every time, but it will send the message that you would appreciate an advance call. Beware of local sign ordinances restricting the size and number of signs you can use and the possibility that you cannot use any at all. Check with your local building department if you have any questions.

More Helpful Ideas  
When Selling as an FSBO!

### **When Showing Your Property:**

Beware of thieves. You don't know the people viewing your home in most cases. Make sure your valuables are safely stored away or even placed in another location such as a safety deposit box or with a close family member. Some people don't worry about this. Some people are really worried. Working with a Realtor can solve this problem because they pre-qualify the people first, know who they are and escort them through your home personally.

### **Making a Professional Listing Flyer:**

Take a look at the sample flyers included in this book. Notice how professional they are. You may or may not want to include an actual picture depending on the curb appeal of your particular home. At any rate, talk to the person who gave you this book about how you can get a FREE FLYER done professionally that includes all of the necessary ingredients.

### **Financing Options Flyer:**

Take a look at the sample included. This gives potential buyers an idea of what income will be required by the lender, what the mortgage payments will be including the taxes and insurance etc., and, of course, what loan programs are available and the current interest rates.

### **Filling Out Documents:**

If you don't understand completely, don't sign! Get a professional. Some Realtors will do it for you for a flat fee or you may want to work with a real estate attorney. Don't forget if you list with a Realtor, this is no longer a concern.

### **Guest Registry:**

Have every potential buyer fill it out and keep it handy so you can re-contact them if you change your selling terms.

## ***How to Hold a Successful Open House***

- Best days: Saturday and Sunday 1:00 4:00
- Use a guest list to register all those who look at your home.
- Turn on lights in all rooms and open blinds to let as much light into the home as possible. Have soft background music playing wherever a radio is available. Light fireplace for warm and homey feeling. Use open house signs and flags to draw as much attention to the home as possible and make it easy to find. Make sure the home is neat and clean inside and out. Fresh paint and clean carpets go a long way.
- Park cars away from the home and out of the garage. It will make the garage look larger than if cars are inside. Cleaning the garage can also help.
- Put all toys away, inside and out.
- Water the lawn, front and back, just prior to open house starting.
- Put a drop of vanilla on the oven rack and turn the oven to 350 for a great smell or bake a batch of cookies during the open house.
- Keep pets secured don't scare off the prospects.

## ***Showing Your Home***

Get comfortable with the idea of showing your home to buyers. Rehearse your own techniques by going through your home when you are there alone. Just be yourself. And speak out loud so you become familiar with hearing your own voice as you describe the interesting highlights of your home.

Generally speaking, it is best to get prospects at the door with a friendly smile. Invite them to walk through your home and, unless you have a very large home, it is usually best not to accompany them too closely while they are looking. Give them space to discuss outside of your hearing. After they have completed their tour, ask if they have any questions. At that time, tell them of the special features and interesting highlights of your home. Listen carefully to their comments and questions. Answer their questions in an honest, straightforward and sincere manner. It is important to reveal any known defects (such as wet basements, leaky roofs, plumbing problems, etc.) that are not apparent or easily detected. This can eliminate many problems, even law suits, in the future. This will add credibility to your answers to their questions.

Avoid long, lengthy detailed descriptions about features that are really very apparent. Brief statements about things they would not pick up on (extra insulation in the attic, a fireplace flue that's already been cleaned for the season, etc.) are great! One request PLEASE don't say This is the kitchen, this is the dining room. They already know that!

One last thing, if you're showing your home to a couple and they seem sincerely interested give them space to discuss your home privately. Leave them and go to another room or onto the porch. Remember, they must discuss their feelings about your home privately before they will make a decision to buy. And its better for them to discuss their feelings at your house than to leave and get distracted.

DONT misinterpret OBJECTIONS buyers may voice. They are often signs of real interest. Listen closely and consider carefully any response you may make. Sometimes silence with a flicker of a smile is the best answer you can give.

Most all FSBOs show their home on an appointment basis. VERY RARELY will someone knock on your door to see your home without calling first (except Realtors). A phone list is included to help you keep track of calls. A Realtor is required by law to disclose their profession. It would be wise to start off every phone conversation with Are you a buyer or a Realtor? If you intend to not work with a Realtor, this will save you a lot of unnecessary phone conversation! If you are a female and will be showing the home alone, ask the buyer on the phone Who will be coming to see the house?. You might want to have a neighbor or friend with you when you show the home. Direct your discussion toward the prospects strongest areas of interest; don't just try to sell, try to listen to your buyers needs and respond to them. Don't oversell. Try to overcome every buyers negative statement with a positive statement. Be patient and above all don't argue with prospects. Emphasize the spaciousness of individual rooms and storage space. Schedule visits 30-45 minutes apart. Put any loose valuables in a safe place out of sight. Log the names and phone numbers of all prospects on your Welcome! Please sign in sheets. Try to end the showing, with a point of action; ideally, the arrangement of a second visit or meeting to discuss the sale further. Make sure rooms are neat so they will look spacious.

### Home Showing Tips

Make sure the sidewalks, landscaping and porch leading to your front door make an attractive, orderly first impression. Keep closets uncluttered and roomy in appearance. Have beds made, dresser tops straightened and furniture neat in bedrooms. Avoid having clothes hampers visible in any bedroom. See that curtains are clean and straight in all rooms. If during the day, have all curtains and draperies open to maximize outdoor light. Always have all lights on day and night when showing your home. Provide adequate lighting in basements and attics and make each appear to offer plenty of unused storage space. Be knowledgeable about your homes neighborhood and its amenities and desirable features. Avoid contact between your prospective buyers and any animals or pets, most especially, dogs that don't bite. Make certain there are no pet odors or other unpleasant odors (garlic, curry, onions, etc.). Try to have pleasant aromas such as bread or cookies in the oven.

## ***Dealing with Agents***

Very often FOR SALE BY OWNER sellers are contacted by real estate agents seeking permission to list their homes. It may be to your advantage to be courteous and to consider working with them in the sale of your home, IF they will agree to YOUR TERMS.

Two types of requests are common:

1. Agents that request to list your home for a specific period of time and for a specific commission to be paid by you if your home is sold during the period of time specified in the listing or agreement, even if you sell it yourself! This is called an Exclusive Right to Sell agreement and eliminates your FOR SALE BY OWNER effort.
2. Agents who wish to show your home to a specific, named, prospective buyer. These agents will probably ask you to sign some form of temporary or 24 hour listing agreement. **READ THIS AGREEMENT CAREFULLY!** It usually states that you will pay the agreed upon commission to the agent after your 24 hour listing agreement has expired if you sell direct to the buyer specified. The extended period after your agreement has expired is usually six months or longer. You may be well advised to sign **NO SUCH AGREEMENT!**

Other methods of working with real estate agents are available and are being used by more and more FOR SALE BY OWNER sellers. You may offer agents requesting to show your home a FINDERS FEE.

When an agent calls and asks to show your home, explain that you are selling your own home yourself and that you will pay a FINDERS FEE if they bring a prospect who buys your home. A FINDERS FEE is any amount you have decided to pay \$500 \$1,000, etc. Explain to your agent your procedures, which may be as follows: Call me for an appointment and bring your buyer. I will conduct the showing and if your buyer wishes to purchase I will write the PURCHASE AGREEMENT and follow the transaction through closing. I will instruct the closing attorney to pay you a FINDERS FEE at settlement.

The advantage to this method is that you are electing to work with agents to help you sell your home but only on the terms and the amount of FINDERS FEE that YOU determine not as might be dictated by an agent or by a real estate firm. Also, you avoid the possible hazards of involvements with real estate AGENCY relationships buyers agents, sellers agents, dual agents.

DO NOT promise a dollar amount or percentage commission verbally to an agent unless you intend to follow through with it. You might go to court otherwise!

## ***Pre-Sale Improvements***

If your house is in need of any repairs, don't make the mistake of thinking you can simply reduce the price of the property by the amount of the repairs. In the long run you will lose more than if you'd had the repairs done yourself. Your primary objective is to make your property stand out above the rest.

1. Don't over-Improve: Don't add amenities that are uncommon in your neighborhood. The value of what you add will be dragged down by the generally lower value of the surrounding homes. You will not be able to recoup your costs.
2. Know when to improve. If yours is a modest house, surrounded by more upscale homes, you generally will be able to recoup the costs of and possibly profit from making significant improvements. The higher value of the neighboring houses will have the effect of increasing the value of your home.
3. Think exterior first: such as fresh paint or new siding, driveway resurfacing, a freshly mulched and tidy landscape, flowers in window boxes or spilling out of urns. Think of the initial view of your house as if it were a shop window or stage set.
4. Add color to your landscaping. This is a remarkable effect on your potential buyers first impression of your property. Most buyers decide whether or not they are interested in purchasing a home based on their very first impression of a home. Planting colorful, seasonal flowers and meticulously grooming your landscaping has an incredibly positive impact on your potential buyers first impression of your home. Curb appeal is extremely important. Its not uncommon for buyers to skip a house entirely after judging it by its curb appeal. If your property does not look as inviting as you'd like it to, you may want to consider investing in some shrubbery or flowers. Or, you may want to trim any overgrown vegetation. Removed older shrubs and replace with new smaller shrubs to take years off the look of an older home.
5. Maintain one architectural style. If you add a room onto the house, be sure its style is the same as the original house. The addition should not look added on.
6. Dont ignore the little things. Youll be amazed how much impact a few small investments will have on buyers, items such as new cupboard knobs in the kitchen and bathroom or new door knobs throughout the house. New light fixtures are a great way to give your home a new look. Old streaky shower curtains are a major turn-off and should be replaced.
7. Paint, wallpaper, and carpet. Paint is the fastest and cheapest way to make your home look fresh and clean. A fresh coat of paint also tends to make your rooms look larger. The colors you choose should be neutral. Such colors make it easier for potential buyers to visualize their own furniture in place and help them to think about the changes theyd like to make when they (hopefully) move in. Wallpaper is a different story. Even brand-new wallpaper is the first thing people change in a new home, so dont waste your time, energy and money on it. If you must add new carpeting or vinyl flooring, make sure you keep it neutral as well. Never invest in top of the line carpeting since your buyers will probably change it soon after moving in.
8. Clean up your garage. In most homes, the garage is a very dismal place. They tend to be dark, damp, dirty and crowded with junk. You can make your garage look larger, cleaner and warmer by simply adding sheetrock and storage shelves to the walls. This inexpensive improvement will make your house stand out from the competition.

Well say it again: get an objective opinion. It's very difficult to objectively evaluate your own home through the eyes of a potential buyer. A third parties objective opinion of your home can help you see your home through the eyes of a buyer and improve your overall profit or speed-up the selling process. Even though we all know that you're not supposed to judge a book by its cover, we all do it anyway. As we have noted before, the very first impression a potential buyer has of your home is the most important. Regardless of how impressive your home may be, a bad first impression will make selling your property much more difficult.

***Impressing a buyer does not necessarily require a lot of expensive***

***renovations.*** As noted above, there are a lot of inexpensive and easy cosmetic improvements you can do on your own. You really can beat the competition without having to invest a lot of money.

## Interior Checklist

1. Have a pleasant assortment of plants and blooming flowers throughout the house
2. Make sure all light fixtures have bright, working bulbs
3. Wash all windows, inside and out
4. Clean all switch plates and wall areas around them
5. Make sure doorbell works and button at the door is clean
6. Attractive neutral paint or wallpaper on all walls
7. Have all wood and vinyl floors clean and sparkling
8. Have working lights in all closets (if possible)
9. Have mailbox in good repair
10. See that all windows open easily
11. Oil any squeaky hinges
12. Make sure carpets are clean, have carpet areas stretched if necessary and curling edges secured.
13. Seal and paint over any stain marks on ceilings or walls
14. Fill any gouges or nail holes in woodwork and on walls with putty & paint
15. Have furniture arranged to maximize a look of spaciousness in every room
16. Clean dust and dirt from all window sills
17. Clean stove and oven, and grime off the surface and under burner elements
18. Have the kitchen sink empty and clean
19. All cupboards should be carefully arranged to suggest ample space
20. Bathroom sinks, toilets and tubs should be immaculate
21. Bathroom tile should be free of grime, loose grout and mildew
22. Hang fresh towels in bathroom and kitchen
23. Repair any dripping faucets
24. Have all bathroom and kitchen counters free of clutter
25. Clean bathroom medicine cabinet and make neat
26. Make sure the shower curtain is clean and free of mildew
27. Garage should be neat and free of oil stains and garage door should work
28. Remove all possible appliances and clutter from cabinets and countertops

## **The Lender**

There are many advantages of working with a reliable, professional mortgage company. Some of the very important services that your lender, will provide are as follows:

**Pre-Qualification of all prospective buyers:** This is extremely important in order not to waste time negotiating with unqualified buyers. This will save valuable time.

**Ability to find the right loan at competitive prices:** A full service mortgage broker can shop for the best loan and the best possible price. This allows the borrower the freedom to select the loan best suited for his needs at the best pricing without having to shop all over town.

**Efficient follow-up and teamwork:** Once the transaction has been negotiated, the lender will work hand in hand with the other support team members in order to make sure that the loan is approved and funded in a timely manner.

## ***The Appraisal***

Having an idea of what is involved in appraising a piece of property can greatly help in maximizing the appraised value and avoiding costly details and re-inspections. The appraisal process consists of several steps. The following are the major steps in the sequence normally followed by appraisers:

1. Research the subject property as to size, bedrooms, baths, year built, lot size and square footage.
2. Gather data of recent sales in the subjects neighborhood. The appraiser needs to locate at least 3 and preferably more similar-sized homes which have sold and closed escrow in the neighborhood. The homes need to be within one mile of the subject and sold within the past 6 months. These homes are considered the Comparable Properties or Comps for short.
3. Field inspection consists of two parts: first the inspection of the subject property, and second, the exterior inspection of the comparable properties which have been selected to estimate the value of the subject property. The subject inspection consists of taking photos of the street scene, front of the home and rear of the home which may included portions of the yard. The appraiser will make an interior inspection for condition, noting any items that would detract from or add to the value of your home. He will also draw a floor plan of the home while doing the inspection.

The inspection of the comparable properties is limited to an exterior inspection. For features which cannot be seen from the street, the appraiser has reports from Multiple Listing Services (MLS), county public records, and appraisal files along with other sources to help determine the condition and amenities of the comparables. After the field inspection has been completed, the appraiser must determine which comparable properties most resemble the subject, making slight adjustments in value for any differences between them. After making the required adjustments, the appraiser must go through the reconciliation process with the three comparable

## The Appraisal (continued)

properties to determine a final estimated value. This method of estimating value is called the Direct Sales Comparison Approach to Value, and it accounts for nearly all of the considerations in determining value of single family homes. It is important to consider that the appraiser will be taking photos of the street scene and of the front of the subject. The street scene gives the lenders some kind of ideas as to the type of neighborhood in which the home is located. The photo of the front of the home gives the lender an idea of its condition and its curb appeal. And lastly, a photo of the back of the home and part of the rear yard is taken. Many homeowners dont take care of the rear portion of their homes and back yards, so for this reason the rear photo is required.

In most cases, (over 90% of the time) what you see in the condition of the exterior of a home will be repeated almost exactly in the interior. So one of the most important things you can do to enhance the value or perceived value is to improve the curb appeal of your home.

An appraiser will call in advance to set up the appointment to inspect your home. At that time, offer to supply any information about the homes size, number of bedrooms, bathrooms, pool, enclosed pool, etc. The more that is known about the property prior to inspection, the better the appraiser can focus on researching the most similar comparables. Doing your homework will maximize your chances of having a good appraisal.

While your home is being inspected, dont follow the appraiser from room to room causing distraction. Instead, allow the inspection to go smoothly. In case the appraiser has any questions, be close by to answer them. The time to mention the things you think are important is either before or just after the inspection.

## ***Home Inspections***

You need to know a great deal about your house when you sell it, usually more than the average seller knows or wants to know. So, how do you handle disclosure without spending the next six months learning about construction? Many sellers use an inspector. The inspector solves a whole series of problems. If the inspector you use is bonded, and a problem arises after the sale, it is easy enough to say to the buyers, I didnt know there was a problem. I had the house inspected and I trusted the work of the inspector. Blame the inspector.

That, of course, does not get you off the hook, but it does help things. In addition, if there are damages to be paid and the inspector is to blame and is bonded, the inspector may have to pay them instead of you. Thus, using an inspector can be very worthwhile.

Finding a reputable house inspector:

Almost anyone can inspect a house but that does not mean they are qualified. In recent years, contractors without enough work have taken to house inspections to supplement their income. A house inspection usually costs between \$250 to \$400. A contractor can walk through your house, check little boxes on a form, and charge you several hundred dollars for a few hours work. But are contractors qualified? Some are and some definitely are not. A contractor who builds new homes may know very little about older homes. A plumbing contractor doesn't necessarily know about electrical. A cement contractor probably is not an expert on roofs. The value of their inspections is questionable at best. The real problem is that housing inspections are relatively new. In a few years, states will undoubtedly begin licensing and testing housing inspectors. But as of now, few states are doing this, so sellers are on their own. One way of qualifying a potential inspector is to insist that he be a member of ASHI. This is American Society of Home Inspectors. It is a trade organization that has been endeavoring to raise the standards of house inspectors in general. ASHI sets standards for inspectors and makes an effort to see that its membership follows those standards. ASHI, however, does not require its members to be contractors. Having a contractors license does not necessarily qualify someone to be a house inspector. For more information about ASHI, you can contact the organization at Suite 630, 1010 Wisconsin Avenue, NW, Washington, D.C. 20007. Their telephone number is (202) 842-3096.

Beware of contractors who offer to do a home inspection for a nominal fee, then find something wrong and offer to fix it, usually for a high fee. Some unscrupulous contractors have been using home inspections as a way of procuring business. A good rule of thumb is to never have the person do the work who does the inspection. Also, dont ask the inspector to refer you to someone. That someone could be the inspectors brother-in-law or sister who is on the team. Always insist on getting a written report from an inspector. An oral report is useless to you if there should be a problem from the buyer later on. Then problems occur. Everyone seems to remember things differently. You may say the inspector told you the house was perfect, but the inspector may say that the defects that the buyer is now complaining about were disclosed in the inspection. Get it in writing.

Termite inspection:

This is just a quick note to point out that termite inspections are not really a new part of the home inspection process. Lenders have been requiring termite inspections as a condition for approving a new home loan for decades. A termite inspection and the repair of damage have been a requirement of home sales almost as long. In almost all states, termite inspectors are licensed, and their written reports are required to be registered.

## ***Home Warranty***

In addition to inspections, you can also obtain a home warranty that will cover the major systems for the new buyer. These will include heating, air conditioning, electrical, plumbing, appliances and more. The typical home warranty costs approximately \$275.00 to \$400.00 per year depending on what additional items you may choose to have covered.

For an additional fee, you may choose to have coverage for pools and their associated electrical appliances as well as other items usually not covered such as washers, dryers, refrigerators, etc. As a For Sale By Owner, you may want to advertise that the home warranty will be included with the home sale, (you pay the first year) and the money will be well spent. Once a buyer takes possession of his new home, it can be very troublesome and expensive if major systems break down. The home warranty company covers these items just like an insurance policy and the coverage can be renewed each year if desired.

In the event of a problem, the home warranty company will charge a deductible; usually \$25 to \$50 per claim, and then they'll send out their approved repair companies to take care of the problem. I personally saved almost \$4,000 in repairs the first year I bought my own home due to air conditioning and plumbing problems that needed repair.

Consult your local yellow pages for listings of Home Warranty Companies or ask your local real estate company. You can also contact some of the larger air conditioning and heating companies who contract with these home warranty companies. They will be happy to give you the names of the ones they are dealing with. Be careful to select a reputable home warranty company. Check out their track record with your local Realtor or the Better Business Bureau.

## ***The Most Common Mistakes That Cost You Time & Money***

Selling your home can be a nerve-racking, exhausting experience. Last minute calls, inconvenient showings, price adjustments, and the uncertainties of being stuck with a house that doesn't sell for months can all take their toll. If you are not completely prepared, you could end up losing thousands of dollars in profit. The difference between a profitable, smooth transaction and a miserable experience is often a fine line. The majority of home selling nightmares are caused by a lack of knowledge. This report is designed to make you aware of the most common mistakes that cost sellers serious money.

1. **Improper pricing.** Set the price too high and it will not sell. It becomes, what real estate agents call a stale listing. On the other hand, price it too low and you may give away thousands of dollars. Either way you lose. Setting the appropriate price involves the evaluation of numerous different factors . . . and it's critical!

2. **Bad Housekeeping.** The prospective homebuyer's first impression is the most important. An unbelievable amount of home sales have been lost to un-mowed lawns, cluttered rooms, bad stains, dirty kitchens and bathrooms, unpleasant odors, etc. Imagine you are the buyer and clean your home from top to bottom . . . military style.
3. **Failure to Make Repairs.** Often even minor improvements will yield as much as three to five times the repair cost at the time of sale. There are literally thousands of homes for sale, and buyers buy what they see. Seemingly small fix-up jobs can make the difference between a closed sale at top dollar and a home that languishes on the market for months on end.

4. **Poor Showing Techniques.** Your home should be neat and clean, but that's just the beginning. There are lots of little details that make a big difference. For example, turn your oven on warm and put a dish with a tablespoon of vanilla in the oven. It will make your kitchen smell delightful and create a positive atmosphere. Knowing exactly what to say and do when buyers come through your home is crucial.

5. **Relying Only on Traditional Sales Methods.** Sellers who are innovative and willing to offer new strategies of attracting homebuyers will always outperform those who rely on traditional methods. Today's market demands around-the-clock advertising exposure, and response-generating marketing techniques.

6. **Making Selling Decisions Based on Emotion.** You must realize that selling your home is a dollars and cents business transaction. Don't let your emotional ties to your home affect your judgment. Remember, purchasers are not buying your home, they are buying a house to make into their home.

7. **Failure to Understand Market Conditions.** Just like the stock market, there are current market conditions for houses as determined by supply and demand. Many buyers shop dozens of homes comparing values, so it is very difficult to find a buyer willing to pay more than current market value. No single person, firm, or agent has any control over the market!

8. **Wasting Time with Unqualified Prospects.** Countless hours of valuable time can be wasted showing and negotiating with buyers who can't buy no matter how much they love your house. Buyers should be pre-approved for a loan before you begin dealing with them.

Being armed with the right knowledge can make all the difference in how your home sale turns out. Make the right decisions. A little time spent now can save many hours of frustration down the road!

## ***For Sale by Owner Temperament Quiz***

### **QUESTIONS:**

1. Are you willing to give up evenings and weekends for the next three months?
2. Will you be willing to let strangers into your home?
3. Can you be ready to show your home day or night, on a moments notice?
4. Are you a risk taker?
5. Are you willing to learn to do new and different things?
6. Are you determined to save money on the sale of your home?
7. Do you want a quick sale?
8. Are you willing to handle the paperwork and marketing yourself?
9. Are you a patient person?

### **ANSWERS:**

1. You have to be ready to show the house when the buyer wants to see it. Remember there isn't an agent there to show it for you.
2. You also have to screen buyers yourself and then let strangers go into your home. If you're concerned about security, then you're not a good candidate to be a FSBO seller.
3. Spontaneity is needed. A potential buyer, who calls, wants to see your place now. Tell the buyer to contact you later and you could lose the deal.
4. It's riskier to venture into the unknown and sell FSBO rather than list; its also frequently quicker and more profitable.
5. You'll have to work with attorneys, escrow and loan officers, inspectors and others. You'll have to learn about sales agreements and other documents. Its not hard, but it does require determination to succeed.  
6+7. Proper motivation is paramount here; if you don't want to save money and sell quickly then why bother going FOR SALE BY OWNER?
8. Regardless what other professionals are involved in the sale of your house, you will be required to do the majority of the paperwork.
9. There is no intermediary to blunt the buyers criticism, anger or frustration on your behalf, you will have to deal with it all then turn it into something positive. Are you prepared to do all the advertising to attract potential buyers? .

The FSBO process may demand things from you that may not seem like a lot in the beginning, but can quickly overwhelm you, and may make you wish you had used a real estate professional.

***Our Family of Companies Can Help!***

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***Call today to find out how we can help you.***