

FSBO RESOURCES & CHECKLIST

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A Business and Real Estate Law Firm

FSBO

RESOURCE & CHECKLIST

An FSBO Basics Checklist

Most homeowners are familiar with the term FSBO, or For Sale By owner. It's the process of selling real estate DIY style without contracting with a real estate broker or agent for help with marketing the home and conducting the sale transaction. Owners choose FSBO in order to save money on realtor's commissions. The savings can be substantial, even after considering expenses such as the cost of FSBO marketing, online listing charges, and attorney fees for help with the legal requirements and documentation associated with the sale.

FSBO was once very popular, with a record 20% of all US real estate transactions being handled via FSBO in 1987. Numbers dropped off as the process became more complicated, but the popularity of FSBO has seen a rebound in recent years. Although numbers from the National Association of Realtors 2017 Profile of Home Buyers and Sellers put FSBO sales at 8% of total sales, critics note that this does not account for the 10% of transactions that are done via flat-fee MLS. The Zillow 2017 Consumer Housing Trends Report indicates that 11% of sellers complete their sale without an agent.

Why Go FSBO?

The most common reason for choosing an FSBO sale is to save money on listing agent commission, which averages 4-6% based on the final selling price of the home. While this is a very good incentive, FSBO offers the homeowner several other benefits as well.

For one thing, you will have complete control of both the listing and final sale price. You will have to do some research or hire an appraiser to determine the fair market value of your home. You will also need to dispense with emotions regarding the home and look at it solely as an asset from an objective, business-like standpoint. In return you can avoid falling prey to any agent's natural motivation to get you to drop your asking price or accept low-ball offers so your home will sell quickly and the agent can move on to the next commission.

For another thing, you know your home and neighborhood better than anyone. You know the advantages of living in the home and all the improvements that have been made. Buyers will appreciate your knowledge of the community, the local schools, and nearby amenities. In the end, you make the best possible sales representative that your home could ever have.

Showings and open houses are always an inconvenience. You have to be ready to run out of your house at any minute, and the home has to be kept spotless at all times. In an FSBO campaign, you have control of all showings and there is no need to try to match your timing to an agent's schedule. You also get to enjoy the security of being present while prospective buyers are going through your home.

Finally, no one is more motivated than you are to spend time and energy marketing and showing your home. Real estate agents are usually busy with a list of numerous clients and homes; your house is only one among many and an agent is unlikely to make any more than a standard effort on your behalf. With your finances on the line, your drive to find buyers and hold out for the best selling price is likely to run quite high, certainly higher than any agent's.

Is FSBO a Fit for You?

It is true that FSBO may not be the ideal strategy for every homeowner. There are a few elements that should be in alignment to make an FSBO home sale work well. Here are a few test questions to help you decide if FSBO is right for you.

Do you have the free time necessary to market and show your home? You will need to spend some time at the computer if you want to take advantage of all available tools and resources. You should also plan to be home most evenings and weekends in order to accommodate buyers at times that are convenient to them.

How are your people skills? After all, selling a home involves selling. You need to have a feel for handling buyers as well as a grasp of good strategies for presenting your home during a showing. You can pick up some tips on these subjects online.

Is your home in a desirable location? Everyone knows that location is key in the property market. If you are in a hot neighborhood, it may not take much more than a sign in the yard to start bringing in buyers. Homes in less desirable locations could be more difficult to sell and you may search a long time to find a good buyer.

Will distractions be a factor when it is time to show your home? Children, pets, constant phone calls, and other interruptions will make it difficult to go into sales mode when showing your house and handling buyers' questions.

FSBO Guidelines

Sellers considering going the FSBO route for the first time may feel a bit nervous about the process. However, it is not really that difficult. The many valuable resources available online make things a lot easier than they were in the past. All the help you need to market and list your home is at your fingertips on the Internet along with plenty of how-to articles covering every aspect of FSBO.

For the complicated parts of accepting an offer and closing the deal, call in some real estate law experts from a trusted company like The Closing Agent and you can easily put together a smooth, profitable sale transaction that will leave all parties confident and satisfied.

This simple checklist will help walk you through the FSBO experience.

Plan Your FSBO Campaign

- Learn everything you can about selling a home and the FSBO process in general. Read books and do research online.
- Draw up a feasible timeline for making the sale and moving out of your home.

Research the Market

- What is the overall tone of the regional market?
- What is the average time on market for homes in your community and neighborhood?
- Are most homes selling at, above, or below asking price? In other words, is it a Buyer's or Seller's Market?
- How are other homes for sale in your neighborhood priced and how do they compare to your home?

Price Your Home

- Have a Comparative Market analysis done.
- Use an Online Home Appraisal site to get an estimate of your home's value.
- Have a professional on-site appraisal done.
- Set your listing price and decide on the lowest final selling price you will accept after closing costs and other expenses.

Calculate Expenses & Costs Associated with the Sale

- Calculate outstanding property taxes and plan a way to pay them if needed.
- Be sure that any liens and outstanding construction or repair bills are paid off.
- Calculate any commissions or fees that will be associated with your marketing efforts and the sale.
- Are you willing to pay for any repairs or are you selling "As Is"?
- Will you pay any part of the Buyer's closing costs?
- Will you offer a Home Warranty?

Prepare Your House to Show

- As with any home sale, maximize curb appeal and make sure landscaping looks great.
- Does the house need exterior painting? Consider at least touching up the front door and entryway area.
- Are there any rooms that need paint or remodeling work?
- What condition are the floors in? Replace as needed, but professional cleaning is generally a must.
- Make sure all appliances work perfectly and look clean.
- Make sure all faucets and toilets work perfectly and look clean.
- Clean the inside and outside of all windows.
- Replace any burned out light bulbs with bright white, and change bulbs in kitchen and bath to bright white.
- Remove all clutter inside and outside the home. Don't forget the garage.
- Have every room spotless and organized. Consider getting a hand from professional cleaners.

Marketing Your Property

- Get a collection of quality photos of your home. Consider drone photography for aerial shots. Photos of local amenities can be useful as well.
- Decide on your availability for showings. One night per week plus weekends is usually good.
- Place listings for your home on real estate web sites. Don't forget Craigslist and other online classified ad sites.
- Place ads in local newspapers.
- If you are in a hurry to sell, consider listing your home on the local MLS.
- Create Real Estate Flyers with photos, features, and other information about your home.
- Prepare your signage – For Sale by Owner, Open House, directional signs, and a flyer box.

Legal Matters

- Choose a Title Company that has real estate attorneys on staff.
- Get the real estate contracts required in your state and read them carefully. Note any questions you have.
- Review the contracts with a real estate attorney if necessary.

Negotiating the Offer

- Read the offer carefully. Consult an attorney if necessary.
- Vet the Buyer for pre-qualification or other financial status.
- Accept or reject the offer, or present a Counter Offer and engage in negotiation as necessary.
- Accept Earnest Money if the offer is accepted.
- Contact the Title Company to open the escrow account.
- Deposit Earnest Money with the Title Company.
- Establish a time frame for inspections, financing, and closing.

Document Exchange

- Obtain and complete required property disclosure forms and give them to the Buyer.
- Receive the Loan Pre-Approval Letter from the Buyer.

Inspections

- Buyer's Home Inspections are completed.
- Resolve Home Inspection issues as needed.
- Bank-required Home Appraisal is completed.
- Resolve Appraisal issues as needed.
- Lot or property survey completed as needed.
- Additional repairs as required by contract completed as needed.

Title Company

- Provide Title Company with necessary documents.
- Order Title Search and receive documentation when completed.
- Resolve issues with Title Search as needed.
- Coordinate and schedule settlement/closing date and time. Four parties are generally involved: Title Company, Seller, Buyer, Buyer's Lender.