**Should You Sell Your Home Yourself?**

***Presented by: (your name here)***

It’s true that no one knows and understands your house the way you do. But does it follow that only you can sell it successfully?

The answer to this question is: Not so much. According to the National Association of Realtors (NAR) fewer than 10% of homeowners who try to sell their homes themselves – that is, without the help of a real estate agent – are successful. A recent profile of buyers and sellers, conducted for NAR, found that FSBO homes (meaning For Sale by Owner) had lower median selling prices than those sold through a real estate agent – roughly 13% lower.

That said, more than 10% of home sellers annually take on the challenge, primarily because they don’t want to pay commission to a real estate agent. And few of those 10% actually realize how difficult it is to price, prepare and promote their homes … and follow the process through. Especially in the complex housing market that exists today.

Let’s look at that market. Many believe the housing market is finally in recovery mode. But it isn’t happening everywhere; in some neighborhoods, housing prices are soaring, while others are lagging behind. Memories of the housing crisis are still fresh in people’s minds, but at the same time historically low interest rates have been luring buyers – particularly first-time buyers – into the real estate market.

To sum up, it’s not a kinder gentler housing market. And experience, wisdom, negotiating skills and innovative marketing are needed to make it work for you.

However, many homeowners are short on the kinds of skills required to prepare, price and promote their homes in today’s competitive environment. Not to mention handling negotiations and closing details. Plus they are understandably biased. Their homes have an intrinsic value that, to them, goes well beyond a price tag.

For example, take Joe.

**Joe**

Joe is a widower in his mid-60s with a tidy little bungalow in a quiet suburb. Joe raised his family in the bungalow. He worked hard for his money, and there wasn’t a lot left over to update, but he repaired as best he could. Joe’s kids feel he should downsize; Joe loves his home and has resisted this. But several neighboring bungalows much like his have recently sold for over asking price. He can’t resist the opportunity to satisfy his kids and make money.

Joe talks to a neighbor who has just sold her home. He figures his home is worth a bit more, as the yard is larger. Joe knew this neighbor had ‘smartened’ up her property before putting it up for sale, but doesn’t think this had a lot to do with the sale price. It’s not really necessary, he believes: Joe loves the carpeting in the living room and the old breakfast nook in the kitchen, and he could probably repair some of the wall cracks himself.

Joe decides to go it alone. He doesn’t want to pay commission to a real estate agent, when he can do it himself.

So, let’s follow Joe through his FSBO experience to see if he made the right decision.

**Preparing**

While some FSBO sellers are quite savvy about the importance of first impressions, Joe is not one of them. He decides to patch the cracks in the wall, cut the grass and clean up a bit.

Sadly, Joe is mistaken. Research indicates that a potential buyer will make an almost instantaneous decision on the ‘fit’ of a home; scientists say you have seven seconds to impress potential buyers.

Joe’s porch railing wobbles. To a buyer this means the home has not been cared for inside or out, and that first impression is a negative one. That buyer will be on the lookout for other problems.

A real estate agent would have suggested Joe get the railing fixed (and explained the dollars he would be throwing away by not fixing it.) The agent would also stress the importance of curb appeal and suggest some easy and inexpensive fixes, for example: tidying up, adding colorful planters by the door and edging the grass around the driveway, sidewalk and plant beds.

Joe’s bungalow has a nice entryway, but it’s dark; potential buyers can’t see its charm. A fresh coat of white or cream paint and updated lighting would do wonders, but Joe doesn’t realize this. He also doesn’t recognize that the carpet needs cleaning (or removing) and that all the rooms are cluttered. These are treasured memories from the past, but he doesn’t understand that buyers want to see themselves in the bungalow, not be part of Joe’s history.

**Pricing**

Joe decides to list his home a few thousand dollars higher than the neighbor’s selling price. He loves his home and believes others will, too. But pricing a home requires experience and familiarity with the local housing market. Local real estate agents have access to statistics Joe doesn’t even know about, and they can prepare a list of comparative properties to show Joe why he might be pricing himself out of the market.

**Promoting**

Joe isn’t totally comfortable with the Internet. Potential buyers, however, are more likely than not to start their home search online; studies indicate that more than 90% of buyers research their options and narrow their searches via the Internet. An agent would identify the most likely audience for Joe’s home and pull together a targeted marketing plan that includes social media and the local Multiple Listing Service (MLS), as well as other websites. He or she also will use more traditional methods such as newspaper and Open Houses to promote Joe’s home.

Joe has heard of services that will help him sell his home, and many offer marketing as part of an inexpensive package. He’d have to do it all himself, but at least someone will explain to him how to do it. Or will they? The bungalow has several charming features, which an agent may decide to play up to attract the right kind of buyer. So does Joe’s neighborhood: The local school has a very high rating and many young families are attracted to the neighborhood for just this reason. A cookie-cutter approach would miss these important selling features.

**The Process**

The actual process of selling is challenging – even to the most experienced seller. From the day the home is listed until the day it closes, the seller is more than likely in panic mode. Joe found that organizing an open house and dealing with viewings was a great deal more work – and took much more time – then he had anticipated. Not to mention all the phone calls and questions from prospective buyers.

*Property inquiries*

Real estate agents spend much of their day handling listing inquiries from potential buyers. Many inquiries lead to viewings, and an experienced agent knows how to juggle multiple viewings without overwhelming the homeowner. The agent will work around the seller’s schedule. But FSBO sellers are always ‘on call.’ One of the main reasons many FSBO sellers don’t have a satisfactory sales experience is for this very reason. Joe needed to make himself available to handle any and all requests, and this can be difficult and exhausting.

*Screening buyers*

Screening potential buyers is another service a real estate agent will provide. This is difficult for FSBO sellers, as most don’t know the right questions to ask and haven’t the contacts to check the answers they’re given. Is the buyer pre-approved by a lender, or just pre-qualified… and what is the difference? The point? Is this buyer able to, and serious about, purchasing a home? Many FSBO sellers complain about ‘tire-kickers’ – individuals who are curious, but not serious, about the property for sale.

*Security*

A homeowner listing his own property should be concerned about security. People you don’t know will be looking through your home and will have access to its contents. A real estate agent would arrange with the buyer’s agent to ensure someone reliable will accompany the client through the home. On the other hand, most potential buyers will feel constrained and uncomfortable if the homeowner follows them around.

*The buyer’s agent*

Most buyers will have a real estate agent to help them find and buy the right property (over 90% of buyers will use an agent.) And here an important issue arises. In a traditional real estate transaction, both the buyer’s agent and the listing agent will receive a commission from the sale. But as a FSBO seller, you will likely be asked to pay the buyer’s agent’s commission – and refusing to do so may endanger the sale.

*The offer*

Eureka; Joe received an offer! It wasn’t what he’d anticipated, but it signals the end of the selling process, and Joe is certainly ready for it to end.

What Joe and other FSBOs sellers may not realize is that this is just another stage in the process. Not the end. And this stage is really critical. A contract is a legal document and includes much more than just the price the buyer is prepared to pay. Other things to consider include the conditions of escrow as well as closing dates and items that are to stay in the house, such as appliances or light fixtures; it can get considerably more complicated from there.

Both the buyer and the seller need a real estate lawyer to ensure all the legal ‘T’s are crossed and ‘I’s, dotted, but without an agent to negotiate on his behalf, Joe will have to deal with the negotiating part of the transaction himself. There are rules and regulations and timelines and titles; everything has to be closely monitored. No procrastinating here. The ‘when’ is as important as the ‘what’ and ‘who’.

*Negotiations*

Over the past few years, buyers (and their agents) have become more sophisticated in their demands, and an unsophisticated seller can effectively ‘lose the farm’ during the negotiating process. There are countless ways the transaction could go wrong, and it’s only through experience that this can be avoided

For example, one pivotal point of concern for FSBO sellers is what to do about home inspections. Joe’s 40+ year-old bungalow has suffered from lack of regular maintenance: The insulation is probably up to current standards; the plumbing and wiring may be failing; and the roof and /or furnace may need replacing. Not a good news story, and it’s almost a certainty that the home inspection will come up with a similar list of repairs that will need to be made.

A strong negotiator might be able to trade off items (for example, a split between buyer and seller on a particularly critical repair) but it’s more than likely that a FSBO seller won’t have the negotiating skills to arrive at this type of accommodation.

*Closing*

Investopedia defines closing as: “The final procedure in a sale in which documents are signed and recorded. This is the time when the ownership of the property is transferred.” But the time leading up to closing comes with a new set of to-dos, and at any time the process may be derailed: If, for example, there are problems with the title or the lender’s appraisal comes in below the selling price putting financing at risk or the insurance company refuses to insure the property, the deal may fall through. As well, either party can back out of the contract before closing, and damages claimed or the deposit kept.

At this point many FSBO sellers may feel they’ve been penny-wise and pound-foolish. The savings resulting from deciding not to pay commission to an experienced real estate agent have been eaten up in terms of time, stress and even actual cash expended.

Joe and the other 10% of FSBO sellers may sell their homes eventually. But as research indicates, they likely will receive less than they would have with a real estate agent. As for the peace of mind in knowing you have someone who views your interest as his or her priority? Well, even Joe may now feel this feeling of security is priceless.

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