

# For Sale By Owner: Is It Worth It?



In recent months, we've seen an increase in the number of FSBO (For Sale By Owner) home sales being conducted by individual sellers and buyers. This may be a result of increased knowledge brought about by information on the Internet. Or, it may be there are more sellers who have bought and sold their own homes before and are saying, "I know what I'm doing." Or, it may simply be a result of the low inventory level of available homes on the market.

Whatever the reason, the seller will be thinking, "I'll just sell it myself and save the commission." They think that all they have to do is put up a sign, buy one or two ads in the newspaper, and they'll save a "bunch of money". Sometimes buyers also will utilize this approach and attempt to find a way to buy the home direct.

On the surface, it may appear to be a good plan. However, both buyers and sellers, beware. Often, it's a plan filled with pitfalls. Following is a list of some of the pitfalls you could encounter if you don't use a Real Estate Professional.

## SELLER PITFALLS

- You have only one property to show. However the buyer will be making comparisons. Do you know what else is "out there"?
- After you place your ad, are you ready for numerous telephone calls and for the appointments that do not materialize?
- Do you want to open your home to "lookers" or to qualified buyers? The real estate professional will have already screened them for you.
- Do you know the true "market value" of your home?
- Do you know how to get the maximum price and still sell your home in the desired or required time frame?
- Do you know how to write a contract that is certain to be valid? Is the generic one from the forms store good enough for what your buyer offers and what you need, legally?
- Will the buyer be open and honest with you about their financial status or will you waste a great deal of time with an unqualified buyer?
- Will you be able to get away from your job to show your home at the potential buyer's convenience?
- Is negotiating a price directly with the buyer the easiest thing for you to do, or would a third party do a better job and not get emotionally involved?
- Typically, a buyer won't openly admit to you as the homeowner what they like or dislike about your home. Therefore, you are operating with only partial information.
- You cannot pursue or "follow-up" with a potential buyer because this will imply that you are desperate to sell.
- Are you truly objective about the appearance of your home and what needs to be done to ensure a faster sale or increase the potential for getting the

price you want?

- Inexperience may cause you to outlay cash to improve your property, which may not increase the sales price of your home by an equal or greater value.
- You may not always get the best advice from friends and associates if they are not Real Estate Professionals.
- You may show your property to scores of would-be buyers, spending time, money, and effort—only to end up paying a commission to an agent who properly screens a prospective purchaser and brings him or her to you. Or will you tell the agent to go away and hope the buyer will go behind their back, and come to you on their own? Is this ethical?
- You may find that you and the buyer have a personality conflict, which prevents you both from getting what you want.
- Will you complete your legal requirements of disclosure correctly?
- Can you assign your property insurance to the buyer, or must he buy a new policy?

- Do you have to get a new survey or an as-built?
- How do you pre-negotiate all those closing costs?
- If there are contingencies and concessions, who will ensure that they are properly addressed?
- You may accept an insincere offer and then spend months, perhaps in litigation, to free your property in order to put it on the market once more.

### BUYER PITFALLS

- The real estate professional will have Multiple Listing Service information on available properties in the area in your price range. You don't have to spend hours driving around or looking in the paper for weeks to find the right house.
- The agent can objectively present offers and counter-offers.
- The agent can ensure that you are legally protected in the transaction.
- The agent and his/her entire office are available seven days a week to preview homes to your specifications, prior to presenting them to you.
- The agent can assist you in obtaining the financing for your new home.

First American Title of Alaska encourages you to enlist the assistance of a licensed Real Estate Professional. In the long run, it will save you time, money, and maybe even your sanity.



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