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18. Negotiating

Negotiating is as much an art as it is a science. Some people are just naturally good at it. Many are not.

If you're good at it, and truly understand the ins and outs, you're in a better position.

But if you're not, you might want to spend some time reading a few books on the subject. It makes sense, since the amount of money involved in this is likely as much money as you ever deal with in your life (for most people).

However, even if you consider yourself a great negotiator in your own field or profession, real estate can be an entirely different thing altogether. Negotiating isn't just...

- ▶ Buyer makes an offer
- ▶ You counter their offer
- ▶ They come back a little bit higher
- ▶ You play "tough" and come down a little bit
- ▶ They play "tough" back at you, and come back a bit higher
- ▶ Annnnnd, eventually you meet in the middle..."split the difference" as they say.

Sure, it can and does work that way. But it isn't all about price! It's about so many other terms of the contract. It's about setting the tone of the deal. It's about keeping the buyer honest from the moment you sign an agreement all the way to the closing table.

And this all begins from moment one. That first phone call or email back and forth to set up that first showing. It is setting the tone and your posture from minute one.

Everybody has a different personality and style. So there's no way to teach you exactly

how to negotiate. But do give it enough time and consideration before you're actually negotiating. If you don't have a lot of confidence in your ability to negotiate, you may just want to hire an agent. Because, as we mentioned, this is a large amount of money we're talking about.

19. Dealing With Buyer's Remorse

Once you've received and negotiated an offer with a buyer, you'd think the hard part is over. But it's just beginning, and the first hurdle you need to deal with is "buyer's remorse".

People tend to regret decisions and purchases. This is natural. But even more so with large purchases. Real estate is easily the largest purchase in most people's lives.

So, it isn't uncommon for a buyer to get cold feet not too long after the thrill of the chase is over. Once a buyer feels the security of having "won", and are in position to get what they've been going after, they start to wonder if they've made a mistake...

- ▶ "Did I pay too much?"
- ▶ "What if this isn't *the* house for me?"
- ▶ "What if a better house comes on the market?"

Those are just a few of the typical reasons people experience buyer's remorse. But sometimes buyers cite less logical reasons...

- ▶ "My psychic told me this wasn't the house for me."
- ▶ "I had a dream that I was going to win the lottery, so I'm going to wait and buy something better."
- ▶ "I feel like the house may be haunted."

Buyer's remorse comes into the picture pretty much right after the deal has been agreed upon. Usually within the first few days.

The only thing you can do is try to *prevent* it.

As with so many things in real estate sales, there is no one perfect way to do this. Every buyer is different. Every situation is different.

The most universal solution is to (*subtly*) instill within the buyer that they are getting a good deal, and that they are fortunate to have been chosen as the buyer, regardless of whether there was any other buyer interested in the house.

They need to feel that they could potentially lose the deal and the house, if they don't mind their P's and Q's.

But, you need to do this without sounding too deliberate. And you don't lie or fabricate a false sense of other interest. It is more about creating the notion that someone else could have gotten the house...but they are the lucky one to be getting it. And, at such a good price.

20. What's That In Your Ear?!

There's a very good chance that any buyers you end up dealing with are working with a real estate agent.

Let's say you avoided their agent getting involved...

Maybe they tried to have their agent involved, but you said no, and they moved forward without their agent's involvement in the deal. Or, they may just have come to you directly, and never even mentioned they were working with a real estate agent.

Almost every buyer in the market is working with an agent to some degree.

And once your buyer starts focusing on your house, or has actually made an offer, there's a good chance that the agent they've been dealing with is going to "get in their ear".

Their agent will start casting doubt as to whether your house is the best house for them. Or, they'll start telling them about how hard it is to deal with the process without an agent involved. Maybe the agent will say that they are overpaying for your house, especially since there's no commission involved.

Unfortunately, there's not a whole lot you can do about this. You aren't in contact with the agent. You have no control over how they think, feel, or what they say to your buyer. After all, it's also *their* buyer. And agents are supposed to protect their client's interest.

So, if the agent feels they are making a mistake, or is advising against purchasing your house for one reason or another, they may actually have good reason to do so...and not just because they are possibly going to lose a commission.

So, just be aware that this can occur. And know that your best defense is to know your buyer and all of their potential choices as well as their agent would. (Which shouldn't be

an issue if you've been watching the market weekly.) You just need to be able to assure the buyer that your house is the best house for them, and that they couldn't possibly get a better house, at a better price, for their wants and needs. If you can do that, anything their agent says should not affect them moving forward with your deal.

21. How Earnest Is Your Buyer?

You probably know that buyers are supposed to “put some money down” on your house. This is “good faith” money, commonly known as “earnest money”. And it’s usually part of their down payment, but not the entire amount.

So, how much should you demand your buyer put down at the beginning of the deal?

The only answer is, “It depends.”

You might hear people say it should be 5%, or 10% of the purchase price. You might hear others say a thousand dollars, or maybe a few thousand dollars total.

But, the truth is, it really depends upon the price of your home, and your buyer’s situation.

The higher the sales price, the more likely your buyer will be to have a good amount of money to put down. On lower priced homes, buyers often can’t put much money down.

But even on some higher priced homes, a buyer may not have a lot of money to put down, and may be going after a low down payment mortgage.

What it really boils down to is this...

Get a sense of your buyer’s situation, abilities, needs and preferences. Be flexible (to a degree) about how much, or how little they are putting into escrow during the deal. Ultimately, as long as you feel it is an amount that your particular buyer wouldn’t easily or willingly walk away from, you’re probably safe.

In case you aren’t aware, in most cases, this money isn’t just given to you for you to put in your bank account. (We’ll get into that a bit more in the next section.) Nor is it necessarily yours to keep if the deal falls through, or they decide to walk away. It might become yours to keep...but not necessarily.

In many ways, this money is more of a gesture of good faith. It shows that your buyer is “earnest”. In some ways, it’s to protect you from your buyer not having any skin in the game and just taking off on you for no reason.

22. You Can't Do Everything Yourself...

While you can certainly try to sell your home without the assistance and skills of a real estate agent, there are certain parts of the process that will require other people and companies to get involved, and cost you some money.

You can't handle much of the legal paperwork, and finance end of things on your own (at least easily or for the most part).

So, most likely you'll need to hire either a title company to help with the process, and actually close the deal, or hire an attorney. Or you may need to hire both.

Handling the escrow, title searches, and mortgage paperwork isn't something most homeowners are qualified to do. There needs to be an objective third-party in order for both sides to be protected.

It's a good idea to start searching and shopping for your title company, and / or attorney, *before* you actually have a buyer and a contract. So, make sure you know your local choices, and line them up before you have that deal in hand.

23. Dealing With Inspection Issues

You probably won't be any different than most home owners...

During the course of negotiations on price, you'll feel like you bent more than you should have on your price. You'll feel like your buyer got a good deal, and that they shouldn't squawk about any nit-picky home inspection issues...

You're going to want your buyer to accept your home "as-is".

While that would be ideal, it is unrealistic.

Any savvy buyer will have a home inspection done. Inevitably, the home inspector will find some things that are wrong with your house.

Now, your buyer shouldn't be going after "nit-picky" items, but that can be a subjective term. What you see as nit-picky, your buyer may see as a much bigger problem.

Expect to concede to at least some items.

There's a couple of ways to address any home inspection issues your buyer requests to be addressed:

- ▶ You can say no, you won't address the issue. And if they agree, then the issue is resolved.
- ▶ You can agree to get a second opinion. That may just lead to more debate and negotiation, though. Unless the second party gives valid proof that there is not truly an issue.
- ▶ You can agree to hire a professional to fix, service, or replace whatever the issue is.
- ▶ You can agree upon a fair credit to the buyer, and let them fix it themselves once they close on the house.

No matter what you agree to with your buyer, make sure to put in writing, and in detail. Do not be vague. If it's not in writing, it doesn't exist. And this leads to problems down the road.

24. Dealing With The Appraisal

No matter if you got more than you hoped to get for your house, or less, you're not out of the woods yet in terms of the value of your house.

"Market value" in real estate is essentially what a ready, willing, and able buyer is willing to pay, and a homeowner is willing to accept. Pretty straight-forward.

If you and your buyer come to terms on the price, and your buyer can afford to pay it, that should be enough, right?

Not exactly. Most buyers you will deal with will be getting a mortgage. So, an appraisal will be necessary. (Even a cash buyer may require an appraisal in the terms of a deal.)

An appraiser is a third-party who will come in and look at your home, write a report, and give an opinion of value on your house. That may very well be the amount you and your buyer agreed upon, or even a little bit more. But, it could also "come in low".

Ask any real estate agent how they feel about appraisals and appraisers, and you'll probably see some tears form in their eyes, and maybe a nervous tic.

Appraisers often come in with a lower appraisal than the house is worth. And it's hard to argue with them and persuade them to change their stance.

If your appraisal comes in low, you can:

- ▶ Contest it, and provide the appraiser with better comparable sales (i.e., "comps"). But it isn't easy or a guarantee that the appraiser will amend it.
- ▶ Lower your sales price to match the appraised amount.
- ▶ Get the buyer to agree to make up the difference by putting more money down on the deal. (Which is often difficult or impossible for many buyers to do.)
- ▶ Part ways, and hope that the appraisal on any future deal you strike doesn't come

in low as well.

Pro tip: When the appraiser comes to your house, have “comps” ready to give him or her for their consideration. But be careful not to be too pushy, or seem like you’re asking them to appraise it for what you want it to appraise for. That doesn’t go over well, and could actually have an opposite effect.

25. Stay On Top Of The Mortgage Process

Earlier we spoke about the need to make sure that your buyer is pre-approved. The pre-approval is a good indication that your buyer should be fine, and will get their mortgage.

But that doesn't mean they will actually get their mortgage approved, or that it will be smooth and easy. In fact, expect it not to be smooth or easy.

The mortgage process is easily one of the most aggravating parts of the process. And the lenders almost always take longer to get things done than they should based upon contract dates and timelines. However, you and your buyer are pretty much at their mercy.

When real estate agents are involved in the sale of a home, both the buyer's agent and the seller's agent make it their business to keep this process going forward. If there are issues, they help to resolve them as quickly as possible.

Don't ignore the mortgage process. Be on top of it. **Ask your buyer for weekly, if not daily status of the mortgage process.** If possible, get permission to contact their lender for updates and questions.

It's impossible to teach you everything to look out for, let alone how to resolve many of the issues that could arise. So, the best advice to give you is to stay on top of the process and keep the pressure on at all times. Otherwise, you could get to a couple of days before you're supposed to close, only to find out that the buyer's mortgage is nowhere near being approved...or worse, it is being declined.

Pro tip: Many of the issues in the mortgage process stem from buyers not getting all of the required documentation and paperwork done in a timely manner. Make sure they jump on all of this immediately once you have an executed contract. Buyers tend to underestimate how much effort it will take, and how long it will take, and put things off for days and weeks. At first, gently suggest they be diligent. If a week goes by and they haven't made significant progress on their mortgage, start getting firm with them.

26. Don't Forget Town Certifications / Inspections

Every town or city has certain requirements, certifications, and inspections that need to be dealt with before you actually close on your house.

These often get forgotten or lost in the shuffle. While real estate agents are well aware of, and on top of these, homeowners sometimes aren't even aware that anything is required, let alone what is required.

Make sure you know what your town requires you to get done before you're allowed to close. Gather this information early on, and get everything they require done well before closing.

Often what happens is a homeowner realizes what is required a day or two before the closing, and when they try to arrange for the inspections and paperwork, they're told it will take days or weeks longer to get than they have. If the town will accommodate on a rush basis, they will often charge a higher fee for doing so.

27. If You're Not Having Any Luck...

Hopefully all of this information will help you to succeed!

Keep in mind that, statistically speaking, the majority of people who try and sell on their own don't succeed and end up hiring a real estate agent. So, if you *do* succeed, take a lot of pride in having done so.

But if you aren't able to sell on your own, don't feel like you failed. It's a lot harder than it seems.

If you decide to list your home with a real estate agent, please consider hiring me. I hope that what I've provided you here has shown you that I truly know the business, and that I have your best interest in mind.

And always feel free to reach out to me with any questions as you move along trying to sell your house on your own. I'll be glad to help to the degree that I am allowed without actually being hired by you.

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Edna Wilson is a true Titusvillian, born and raised! She is committed to this town's growth and economic development. Edna jumped in with both feet and sold over a Million Dollars in Real Estate in her first 4 months! Now Edna is the top producer in her agency and is a multi-million dollar producer.

She has a MA in Philanthropy and Non-Profit Fundraising but found her true calling helping people find the home of their dreams. She is married to Jeff Wilson and together they have 4 kids. In her downtime, you will most likely find Jeff and Edna at the Wildlife Refuge searching for alligators!

