MAKE READY HOME

HOW SELLING YOUR HOUSE

To A Real Estate Investor Stacks Up Against Your Other Options

Table of Contents

There are 3 real options for you in selling your house. I'll dive into those 3 options a bit more below and spell out what's great about each... the drawbacks of each... and who each option is really going to help the most.

So, you need to sell your house. Selling in a market like today's can sometimes be frustrating. With so many other houses on the market it gives buyers out there more choices... and often times sellers can wait 3, 6, 12+ months to sell their house for a price they feel is fair.

This brief guide will walk you through the decision process to help you decide what's best for you. Do you go the traditional route and work with a real estate agent, sell it yourself (For Sale By Owner), or work with a real estate investment company?

Each of these strategies have different pros and cons and each one will help you reach a different goal. It's for you to really look and see what you need to accomplish with the sale of your house... then make the decision that helps you get there.

Working With a Realtor

The most popular way to sell a house today is by working with a real estate agent. The general process of working with an agent is...

- **You contact an agent, and they visit with you about your house to determine what they feel it may sell for.**
- **You sign a listing agreement with the agent (normally 6 months) where they exclusively represent and sell your property.**
- **Agent lists property on the MLS, markets it, and takes buyers through your house for showings (a house should show well to sell well).**
- **If a property sells, the agent takes care of the paperwork and negotiation with the buyer... and the agent collects their fee... which is usually 3% for them and 3% to the agent that brought the buyer (so up to 6% of the total purchase price of the house).**

Agents know the market and have direct access to the MLS which is the main way houses are listed when selling the traditional route.

Working With a Realtor

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Selling agent fees are usually about 3% of the total purchase price. The "buyers" agent usually earns 3% as well (totaling 6% in agent fees). As an example, if your house sells for $200,000... you could expect approx. $12,000 of that to be paid to the agents at closing.

- **Timeline: From 3 - 12 months (with an average of 6 months in many markets)**

- **Pros: Agents know the market well, have access to the MLS to list your house to expose it to a broad range of retail buyers, they'll take care of the marketing, showing the property, and putting together the closing documents.**

- **Cons: It can be expensive. An agent's commission is paid out of the proceeds of the sale at closing. Most agents tend to do "traditional" marketing which often takes 3-12 months to sell a house (in most markets the average time on "market" when listed with an agent is 6+ months currently). This of course means you're responsible for the costs of the house while it's trying to sell. Lastly, with agents... their primary way to get buyers is by focusing on "retail" buyers (people looking to live in the home). This requires showings of the house and there's always the chance that the buyer who's offer you accept has their financing fall through or delay the closing date. One last "con" is that many retail buyers will ask you as the seller to pay for part of the closing costs... so this is an additional expense in many transactions.**

Who Working With An Agent Is For:

People who: aren't on a time crunch and can wait 6-12 months if they had to to sell, have room in the transaction to pay the agent fees, are looking for full market value and are willing to wait it out until a buyer comes along who is willing to pay full market value.

Selling By Yourself

In the last 10 years "For Sale By Owner" has become very popular. With sites like forsalebyowner.com, craigslist.org, and others like it... it makes it easy to list a house online... even get a "FSBO" sign for your yard... and hit the market taking control of the sale process for yourself.

The General Process Goes of Selling On Your Own

You're The Boss

A **You Determine**

the value of your home. Sometimes this can be tricky... but there are resources out there. Usually paying for an appraisal is the most accurate and best way to find the true value of your home (or ask a real estate agent who is willing to give you a value).

B **Take Pictures**

of the house, gather all the details about the house (sq. footage,

etc.) and create a listing on a FSBO website. Also, put a FSBO sign up in your yard.

C **Market The Home**

You can do as much or as little as you want. Many people list in the newspaper, online, and there are even "flat rate" MLS services out there where you can get your house on the MLS for under $500

D **You Handle Offers**

You handle offers, showings, and putting together the paperwork for the sale

E **You Handle Negotiations**

You and the buyer show up at the closing table and complete the purchase.

This can be a very attractive if you're familiar with the real estate sales process and are a good marketer.

Cost: The only real costs are whatever fees there are to list on a FSBO site (between $100 - $1000), if you choose to get it listed on the MLS with a flat fee agent (about $300 - $500), any cost to fix your house up so it shows well, and potential closing costs that you may share with the buyer. Plus, if you decide to pay a buyers agent fee (usually about 3%) to entice agents to bring their buyers to see your house... you'll want to figure that into the cost. Again, on a $200,000 house... 3% is about $6,000. Plus, the other costs above and that is about $7,000 - $8,000.

Timeline: This really depends on your ability to market the property. Usually, FSBO houses stay on the market longer than with an agent... simply because agents sell homes every day and know the tricks to sell. But you should budget 6-12 months to sell with this strategy in most markets (some more, some less).

Pros: You can save a big chunk of money by not paying agent fees. And, you have control and full responsibility over the whole process.

Cons: It's a lot of work to sell your own house, and if you're not comfortable and experienced in the process of selling a house, the paperwork, valuing your house, etc... you could end up in over your head and it costing you more than working with an agent. The largest drawback with going the FSBO route is the amount of time it could take to sell.

Who The FSBO Route Is For

Selling your own house is really great for people who don't need to sell quickly and who have no urgency to get out of the house. Also, people who have a certain comfort level with negotiations, working with offer documents, etc usually like this route. If you need to sell quickly and/or don't want to hassle with everything that goes with listing and selling your house yourself... this isn't the strategy for you.

Selling Your house to A Real Estate Investor

You Decide What's Best

A **You Connect**

with the investor and submit your information about your house and situation to them.

B **Investor Evaluates**

the house. They will also determine if any repairs are needed, find out what your goals are, and make an offer that fits their buying criteria and helps you reach your goals.

C **You Decide**

If it works for you or not, You review the offer along with other personal factors and decide if it is the best route to take..

D **If it's a Good Fit**

closing happens at a title company and the title company prepares the documents... the investor buys with all cash so it's a quick close and you get your cash quickly.

E **Sale is Complete**

You and the buyer show up at the closing table and complete the purchase.

The process can take from 7-30 days (many times investors can close within 7 days if you need it to). It is the option that many sellers go with when they need to sell their house fast with little hassle.

Cost: The cost to sell your house to a real estate investor is very low. There are no commissions or fees and often times the investor will actually pay for 100% of the closing costs as well. This immediately eliminates thousands in costs that you would have to pay when working with an agent or selling the FSBO route.

The main cost with working with a real estate investor is the fact that an investor can't pay full retail value for a house. They usually look to buy houses at discounts that allow for them of course to turn a small profit on the deal… just like any other business turns a profit. But, for many people… selling at a lower price makes sense in return for the elimination of commissions and fee and the much faster timeline to sell your house.

What many people don't take into consideration are the "carrying" costs when selling a house with an agent or the FSBO route. Carrying costs are all of the costs associated with owning and maintaining the house. The mortgage payment, taxes, insurance, utilities, HOA fees, etc. These can really add up. If your mortgage payment (including taxes and insurance) is $1,500… and you work with an agent and it takes them 8 months to sell the house at full market value… that means during the 8 months, you paid $12,000 in payments on that house (which we all know most of your mortgage payment is interest going straight to the bank). Plus, you'll be paying the commissions, etc. So, in the end, you could net in your pocket less if it takes a long time to sell your house with an agent for full retail value… versus selling very quickly to an investor at a discount today.

A similar situation we're all familiar with is trading in your car to the dealership when you buy a new one. Most people trade in their car to the dealership to eliminate hassle and headache. We all know the dealership is paying a discounted rate and will turn around and sell your car for a markup and make a profit. But, because of the convenience and speed… it makes sense for you to sell it for less money in return for not having to worry about taking it home, spending money on marketing it, and trying to sell it yourself.

Timeline: The timeline to sell your house when working with a real estate investor can be very quick. Since investors buy with all cash (they don't use conventional banks which take more time)… they can close very quickly. Many times, you can have an offer on your house in less than 48 hours… and can close in less than 7 days from the time you accept it (sometimes it may take a week or two).

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PROS: Pros: It's less headache, you could have your house sold this time next week if you wanted to, no fees or commissions, many times the investor will pay all closing costs as well, and the closing happens at a title company just like with an agent... making sure it's done correctly. In addition, most investors will buy your house "as-is" and won't require you to repair anything, clean anything up, or even remove everything from the house. They'll pay for those costs themselves after the sale is closed.

Cons: Just like with anything, there are drawbacks. The main drawback may be that you are selling at a slight discount in return for the speed and convenience that a real estate investor is able to offer. If you're able to work with an agent and the agent is able to sell your house for full market value within 3 months (and you can wait 3 months)... you may be ahead going that route. But, if it takes longer than 3 months for the agent to sell it... the "carrying" costs we mentioned earlier start to eat away at any gains you may have working with an agent.

Who's Selling To Real Estate Investors?

mainly for people who are willing to sacrifice a little bit on the sales price in exchange for a fast convenient sale with no hassles. If you need to sell quickly (days or weeks rather than months), investors can close quickly. If you don't want to hassle with repairs or cleaning up the house, make Ready can actually will take care of that for you. Investors are able to get a good house at a fair price that leaves them room for a profit... and you are able to get out from under the house and the payment and can move on more quickly.

Conclusion

In the end, there's no one-size fit's all solution. If you have lots of time and aren't in a hurry to sell... seriously consider going the FSBO route first to see if you get any bites. Then, if you still have lots of time (you don't care if it takes longer than 6 months to sell) you may work with an agent.

Benefits

However, if you need or want to sell quickly.... maybe you're in foreclosure, or you inherited the house and don't want to mess with the hassle, or you've moving, or you already bought a new house and can't handle two payments anymore, or any other situation that calls for a fast and no hassle sale... working with a local real estate investor may be the way to go.

Trust Yourself

Just like with anything, do your research and make sure you trust the investor you're working with and make sure the actual closing is done at a reputable place like a title company. The vast majority of real estate investors out there are honest and do great business. Work with those ones, ask for references if you'd like, and trust your gut