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# SELLING YOUR HOUSE

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Putting your house up on sale is one task that gives the bravest of braves the jitters. But with so many resources to help nowadays, there is really no need to worry. There are books, blogs, real estate advisors and other resources on the internet that can guide you through the process.

As you might be aware, there are three main routes you can choose from when you want to put your house on the market. You can either hire a real estate agent, sell the house yourself or sell it to a real estate investor.

Different things work for different people. Only you know what is best for you and your house. Let's briefly take a look at these options and consider their pros and cons.



## Route 1: Hire a real estate agent

Let's quickly go through the main steps involved in this option –

- First you need to do some homework. Ask around and use the local resources to find the values of the houses in your locality.
- Clean up your house.



- Check if there are any upgrades you need to make. The real estate agent will guide you with this once you hire one. But it is best to get a rough idea in your head.
- Check your mortgage documents to get any idea of how much you exactly owe on the house
- Research to find a good, reliable real estate agent. Ask friends, family that lives locally, colleagues for their experiences. Read reviews online.
- Once you find a good real estate agent, you hire them to get your house sold.
- This process takes a long time (approximately 6 months), so make sure you have that kind of time on your hands when you decide to go this route.
- Once you sign the listing agreement with the agent, he/she will add your property to the Multiple Listing Service (MLS) of that region.
- After this everything is pretty much in the hands of the agent. The agent will take care of the marketing, suggest improvements to the house to make it more saleable, bring potential buyers to your house for showings etc.
- If and when the property sells, the agent takes care of all the negotiations, inspections, paperwork etc.
- The agent also collects a 3% fee from you – the seller for their services. Another 3 % of the house cost goes to the agent on the other side i.e. the buyer's agent.

### *Pros –*

- ✚ The agents have a lot of experience in the buying and selling of houses and also know the market well. This works in your advantage.
- ✚ Marketing, arranging showings, paperwork, negotiations are all the agent's responsibility. You don't have to worry about any of that.
- ✚ The agents have access to the MLS.
- ✚ Once the house gets sold, you get the full market value minus the agents' fees.

### *Cons –*

- ✚ Hiring a real estate agent definitely reduces the amount of money you get after selling your property. You pay 3% of the total price to agents on each side.
- ✚ Retail buyers sometimes ask you – the seller to cover the closing costs.
- ✚ It's not a quick process. Sellers going this route should be prepared to keep their house on the market for 3-6 months at least. Sometimes even up to 12 months.

### *Costs –*

3% of the price of the house goes to your agent and another 3% goes to the buyer's agent. For a house of approximately \$300,000, around \$18,000 gets spent on the agents' fees.

## Selling the house without hiring a real estate agent

The next two routes are for sellers who do not wish to hire an agent.

### Route 2: Sell the house on your own

Of late, this method of selling your house on your own is becoming very popular. Let's walk through the steps involved in this particular route –

- It starts from determining the value of your house. This needs extensive research. The most reliable method is to get an appraisal done.
- Once you determine the value of your house, you do the necessary upgrades, clean up etc. and take good pictures of the property. Inside, outside, yard, pool etc.
- Then you gather all the necessary information e.g. size in square feet, number of bedrooms, number of bathrooms etc. and create a listing on a For Sale By Owner(FSBO) site.
- Make sure you also put up a FSBO sign in your yard. The more the marketing the better!
- There are many other avenues of spreading the word that you would like to explore – advertising in the local newspaper, creating a Facebook page, handing out pamphlets etc. Whatever is feasible for you.



- o Once the marketing is done, you must organize showings or open houses on your own.
- o All the necessary paperwork and negotiations for the sale are done by you – the seller.

### *Pros –*

- ✚ The biggest advantage of going this route is the saving in agents' fees.
- ✚ You make all the decisions, change plans as you want, everything happens on your schedule. You are the boss!

### *Cons –*

- ✚ It involves a lot of research, legwork and paperwork. All done by you.
- ✚ If the seller does not have enough real estate experience/knowledge, he/she can fail majorly at the task ending up losing a lot of money.
- ✚ Generally, takes a long time.

### *Costs –*

It usually costs between \$100 and 1000 to list your property on a FSBO site. Other expenses include costs to fix/upgrade the property and choosing to pay 3% of the price to the buyer's agent.

## Route 3: Sell the house to a real estate investor

A third option worth looking into while putting your house on the market is working with a real estate investor. Real estate investors buy properties in "as is" conditions and then flip them or fix them up and sell them for a higher price to earn a profit. Sometimes they even hold on to the property and rent it out. Now let's learn a little more about this process –

- o The seller needs to do a lot of research to find a local real estate investor with a good reputation. There are many scammers out there posing as investors, so getting references and finding a reliable investor is very important.



- o Once the seller connects with the investor, the latter will assess the house, determine its value and see if it needs any repairs/upgrades.
- o Depending on the evaluation, the investor makes an offer almost immediately.
- o If the seller is happy with the offer, the sale takes place at a title company. The seller does not have to worry about the paperwork. It will be managed by the title company.
- o Real Estate Investors generally buy with cash hence the sale takes place fast and that's the end of it.

### *Pros –*

- ✚ The most hassle-free of all the options. All you have to do is find a good investor and the rest is taken care of.
- ✚ A very quick process. Sometimes people close in a week.
- ✚ No commissions or fees to be paid to the investor.
- ✚ No cleaning or upgrades to be done. The house will be bought "as is".
- ✚ No inspections or financing approvals required.

### *Cons –*

Real estate investors buy houses to flip them. They upgrade or make repairs to the houses and earn a profit by selling them at a much higher price. Also, they take a significant risk by buying the house "as is" and making a quick sale. For all these advantages, the offers they make are much lower than market value. This can be considered as a discount you give for the quick, hassle-free sale.

### *Cost –*

The main cost incurred by a seller selling to an investor is the discount on the price of the house. Other than that, there are no commissions or fees involved.



## Which is the best route for you?

Now that we have familiarized ourselves with all the alternatives, let's try to compare their specifics –

- ✚ **The time factor** – selling your house to a real estate investor is the quickest of all the alternatives. Like we mentioned above, some investors can close deals within 7 days too! So, if the sale of your house is time critical, this is the best option.
- ✚ **The cost factor** – hiring an agent is the most expensive option because it includes commissions that come up to 6% of the price. When you sell to an investor you have to give a significant discount on the selling price. No other costs after that. When you sell on your own, the only mandatory expense is the fee for listing on the FSBO site. All other expenses – upgrades, paying the buyer's agent commission etc. are optional.
- ✚ **The hassle factor** – selling your house on your own, is a whole lot of work! Everything from cleaning, fixing, marketing, arranging showings, negotiations and a lot more is all your responsibility as the seller. It helps if you have experience in the real estate field. If you are a complete newbie, this may not be an advisable option for you.

Like the phrase goes – “Different folks, different strokes”. What works for one individual or family may not work for another. Every person's situation and reason for selling their house is unique. The key is to carefully weigh the pros and cons of each option and find what works best for you.