



For Sale by Owner (FSBO)

Topics Covered:

- Forms You'll Need to Sell Your Home
- 17 Service Providers You'll Need When You Sell
- Open House Safety Tips
- How to Prepare for the Open House
- Is Your Buyer Qualified?
- Tips for Pricing Your Home



Forms You'll Need to Sell Your Home

- 1. Property disclosure form.** This form requires you to reveal all known defects to your property. Check with your state government to see if there is a special form required in your state.
- 2. Purchasers access to premises agreement.** This agreement sets conditions for permitting the buyer to enter your home for activities such as measuring for draperies before you move.
- 3. Sales contract.** The agreement between you and the seller on terms and conditions of sale. Again, check with your state real estate department to see if there is a required form.
- 4. Sales contract contingency clauses.** In addition to the contract, you may need to add one or more attachments to the contract to address special contingencies — such as the buyer's need to sell a home before purchasing yours.
- 5. Pre- and post-occupancy agreements.** Unless you're planning on moving out and the buyer moving in on the day of closing, you'll need an agreement on the terms and costs of occupancy once the sale closes.
- 6. Lead-based paint disclosure pamphlet.** If your home was built before 1978, you must provide the pamphlet to all sellers. You must also have buyers sign a statement indicating they received the pamphlet.

Checklist: 17 Service Providers You'll Need When You Sell

- ☐ Real estate attorney
- ☐ Appraiser
- ☐ Home inspector
- ☐ Mortgage loan officer
- ☐ Environmental specialist
- ☐ Lead paint inspector
- ☐ Radon inspector
- ☐ Tax adviser
- ☐ Sanitary systems expert
- ☐ Occupancy permit inspector
- ☐ Zoning inspector
- ☐ Survey company
- ☐ Flood plain inspector
- ☐ Termite inspector
- ☐ Title company
- ☐ Insurance consultant
- ☐ Moving company

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Open House Safety Tips

An open house can be a great sales tool, but it also exposes you to numerous unfamiliar people for the first time. Stay safe by practicing these guidelines.

- Call the local police department and ask them to have a squad car drive by during your open-house hours.
- Check your cell phone's strength and signal prior to the open house. Have emergency numbers programmed on speed dial. Carry an extra, fully charged cell phone battery.
- Determine several "escape" routes that you can use in case of an emergency. Make sure all deadbolt locks are unlocked to facilitate a faster escape.
- Turn on the lights and open the curtains. These are not only sound safety procedures, but also great marketing tactics.
- Make sure that if you were to escape by the back door, you could escape from the backyard. Frequently, high fences surround yards that contain swimming pools or hot tubs.
- When prospective buyers begin to arrive, jot down their car descriptions, license numbers and physical descriptions.
- When showing the house, always walk behind the prospect. Direct them; don't lead them. Say, for example, "The kitchen is on your left," and gesture for them to go ahead of you.
- Notify a friend or a relative that you will be calling in every hour on the hour. And if you don't call, they are to notify the police immediately.
- Inform a neighbor that you will be showing the house and ask if he or she would keep an eye and ear open for anything out of the ordinary.

Source: National Association of REALTORS® Safety Week kit

How to Prepare for the Open House

- **Advertise your open house.** Ideally you should advertise both the weekend before and the weekend of the open house. Check with the local paper to see when their ad closing deadlines are.
- **Create a property summary sheet.** This sheet gives prospective buyers an overview of your home. Include dimensions for each room, copies of a property survey, summaries of utility costs and property taxes, and a list of when capital items such as roofs and furnace were added.
- **Develop a sign-in form for prospects' addresses.** You'll ideally want both phone numbers and e-mail addresses to follow up with prospective buyers.
- **Put up signs.** One or two days before the open house, place directional signs at major intersections within three to four blocks of your house. Be sure you check on anti-sign regulations in your area.
- **Get your house ready.** Remove clutter, clean your house, wash your windows, add flowers, turn on lights, open draperies and blinds, remove valuables and breakables, confine pets, turn on soft music, and set up a table for your property fact sheet near the entrance.
- **Develop a follow-up sheet.** Getting feedback on your home from prospects who attended your open house will give you a better understanding of how to make your home more appealing to buyers.



Is Your Buyer Qualified?

Unless the buyer who makes an offer on your home has the resources to qualify for a mortgage, you may not really have a sale. If possible, try to determine a buyer's financial status before signing the contract. Ask the following:

1. Has the buyer been prequalified or preapproved (even better) for a mortgage? Such buyers will be in a much better position to obtain a mortgage promptly.
2. Does the buyer have enough money to make a downpayment and cover closing costs? Ideally, a buyer should have 20 percent of the home's price as a downpayment and between 2 and 7 percent of the price to cover closing costs.
3. Is the buyer's income sufficient to afford your home? Ideally, buyers should spend no more than 28 percent of total income to cover PITI (principal, interest, taxes, and insurance).
4. Does your buyer have good credit? Ask if he or she has reviewed and corrected a credit report.
5. Does the buyer have too much debt? If a buyer owes a great deal on car payments, credit cards, etc., he or she may not qualify for a mortgage.

Tips for Pricing Your Home

- **Consider comparables.** What have other homes in your neighborhood sold for recently? How do they compare to yours in terms of size, upkeep, and amenities?
- **Consider competition.** How many other houses are for sale in your area? Are you competing against new homes?
- **Consider your contingencies.** Do you have special concerns that would affect the price you'll receive? For example, do you want to be able to move in four months?
- **Get an appraisal.** For a few hundred dollars, a qualified appraiser can give you an estimate of your home's value. Be sure to ask for a market-value appraisal. To locate appraisers in your area, contact The Appraisal Institute (www.appraisalinstitute.org) or ask your REALTOR® for some recommendations.
- **Ask a lender.** Since most buyers will need a mortgage, it's important that a home's sale price be in line with a lender's estimate of its value.
- **Be accurate.** Studies show that homes priced more than 3 percent over the correct price take longer to sell.
- **Know what you'll take.** It's critical to know what price you'll accept before beginning a negotiation with a buyer.

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