

## **Some Reasons Why Owners Consider Selling Their Own Homes**

**Saving the Commission** - The principal reason that owners make is that they can save the commission by selling their home by themselves. Experience proves that this usually is not the case. Buyers today are knowledgeable. They feel, whether it is true in particular instances or not, that a.) Owners overprice their homes and b.) That what the owner really expects and wants to get for his home is inflated by the amount of the commission in order to cover advertising and other expenses required in the sale of a home.

**Qualifying Inexperience** - The owner, unless a former real estate salesperson, or with other special applicable experience, has had neither the training nor experience in qualifying buyers from all aspects, including financial ability of the purchaser to buy a home. Thus, prospects are lost through poor qualifying, or as in many cases, is not only lost but also much valuable time and often expenses, with the necessity of starting all over again.

**Get "Lookers"** - Homeowner ads bring a great many lookers who are not really qualified to buy, wasting owner's time and perhaps losing a real prospect for him. Brokers bring people to inspect homes who are qualified financially to buy and who are definitely interested in the specific type and location of home.

**Difficulty in Purchaser Negotiations** - Owners are typically inexperienced in real estate transactions and frequently encounter difficulties in negotiations on possible concessions, price and other matters, which might lose a qualified prospect. The broker as the "impersonal, professional go-between" is in a far better position to handle negotiations that will lead to a sale.

**Prospects Hidden Objections** - Prospects often are reluctant to bring out and discuss objections with the owner because of the personal element involved. They do not want to put the owner in the position of defending his own home. Thus, an owner can't represent himself properly with many prospects because the owner does not know that the prospects have unrevealed objections.

**Inexperience in handling Objections** - Techniques for handling objections professionally and effectively are the most difficult of all techniques to master in selling. Almost never does a home owner have any such training and experience. Thus, when major objections of any type are raised, which the professional real estate representative can handle, the inexperienced owner does not know how to proceed properly. The possible sale is lost. In addition to objections on price, buyers are certain to raise as many objections as they can on other points, putting the home owner at a serious disadvantage in trying to sell his home.

**The Urgency Situation** - When the time in which a home must be sold is limited, it is very unwise for an owner to take any of that time to try to sell the home himself, When he fails, which is often the case, a broker finally selected does not have enough time to

market the home properly to get it sold, depending on the market, before the owner moves out to leave the house vacant. A vacant house, even when redecorated, usually is much more difficult to sell than one which is being lived in.

Problems on Financing - Even though the buyer is theoretically supposed to secure his own financing for the purchase of a home, the financing normally is arranged by the selling broker. Since the selling broker is placing a great many loans, and usually through several lending institutions, he is in a position to get a quicker and often more favorable loan than the purchaser can on his own or working with the home owner-seller.

Lack of Prospect Sources - It is a truism in real estate selling that the more exposure a home has to qualified buyers, the more likely there will be a quicker and more favorable sale. Most owners are very limited in their sources for prospects, friends and neighbors, organization bulletin board and homeowner advertising. The successful broker has a large and constantly renewing flow of prospects from which to pre-select qualified buyer's for the owner's home.

Lack of Advertising Exposure - The owner is advertising one home - his own. The broker on the other hand is advertising many homes by comparison. It is frequent that a prospect will call a broker on one ad but buy a home other than the one he called on first. Thus, through advertising, the broker provides many possibilities for qualified prospects.

Lack of Follow-up System - Homes are frequently sold on second visits, which have been brought about by the real estate representative. The broker has a follow-up system on all prospects who haven't yet purchased a home. Usually the broker representative accompanies prospects on inspection of other homes, and when the situation is logical, brings the prospects back to a home they've already seen and which seems better than anything they've inspected. The owner can take none of these steps with only one home to sell. Often, visitors to an owner for sale open house will refuse to give their names to the owner so that he can follow up on them. Again, the owner is at a distinct disadvantage.

If Purchaser has Home to Sell - A prospect may want a home an owner is offering for sale but must sell his own home before he can buy. In such a situation, the position of the owner is virtually hopeless. The broker, on the other hand, can usually work a "trade" home, so that he can buy another home that he wants.

Owner Expense - The owner may incur considerable expense in even succeeding in selling his home at a somewhat reduced price. Such expenses can include newspaper advertising, cost of sale sign, legal fees, etc. When the amount of the price reduction and the expenses are added up, the owner has netted little if anything, over what he would get from a broker sale. When he fails to make a sale these costs are pure loss. The broker assumes, as a part of his services, the expense for advertising, and can approve with assurances contracts an owner might have to take up with an attorney and take the responsibility for other marketing expenses to get the home sold within the time required.

Lack of Home Selling Experiences - Homebuyers today are usually "shoppers", which means they want to see several homes as a basis for comparison in making a decision. Here the home owner is again at a great disadvantage. Home selling has become a profession requiring a high degree of skill and experience. The owner, without previous real estate experience, does not know how to show a home professionally, to present benefits, and use closing techniques that bring results. Thus visitors, whom the professional real estate representative could turn into a buyer, are lost by the owner. And more time passes without the home being sold.

Buyer's Reluctance on Inspection Details - Related to the home showing are several details which may not at first seem of great importance but often are. Many buyers, when they are going through a home with an owner, are reluctant, or will not, open closet and cupboard doors, medicine cabinets, etc, because they feel they are intruding on the privacy of the owner. This feeling does not exist with the impersonal real estate representative. Women are particularly interested in closets, cupboards, and bathroom cabinets, and not inspecting them can dampen interest and lose a sale.

Don't Know How to Justify Selling Price - Most prospects do not make buying decisions until they feel the selling price is right and justified. Rarely does an owner have a record of sales of closely comparable homes in a general area as one justification for the selling price. Nor does the owner know how to "build up" facts and features about the home, the area, and possible future developments that will result in a good yearly appreciation in value, which is a significant factor in justifying the selling price.

Under pricing Danger - Owners are not familiar with often rapidly changing market conditions, and the characteristics of the supply and demand for a particular type of homes in particular locations, as is the experienced professional broker. As a result of such ignorance, owners do sometimes under price, and by the time all costs and expenses are paid, considerably less is netted than if the sale were handled through a broker.

Not at Home Problem - Rarely can either the husband and wife be at home virtually all the time to receive visitors. When the visitors find nobody home often they go on to look at other homes and do not return to the home which no one is home to receive them. The real estate representative, with a key to the home, is available to show the home at virtually any time, except at certain hours the seller might exclude for personal reasons. When prospects drive by, like a property from the outside, they simply take the address and the broker's telephone number from the sign, then call their real estate sales representative to arrange for a showing.

Any Strangers Have Access to your Home - The "For Sale By Owner" sign in the yard is an invitation to anyone to ask to see the home. While such occurrences may be infrequent, it has happened, and can happen, that undesirable strangers gain access to the home when the wife is alone. There also have been instances when thieves have posed as prospective buyers to learn what might be of value in the home, which they can later steal when no one is home. If the sign is only in the yard when the husband is home, this means that good "drive-by" prospects may be missed. The real estate representative, on the other

hand, pre-selects those who will be shown the home, making as certain as possible that the people are legitimate home buyers. Those with felonious or criminal intent do not take the risk of being accompanied by a licensed representative, who later could be a witness against them.

Problem of "Outside Lookers" - Some potentially good prospects for a home will drive by, see the "For Sale By Owner" sign but for some reasons might not be impressed by the exterior appearances or nature of the property. Yet the interior features may be just what the prospects want. The interior benefits may considerably outweigh the negative first impressions of the exterior. So the prospects drive on and are lost. With a broker's sign in the yard, there is a reasonably good chance that the "drive by" might call the broker about the home, thus learning that the interior offers what they really want.

Lack of Future Interest - Many buyers often feel that the owner has no future interest in them, the real estate representative definitely does. The owner sells, moves away and no local and personal contact can be established in case any problems arise that are not evident at time of purchase. The buyer knows that the real estate representative has a future interest in him as a satisfied customer, as a source of referrals, and in the case the buyer later has to move, in getting the selling representative for the home. The buyer accepts far more readily the representations of the real estate salesperson. With some buyers this knowledge or supposition of a lack of future interest deters or prevents the buyer from negotiating directly with the owner.

"Grain of Salt" Problem - Many buyers feel that sellers are not objective about their homes and are emotionally involved where as the real estate representative is not. Emotional involvement means that the owner, especially in a typical family without serious frictions, sees everything about the home in a more favorable light than may be justified objectively. As one buyer once said, "You've sure got to take everything owners selling their own homes say with a grain of salt." They see the home in the light of what it has meant to them and not from the viewpoint of possible buyers. The sellers have gotten used to things that a buyer would not like. They are emotionally involved and do not see the buyer's viewpoint. When buyers, as many do, have the "grain of salt" attitude, the owner again is at a disadvantage in getting his home sold.

The Settlement Problem - once seller and buyer sign a contract, a complicated process starts which leads to the date of settlement when the owner gets his payment for the home. The process involves loan processing in which "snags" or more serious problems can arise, the legal aspects of title and deeds and the possible easements and other factors involving the final transfer of property from the old owner to the new owner. These and other matters must be coordinated on a time schedule that will assure completion of the various steps in time for the settlement date. The purchase must be advised on all that he must do and it must be assured that he does what is required. Such as bringing the certified check that will be required of him at settlement time. When concessions are involved and the owner must fulfill certain conditions before settlement. Such conditions must be met before settlement can take place.

Rarely, by experience or competence can the owner set up the necessary program and schedule that will lead to the settlement and make sure that everything is done, when it should be done, including preparation with the closing agent.

Market Age Problem - When the owner fails to sell his home himself as a consequence of any of the factors listed preceding Point 23, and the home is on the market for any fairly long period of time, it acquires what is known as "market age." Market age is a deterrent to later selling at the proper market price. Buyers invariably ask, "How long has this home been on the market?" If for any length of time, after the exposure it may have had when advertised, buyers tend to think something must be wrong or the home would have been sold. Thus, they become much more objective.

*(Source: <http://gibbons-realty.com/fsbo.html>)*