



*PRESENTS*

**HOW TO MARKET  
YOUR OWN HOME**

# TABLE OF CONTENTS

	Page Number
<b>Foreword</b>	2
1. Preparation Of The Home	2
2. Pricing	3
3. Creative Financing	5
4. Marketing Your Home	5
5. Pre-Qualifying Your Prospects	6
6. Showing The Home	6
7. Negotiations	7
1. The Low-Ball Offer	7
2. Split The Difference	7
<b>Conclusion</b>	8

# HOW TO MARKET YOUR OWN HOME

## FOREWORD

Marketing one's own home is not for the soft-hearted, but for those of you who want to experience the challenge and save a bundle of money at the same time, it's worth the effort. Brokerage fees are costly and cut into your own profits. For example, a broker will typically charge you 5% to 6% of your home's sale price. This means that if you sell it for \$100,000, you must pay the broker between \$5,000 to \$6,000 in commission. This fee is deducted from your proceeds. Homes are sold every day by people like you who have decided that they don't want to depend on a real estate broker to sell the most expensive and emotionally binding asset they have ever owned. Although marketing your own home is not an exact science, there are techniques which you can apply that will assist in simplifying and increasing your chances of success. If you follow the tips that I provide in the booklet, you are sure to experience a more rewarding and exciting time marketing your own home.

## 1. PREPARATION OF THE HOME

In order to sell a home for the most money in the shortest amount of time, it must be properly packaged. In other words, the house needs to be prepared for the process of having complete strangers look at it from a totally different perspective than you do. Many times, familiarity can be your worst enemy. This means that as you become accustomed to a space or a particular style of living, you may become unaware of certain negative features of your home or may become so used to them, that you expect others to do the same. For example, some pet owners may not realize that their home has a strong pet odor - so strong, as a matter of fact, that a stranger's nose hairs curl when he enters the dwelling! Therefore, if you own a pet, have your carpets shampooed and purchase pot-pourri or a plug-in deodorizer to freshen the air. Another example of negative packaging is clutter. Many times, people become accustomed to living amidst piles of newspapers, papers, clothing, dirty dishes and God knows what else! This can be a total turn off for a potential home buyer. Cleaning up the clutter will not only give you a sense of satisfaction and prepare you for your upcoming move, but it will increase the probability of a sale. The most inexpensive way to prepare your home for marketing is to paint it. This is something that you can do yourself for a small amount of money and will bring you a higher purchase price in a shorter amount of time. Make painting the inside of the home a priority.

Stick to neutral colors such as white or off-white and stay away from bright or vivid colors such as orange or purple! If the exterior of the dwelling has peeling paint or appears worn, paint it too. If this is too costly an investment, then spruce up the entryway by putting a fresh coat of paint on the door, buying a new doormat, and perhaps placing

a small seasonal wreath on or near the doorway. The next area of consideration is the yard. Apply the same concept regarding clutter as you did for the inside of your home. Clean up and discard all debris in the yard. Remove or repair broken fences, swing sets or other neglected items. If you have a pool, make sure you open it as soon as the weather permits. Having sparkling clean water in the pool on a sunny day can be a great selling point. Sweep your driveway, patio, deck and walkways. Make sure your grass is always cut and keep all shrubbery neatly trimmed. Plant flowers and flowering shrubs in the Spring and Summer so that the exterior will look attractive and appealing. Seasonal decorations can also make the home look inviting. For instance, pumpkins and gourds neatly placed in the Fall or an attractive wreath or menorah during their respective holiday seasons will work well. Be careful not to make your home look gaudy. For instance, don't hang Easter eggs from your trees or fill your yard with plastic reindeer!

Once you start to focus on sprucing up your home, you will begin to feel the true pride of ownership. This feeling will be conveyed to prospective purchasers, who will in turn be more apt to want to share that pride by purchasing your home!

## 2. PRICING

If you've lived in your home for a long period, or if you've invested a lot of time and money through the years, you tend to become emotionally attached to the place. When the time comes to place a monetary value on the home, your judgment may become clouded by memories that have little to do with the true worth of the house. Although you may think that your house and its charm are priceless, the fact of the matter is that you need to sell it at a price that is comparable to those in the neighborhood that are similar to yours. For this reason, I recommend that you obtain an appraisal in order to determine the price at which the home will sell. It is the single most efficient and reliable guide to pricing a home. Make sure that you hire a State Certified Appraiser and that you request that the report be based on market value. An appraisal should cost around \$250 to \$300 for a residential dwelling. It is money well spent, because it will provide you with accurate data which will allow you to maximize your selling price in an efficient time period.

Next, you must decide how fast you want the home to sell. This is critical, because you need to price the house according to your desired time period. Remember that once the price is set, it's difficult to raise it without turning off perspective purchasers. If you need to sell fast (within 2 to 3 months), I recommend that you price the home 10% below the appraised value. This should generate enough interest and excitement to sell it quickly. If you are interested in selling the home in a normal (6-8 month) marketing period, then price the home at its appraised value.

### 3. CREATIVE FINANCING

In this market place, many people are stuck with homes that have fallen in value, and some have even fallen below the outstanding mortgage balances. If you find yourself in this situation and cannot perform a workout with your bank, then you'll need to become creative in your selling efforts. One way to do this is to sell the home with a lease option. This is where the home is rented for a period of time to a prospective purchaser who will then exercise his option to purchase at the end of this period. A portion of the rent is usually applied towards the down payment for the purchase. The advantages to the purchaser are twofold. First, he or she is able to move into the home for no money down. Secondly, the lessee is given the opportunity to accumulate a downpayment which he or she might not have otherwise been able to do. This works for purchasers who have good income but have not been able to save enough money for a downpayment. The main advantage to you the homeowner, is that you can usually obtain more money for the home. This is because you are offering an opportunity to someone who ordinarily would not have been able to purchase the home. He or she should be willing to pay between 10-20% more for that privilege!

Another type of creative financing is to offer below-market financing by buying down the purchaser's interest rate. For example, if the prevailing interest rate is 9% for a fixed rate mortgage, you can offer a mortgage with an 8% rate for two years that then reverts to 9% for the remaining term of the loan! To accomplish this, you must find a mortgage broker who is willing to work with you in this manner. As a potential seller, you need to explain your plan to the mortgage broker and ask him what he will charge to offer this service. He will simply calculate the lost interest for the two year period which you, the seller, will pay. If the mortgage was to be set at \$100,000, then the example above would command a payment of \$2,000 in order to buy-down the rate. This small investment should reap a large return in your final sales price!

### 4. Marketing Your Home

The main area to focus on when marketing a home is exposure. There are many ways to accomplish this. Nevertheless, you'll have to be creative so that you don't spend a bundle on advertising and still reap the benefits of available media channels. Word of mouth is still the least expensive and most effective form of advertising. You should tell as many people as possible that your home is for sale so that the word gets out. Networking is an extremely effective tool in marketing a home. One of the most important forms of advertising is a "For Sale By Owner Sign." This is because prospective purchasers inspecting neighborhoods will see your sign as they drive around. In addition, local brokers with customers interested in your area may also see your sign and call. Signs can be made at a local sign shop or purchased at a hardware store. Make sure that you put up a sign that looks professional. Please don't try to make your own out of cardboard or spray paint one onto plywood! It is critical to have a professional sign.

The next area you should focus on is classified advertising. Try and write an interesting ad which stresses attractive and desirable features of the home. Use vivid adjectives that paint pictures, such as: park-like acre, babbling brook, wrap-around deck, quiet neighborhood, estate-like setting, superb school district, owner ready to deal. The main thing to remember is that the ad must attract attention in order to have it be affective. The publications you choose should be within your budget and cover your prospective market. I have found that giveaway publications such as the PennySaver are very effective and don't cost a fortune for advertising. I recommend that you put the words "Principles Only" in your ads so that you don't attract a large number of unwarranted calls from brokers who are soliciting for listings. The next mode of marketing is the flyer. If you have a computer, make a creative professional-looking flyer about your home or have a local graphics shop make one for you. The flyers should be given to all of your neighbors. These people can become your best mode of advertising! This is because they already know and - in most cases - like the neighborhood. They will, in turn, impart this knowledge to perspective purchasers. Many times, your neighbors will have a friend or relative who is looking to move near them. Another place to put your flyer is in local stores like deli's, barber shops and supermarkets, assuming you get permission. I also recommend that you bring flyers to local real estate offices if they will accept them.

Now, I need to bring up a very important issue at this point. Although the goal here is to sell your own home so that you don't have to pay a commission, a half a loaf of bread is better than no loaf at all. In other words, if a broker brings you a buyer and asks for only a 2.5% to 3% commission, rather than the normal 5% to 6% fee for selling the house, don't rule this option out. The main focus should be selling the home for the most amount of money in the shortest period of time with the least amount of problems!

## 5. Pre-Qualifying Your Prospects

If you are going to market your own home, you need to be cautious about being used as entertainment for bored city dwellers looking to take a ride to the country. When people call about your ad or flyer, you must determine if they are serious about buying a home. There is nothing more frustrating than cleaning up the house and staying home on a beautiful day only to be besieged by a family with screaming children that has neither the means nor the intentions of making a purchase. Worse yet is having a potential appointment never show up and not even have the decency to call you. All of this can be avoided if you pre-qualify all potential purchasers on the phone before setting up an appointment. This can be accomplished in a low key manner with a few simple open-ended questions. These are questions which leave the listener in a position of having to give a detailed response other than a 'yes' or a 'no'.

Try and ask the following questions when speaking to potential purchasers on the phone:

1. How long have you been looking for a home?
2. Do you own or rent now?
3. When do you need to move?
4. Are you familiar with my neighborhood?
5. What type of financing are planning to obtain?

Pay attention to the answers, because they will provide tremendous insight regarding the chances of your prospect purchasing a home in the near future. For example, if the person claims that he just started looking at houses, is in no hurry to move and is not familiar with your neighborhood, he is wasting your time. If, on the other hand, the prospect has been looking for six months, has just sold his home, has all cash and needs to find a new home within the next few weeks, roll out the red carpet!

## 6. Showing the Home

When showing your home, make sure that it is neat and clean. If you have pets, be sure that they are out of sight so that they don't jump all over your prospective purchaser. Many people are either afraid of animals or may not share your desire for an excited pet that knocks them over with its enthusiasm! It's also a good idea to have a friend or relative watch your children during showings so that you can comfortably speak about the business of selling.

When your prospect arrives, be friendly, warm and polite, but be careful not to be too chatty. It is always better to listen more than speak, especially when marketing a home. If you have a fireplace and weather permits, have a crackling fire burning. The fire will make the home seem cozy and desirable to the potential purchaser. Another way to create an ambiance is to bake a pie and have soft music playing quietly in the background. Fresh flowers always brighten up a room and keep the drapes and shades open to let in as much natural light as possible. Little touches that are appealing to the senses assist in sharing the warmth and charm of your home. Remember, you want to convey the idea that anyone would love to live in a home like this!

When showing the dwelling, point out features which might not be obvious, such as a sky light that opens or a fireplace that runs on gas. It is also helpful to point out features of the neighborhood such as a local park or a nearby shopping mall. Be honest

and answer as many questions as you can. If they ask a question that you don't know the answer to, offer to find out the information and get back to them at a later date. Showings should begin to generate offers which, in turn, will generate the sale of your home. If you are not getting anyone to come look at your home, you probably need to change your asking price. See Section 2 of this booklet for more information regarding pricing.

## 7. Negotiations

One of the most critical stages in marketing your own home is the negotiation stage. This is where you can make or break a deal and can maximize your potential sales price. Typically, prospective purchasers will make an offer that is below your asking price. Be prepared for any offers and don't get insulted if they seem low. It is common for a sharp purchaser to test the waters by making low offers; especially in a buyer's market. The important thing to remember is that everything is negotiable and what may appear like too low an offer may end up to be an acceptable deal if you play your cards right. Let's use a few typical scenarios to illustrate this.

### 1. The Low-Ball Offer

Suppose that your asking price of the home is \$100,000 and you receive an offer of \$70,000. Assume also that you followed my instructions regarding pricing the property and the \$100,000 is a normal market value. If this is the case, then the purchaser is either trying to steal your home or he is testing the waters. A simple way to determine his motivation is to counter offer at a price close to the asking price and see what happens. I recommend that you counter at \$95,000 in this scenario. If the purchaser does not raise his offer significantly, then you continue to stick close to your asking price. For example, if he counters at \$75,000 then you counter at \$92,000. Just keep in mind the least you will accept for the property and stay firm once you reach this floor. At some point, the potential purchaser will either reach your asking price or will move on to some other property.

### 2. Split The Difference

If an offer is close to your bottom line, there is a fair and low key way to come to an agreement called, 'Splitting the Difference'. Let's use the above scenario as an example. Suppose that the potential purchaser counter offers your \$95,000 with \$85,000. If you offered to split the \$10,000 difference between \$85,000 and \$95,000 the purchase price would then be \$90,000. If this were close to your bottom line, it would allow you to settle the negotiations rapidly and all parties would probably feel like they won. It is important to realize that negotiating should be a win-win situation for all parties involved. This is critical, because if the potential purchaser feels like he's been taken advantage of, he may never make it to the closing table.

A key rule to always remember when negotiating is that if you're at a standstill, the first one to speak loses. In other words, if you have made an offer, wait until the potential purchaser comes back with a counter offer, no matter how nerve-wracking it may feel. Never negotiate against yourself by counter offering your own counter offer! Remember that everyone will move at his own pace and some parties take longer to respond. Have patience. It will pay off in the long run.

A final point to note is that there are two parts to every transaction; price and terms. Since we have already discussed price, I want to say a few words about terms. It is critical that you agree upon the projected closing date and how the home is to be paid for. Many times, people agree upon a price and leave the rest up to their attorneys. This can cause a lot of problems and waste valuable selling time for you if the deal ultimately falls through because of this. Ask specific questions about how much money is to be put down at closing, how the balance is to be paid and when the purchaser intends to close. Once this is established and agreed upon, the information can be given to your attorney so that the contracts can be drafted.

## CONCLUSION

Once the contracts have been signed by both the buyer and yourself, there are just a few final details that you will have to handle.

If the purchaser is obtaining a mortgage, an appraiser will need to inspect your home. Make sure that it shows as well as the time the purchasers saw it. It is important that the appraiser see the home at its best so that the appraised value justifies the mortgage that the purchaser is requesting. The final inspection that will take place is the purchasers' walk-through which is usually done 24 to 48 hours before the closing. This is performed in order to verify that the home is in the condition that it was upon the initial inspection and that all systems are in working order. Once again, prepare the home the same way that you did when the purchaser first looked at it. The final step of the transaction is the closing. This is where you hand over the keys and receive a big, fat check from the buyer! Remember to bring your keys to the closing, bring all of your important papers on the home and your driver's license for proper identification. Once the sale is completed, pat yourself on the back because you have completed the transaction without the help of a professional realtor. This is an accomplishment of which you should be quite proud and has saved you thousands of dollars in commissions!

Good Luck!