



# 10 Mistakes Every For-Sale-By-Owner Should Avoid

CLARA NGUYEN - CIR Realty



1. Drafting the real estate contract on your own. Although you may be tackling the challenge of selling your property on your own and handling the marketing, showing and negotiating details...trying to do the legal side of the real estate transaction is something most all for-sale-by-owners (FSBOs) should

avoid. It is always good practice to hire an attorney to help with your real estate contract if a REALTOR® is not representing you in the transaction.

2. Failing to disclose defects, especially if they are hidden, that the FSBO has knowledge of. Failing to disclose a material defect in the property can become a major liability in the future, even after the sale. Under common law, a person (the seller) cannot misrepresent or negligently withhold knowledge of any material defects in the property. Things such as: mechanical and structural defects that have occurred over the owner's ownership. For example, this could include, but is not limited to, water penetration issues (flooding), asbestos, substantial cracking in the foundation, etc.

3. Failing to disclose if proper development permits were not obtained and the FSBO has knowledge of that lack.

4. Neglecting to register all potential buyers who preview your property. Although everyone that comes to look at your home may appear and seem to be a potential buyer, in reality, some

people previewing your property have more in mind than buying your home. It is always a good idea to make note and register potential buyers, along with their license plate numbers and other details, in case a problem was to occur after the sale, such as a theft or loss of personal property. Also, keep your personal safety top of mind...don't meet strangers along at your property!

5. Providing too much information. Sometimes sharing too much information during the showing of the property can make it appear as though you're desperate, or that something is wrong with the property. This mistake is not encouraging you to hide information from the buyer, but just to remind for-sale-by-owners not to appear overly enthusiastic in selling their real estate.

6. Failing to provide a Real Property Report (RPR) with municipal compliance. It is generally the seller's responsibility to provide a survey of the land and property being sold, which reflects the current state of the property.

**7. Pricing your property incorrectly.** Even though most for-sale-by-owners want to sell their property on their own because they want to save on paying real estate commissions to a REALTOR®, studies have shown that most for-sale-by-owners end up selling their property for less money than what it is actually worth. While you may be planning on selling the property on your own, it is always a good idea to have an independent appraiser or have a REALTOR® offer you an opinion on price, so that you can feel confident that you have priced your property accurately.

**8. Most for-sale-by-owners are not used to negotiating price and other terms during the real estate transaction.** Understanding important issues such as deposits, possession, payout penalties associated with your mortgage financing and implications of other terms can all play a major role in the negotiation of a purchase contract. It is also very important to keep your emotions in check during negotiations. FSBOs can have too strong of an emotional attachment to their property and take things personally during negotiations.

**9. Understanding the difference between terms in a contract and conditions.** It may be easy to get an offer to purchase on your property as a for-sale-by-owner. However, what buyer conditions have been placed in the verbiage of the contract? How quickly must the buyers get their loan approval? What about property inspections? Understanding conditions can play a major role in determining whether your real estate deal will close or not.

**10. The closing.** It is always a good idea to make sure the transaction is handled by a lawyer who understands real estate contract law in depth.

These are only ten mistakes that many for-sale-by-owners make when trying to go down that long road of selling their property on their own. Naturally, as a real estate professional, I encourage all potential home sellers to use the services of a qualified REALTOR® and lawyer when selling your home. If you choose in the future to secure the services of a REALTOR®, I would love to have the opportunity to visit with you and share my home marketing strategies with you.

