

FSBO....Is It Right For Me?

For Sale By Owner, or FSBO as it is commonly referred to, involves selling your home without the assistance of a licensed real estate agent. The primary reason for someone to sell their home without a licensed real estate agent is to avoid paying a real estate commission. Since real estate commissions for residential property on Guam generally range from 4% to 6%, some sellers see this as an opportunity to save money, or an opportunity to reduce their asking price in hopes of being more competitive in marketing their home. But let's take a closer look at what's involved in a FSBO transaction and I will leave it to you as to whether or not it makes sense for your particular situation.

Step 1: Pricing Your Property

As the saying goes, "Information is Power", and the more information you have about the real estate market, the better prepared you are to establish an accurate asking price. Do you have the time and ability to access the market information needed to price your property competitively, thereby avoiding the pitfalls of overpricing and not getting offers, or underpricing and selling yourself short? Do you have access to information on comparable property sales? Are you willing to spend money on an appraisal to determine a proper estimate of your property's current value?

Step 2: Marketing Your Property

Once you decide on an asking price, how are you going to market the property? There are a lot of things to consider when marketing your home. Who is your target market, that is, who is most likely to buy your home? Once you determine that, how do you plan to advertise your property? What types of ads should you create and what types of media do you intend to use (newspapers, magazines, signage, social media, etc.) to maximize your property's exposure? In today's world, the successful marketing of real estate relies in large part on social media. Do you have access to an online internet listing service? Do you have a website devoted to marketing your property, a Facebook page, and/or an Instagram account?

Step 3: Preparing and Showing Your Property

Ok, you've set your asking price and you've put together your marketing plan. Now you need to make sure that your house makes a good impression on prospective buyers. Do you know how to stage or prepare your house so that it has good "curb appeal" and emphasizes its positive features? First impressions matter in real estate! In addition, do you have the time to schedule showings for prospective buyers, understanding that most buyers have a high sense of urgency when house hunting, and that you need to work around their schedules, not yours?

Step 4: Negotiating an Offer on Your Property

Assuming you find a suitable buyer, you need to negotiate the terms and conditions of the sale, to include documenting those terms and conditions in writing. This part of the transaction gets a bit more demanding in that you as a seller must 1) know how to negotiate the best deal for yourself; 2) be aware of what you need to disclose about the property; and 3) how to properly prepare and/or complete a purchase agreement and any related documents to avoid misunderstandings, confusion, or potential legal problems that might affect the sale. Are you comfortable addressing these concerns without appropriate third-party advice or assistance?

Many times, buyers will include conditions involving third party professionals (surveyors, appraisers, engineers, home inspectors, title companies, and bankers) who may need access to the property or additional information on the property. Do you have the time and ability to address these individuals and issues?

Something many home owners don't consider is the emotional attachment they may have to the property being sold, which may complicate or derail negotiations between themselves and their prospective buyers. Can you be objective in your negotiations with prospective buyers?

Step 5: Closing the Sale of Your Property

Assuming you have successfully navigated through the first 4 steps, you are ready to close. Working with the escrow company, you will need to make sure all required documentation is in order and provided, and that the house is ready for turnover to the new owner.

A licensed and experienced real estate agent or Realtor® makes his or her living by representing buyers and sellers in real estate transactions. They possess the knowledge and access to updated and accurate market information needed for you to establish the proper asking price for your home. They have the established network to target the right buyers for your property. They have the flexibility to address prospective buyer demands, concerns, and time constraints in showing properties. They know how to negotiate on behalf of their clients, and how to document that negotiation in terms of preparing proper purchase agreements and supporting documents. In addition to this, many of the expenses a FSBO might otherwise incur, are included in the commission charged by the respective agent.

In conclusion, selling real estate involves time, effort, and money. Depending on your level of experience in real estate, FSBO might be a reasonable way to sell your property. If you are like most of us, paying a licensed professional may offset the time, effort, and money needed to sell a property on your own. In fact, with the right agent, you may end up with a higher purchase price, a shorter closing period, and actually save money. Good luck, and happy selling!