

Selling Your House to a Real Estate Investor IS a Good Option



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So many people are overwhelmed when faced with foreclosure or other situations requiring them to sell their house. We're trained to look to real estate agents for help. However, there are OTHER options!

Selling a house can be frustrating and time consuming. It may be four or more months to get the offer you want, wasting precious time needed to move forward. Plus, engaging a realtor means paying them a commission to market and assist with the sale. That can be expensive, and depending on one's situation, may require bringing cash to the closing table. If you're in one of life's more difficult situations, even the thought of coming up with money from an already stressed budget can be soul crushing. And sometimes just impossible.

Each of the following strategies have benefits and drawbacks, while still implementing an exit strategy to a bad situation.

The Three Options For Selling Your House

1 The Traditional Real Estate Agent

Listing your house with a real estate agent is the most popular and recognized method of selling a house. Generally:

- A. You interview a few agents to find one you like;
- B. You sign a contract listing your house for six or more months;
- C. The agent lists your house on the Multiple Listing Service (MLS) advertising it for sale;
- D. The agent markets it with flyers and open houses, and takes buyers to view your house;

E. If a buyer is interested, their agent will present the offer to your agent, negotiate with your agent if needed, and take care of the paperwork; and

F. At closing, the agent will split the standard 6% commission with the buyer's agent, reducing your equity by 6%. For example - if you sell your house for \$200,000, the commission is \$12,000 – out of your pocket!

Timeline: From 3 to 9 months depending on your market.

Benefits: Real estate agents know the local market and can market your house to hundreds of other agents through the MLS. They show your property and handle the paperwork.

Drawbacks: Expensive. 6% reduction of your equity due to the commission. You are still responsible for the upkeep while the agent markets the house – possibly 3 to 6 months, or more, during which time strangers are coming into your home and examining your life. If you're behind in mortgage payments, the debt continues to grow. You may accept a buyer's offer only to see the financing falling through, further delaying the sale of your house. Finally, the buyer will probably ask you to pay part of the closing costs. To complete the sale, depending on your equity, you may have to bring funds to the closing table.

All this time the deadline that brought you to this stressful situation, be it foreclosure, divorce, job relocation or a death in the family, is still looming.

Working with a real estate agent is a great option for those desiring to sell for full market value and/or the best possible price, can wait four to six months, or longer, to sell, and have sufficient equity to cover the commission and other closing costs.

2. Selling the House Yourself (For Sale By Owner)

For Sale By Owner, commonly called FSBO, is popular with folks who want to save the real estate commission. Multiple web sites exist for FSBOs at nominal costs.

Generally, you:

- A. determine the value of your house;
- B. gather details on the house, take pictures and create a listing to attract potential buyers;
- C. market it. You can do as much or as little as you want, and even pay to get it listed on the MLS;
- C. handle all showings, open houses, offers and paperwork; and,
- E. choose a title company and show up with the buyer to close the sale.

Benefits: You save money by not paying a realtor's commission, thus bringing more money in.

Drawbacks: It takes a lot of work and strategic planning, especially if you've never done this before. Both the house valuation and the paperwork must be done correctly to be successful. If you're wrong about any key aspects, you may end up hiring a real estate attorney to fix the sale.

Selling the house as FSBO is good for people who don't need to sell quickly and have the time and inclination to research all the various aspects of valuing a house, marketing it, negotiating with buyers, and doing the paperwork right. This can be a daunting task, especially for those in a stressful life situation.

3. Selling to a Real Estate Investor

Selling to a real estate investor is quick and simple. However, there is an important distinction between an actual investor and others calling themselves investors who are in reality, "wholesalers."

Wholesalers typically offer you somewhere in the 50% - 60% of your home's value range, less needed repairs, to ensure a profit for themselves.

For example, if your house is worth \$200,000, a wholesaler may offer you \$100,00 ~ \$120,000, then market it to investors for \$140,000 ~ \$160,000, hoping to clear \$40,000 for themselves. If your house needs repairs, say \$10,000, they may bump the estimate up to \$15,000, and lower the offer by that.

Wholesalers are middlemen, not investors, and are proficient in convincing people to sell them their house for little to nothing. Don't misunderstand, it's legal and provides a needed service for some homeowners.

There is also a difference between dealing with a local real estate investor and a nationwide company. Nationwide investor companies follow a specific model to ensure the maximum profit from all deals. They may not be able to be flexible in their dealings with you, bound by their purchase models.

By contrast, local real estate investors like us can offer you more for your house as we're not middlemen – we are the end buyer and plan to keep it for investment purposes or update the home and sell it to another family needing a home. We make any repairs necessary. Our objective is offer win-win solutions for everyone.

A distinct advantage of selling to us is the quickness in completing the sale transaction.

In dealing with us:

A. You tell us about your house and your current situation, e.g., possible foreclosure, job transfer, etc. All information is confidential;

B. We evaluate the house in respect to repairs needed and its value, considering your needs with respect to selling;

C. We make you an offer based on all aspects of the house and needed repairs.

D. You decide if it works for you. If so, the closing happens at a title company.

We can close from 7 to 30 days, depending on your situation.

Benefits: It's a quick process. You can have your house sold within a week. There are no fees or commissions, and we may pay all the closing costs. You don't have to bring cash to the closing table. Our attorney reviews the paperwork is correct to ensure a good sale. Finally, you won't have to make any repairs – we buy “as-is.”

Drawbacks: The main drawback is that you are selling to us at a discount. However, that is in exchange for speed and convenience. We are a business and must make a profit on any transaction. Not all situations will lend itself to our business model.

You decide if it's worth a lower sales price in exchange for a fast sale, without making repairs or cleaning. If you need to sell quickly (days or weeks rather than months), then selling to us makes sense.

To summarize, if you are under no pressure to sell, hire a real estate agent.

If you have the time and inclination and want to save on an agent's commission, then selling by owner may be for you.

If you need to sell quickly, due to foreclosure, job transfer, other stressful financial situations, or you've inherited a house you don't want to deal with it, contact us to discuss your options. We're happy to speak with you about your options - even if you don't sell to us.

Knowing your options is more important.

Best of luck to you!