



## **Table of Contents**

[Save Money by Selling Your House without an Agent](#)

[Safety Checklist for Showings](#)

[Additional Safety Tips](#)

[Manage Your Time](#)

[Marketing Your Property](#)

[Online](#)

[Photography](#)

[Pricing](#)

[Negotiations](#)

[Legality and Paperwork](#)

[Weigh Your Options](#)

[Our Standing Offer to Help You](#)

## Save Money by Selling Your House without an Agent

Most real estate listing agents will have 6% listing fee even though this is not set in stone. Half of the fee typically goes to the buyer's agent that brings the buyer. From the remaining 3% the listing agent pays 1/3 to their broker, 1/3 to marketing your property, and they live off of the remaining 1/3.

Sometimes you will find a 4% or 5% listing agent that is new to the business and does not set aside a marketing budget for your property. These inexperienced will add your listing to the MLS. *"MLS" is short for Multiple Listing Service.* It is an important tool used by real estate agents for providing visibility for your home to other industry professionals.

Since 90% of buyers are using a buyer's agent – it is smart to factor in 3% commission to the agent that brings the buyer even though you are selling on your own. If you had a unique painting – would you get a better price at your garage sale or promoting it online to a larger audience like eBay? The fact is you do not want to alienate your most likely opportunities for a sale... the buyer's agent. At the very least, be prepared to pay 3% to a buyer's agent that has a ready, willing, and qualified buyer for your home.

Still sold on selling your home and saving 3% on the listing side? Remember even the discount brokers that do not have a marketing budget still charge 1.5% to 2% for promoting your listing in the MLS.

The real question is the net savings on a 5% listing going to cover your money and time expenses? On a \$200,000 home, the 1% savings could go a long way and save you \$2,000.

## Safety Checklist for Showings

1. Have an agreement ready for any prospective buyer to sign. In this agreement, you will want to include the following:
2. Also part of the agreement - If you are with a party that includes multiple visitors, please do not spread out into different rooms during the showing – stay together in the same room as presenter (you).
3. Add this waiver to your agreement: "we will not hold the owner liable for any injuries that occur on premises." Typically this would not hold up in court so ask your lawyer if they have a better waiver.
4. Also set expectations that you will not take any pictures during the visit. You may be able to avoid this one if you have good predictive instincts with the character and background of people along with a solid security system and your exterior doors have a dead bolt.

## Additional Safety Tips

- Google the name given to you for any prospective buyer. What does the first page of Google say about the given name? A lot of recent felony convictions now appear on public websites. Convicted sex offenders are listed on some of these sites as well.
- Require a driver's license to be shown at the front door. Take a picture with your phone and email it to a close relative that can check in on you daily.
- Keep small talk to a minimum with a prospective buyer. Revealing names of children, schools they attend, and their sports activities could also give a prospective burglar a timeline of the best times during the week to rob you.

## Manage Your Time

Rather than accepting sporadic appointments during the week and on the weekends, plan in advance. Sometimes even the discount broker's will have a lockbox for other real estate agents and an appointment courtesy calling service to make the showings easier.

If you are committed to selling your house completely on your own - set expectation for your family that you may need to be "on call" for 3 to 6 months so you can save the extra 1% (or \$2,000 in our example). If you have vacation days stored up at your place of business, talk to your boss and consider taking a half-day off each week to be prepared for mid-week showings. Most activity will be on the weekends so do not plan vacations until your home is closed.

If you stick to the consistent day of the week and weekend hours to show your house and promote this in your online advertising you will likely get more showings.

One benefit of only being able to show your home a couple times a week is that the fewer overall showings may translate into a greater sense of urgency for the few that will wait 3-5 days knowing that you may have several showing on the same day.

You can also enlist the help of a loan officer typically without paying a commission. The benefit of having a loan officer on your side is that you could probably eliminate 50% of your showings because they do not qualify in today's stricter guidelines of home loans.

Just be careful to not offend savvy (qualified) buyers that tell you that they have already been qualified. In the higher price point homes you will be surprised how many times a showing does not happen purely for asking a mortgage qualifying question in the wrong tone. Typically (not always) the 90% of buyers that are working with a buyer's agent will come prequalified.

## Marketing Your Property

Most full commission real estate agents today not only advertise on the MLS (to other agents) – they promote the listings on websites like Trulia, Zillow, and Realtor.com. The best agents are promoting listings on upwards of 100 different websites. Through an agreement called broker

reciprocity a Keller Williams Realty listing can also show on Coldwell Banker, Remax, Century 21, other real estate broker websites and vice versa.

## Online

With the saving on the commission, we recommended that you spend your money in online advertising. Nearly 90% of the homes being sold are using the services of a listing agent so to be competitive – you should contact a marketing company that can duplicate the online presence. Try to find one that charges less than \$1,000 and will market the home until it is sold. This way you still retain part of your savings.

## Photography

Use any remaining part of savings by selling the property on your own for professional photography. Your images, especially your first image has to inspire at the very least - a first click online. If you do not have the best image possible, you will eliminate the majority of buyers. A quick tip on the first image – the most popular websites have a white background. Avoid a daytime photo as a white skyline will blend in with the background. Twilight photos or photos a deep blue or purple sky as the backdrop to an exterior view of your home will get more clicks.

## Pricing

A home that is way off the mark on pricing will typically not sell – no matter how much marketing you have working in your favor. Real estate agents know what homes are closing for and in most cases it is not at the starting price.

Sold data is starting to become available online. You can also gain a lot of information if you spend 2-3 days at a city tax office or if you have a friend at a title company that can pull information on recent closings.

If you guess a low price, you will easily see the original saving of \$2,000 disappear and then potentially walk away from thousands more. If you price too high, you lose a lot of momentum. Each month on the MLS speaks volumes to real estate agents that you are either desperate or there is something wrong with the home.

The concept of a Dutch auction – starting at a high price and then coming down until you get your first bid is rarely effective in real life yet that is how a typical house is sold by an owner without an agent. It is better to start with good data and accurate pricing so there are multiple offers early in the process. The urgency and engagement levels increase if the home is priced right. Again eBay is a great case study for buyer behavior. Realistic pricing creates more offers compared to the set price auctions on eBay.

## Negotiations

If you hired a *discount broker* you probably did not hire a negotiator. They gave up their commission and could have explained their value proposition to you to gain a better commission rate. In this case, never let the *discount broker* know your best price and do not express emotion

in front of the *discount broker*. Likely they would cough up that type of information with the slightest application of pricing pressure from a buyer or a buyer's agent.

Still planning on selling the home on your own? The handshake price or written offer price (if buyer is represented by an agent) is only the beginning. Through inspection and closing there are other opportunities for negotiation. Again, work on your poker face. Ninety-percent of your potential buyers have an agent and this will not be their first rodeo.

## Legality and Paperwork

If you have decided to sell the house on your own to save money, another area that is good to spend some of your savings is on a legally binding contract. You will also want to decrease the possibility of lawsuits from misunderstanding.

You may be able to find a lawyer to write the contract for less than \$2,000. Real estate agents typically include the official real estate paperwork for the state at no additional charge. Title companies may also be of service.

## Weigh Your Options

Houses are sold every day by owners directly to buyers represented by real estate agents. A buyer's agent has a fiduciary relationship to protect the needs of the buyer. At the end of the day, you have to consider if the listing agent representing your interests, the benefit of safety during the listing, the conservation of your time and energy, the marketing expenses, the negotiations experience, and the legal stuff is worth 1% of the sales price.

*Either way, we would like to be a resource for you during the process...*

## Our Standing Offer to Help You

This book is truly designed to give you solid advice on selling your house without a real estate agent. There are a lot of considerations when selling your home. While there is no standard commission rate in real estate you will likely find that there is not a great deal of variations.

Not all agents or real estate teams are created equal. We would like to offer you an opportunity for a free market analysis on your house value. There is no obligation to use our professional services on the purchase or sell of properties.

[CLICK HERE if you would like a complimentary house value estimate.](#)



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*Thank you! Patrick Thurmond / Group Owner*