THE COMPLETE GUIDE

TO BUYING AND SELLING YOUR OWN HOME

For Sale By Owner.com

e-book

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INTRODUCTION

Buying or selling a home can be a daunting prospect. It can be very tempting to just turn over the reins and enlist the help of a real estate agent. WAIT! Why hand over your hard-earned cash to a realtor when you can do the job on your own? The role of a real estate agent is simply to act as an intermediary between you and the buyer/seller. By cutting out the middleman, both parties can save money and potentially even expedite the buying/selling process. But before you get too excited, it's important to understand the time and effort involved.

Both buying and selling on your own is a serious undertaking. It involves a substantial time commitment as well as a good deal of planning and research. By eliminating the middleman, you stand to save money and hopefully realize a greater profit. However, also remember that you must now assume the realtor role in addition to your role as the buyer or seller. It's a great deal of responsibility, but with a little determination (and our help) it will be well worth the effort!

There are a number of reasons why you may choose to forego the use of an agent when looking to buy or sell a home. These are just a few of the advantages:

SELLERS

As a potential seller, there are many advantages to selling on your own:

1. Most importantly, there is the obvious financial benefit. By assuming the role of realtor, you can pocket the 6% (on average) real estate commission. For example, if you sell your home for $300,000 with a broker, $18,000 of that goes directly to pay the real estate commission. For most of us, that's a lot of money – money that can certainly be put to better use!

2. Another advantage to selling your own home is the opportunity to make a quick sale if necessary. Say you've already found yourself a new home and need to move in as soon as possible. The pressure is now on to sell your home. By selling the property yourself, you have the option of lowering the asking price (1% - 5%) below the market value. This will clearly attract more buyers. The buyer will now feel like they're getting a great deal, while you're still netting more money than you would have had you used a broker.

3. You can maintain greater control and flexibility over all aspects of the transaction. Selling on your own allows you to choose your asking price and determine when and to whom you show your home.

4. Lastly, who knows your home as well as you? You know about that perfect picnic spot in the backyard or that quiet nook for snuggling up with a good book. You're also most familiar with everything ranging from the neighborhood, the school district, the community, etcetera. This sentimental connection makes you better equipped to handle the sale of your home and to answer any questions the buyer may come up with.

BUYERS

As a potential buyer, there are also advantages to purchasing on your own including the following:

As a potential buyer, there are also advantages to purchasing on your own including the following:

1. Once again, the most blatant advantage is to save money! By purchasing directly from the seller, you aren't paying the built-in cost of a broker's fee. The selling price, minus closing costs, goes directly to the seller. This leaves you in a favorable position to negotiate with the seller.

2. Similarly to selling, buying on your own offers you greater freedom to view potential homes at your convenience and to directly negotiate the terms of the sale directly with the seller.

3. You know what you're looking for better than anyone. By dealing directly with the seller, you can avoid the pushy sales tactics commonly associated with most real estate agents. Unfortunately, it is in the agent's best interest for you to purchase the most expensive home in the shortest period of time. This leaves you at a disadvantage. When looking on your own, you're free to take as much time as you need to find exactly what you're looking for–without the pressure. Buying a home is stressful enough!

PART ONE:
ADVICE FOR SELLERS

So now you've made the commitment to sell your home on your own. You're probably asking yourself, "Now what?" Just remember, as overwhelming as it may sometime seem, there are many sources you can turn to for assistance, ranging from attorneys to escrow and loan officers, among others. You may even know people who have sold their home themselves in the past and can offer valuable guidance. There is a wealth of information available to you.

PREPARING YOUR HOME—Make Your Home Shine!

There is a common misconception that the housing market is booming—that there's a "real estate bubble" and houses are flying off the market. But in truth, many houses stay on the market for several months before they are sold.

One of the ways to ensure that your home is sold sooner rather than later is to take part in a new trend known to real estate agents as "staging." Staging is simply showcasing your home in its best light—and can range from simply sprucing things up to hiring a professional to come in and decorate. Since you're selling your home yourself, you'll probably want to take the do-it-yourself approach to staging.

One of the first things you should do when getting your home ready for sale is to depersonalize it. Purchasing real estate is a largely emotional decision and you want to do your best to make your house evoke feelings of "home" to potential buyers. Of course, this is usually much easier said than done. The fact of the matter is that it is not their home (yet!) – it's yours. Most likely, it has been yours for a long time, which means that there's probably a great deal of sentimental value attached to every aspect of the property-from the faded height marks in the doorway to the garden in the backyard. However, these things will not hold any meaning for potential buyers. Therefore, it is important to showcase your home as a clean slate where a new family can begin to create their own memories.

Try not to have an abundance of family photos displayed around the house, as well as sports trophies, collectible items, and souvenirs. If at all possible, remove some of these items from view. Store them away neatly and make sure not to throw them into the garage or attic. Savvy buyers will be eager to view these out-of-the- way spots to assess the available storage space in the house and will not look kindly upon your feeble attempts at straightening up.

The next step is to make sure the house is free from clutter. This is often the hardest part for most people since there is an emotional attachment to everything in the house. Unfortunately, potential buyers will not have the same sentimentality attached to their buying decision. They may view the clutter as reflective of an unkempt house or worse. The best way to begin is to seek the advice of a trusted friend or family member, since it is often hard to be objective when it comes to your own things. Ask them for their opinions on what would detract from the house if they were a potential buyer.

The following are some of the things you may want to look out for:

Kitchen Clutter – The kitchen is a great place to start removing clutter, since it is one of the first rooms buyers will see and often serves as the centerpiece of a home. Make sure to clear the counter tops as much as possible. Empty out overstuffed drawers and throw out those knick-knacks you never get around to using. The idea is to create open space to foster the feeling that there is plenty of room for all of the buyer's stuff. And don't forget to tackle the refrigerator—clear off the magnets and that gallery of artwork from your children.

Closet Clutter – Again, the idea here is to create openness. No matter how large the closet really is, if it appears crammed full of "stuff," a buyer may get the perception that space is limited. On the contrary, if clothes and shoes are neatly arranged, the buyer will be impressed by how organized their closet space can be!

Storage Clutter – The ultimate culprit, when it comes to clutter always tends to be the "storage rooms," such as the basement, the garage, or the attic. "That's what they're meant for," we reason with ourselves. However, when selling a home, it is essential to leave these areas as empty as possible so the buyers can envision what they would do with the space. A garage sale is a great way to rid yourself and potential buyers of unsightly junk.

Furniture Clutter – This is the most overlooked form of clutter, namely too much furniture in not enough space! When you fit several pieces of furniture in one room for your personal living needs, it tends to shrink the size of the room. From an aesthetic standpoint, the room appears small and cramped. The less furniture you keep, the more appealing your home will be to potential homebuyers. This is the time to throw out old pieces of furniture that you don't intend on taking with you when you move. Again, consider a garage sale to rid yourself of unnecessary piece

The Rest of the Home's Interior

Plumbing and Fixtures – Take stock of all sink fixtures throughout the house. They should all look shiny and new. A good silver polish should work wonders. If this doesn't work, you'll have to invest some money and replace the worn ones. This should be fairly inexpensive and easy to do. Also look out for leaky faucets. A simple washer replacement should do the trick. Also check your water pressure. Savvy homebuyers will try running the shower or flushing the toilets to check water pressure gauge.

Kitchen and Bathroom – It's time to pull out the Tilex and get to work on the mildew that's been lurking in your moldings. You want all your tiled surfaces to sparkle. In the bathroom, replace the shower curtain and put out your best towels. In the kitchen, degrease everything—including the stove hood and the walls surrounding, which tend to get gummed up. Wipe down the refrigerator and cabinet facings and keep cupboard doors closed. You should have already removed most of your appliances and other counter clutter, but make sure that any necessary remnants are shiny clean.

Carpet and Flooring – Unless your carpet appears especially old or worn, a good carpet cleaning should be all you need. If there are noticeable stains or wear however, you may want to consider replacement. Choose something in a light, neutral hue that is fairly inexpensive and expands the size of the home visually. Light colors will always tend to enlarge spaces. If you have hardwood floors, think about refinishing them—which can often be done for less than $1000. You may simply need to sand them and coat them with polyurethane to restore their shine.

Ceilings, Walls, and Paint – Check your ceilings for water stains. If you have any, be sure to paint over them. If any leaks exist, you will have to have them repaired as well. Also examine the walls for stains or paint cracks. These, too, should be fixed and are inexpensive ways to improve the appearance of your home. In fact, an overall fresh paint job is probably your best investment when selling your home. This is particularly true if your personal decorating space tends toward the dramatic—chances are a buyer will never get over the fire-engine red color of the bathroom long enough to notice the Jacuzzi tub. For no more than a few hundred dollars, you can give your home a brand-new look! Remember to choose a light, neutral hue to maximize the space and light available in your house.

Windows and Doors – Check all windows and doors to make sure they open and close easily. If there are squeaks, a spray of WD40 should help. If there are any cracked or broken window-panes, be sure to have them replaced prior to showing your home.

Odors – Smokers and pet owners should take special care to remove any odors that may linger in the house prior to showing. If you are a smoker, try to make a conscious effort to smoke outside of the home or in the backyard while your home is on the market. You can also use one of the air freshener sprays that help neutralize odors without disguising them. Pet owners can do the same. Also try carpet fresheners, potpourri, or scented candles.

Borrow - Don't be afraid to borrow what you need from friends or family, or even to rent a couple of pieces. One or two "prop" pieces are a preferable alternative to the raggedy couch your dog has spent the last three years gnawing. However, don't ever leave a room empty. Buyers need to be able to visualize the space as usable, and you can't rely on their imagination.

The Exterior of the House

Maintaining the exterior of your home is probably the most important part of showcasing your home altogether. Always remember that it is the first thing a potential homebuyer will see from their car and the deciding factor as to whether or not they wish to see more. As such, it is critical that it reflects the beauty and grace of your home as much as humanly possible.

Stand at the curb and consider the following factors when assessing the street appeal of your home:

Landscaping – Take a look at your landscaping out front. Is it at least on par with the surrounding neighbors? If not, visit your local nursery and buy a few matured flowers or bushes to decorate the front yard. Be sure to buy only matured greenery. Although the immature trees and bulbs are cheaper, you cannot afford to wait until they are grown while patches of brown earth occupy the front of your home. Also rake up all the loose leaves and grass cuttings and make sure the lawn is regularly mown.

Windows and Shades – Although it was probably your least favorite chore when the house was your own, you'll need to wash the windows—both inside and out. Sunshine offers a bright, warm light, and can provide an instant pick-me-up for a dreary room. Once the windows are clean, pull back the curtains or raise up the blinds and let the sun shine in!

Front Door and Entryway – The front door of the house should be especially attractive to visitors. It is the first part of the home that potential buyers will be directly exposed to up close. Polish the door fixture until it gleams and repaint or sand the door if necessary. If there is any personalization on the doorbell or welcome mat, remove it. Remember that you are trying to depersonalize your home as much as possible to make it appealing to the new owners. Lastly, make sure the lock and key work smoothly and easily.

Paint and Siding – Check the exterior of your home to make sure that it appears as nice as possible. You may also consider renting a power washer and giving it a thorough cleansing. However, if the paint is peeling and chipping away, the only solution may be to repaint. You can do-it-yourself or hire someone, but in the end, balance the costs of a freshly painted home against the benefits of getting it sold.

Backyard – Make sure the backyard is kept tidy and neat. If you own a pool or Jacuzzi, keep it freshly maintained and clean. If there is a garden or flower beds, tend to them on a regular basis so they don't appear overgrown and unkempt. Also make sure the grass on the lawn is kept neat at all times.

OVERVIEW

With the word out and prospective buyers lining up to see your home, now is the time to make sure your house looks its best. Never underestimate the power of a first impression! Once you've attracted prospective buyers to view your home, it is critical to put your best foot forward. Similar to first impressions when meeting new people, the initial impression your home makes is long lasting and usually hard to erase. Since this is the case, it is in your best interest to display your home in the best possible light. Although we all know that it is unwise to make snap judgments that is exactly what buyers tend to do. They will inevitably notice the paint cracks in the walls rather than the beautifully finished wood floors. Therefore, it is imperative that you take notice of the imperfections in your home and take steps to correct them.

If you currently do not have a Home Warranty, you should consider purchasing one. Homes covered by a Home Warranty have statistically proven to sell at a faster rate than those not covered and for a higher price. A Home Warranty covers your home's essential systems and appliances should they breakdown and need repair. A Home Warranty helps protect the seller and buyer from costly unanticipated repairs.

To learn more about a Home Warranty and to purchase one for your home visit www.ForSaleByOwner.com/homewarranty

On the other extreme, some sellers make the mistake of investing a great deal into their home prior to selling in the hope of substantially increasing their selling price. Unfortunately, spending $5,000 to install a new patio in the backyard does NOT translate to a $5,000 increase in your selling price. Sure, the buyer may love the fact that the house now comes complete with a brand-new mahogany deck, but they certainly don't want to pay an extra penny for it!

Remember -- your goal is to maximize the attractiveness of your home, not entirely redo it. A thorough cosmetic overhaul is usually all that's necessary to make your home more desirable.

Quick list of inexpensive improvements that can greatly increase the curb appeal of your home:

- Maintain a well-manicured front yard. The lawn should be neatly trimmed and free of weeds. Flower beds should appear well kept and attractive. Also make sure that any shrubs and bushes up front are also trimmed.

- Check that windows and screens are free of cracks or tears and replace them if necessary. Be sure that the windows are sparkling clean and redo any chipped paint.

- Pull back the curtains and lift up the shades!

- Examine the outside of the house to decide whether or not it can be spot-washed, power-washed, or if it needs a new coat of paint.

- Your front door and entrance way should be in immaculate condition. Consider a coat of fresh paint or lacquer. Ensure that the doorbell and entryway light are in good working condition.

- To increase visual appeal, you may want to plant flowers outside and place floral arrangements throughout the house.

- One of the most effective, yet inexpensive tactics, to improve the look of your home is a coat of fresh paint! You'd be amazed at the difference a paint job can have, from brightening a room to making it appear more spacious.

- Perform a thorough clean up of your home. Shampoo the rugs, mop and wax the floors, and dust everywhere! Mop hardwood floors or wax them until they shine. Don't underestimate the impact this can have, as potential buyers WILL be able to spot those dusty book shelves or those coffee stains in the rug!

- Rid yourself of all unnecessary clutter. This will help buyers better visualize how they will redecorate your home to suit their taste. As a bonus, the neater your home, the more spacious and appealing it will appear to a prospective buyer.

- Thoroughly clean all walls to make sure there are no finger prints or smudges. Check wallpaper for nicks and tears.

- Have all doorknobs tightened and hinges oiled. This would be a good time to take care of that door that endlessly squeaks.

- Make sure that all bathrooms in the house are spotless! People immediately tend to notice its condition and every care should be taken to ensure it remains fresh, clean, and sanitary. Remember to replace any leaky faucets and re-caulk the tiles.

- Degunk your kitchen. Get the grease off the stove and walls, wipe down all the cabinet doors, and clean off the refrigerator. Run a lemon through the garbage disposal.

- Beg and borrow to get the pieces—of furniture or other accessories—that could make the deal!

- Although you may have grown accustomed to the small imperfections in your home, prospective buyers notice EVERYTHING and it will weigh heavily when they make their final decision. By taking the time to make these minor improvements, you automatically make your home more marketable and can increase your selling price.

QUALITY COUNTS
Photos, Signage and Brochures

PICTURE THIS: LOVE AT FIRST SIGHT!

If you want to attract a buyer, start by catching their eye!

We've all been told not to judge a book by its cover, but first impressions count!

Before a buyer ever makes it to your front door, the first introduction they'll have to your home will probably be the picture you've included with your advertising- on your internet listing or on a brochure. It pays- literally- to know how to photograph your home in its best light.

You spend hundreds of dollars to get quality portraits of your family- don't skimp when it comes to selling your home. You've invested money and time by choosing to sell your home yourself- now make sure you don't sell yourself short! Take a great picture and let your home speak for itself.

SETTING THE SCENE

Before you take any pictures, make sure that your home is picture perfect. A little effort goes a long way, and this is the time to channel your inner Ansel Adams.

Stand in front of your home and take a visual assessment. How do the shades in the bedroom window look? Does it look nicer with the curtains in the living room drawn or open? If your flowers aren't in bloom, it might be a good idea to move that planter off the porch and out of view.

Mow the lawn, and trim any shrubs or trees. Remove any toys, sports equipment, or accessories from the yard- you might think your lawn gnome is adorable, but it could turn off a potential buyer. Put the garbage can into the garage, and close the door. And park your car on the curb, out of view.

Wait for a sunny day before you pull out the camera. The best time of day to photograph your home will depend upon which direction it faces. You'll want the sun behind you, shining on the front of your home.

The following are general guidelines that you may find helpful:

IF YOUR HOME FACES...

WEST: Take photos in the evening, within two hours of sunset.

EAST: Take photos in the morning, within two hours of sunrise.

SOUTH: Take photos in the afternoon, when the sun is no longer directly overhead (sometime between 1pm and 4pm is a safe bet).

NORTH: Watch for the time of day when the sun shines on your house. If your house doesn't get any direct sunlight, try to snap the photo on a bright day when the sun moves behind a cloud.

COME INSIDE!

If you decide to include interior photos of your home, you'll want to follow the basic ideas that apply to taking photos outside. You don't necessarily need to include photos of every room in your house. Choose the rooms that are special or unique- perhaps your kitchen has a terrific breakfast nook- and the "important" rooms- everyone wants to see the master bedroom and the family room.

Make sure that every room you choose to photograph is clean, tidy, and well lit. Take photos from several angles and select the one that best represents the features or showcases the dimensions of the room.

Remember, you're selling your house, not your possessions. Think of your furnishings as props, and photograph the prominent features of your house. It's more important to capture the big bay windows in the family room than it is your favorite leather sofa.

QUALITY COUNTS

You don't need to have a professional camera to take a good picture, but quality does count. You'll want a camera that takes sharp, clear photos to show your home in its best light.

A digital camera is a great choice, since you'll be able to see the photos immediately after you've taken them. Set it on the highest possible resolution. After you have selected the best photos, upload them to your internet listing.

When using ForSaleByOwner.com, you can email them to: **photos@forsalebyowner.com**

If you're using a 35mm camera, take as many photos of your home as possible, and have them developed. Choose the best shots and bring the photos to your local office supplies/service store (Staples, OfficeMax, Office Depot or Kinko's) and they can scan your photos and convert them to digital files for a minimal charge. You can then upload them to your internet listing. When listing on ForSaleByOwner.com you can either mail your best shots to us at 60 east 42nd Street, New York, NY 10165 or you can email your digital files or if you have a scanner, you may scan your photos and email them to: **photos@forsalebyowner.com**.

Mail your photos to:

ForSaleByOwner.com
60 east 42nd Street
New York, NY 10165

or email your digital files to:
photos@forsalebyowner.com

The whole purpose of including photos is to catch a buyer's eye, but you definitely don't want to get noticed for the wrong reasons. Under no circumstances should you use a Polaroid or a camera phone snapshot. Similarly, don't use photos printed off a non-photo color printer or captured from a video camera.

SEEING IS BELIEVING

A picture is worth a thousand words – and in this case, it may be worth thousands of dollars. Just look at the difference a good picture can make.

LOOKING FOR A SIGN

Many people who are looking for a new home will decide upon the neighborhood in which they'd like to live and then drive around that neighborhood looking for available properties. For this reason, a good sign could make a big difference. A good sign could make a big difference – maybe not as much, however, as a web listing or a fact sheet. In fact, according to a national average, between 10 and 20% of your calls could be based on your sign, depending upon the location of your home. Obviously, a house on a busy street will attract more drive-by attention than a house on a cul-de-sac. But even so, a yard sign is a potential source of word-of-mouth from your neighbors and passersby. A cheap looking sign will detract from the otherwise attractive appearance of your home. Even worse, a bad sign could turn off potential buyers by causing them to wonder what else you have tried to cut
corners on.

THE VALUE OF A BROCHURE BOX

In addition to a yard sign, you should consider purchasing a brochure box. The ForSaleByOwner.com Brochure box is made of sturdy clear see through plastic that holds up to 200 sheets of paper and will keep your brochures dry despite the weather. This eye-catching box is a great way to follow up on your quality sign by ensuring that information will always be easily accessible to interested buyers. Your ForSaleByOwner.com listing converts into a printable brochure, just click on the print a flyer link on your listing and your brochure is ready to print. Like a professional sign, it will result in more qualified callers, since passersby will be able to access all the information they need before they ever pick up the phone to talk to you.

ASSEMBLING YOUR TEAM

Just because you've decided to sell your home on your own doesn't mean you won't need help. Even without enlisting the help of a real estate agent, you simply can't do everything by yourself! You will need two or three key people to assist you, your mortgage banker or lender and a real estate attorney and/or title company.

Depending on where you're located in the country the number of professionals needed may vary. Generally speaking, east of the Mississippi it's usually a real estate attorney that handles the contracts, escrow, hiring of a title agent and closing process.

Again generally speaking, west of the Mississippi it's usually a title company that handles the majority of the real estate transaction and closing process: Of course, you have the right to have an attorney no matter where you're located. You also have to be the leader of your team of professionals.

It will be your primary responsibility to market your house (with considerable help from ForSaleByOwner.com), find a buyer, and negotiate the terms of the sales contract.

Now let's take a look at what your new team members can do for you:

MORTGAGE BANKER/LENDER

The job of this team member is twofold:

- They can pre-qualify any interested buyers for you. This way, you can quickly determine the buyers who can get approved for a loan and weed out those that are financially incapable of buying your home.
- They can prepare financing breakdowns on your house to go along with your "Highlights" sheet. The sheets can provide potential buyers with concrete figures as to how much they will need for a down payment, monthly payments, etcetera, in order to buy your home.

REAL ESTATE ATTORNEY AND/OR TITLE COMPANY

If you have a trusted attorney, this is the time to enlist his or her help. If not, consult with friends, family, or neighbors to refer you to a competent professional to handle the legal aspects of selling your own home: You can also use the

ForSaleByOwner.com's service provider database will help you find service providers, which include title companies, lawyers and more! You can use this free service by going to www.ForSaleByOwner.com/provider

* Real estate attorneys/title companies can help you in preparing the sales contract once you have found a buyer. In addition, they can help you draft or revise your disclosure documents or other necessary documents pertaining to the sale of the home.

KEY FACTORS TO CONSIDER

Before you proceed any further, there are some important factors to keep in mind when selling your house. It is imperative that you intimately understand these issues and always act accordingly.

1) YOU HAVE DECIDED TO SELL A HOUSE – NOT YOUR HOME.

The first major obstacle you must overcome is the notion that you are selling your "home sweet home." You must put your personal feelings about the house aside. Of course, this is easier said than done. Perhaps this is the first home you have ever owned or the one where you grew up as a child. There may be countless memories associated with the property. Of course, it is perfectly normal to have these sentimental feelings about the place that you have been living in. However, these feelings are NOT what are going to sell your house. No potential buyer is looking to purchase your home. On the contrary, they are looking for a house that they can make their home.

In keeping with this principle, you will have to set aside your emotions and view your house as objectively as possible. Consider advertising, preparing, and presenting your house to look and feel like a house that anybody can easily move into and create into their "home sweet home."

2) UNDERSTAND THE MARKETPLACE

Just as with any product that a person may market and sell to the general public, it is critical to know what is going on in the surrounding marketplace. Conduct research on the town and state that you are selling in. Most importantly, consider your neighborhood and what sets it apart from the others. It is a general rule that the successful sale of any product is dependent on and directly related to the quality of the market research conducted. Real estate is no different.

Speak with others who may be able to lend some insight about important factors affecting the sale of your home. Find out what their experiences have been. Also try contacting some agents to discuss the general climate of the current market. You will be astounded at all of the free information available at your fingertips if you only bother to ask!

3) TIMING IS EVERYTHING!

One of the most important questions to ask yourself at this point is "How much time do I have to sell?" The answer to this all-important question will dictate much of your course of action, including the asking price and how aggressively you need to market the house. Timing, coupled with current market conditions, is probably the two most critical factors to consider.

The quicker you need to sell your house, the less flexible you can afford to be. After all, you don't have the time to wait around for your asking price. Conversely, if you have an ample amount of time, you can sit back and wait for that perfect buyer to come along. Also, the simple rules of supply and demand apply here. If the market is tight and demand exceeds supply, prices go up and you're in good shape. However, if a lot of people are selling and supply exceeds demand, prices will go down and there is some negotiating to be done.

Of course, the market works in a cyclical fashion. Slow periods are usually immediately followed by faster sales and higher prices. If the current market is especially slow and you are in no rush to sell, it is probably a good idea to ride it out and wait for an upswing.

4) CLEANLINESS IS CRUCIAL

In today's competitive real estate market, there are few things that will set a house apart from all the others like neatness and cleanliness. It is a well-established fact in the real estate world that the appearance of a well kept home adds value and enables a house to be sold quickly and at a higher profit.

PRICING YOUR HOME

One of the first things you'll need to do is determine your asking price. An important factor to consider when choosing a price is your time frame. If you are looking for a quick sale, you will probably need to consider a lower asking price. However, if your time frame is more flexible, you can adjust the price accordingly.

A good starting point once you determine your time frame is to research the current market and choose a fair price that will both benefit you and attract the largest pool of buyers. If your price is substantially higher than the going price for neighboring homes, you will detract buyer interest and have a difficult time making a sale. On the other hand, if your asking price is too low, you risk losing money. Most savvy buyers tend to familiarize themselves with the market and may be wary of a home that is selling for below market value. We all know if something sounds too good to be true, it probably is!

HERE ARE SOME LINKS TO HELP YOU WITH YOUR RESEARCH:

www.ForSaleByOwner.com/HomeSalePrices
This link will display a list of homes that have recently sold with it's sales price in an area that you specify.

www.ForSaleByOwner.com/Appraisals
This link will do an enhanced version of the above link and will actually give you and estimated value of your home.

www.ForSaleByOwner.com/Reports
This link will give you several types of reports, city profiles and comparisons, school reports, city demographics, crime and weather statistics and more.

Also keep in mind that your first priority is to sell a house, not to realize a huge profit. Of course, you want to net the most you possibly can for your home. That is why you are choosing to sell without an agent in the first place. However, the biggest mistake sellers tend to make is to overprice their home, purely hoping for a large return. By asking for a price that is considerably higher than comparable homes, you deter potential buyers from making an offer. Buyers are fully aware that selling your home yourself eliminates the broker's commission (which averages between
5-7%) and therefore expect somewhat of a better deal.

Some strategic planning is required on your part. Ideally,your asking price should take a number of things into account. Since prospective buyers are aware of the fact that you are selling FSBO, they will know that there is no broker's commission involved. Most buyers will usually opt to buy FSBO because they feel like they are getting a better deal. For example, if the going price for homes similar to yours in your area is $300,000, which is NOT the price you should be asking. A home selling for $300,000 through a broker will net the owner (after an average 6% commission) $282,000. $18,000 would go to pay the broker's fee. Therefore, if you are able to secure a price of $282,000 on your own, you will be breaking even. In fact, if you were in a rush to sell your home you'd be ahead of the game, because your home would most likely have sold quicker giving you something greater than substantial profit – peace of mind. Your best bet is to determine a price somewhere between the average listing price and the amount netted through a broker sale. For an example, a safe bet would be to price the home around $295,000, because if you manage to get an offer of $290,000 to $295,000, you are still netting between $8,000 and $13,000 more than if you'd used a broker. Not a bad deal for a novice salesman!

When trying to determine the true value of your home, you should think about hiring a certified appraiser to evaluate the property. For starters, the appraiser can identify potential problems or defects with the house that may need repair. Next, they will prepare a detailed written report outlining the estimated price of the house as well as pictures of your home, pictures of comparable homes, measurements, and comparable sales. A clear-cut advantage to an official appraisal is that it provides irrefutable evidence backing up your asking price. All prospective buyers can see the appraisal price of your home as arrived at by a professional, certified appraiser. Moreover, a written appraisal can confirm that you are asking a fair price, based on current market conditions. Most certified appraisers charge between $250 and $350 to perform a full appraisal. A less costly alternative is to utilize some of the online tools mentioned above; using the following link: www.ForSaleByOwner.com/Appraisals . This website will enable you to purchase a list of comparable sales with an estimated online appraisal using comparable data and other variables to determine a fair asking price. This type of appraisal is less comprehensive; no pictures or measurements are taken. This service usually runs anywhere from $5 to $30. However, with this type of search, no one physically inspects your home.

When looking to hire an appraiser to come and physically inspect your home, be sure to question their experience. Inquire how long they've been in the business, how familiar they are with your area, and how frequently they conduct appraisals. It's important to find someone who you can trust and who can render a fair and impartial assessment of your home.

ADVERTISING

The Internet is emerging as the leading medium for selling real estate. Currently 77% of all homebuyers start their search online (and this number continues to grow). The Internet is a fast and cost effective way to reach millions of buyers, and it's for these reasons that your home should be online.

When choosing a website it's very important that you find a website that gets an enormous amount of traffic, because there's no point in having your home online if no one is going to see it. ForSaleByOwner.com is the #1 ranked For Sale By Owner website in the world, based on traffic, and one of the top real estate sites in the country. When you list with ForSaleByOwner.com your home will also be added to SaleByOwner.com, ByOwnerSales.com, Yahoo.com and more. So listing your home on ForSaleByOwner.com ensures that your home gets maximum exposure. Plus ForSaleByOwner.com offers a wide array of free services to help you throughout the home selling process.

Luring perspective buyers to your home does not have to be a challenging task. There are always going to be people looking to move. It is your job to spread the word that you have a fabulous home on the market and differentiate your home from the others for sale in your area. Above all, your task is to advertise your home as quickly and as cost-efficiently as possible.

One of the easiest things to do is place a "for sale by owner" sign in the front of your property. This will let everyone in the area know that you need to sell your home. Make sure your sign can be easily seen from a distance (after all, you want those drivers to be able to write down your phone number from the car). If you want to kill two birds with one stone you can list your property on ForSaleByOwner.com and choose a package that includes professional yard signs. One of the advantages of using ForSaleByOwner.com yard signs is that potential homebuyers will realize they can visit ForSaleByOwner.com to see photos and an in-depth description of your home and this will deter people from ringing your doorbell at all hours. It's also important to leave an effective answering machine or voice mail message for when you are not around. This message should include the fact that your home is for sale, whether or not it is still available, your asking price, and the size. You may also include any additional information you see fit, but be sure not to overwhelm the listener, we recommend giving your listing ID # for your online ad so even when your not home, buyers are getting the information they want. Obviously, your tone should remain cordial and friendly to entice people to come and view the home.

Another good marketing tool is a "Highlights sheet" outlining the various selling points of your home. You can include features such as square footage, number of bedrooms/bathrooms, and any amenities such as a pool, deck, spa, etc. Always include a photo, a color one if possible. Again if you use ForSaleByOwner.com you will have a printable flyer feature that converts your online ad into a flyer so you can easily print them out and distribute them to visiting buyers as well as local shopping centers, libraries, grocery stores, and on community bulletin boards. Also leave some copies by your sign in front of the house and be sure to replenish them as needed. This way, when potential buyers see your sign, they can take an information sheet with them. After seeing a number of homes, yours will stand out! Make a point of keeping these sheets with you at all times, since you never know when you might encounter a buyer.

Holding an Open House is an excellent way to showcase your home. It provides a non- threatening situation where buyers can take a look and see if your home fits their needs. Try to have a sign-in sheet to keep track of everyone who passes through. This way, you have the option to follow up with any potential buyers at a later date. Best of all, this type of advertising is completely free! Nice touches include offering tours of the home rather than a simple walk through or even preparing some baked goods or hors d'oeuvres for people to snack on. Be sure to keep your leaflets handy so prospective buyers will have something to refer to when considering your home. You might even want to obtain qualification forms as you may encounter interested buyers eager to start the process. Ask your local real estate board or county Board of Realtors for these forms.

It's a good idea to think about all the people you come in contact with over the course of a week – the bank teller, the checkout girl at the grocery store, your dentist, to name a few. By spreading the word that your house is up for sale, you automatically expand your potential buying base. Each of these people knows other people and may bring you one step closer to finding the right buyer.

A common form of effective advertising is through local publications. The most obvious example is placing a classified ad in your local newspaper. Other options include specialty real estate magazines or direct mail circulars. The downside to this option is that it can be prohibitively expensive. However, it does provide widespread exposure. Your ad should include the fact that you are selling FSBO (For Sale By Owner), your asking price, the location, size (number of bedrooms/bathrooms), and phone number. Depending on the size of your ad and how much you are willing to spend, you can also include special features such as a pool or incentives such as "Motivated Seller." Be sure to capitalize on the most positive feature of your home. For example, if the location is ideal (within walking distance to stores and/or situated in a prestigious neighborhood), your ad should highlight that fact.

location

size

LOCATION, LOCATION, LOCATION!!
4BR, 2 ½ Bath, located in the lovely Alpharetta area.
Convenient to all, asking only $235,000.
Contact John at (555) 555-1212.

asking price

phone number

A WORD OF CAUTION

Make sure to have a number of different ads run in rotation. If a buyer sees the same ad for a prolonged period of time, they get the impression that there must be some reason why your home is not selling. You want to consistently maintain and generate interest in your home and keep it "fresh."

With the prevalence of the Internet, it is to your advantage to advertise online. The Internet is a fast way to reach millions of people from all over. For a nominal fee websites such as ForSaleByOwner.com allow you to advertise online, and you can include color photos and even floor plans. This cost-effective and comprehensive mode of advertising is an excellent option for selling your home. Make sure to mention your web listing in your ads and leaflet so that serious buyers can further research your home.

SNAGGING A BUYER:
SECRETS TO WRITING A SUCCESSFUL CLASSIFIED AD

What's the secret to writing a killer classified ad? It's simple—telling the buyer what they want to hear. In addition, your goal should be to make the buyer curious enough to want to learn more about your property. Most buyers will immediately want to know three things: the price, the location, and the number of bedrooms in the house. Keep in mind that you do not want to give so much information that the qualified buyers are immediately able to eliminate your home from consideration (i.e. an ad that mentions "needs repairs" will probably be crossed off the list of a potential buyer). Many times, prospective buyers will end up purchasing a property quite different from what they have in mind. Therefore, your ad needs to draw them in enough to take a look at what you have to offer!

CLASSIFIED AD CHECKLIST

- ✓ DOES THE AD INCLUDE:
  - THE PRICE
  - THE LOCATION
  - THE NUMBER OF BEDROOMS
- ✓ IS THE AD DIRECT AND TO THE POINT?
- ✓ DOES THE FIRST LINE INCLUDE THE LOCATION?
- ✓ IS THE AD DESCRIPTIVE ENOUGH?

A good classified ad is direct and to-the-point. Leading with the price will immediately attract serious buyers to your ad. Here is where you would mention if the price is negotiable or if financing is available. The words "Financing Available" will appeal to potential buyers, as this is often a confusing or difficult part of the buying process. It's reassuring to know that the seller is already taking steps towards pre-qualifying prospective buyers. If you happen to be working with a lender who is willing to pre-qualify potential buyers (especially one who can get them good rates), make sure to include this information as well. In fact, highlight this point by stating "Excellent Financing" or "Affordable Financing" is available. Everyone wants a deal and they will certainly be interested in good financing options!

Working with a lender is also helpful if you receive phone calls from buyers only interested in low down payment options. You can send them directly to your lender, explaining that you are only showing the home after they have met with the lender. Though some potential buyers may not be willing to do this, it will enable you to work with serious, qualified buyers who are truly ready to purchase your home. For those buyers who claim to have already been pre-qualified, take down the name of their lender and verify it before taking any further steps. Of course, you do not have to include financing options if you do not wish to—your ad will still be effective, attracting a number of interested buyers.
In addition to the price and terms, this first line should include the location. As many

buyers only skim through classified ads, it's important that you are accurate, yet not too specific in naming your area (the exception to this rule is, of course, those neighborhoods that are so desirable that its name alone will have your phone ringing). For example, if your home is in Allston Hills, you should just state the location as "Allston" to appeal to more buyers. You do not want a potential buyer to eliminate your house because they (possibly mistakenly) believe that Allston Hills is too far from the train station. The key is to get them to come see the house for themselves. Some sellers are wary of mentioning the price or area so early in their ad. It is important to remember that, in most circumstances, buyers will only look at houses within their price range and location. Again, you are ensuring that you are attracting only serious buyers.

The next phase of your ad is the descriptive qualities of the house itself. First, you should state how many bedrooms the house has. Next, make note of any garages, a backyard, a fence, or a quiet street. Also be sure to include anything that has been newly renovated or remodeled. This always appeals to potential buyers who like the idea of getting a new kitchen or bathroom, for example. Other nice features to mention are a patio or a fireplace. These amenities will further increase buyer interest in your property.

Do not state every feature you believe is wonderful about your home. What you think is great may not appeal someone else. For example, a home that is close to stores may be great for you, but it might signal a noisy neighborhood to some of your buyers. The last thing you want to do is clutter your ad space with information that will make buyers look past your ad to the next one! Your job is to get them to call. They will see all the fabulous features your home has to offer soon enough.

T**he most effective ads are those that are short, simple, and non-threatening.** They fulfill the most important job of all—telling the buyer what they want to hear.

HERE ARE EXAMPLES OF STRONG CLASSIFIED ADS:

$250,000, BRIGHTON, affordable financing available, beautiful 4 bedroom home, fireplace, garage, by owner. Call 555-2374 or view listing #XXXXXXXX at ForSaleByOwner.com.

$300,000, PINE RIDGE, lovely 3 bedroom house, new kitchen, garage, quiet street, by owner. Call 555-7931 or view listing #XXXXXXXX at ForSaleByOwner.com.

$125,000, FRESH MEADOWS, excellent financing available, GORGEOUS 3 bedroom home, private backyard, garage, great area, by owner. Call 555-6979 or view listing #XXXXXXXX at ForSaleByOwner.com.

These ads tell the buyer the necessary information they need, without giving reason to eliminate the house from consideration. As the examples indicate, start with price followed by the location either in bold or in all caps. The idea is to appeal to serious buyers who will be interested in finding out more about your house. Classified ads are effective, and if you follow the advice above, your phone will be ringing off the hook.

Good luck!

HOW TO BE A SUCCESSFUL NEGOTIATOR

Just as you have a selling price in mind, so does the buyer. Often, there is a disparity between these two prices. Clearly, the seller is looking to make as much profit as possible while the buyer is trying to garner the best deal. Some negotiating is required to ensure that everyone walks away from the transaction satisfied. Negotiations are highly dependent on accurate calculations on your part as well as a certain degree of finesse and people skills. There are a number of things to keep in mind to that end.

A crucial sticking point in negotiation is separating the emotional aspect of the sale from the financial one. It's easy to let personal feelings or emotions get in the way of trying to negotiate a fair price. As a seller however, you need to realize that the buyer can't possibly understand all the memorable times shared in your home or the milestones celebrated there. Accordingly, they don't perceive the value of the house in the same way that you do. Yet it is essential not to take this the wrong way. If they have made an offer, they are clearly interested in purchasing the home and should be considered on its own merits. You do NOT want to do anything that might cause the buyer to reconsider their offer. Remember, you don't need to like the buyer or develop a close relationship with them. Chances are good that you won't ever see them again.

A crucial sticking point in negotiation is separating the emotional aspect of the sale from the financial one.

Financially speaking, another important aspect to keep in mind is your "net" profit. Instead of focusing on the actual sale price of the home, calculate which deal will leave you with the most cash in your pocket. Individual offers will almost always represent different "nets" depending on the various clauses and agreements decided upon. For example, an offer of $6,000 less than your initial asking price may net you more than a second offer of only $2,000 less than the asking price. This could hold true if the second offer required you to pay the buyer's closing costs as well, which could be in excess of $10,000. If the numbers seem difficult or you are not financially inclined, consult a real estate banker or your attorney.

Although it may appear obvious, you need to make sure your buyer is financially capable of purchasing your home. Many For-Sale-By-Owners waste precious time by having an unqualified buyer tie up their house with a contract that will never close. All pertinent information about a buyer's income, debts, credit rating, and available funds should be stringently researched prior to going to contract. If a buyer is not pre qualified for a mortgage and makes an acceptable offer on your home, be sure to have it put in writing that they must speak to your banker prior to drawing up a contract.

This may go without saying but you should always consider all reasonable offers made on your home. When fielding an offer, you can either choose to accept it, reject it, or make a counteroffer and negotiate the price. Typically, counter offers go back and forth a few times before a reasonable compromise is reached. These negotiations demonstrate to the buyer that you are willing to be flexible, but will not simply give your home away. Before accepting any offers in writing, be certain that you understand all the financial ramifications of the transactions.

When negotiating your price, never divulge your lowest price to anyone. Simply tell all potential buyers to make you an offer. By revealing to anyone how low you are willing to go, you are giving them the opportunity to start negotiating there and try to bring you down even further. When we say not to tell anyone that includes friends and family! This kind of information has a way of getting out, especially when a friend of a friend happens to be interested. Protect yourself from being low-balled!

Most importantly, always be sure to abide by the State and Federal Fair Housing Laws. It is illegal to discriminate against any buyer on the basis of race, religion, sex, family status, national origin, etc. These are national laws and apply to any and all marketing efforts and selling practices. If in doubt, always consult with your real estate attorney. Any and all violations of Fair Housing Law carry stiff legal consequences.

WRITING THE SALES AGREEMENT

In order to secure a buyer, you must draft a sales agreement that acts as a receipt for a deposit and states the terms of the sale. To avoid potential future litigation, the terms of the sales agreement must be clearly laid out and meticulously completed. Any error could severely set back the entire transaction.

Due to the potential pitfalls involved in drafting a sales agreement, it may be wise to enlist the help of an attorney and or title company that specializes in real estate. This holds especially true if this is your first experience selling FSBO (For Sale By Owner). If you do decide to use an attorney, your best bet is to find someone prior to finding a buyer and work out an arrangement. Once you and the buyer have agreed to the negotiated terms, the attorney will draw up the sales agreement. The buyer is free to retain an attorney of his/her own to review the agreement. When both parties are satisfied, the agreement is signed.

Another advantage to hiring an attorney is the peace of mind it may provide for the buyer. Many buyers are wary of signing anything written by the seller or directly handing over a deposit check. Without the benefit of a formal agreement, the seller is free to spend the check as they want and the buyer is left with no legal recourse. The real estate attorney can act as a third party for the buyer. There is a greater sense of security and trust when legal counsel drafts an official agreement. Also, the buyer may opt to hand the deposit over to the attorney, who then acts as an escrow holder. Another option is to turn the money over to an independent escrow company.

To facilitate the drafting of the sales agreement, it may be useful for the buyer and seller to write out an unofficial list or worksheet outlining the basic terms of the sale. This worksheet is not signed and is in no way binding. It simply serves as a negotiating tool and includes the sales price, amount of the deposit and mortgage, and terms.

You may want to consider putting an "Under Contract" rider on your "For Sale" sign. This provides an "understudy" of sorts in case the contract does not close. Basically, you will have a back-up to take the place of the current buyer if necessary. This is NOT the same as having two contracts since the "understudy" buyer understands that they will only be considered if the first contract falls through. Always consult with your attorney about the proper wording for a "back-up" contract.

DISCLOSURES

As a seller, you are legally bound to disclose any and all defects in your home prior to selling. Unlike years ago, the seller is now held accountable. Buyers can sue for damages and conceivably force the seller to reclaim the house. Though this is highly unlikely, it has been known to happen. To try and minimize the possibility of such lawsuits from taking place, many states now have mandatory disclosure laws. Sellers must make sure that the buyer is aware of any defects on the property, from water damage to structural problems and everything in between. Do not be afraid that these disclosures will scare away buyers. An interested buyer will accept some defects – after all, perfection is hard to find! In some cases, the buyer will use your disclosure to further negotiate the price. Moreover, the buyer will appreciate your honesty up-front rather than discovering problems after moving in.

As a seller, you are also held accountable for unknown defects that may cause the buyer problems in the future. Now, you may be asking yourself, "How do I know if I found all the defects in my home?" You must protect yourself by investigating any potential problems and taking the steps necessary to try and fix them. This can be accomplished simply by hiring a competent inspector to check the house thoroughly before the sale. Even an inspector may not find absolutely everything; however, this shows how much effort you put into your disclosure statement.

NOTE: MANY BUYERS OFTEN HAVE THEIR OWN INSPECTOR SEARCH FOR DEFECTS. THEREFORE, YOU GET YOUR HOUSE INSPECTED WITHOUT HAVING TO PAY A CENT!

As mentioned before, your disclosure statement can serve as a negotiating tool. For example, if the buyer wants you to fix the faulty wiring that will cost you upwards of $2,000, you can offer to lower the price by $1,000. They can put the money towards fixing the wiring and you save the money and time involved in fixing the problem yourself – everyone is satisfied.

While walking prospective buyers through your home, you should disclose any problems that you are aware of. Furthermore, when this is finished, it is imperative that you and the buyer take the time to write out and SIGN a disclosure statement. Without this, you have no protection from a buyer who claims they were never made aware of defects that you know were previously disclosed. If no official disclosure statement exists in your state, have your attorney write one up. You should give the disclosure statement to the buyer as soon as the deal is made.

MORTGAGE BASICS

Almost everyone needs financing to buy a house. It is the rare buyer (and the very lucky seller!) who is able to buy a house outright with cash. Chances are, whoever buys your house will need a mortgage and, though it may ultimately be the buyer's responsibility, they will look to you for guidance on financing options. Don't be frightened by this. You do not have to be a mortgage expert to learn how to qualify a buyer or explain the various loans that are available.

When you at last find a buyer and have agreed on price and terms, the next step is to find out whether they have good credit, earn adequate income, and have enough money in the bank to purchase your home. Remember that an unqualified buyer can cost you precious time and money. If it turns out they are unable to acquire financing and you proceed with the sale, you will have tied up your house for months and lost potential buyers. Therefore, if at all possible, you should try and pre-qualify the buyer prior to having your attorney draft the sales agreement.

Most buyers probably won't be too eager to share their financial and credit history with you. If it is negative, they may be embarrassed or fearful that it may disqualify them. Even if it is positive, they may feel that you might try and use this information as leverage in negotiations. Often, a buyer may simply feel it is none of your business. However, it is your job to tactfully obtain this information. Once you are fairly certain you have an interested buyer, the most effective approach would be to mention approximate payment amounts. For example, if your selling price were $300,000, the typical 10% down payment would come to $30,000. That leaves a remaining balance of $270,000. Depending on the current interest rates and mortgage length, you can give the buyer an estimated monthly figure.

You can visit **www.ForSaleByOwner.com/loans-mortgages** and use these calculators to figure out all the different payment scenarios based on current interest rates and length of mortgage. You can often gauge by a buyer's initial reaction to this information whether your figure seems acceptable to them.

As a seller, you are trusting that the buyer will be able to follow up on purchasing your home. Accordingly, it's essential that they share vital information with you. For you to take your home off the market, you must know that the buyer will qualify for the mortgage they need.

There are two ways this can be accomplished.

- The best option is to refer the buyer directly to a lender that may qualify them. Again you can just have them get pre-approved over the phone by calling 1-888-457-EASY or by going to www.forsalebyowner.com/mortgage. After they submit the form, if you want, you can give the potential buyer a suitable time frame to bring you a preliminary loan approval letter. Although this may seem to be the easier option, keep in mind that during this time frame, your house will be off the market. It is also more expensive since you will need to work with your attorney in drafting a sales agreement. If it turns out the buyer doesn't qualify, you will have spent a considerable amount and still have not sold your home.

- Another option is to qualify the buyer on your own. As previously discussed, the pitfall here is that buyers may be reluctant to share their financial history with you. Again, remember to be diplomatic in your questioning. You will need to know the buyer's monthly gross income, their various monthly debt payments (i.e. car payments, credit cards, loans, etc.), credit history, and down payment sources.

In order to acquire a mortgage for 80% of the sale price (subtracting the 20% down payment amount), the total of the buyer's monthly mortgage payment cannot exceed a third of their monthly income. For example, if the buyer earns a monthly gross income of $4,500, their monthly payment must be less than or equal to $1,500 (one third of $4,500). Also taken into consideration are your total monthly payments on long-term debt. Using the above example, the buyer needed to be earning $4,500 to qualify. Yet, if they carry a total of $1,000 in various monthly payments, then in reality they need to make $5,500 each month to qualify for the mortgage. For those buyers who do not want to itemize their monthly expenses for you, ask for a grand total. They are much more likely to share this information with you and it is all you need to figure out this simple calculation.

One obstacle you may encounter is a buyer with a foreclosure and bankruptcy history. This does not automatically disqualify them from obtaining a mortgage. Often, there may be valid reasons for this. However, if the buyer cannot provide a viable explanation, there may be cause for concern as there is a good chance the buyer will not qualify for the mortgage. Other complications are delinquent loan payments and credit problems. Again, be sure to find out the causes for the delinquency. There are valid reasons for late payment such as acute illness. If the buyer's credit history has been clean for the past few years, it's not likely that they will be turned down for the mortgage.

As far as a down payment is concerned, always inquire as to where the money is coming from. Ideally, it should be sitting in the buyer's bank account or personal CD. Other options include gifts from friends or relatives. If this is the case, the money should be transferred to the buyer's account six months prior to buying a home, since the lender will usually request bank records that far back. What you do NOT want is borrowed money of any sort to be used as the down payment.

After the down payment is accounted for, the next step is to explore various financing options. Generally, the two major options are cash-to-loan and seller-assisted financing. Cash-to-loan simply means that a buyer takes out a mortgage from a large bank, credit union, mortgage broker, or small savings and loan institution for a portion of the sales price. This is typically 80-90% of the total cost. For a buyer, this is usually ideal since they get all cash for their home (the cash down payment from the buyer as well as the lump sum of the mortgage from the lender).

One important consideration with cash-to-loan financing is the LTV, or loan-to-value ratio. Basically, what this means is the ratio between how much you're putting down and the loan amount. For example, on a $200,000 home, the typical LTV is 80% of the price, or $160,000. The important thing to note is that the lower the LTV, the easier it will be all around to secure financing for your home. A buyer who is capable of making a down payment of 30% or $60,000 on that same $200,000 home will have a LTV of only 70%, thus leaving them in a better negotiating position than the buyer who has the typical 80% LTV. All else being equal, always opt for the buyer with the lowest LTV. It will make your life a lot easier!

Seller-assisted financing is just as it sounds – since very few buyers have the cash to make the requisite 20% down payment, you as the seller may need to assist them with the down payment. As the seller, you hold the deed and receive payments from the buyer. In case of default, you reserve the right to foreclose on the home. Although you incur the risk of irregular payments and default on the loan, there are also many advantages. Seller-assisted financing helps you to expand your buying pool as well as potentially wield more negotiating power and expedite the sale of your home.

TAX PLANNING

Once you have sold your home, a whole new set of rules apply when it comes to paying the taxes. Assuming you meet the criteria, you can exclude a large portion of your profit from taxes if the home is your principal residence. If you are eligible, you can pocket the money without paying taxes on it. No, this is not a joke! Of course, you need to qualify to receive this tax break.

According to the Taxpayers Relief Act of 1997, you do not have to pay taxes up to $250,000 per person (or $500,000 for a married couple filing jointly) on the sale of a primary residence. For example, assume your capital gain on the sale of your home is $300,000. As a single person, the first $250,000 profit is tax exempt. However, you will need to pay taxes on the remaining $50,000. A married couple would be exempt from paying taxes on the entire profit since their net is lower than $500,000. In order for this rule to apply, you must have lived in your primary residence for at least two years. However, there is no limit to the number of times you may claim this exclusion when selling your home. Furthermore, you are not required to invest this money into another home. You can spend it as you see it fit – on anything from a Caribbean cruise to an extravagant shopping spree!

Remember that this exclusion is contingent upon whether or not the home you are selling qualifies as your principal residence. To qualify, the residence must be where you spend the majority of your time. In the case of property that you rent, only where you actually reside is considered your principal residence. The portion of the home that you rent is considered investment property and is therefore taxable.

It is important to note that this exclusion also applies only to your capital gain. This may vary depending on factors such as home improvements and/or property appreciation. For example, any upgrades made on the house are subtracted from your capital gain, while property value appreciation will be added. Your best bet is to take advantage of the services of a CPA to accurately calculate your precise capital gain.

Time frame is also essential. If you haven't lived in your home for at least two years but your capital gain will be minimal, it may be fine to sell without waiting. On the other hand, if your capital gain will be substantial, you're probably better off waiting until the two years have expired and you can take advantage of the tax break.

Always remember to look into your local and state tax laws. Although some states have reworked their tax codes to match the Federal Law, some maintain laws that vary. It is possible that you may still be responsible for taxes at the state or local level. Once again, consult your accountant to double check.

PLEASE NOTE THAT TAX LAWS CONSISTENTLY CHANGE AND YOU SHOULD ALWAYS CONSULT A TAX PROFESSIONAL.

CLOSING

Once you have found a buyer and signed a sales agreement, it may take anywhere from 30 to 90 days to officially "close" the deal. By this, we mean the actual point at which you transfer the title of the home over to the new buyer and you receive the selling price for your home. A number of issues need to be resolved before this final step can take place.

THE FOLLOWING IS A CONDENSED LIST OF THE STEPS THAT MUST TAKE PLACE BEFORE CLOSING:

1. THE BUYER MUST APPLY FOR A MORTGAGE THROUGH A LENDER.
2. IF APPROVED, THE BUYER MUST PROVIDE YOU WITH A PRELIMINARY LOAN APPROVAL LETTER.
3. YOU AND THE BUYER MUST THEN SIGN THE SALES AGREEMENT DRAFTED AND REVIEWED BY YOUR ATTORNEYS.
4. AN ESCROW ACCOUNT MUST BE OPENED TO RETAIN THE BUYER'S DEPOSIT.
5. THE HOUSE MUST UNDERGO A FULL INSPECTION.
6. ANY AND ALL WORK THAT IS DEEMED NECESSARY MUST BE PERFORMED.
7. YOU MUST CLEAR ANY TITLE ISSUES.
8. THE BUYER MUST RECEIVE FINAL APPROVAL ON THEIR MORTGAGE APPLICATION.
9. THE BUYER AND SELLER DO A FINAL WALK-THROUGH OF THE PROPERTY TO MAKE SURE THAT EVERYTHING IS IN ORDER.
10. ALL THE FINAL PAPERS AND CONTRACTS ARE SIGNED, INCLUDING THE LOAN DOCUMENTS AND THE TITLE TO THE HOUSE.

As you can see, there are a number of things that can go wrong, delaying or even halting the closing process entirely. If the buyer is not approved for the loan, the transaction is void. Likewise, if there is a title problem, the entire process must be put on hold until the issue is resolved. The important thing is to be meticulous in completing each step of the deal. Otherwise, that "small" issue with the title is likely to cause big problems down the line. Clearly, the most critical factor to the sale is the mortgage loan. Be sure that the buyer applies for the loan as soon as they make the decision to purchase your home. Although you cannot force the buyer to expedite this process, you can include a clause in the sales agreement that requires the buyer to provide you with a preliminary approval form. A number of exceptions may pop up at this point, disqualifying the buyer, such as considerable child-support payments or bankruptcy history in another state. It is better to find out now. If you have not received this letter within your designated time frame (which you will specify within the contract), it may be wise to return the buyer's deposit and look elsewhere. Of course, this preliminary loan approval is not a guarantee that the buyer will qualify for the mortgage. It is simply an educated guess on the part of the loan officer. Still, it is the best you have to go by at this point.

After you have received the preliminary loan approval from your buyer, the next step involves "opening escrow." This simply means opening an escrow account (or holding account) to keep the buyer's deposit. As a buyer, you take your signed sales agreement to the escrow officer and they will issue you an escrow number. At this point, the escrow company acts as an independent third party between the buyer and the seller, performing a number of important functions. They begin a title search to ensure you are truly the owner of the property for sale. This ensures that you are in a position to give the buyer clear title to purchase your home. The escrow company also draws up all the necessary documents, with the exception of the loan documents. All these steps can take a considerable amount of time, so it is advised that you open escrow as soon as possible after signing the sales agreement.

Next, as the seller, you are required to obtain a preliminary title report. This document will reveal any potential problems you might have on your title. While you may be certain your title is spotless, you could be in for a surprise. Sometimes a home can have an outstanding lien on it that the owner is completely unaware of. Other issues include an encumbrance or easement that could prevent you from receiving a clear title. Whatever the problem, it is your responsibility as the seller to resolve it and move forward with the sale.

Your next task is to have the house fully inspected. These inspections can range from a termite inspection to a roofing inspection, in addition to a general house inspection. After passing, you are ready to take the final steps towards closing. However, if the inspections turn up a problem with the house, you will have to take steps to repair the problem before continuing. However, it is probably in your best interest to wait until your buyer receives final approval on their loan to initiate any repairs.

Once the buyer has received final loan approval (usually three to four weeks after they file the initial application), you should authorize any repair work that was deemed necessary. The reason for waiting is that once the work is ordered, you are responsible for paying for it -- whether or not the sale goes through.

After all the above steps have been completed, the lender should be prepared to fund the loan. Usually, the buyer will take a final walk through the home to ensure that the condition has not changed for the worse. Then if all goes well, the last and final step involves going to the escrow officer and signing all the loan documents and deposit the cash down payment and closing costs. You must now sign the deed of the house over to the new owner.

Congratulations! You've just sold your own home!

PART TWO:
ADVICE FOR BUYERS

Buying a home can be one of the most exciting and stressful times in your life. You may be looking forward to a new beginning or a new locale or even all the new decorating possibilities within your new space. At the same time, you find yourself worrying if you can really afford to buy a home. Concerns about how to finance, how to negotiate with a seller, where to find movers, the schools in your new area, etcetera, can all add to your anxiety. RELAX! With some research and effort you will feel confident throughout the buying process.

First off, there are some things to avoid prior to purchasing a home.

CONSIDER THE FOLLOWING GUIDELINES:

Buying a home is an enormous financial commitment. You want to make sure you do everything right.

- **Don't make any major purchases of any kind before buying a new home.** This includes a new car, electronic equipment, expensive jewelry, vacations, etcetera. You want to be able to funnel all of your financial resources towards creating a new home for you and your family. After all is said and done, when you've determined how much your home will cost you, any surplus can be used any way you see fit.

- **Don't move money around.** When you apply for a home mortgage, it is the lender's responsibility to run a slew of background checks documenting your ability to pay back the loan. Bank statements from the past three months will usually be requested as well as statements for all assets. If you move funds around, it can make it more difficult for the lender to approve your loan. The simpler you keep your finances in the months prior to buying a home, the better. Also don't make any sudden changes in banks or brokerage services.

- **Don't change jobs.** If at all possible, try not to change employers while you are awaiting a loan approval to buy a home. Lenders like to see continuity and stability when considering a mortgage approval. Job variables such as commissions, bonuses, and job security can come into play and decrease your credibility to the lender.

BECOMING A HOMEOWNER

As soon as you make the decision to buy a home, you need to take a close look at your financial situation. Moving is a costly venture—you will need cash for a down payment and closing costs (which usually comprise approximately 5% of the home's price). Furthermore, your monthly mortgage payments are often higher than what you may pay as a renter. In order to secure a mortgage, a lender will need to know that you are making adequate income to meet your monthly payment. In addition, they will also need to check your credit history.

Now that you're sure that you can afford to purchase a home, you'll be happy to learn that there are a number of major advantages to buying.

Here are a few of the factors to consider:

1) LONG-TERM INVESTMENT

Buying a home is a long-term investment on your part. Generally, your monthly mortgage payments will remain the same as your property value goes up. Homes typically appreciate an average of 5% a year. Of course, this number can vary significantly depending on the region, the neighborhood, etcetera. Still, every monthly payment brings you a little bit closer to owning your very own home in full. Keep in mind that the initial mortgage payments pay mostly for the interest on the loan, while subsequent payments pay a greater part of the principle.

2) TAX BENEFITS

Homeowners are entitled to a number of tax benefits. As a homeowner, the IRS allows you to deduct all mortgage interest, providing you with a significant reduction on your annual tax bill. Further, you may use your home equity to procure interest-deductible loans for home improvements, to finance a college education, or if you plan on retiring or purchasing a new home. If you decide to sell your home, you may even qualify for a capital gains tax exemption, which means you might not have to pay taxes on the sale. (There will be more on taxes later.) In effect, the government helps to subsidize your purchase of a home.

3) STABLE MONTHLY HOUSING COSTS

Buying a home also affords you the comfort of stable monthly housing costs. While rents are often unpredictable and erratic, your mortgage is not. Particularly with a fixed rate mortgage, you are guaranteed one monthly amount for fifteen to thirty years. When you consider how costly rents will probably be in thirty years, the choice seems obvious!

HOW MUCH CAN I AFFORD TO SPEND?

Before you even begin looking at homes, it is in your best interest to first establish how large a loan you qualify for. This way, you will know the price range you should be looking in and will not be disappointed if you fall in love with a home you simply cannot afford.

Lenders will look at your total household income as well as your net worth – your total assets minus total liabilities. The higher your net worth, the larger the loan you will qualify for. In addition, both your down payment and interest rates will be lower. Assuming you put a down payment of 20% on the home, one way to estimate how much you can afford is to multiply your total annual income (your gross) by three.

DEBT-TO-INCOME RATIOS

To actually determine your maximum mortgage amount, lenders use guidelines called debt-to-income ratios. This is simply the percentage of your monthly gross income (before taxes) that is used to pay your monthly debts. Because there are two calculations, there is a "front" ratio and a "back" ratio and they are generally written in the following format: 33/38.

The front ratio is the percentage of your monthly gross income that is used to pay your housing costs, including principal, interest, taxes, insurance, mortgage insurance, and any homeowner's association fees. The back ratio is the same thing plus your monthly consumer debt. Consumer debt includes car payments, credit card debt, and any installment loans. Automobile and life insurance are not included.

FRONT RATIO =
MONTHLY GROSS INCOME %

BACK RATIO =
MONTHLY GROSS INCOME % +
MONTHLY CONSUMER DEBT

As shown above, the common guideline for debt-to-income ratios is 33/38. In this case, a borrower's housing costs take up 33% of their monthly income. If you add in their monthly consumer debt to the aforementioned housing costs, the total should not exceed 38% of their monthly income.

Of course, these guidelines are flexible and subject to change. The smaller the amount of your down payment or the more dubious your credit, the more rigid they become. However, if you have impeccable credit or are putting down a large down payment, they are far more flexible. Most FHA (Federal Housing Authority) guidelines will accept up to a 29/41 debt-to-income ratio.

YOUR DOWN PAYMENT

A typical down payment on a home is 10%. In some cases, you can put down less (as low as 0%), but be aware that if you do so lenders will often make you take out private mortgage insurance (PMI) to protect them against any defaults in payment. You can cancel the PMI when your equity reaches 20% of the value of the home.

It may sound tempting to offer a larger down payment. However, this is not a good idea in most instances. Yes, it is true that you will need to borrow less, lowering your interest payments in the process. However, it also reduces the amount of interest deducted from your taxes. Therefore, you are left with less expendable cash that you may need to fix up the house, pay moving costs, tuition bills, etcetera. Please note that you cannot take out a loan for your down payment. If you are planning to use a gift from relatives to assist you, make sure to deposit it into your bank account at least six months prior to filling out a mortgage application – lenders will usually go through your bank statements for the last six months.

In addition to your down payment, moving also requires setting up an escrow account that contains up to 14 months of prepaid taxes, utilities, and insurance, until you own 20% equity in your home. Finally, you will need to pay closing costs (all the fees for surveying, appraising, escrowing, attorneys, and etcetera.).

As mentioned above, lenders will be meticulously checking your credit history. It is extremely important that you have paid off as many of your debts as possible (such as credit cards, car payments, student loans). You may want to request a copy of your credit report to ensure that it's accurate. It includes important information about your employment, credit cards, bank accounts, and debts. Make sure that any bounced check charges or back taxes have been taken care of and are removed from your record. Pre-qualifying for a loan is simply estimating the size mortgage you can afford. You do not need any official documentation. When looking at potential homes, you want to know that you have been pre-approved for a mortgage. A pre-approval is an underwriter's official guarantee of a specified loan amount. This certified pre-approval can serve as a powerful negotiating tool once you have decided on a house you want to buy. The seller knows that you are serious in your intentions and that you can afford the property. An added bonus: it helps speed up the mortgage application process once you've made your offer.

Lenders will be meticulously checking your credit history. It is important that you have paid off as many of your debts as possible.

FINDING THE RIGHT HOME

There are countless reasons why you might want to become a homeowner – a recent marriage, a new baby, a better school district, or a new job, to name a few. Your goal is to find a home in your price range that best suits your needs and desires. Once you've determined exactly what you're looking for, you should try to limit your search to those properties that meet your criteria.

Expanding on that notion, there are a number of things to consider, especially if you are attempting to buy a home with good resale value (which obviously makes the most financial sense).

1) LOCATION, LOCATION, LOCATION – Although it seems clichéd, there is no more important factor when it comes to buying a home. Clearly, there are many things you can change when it comes to your home's appearance. However, one thing that will always remain the same is the location. When considering resale in particular, location is critical. Always keep this in mind as you look. Remember that just because you don't mind the noisy bus stop across the street or the adjacent shopping center doesn't mean somebody else won't. Don't put yourself in a situation where you are forced to compromise the price of your home in the future because of negative influences you didn't consider at the time you bought the home.

Take note of everything around the home you are considering. What is the neighborhood like – local stores, parks, schools, etc.? Are there any noisy highways or streets nearby that may deter others? Is there a high association fee that people may not want to pay?

Consider all these factors and anything else you can think of. You can even make a pros and cons list for your own reference.

2) Economic Stability – When choosing a community, it only makes sense to select something in a city or town with a viable and stable economy. You want to know, or at least reasonable estimate, that in 5, 10, 15 years, when you want to sell your home, the location you've selected is still a desirable one. Look for telltale signs such as community organizations or neighbor-hood activities. You may also want to look into the surrounding commercial area. Are there reputable companies doing business in the area? This can translate into local jobs as well as money to maintain the community.

3) Local Government Services – Another important factor when looking at homes is the local government. You may want to check out the local branch of the library or the post office. Do they appear safe and clean? Also look into local crime statistics and compare them to the national average. What about community features? Are there recreation centers, youth programs, and parks? There are so many factors that need to be considered.

4) Schools – One of the most important factors for many parents are the local school systems. If you do not have children, this may not seem of consequence to you. However, keep in mind that if you ever intend to sell the home, it may be a sticking point, so proceed with caution. Inquire to find out more about the schools. Find out how they are rated as compared to other local schools. Is there the option of going to a different public school other than the one for which the address is zoned, or are the zoning laws strict? Are the schools overcrowded? Much of this information can be found free of charge on the Internet.

5) Property Taxes – For many people, this is an oft-overlooked factor. However, when buying a home, property taxes are nearly as important an issue as the selling price of the home! Some cities have property taxes in upwards of $20,000 that may not only hinder you as the buyer, but also will most likely draw concerns when you attempt to sell your home.

To simplify your research you can use the following link, www.ForSaleByOwner.com/Reports this link will give you several types of reports including, city profiles and comparisons, school reports, city demographics, crime and weather statistics and more.

ADDITIONAL TIPS

Once you've pre-qualified for your mortgage and can approximate how much you can spend, some further steps you can take now are to conduct specific research on the neighborhoods you might want to live in. Safety is also an important factor. Does the neighborhood appear to be safe to you? Check to see if there are bars on the windows or if you hear alarms going off. Don't forget to ask the local police department about crime statistics in the area. Make sure to visit the neighborhood at night. After all, you want to know that you and your family will feel safe walking the streets even when it's dark outside. Next, you may want to consider the character of the neighborhood. Are there many families around or is it mainly senior citizens? You may want to know the religious and/or ethnic composition of the community. Talk to the neighbors and inquire about the churches, temples, and schools. This will help you gauge the people in your area and learn valuable information at the same time.

You should take the time to examine real estate records to see how high the property value is. Always remember that location is the single most important factor when valuing a home. If the home you are interested in is more expensive than others in the neighborhood, it may not retain its resale value. Other factors to consider include your proximity to shops, parks, libraries, highways and other forms of transportation. If you have children (or even if not, as explained above), you will want to research the school districts. Remember that homes in better school districts may have higher taxes, but they have higher property values as well. In short, take the time to really think about your personal priorities and look for a home that suits your needs accordingly.

Now that you've narrowed the playing field, you're ready to begin seriously looking at homes. Obviously, you should always keep an eye out for any defects or damages. Take notes so you can review them later and make comparisons to other homes you will be viewing. Write down the room measurements and draft the layout so you can figure out how your furniture can best be arranged. Make sure to ask plenty of questions. After all, the current owners know more about the house than anyone. If you are interested, arrange for another visit and bring a list of questions about the property and the neighborhood. Pay close attention to the manner in which the seller answers your questions – is he/she acting defensively or trying to hide something? You'll be amazed at how much you can learn from body language or how the seller responds.

THINGS TO LOOK OUT FOR

Once you have found your dream home and put down an offer, you will most likely have a professional appraiser examine the home. However, before you even reach this point, there are some problems or defects that you can look for yourself.

UPON ARRIVAL, TAKE CAREFUL NOTE OF THE EXTERIOR OF THE HOME.

- Loose bricks or corroded mortar joints can indicate a problem with the foundation.
- If there are bulges in the siding of the house, this too, may be a sign of foundation or moisture problems.
- Be sure to inspect all the doors and windows. If they are difficult to open, it could be due to anything from poor installation to a poor foundation. Leaky sealants and broken springs are some commonplace problems.

The length of time a house has been on the market can greatly affect your negotiating position.

- It is very important that you carefully inspect the roof. If the shingles are ragged, you may experience leakage, which may be very costly to repair.
- Pay attention to the landscaping of the home. If the backyard resembles an overgrown jungle, chances are, the owner doesn't take pride in the home. In all likelihood, other sections of the home may be in disrepair.

AFTER ENTRY, PAY CAREFUL ATTENTION TO THE CONDITION OF THE INTERIOR OF THE HOUSE.

- Verify that the crawl space in the home is at least 80% covered with plastic. This helps to prevent dry rot and standing water that can result in structural problems as well as mold and mildew buildup. Also check the attic for water leaks.
- Check that the ceilings are not uneven or discolored. This may be another indication of structural damage.
- Take note that the home has proper insulation to prevent heat loss. If the insulation is not installed correctly, you could end up wasting thousands on energy bills to heat your home.
- Although a pest inspection is usually part of the general home inspection, look for obvious signs that the home may be infested such as wood damage by termites. The majority of real estate agreements include a clause that holds the seller responsible for up to 3% of the purchase price for remedying the problem.
- Air conditioning and heating are also essential to take note of.

  Find out what source of energy the house uses (i.e. gas, electric, oil, etc.). Note the location of all the vents and make sure they are in good working condition.

- Look for any leaks or plumbing problems. Check the water pressure by flushing the toilet and running the sink simultaneously. Also test the water heater by running the shower or tub for 15 minutes.
- Lastly, pay attention to the actual layout of the house. Is the kitchen convenient to the dining area? How far away are the bedrooms from the bathroom? Once you move in, you'll quickly learn how important it is to have a foyer where the kids can leave their dirty shoes rather than ruining the beige living room carpet!

As you view potential homes, you may find yourself in contact with sellers and lenders who seem reluctant to work with you. If you suspect the reason to be of racial or ethnic origin, you may be protected under the Fair Housing Law. This law serves to prevent discrimination in the real estate market. The law says that you cannot be denied the right to buy based on your race, color, nationality, religion, gender, or disability. If you feel this applies to you, record each instance where you may have been discriminated and maintain a detailed account of the incident.

Also keep any applications, receipts, and other pertinent documents related to your case. If problems persist, you can write or call the national, state, or local fair-housing enforcement agency. The toll-free number is **1-800-669-9777.**

NEGOTIATING WITH THE SELLER

Congratulations! You've narrowed it down to the one house you really want. The next step is to make an offer. Take into consideration what you are willing and able to pay. Typically, a seller will pad their asking price about 10-15%, well aware that they won't get the full price. Still, an offer of anything less than 85% may insult the seller and make him disinclined to work with you. Sometimes a seller may remain firm on the asking price, but be willing to negotiate elsewhere, such as with appliances, repairs, or closing costs. Always keep in mind that EVERYTHING is negotiable!

The length of time a house has been on the market can greatly affect your negotiating position. In a seller's market, a well priced home may receive numerous bids in the span of a couple of weeks. In this case, you probably don't have much leverage in terms of negotiation. If you aren't willing to pay the asking price, it is likely that someone else will. On the other hand, if a home has been on the market for several months, the seller is probably quite eager to sell and willing to make allowances.

When making an offer, the first step in determining a fair number is to look at the recent sales of similar homes. These are known as "comparable sales." Specifically, you want to compare prices of homes that are similar in square footage, number of bedrooms and bathrooms, garage size, and lot size. If the home you are interested in is part of a housing community or a tract of homes, you can probably even compare with exact model matches.

The best way to obtain these sales figures is in the public record. When a property is bought or sold, the deed is recorded at the local county recorder's office. They combine sales data with information already known about the property so they can properly assess property taxes. Provided there have been no additions made to the property, the information available from the public record is usually correct with regards to sale price, square footage, and number of rooms.

You can try to access this data through a title insurance company, since the general public is usually not privy to it. Keep in mind that one problem with the public record is that it tends to run six to eight weeks behind.

Another critical factor is motivation, both yours and the sellers. Always attempt to conceal your motivation, but try to determine the seller's. For example, if your lease is up on your apartment and you need to move within the next few months, do NOT divulge this information to the seller. They will realize that your time frame is quite inflexible and try to pressure you into a higher selling price. However, if the seller has already purchased a new home and has plans to move in within 60 days, this is very valuable information to know. Since the seller is eager to unload the home, you are in a strong position to negotiate. Oftentimes, this can be the case since nobody wants to pay two mortgages at one time!

Now that you're prepared to make an official offer, it's time to seriously consider hiring an attorney that specializes in real estate. This can cost anywhere from a couple of hundred to over a thousand dollars. Although it may seem expensive, your attorney can provide you with valuable advice that will help you to avoid costly mistakes or miscommunication. They will usually draft or review the sales agreement and closing documents, negotiate amendments, and act as a liaison in case of any disputes.

YOUR OFFER TO PURCHASE REAL ESTATE FORM SHOULD OUTLINE THE SPECIFIC TERMS OF THE SALE. THESE INCLUDE:

Your Offer to Purchase Real Estate form should outline the specific terms of the sale. These include:

The designated amount due upon signing the sales agreement and the total purchase price.

The fact that the sale is dependent on satisfactory appraisal and inspection of the home.

A timetable for the buyer to: obtain a mortgage, inspect the home, make a sales agreement, and close on the home.

The going interest rates at the time and the maximum rate you can afford to pay.

In the case that any or all of the contingencies are not met, you have the option to withdraw your offer completely, have the issue rectified, or adjust the price accordingly. Next, to prove your interest is sincere, you should accompany your offer with a good faith deposit. This is generally a percent of the property's total price. The money is usually placed in escrow and refunded after a specified period of time if the offer expires or if you decide to withdraw. On the check, you should write "Trustee" or "Fiduciary Agent," after the seller's name.

To put yourself ahead of other potential bidders, you have the option of making an offer higher than the asking price or offer to cover owner fees such as the appraisal or title search. Other options include being flexible with the closing date or showing documented proof of pre qualification.

Now it is up to the seller. They may choose to accept your offer, decline it, or submit a counter offer. Usually, they will opt to negotiate on the selling price. As a buyer, it is in your best interest to secure the lowest possible price. Conversely, the seller is trying to get the most for their home. This tends to require some haggling and amendments such as keeping the appliances, satellite dish, etcetera. Remember the more concessions you request as a buyer, the more reluctant a seller will be to sell to you.

The seller has years of background knowledge about his or her home that may be of interest to you. For this reason, you should require a Seller's Disclosure Statement.

THE SALES AGREEMENT

At long last, you and the seller have agreed on the purchase price. It is now time to draw up a sales agreement. To protect the rights of both the buyer and the seller, you should each have your respective attorneys review it.

The sales agreement should cover a number of topics. It should include the purchase price, the amount of the deposit, the mortgage interest rate, and estimated closing costs. Contingency clauses are also important because they specifically outline which inspections must be performed, by whom, dates by which they must be completed, and consequences if the home does not pass. Lastly, the sales agreement should list the tentative closing date or date the contract expires. This is usually 30 to 90 days. Before the loan application is processed, you want to have the home appraised and inspected to ensure you are paying a fair price and there are no hidden defects on the property. The appraiser you choose should be state-certified and MAI approved. The buyer usually covers the appraisal fee, which can range from $200 to $350. An inspection, which is paid for by the seller, typically costs between $150 and $300. The inspector must be certified by the National Institute of Building Inspectors or the American Society of Home Inspectors.

Another expense that is covered by the seller is the title search. This step is required by the lender in order to approve the loan application for the buyer. The title company searches all public records for outstanding taxes, judgments, or liens. It also looks for third party claims from an ex-spouse, heir, or business partner. If there are any blemishes in the record, it's probably in your best interest to either withdraw the offer or insist they are cleared.

As a buyer, you should be aware of environmental concerns such as lead paint poisoning or dangerous radon levels in the home you are considering. Federal Law requires sellers of homes built before 1978 to inform potential buyers about any lead-based paint used on the property. In many states, sellers are also required to disclose information regarding asbestos and pest infestation. Furthermore, any knowledge of unhealthy radon levels must also be divulged to the buyer prior to sale.

Prior to the purchase, look into all the factors that may impact the cost of ownership, such as taxes, utilities, and insurance. Some areas maintain unusually high property taxes, which may make them unaffordable. You will need to find out specific rates from the seller and local tax assessor. Also look into the average cost of utilities. If the house uses oil, it can be very expensive. Obtain old energy bills and factor them into your final monthly costs. Insurance is another often overlooked consideration. Some form of homeowner's insurance must be purchased prior to settlement. The policy should be dated as of the settlement date and the mortgage lender named the beneficiary. Ranging from state to state, additional insurance may be required, including flood, hurricane, or earthquake insurance. If you are looking for the lowest rates possible, your best bet is to take on a deductible. Similar to automobile insurance, this means you will pay up to a given amount out-of-pocket before your policy coverage begins.

In addition to the expenses listed above, some neighborhoods or developments charge mandatory "association fees." The fees often go to cover public amenities, such as a pool, Jacuzzi, or tennis courts. Sometimes they may simply pay for the landscaping in the area or a security patrol. These fees can run anywhere from $100 to $500 a month. Tacked onto your mortgage, this could be a substantial expense.

Barring any of the above issues, the following step would be to obtain a letter of commitment from the lender that guarantees that you have been approved to buy the home. Be sure to read the letter carefully or have your attorney take a look. There are a number of terms and loan conditions you need to be aware of and understand. If everything looks satisfactory, sign the letter and return it to the lender, after making a few copies for yourself.

Federal Law gives you the right to see a Uniform Settlement Statement just prior to settlement. This document simply lists all costs associated with the purchase of the house. Again, if everything checks out, you and the seller may take your final walk-through of the house. At this point, you're merely checking to make sure every-thing is in order. The house should be in the same condition as when you first saw it, and all repairs should be completed. Ideally, try and schedule this walk-through during daylight hours where you can clearly notice details.

DISCLOSURES

Although you have extensively toured the property, looked at the walls and ceiling, turned on the faucets, and played with the light switches, remember that you have not actually lived in this home. The seller has years of background knowledge about his or her home that may be of interest to you. For this reason, you should require a Seller's Disclosure Statement. Basically, you want the seller to disclose any adverse conditions that may have a substantial impact on your decision to purchase his or her home. This would include anything from the home being located on an earthquake fault zone to faulty plumbing. In this way, you can protect yourself from any unknowns that may come back to haunt you in the future. A few other things you may want to consider include:

OFFICIAL HOME INSPECTION – Aside from the appraisal process and the termite inspection, you may also want to have a professional check out the house and identify any potential problems. Of course, you have already inspected the home on your own, but a professional will be able to notice certain things with a trained eye. These issues may not even fall under the responsibility of the seller to repair or replace, but at least you will have the foreknowledge of them just in case.

FINAL WALK-THROUGH INSPECTION – Just prior to closing, be sure to revisit the property one last time to make sure everything is in order. Make sure that you retain this right as part of the Sales Agreement.

FINANCING YOUR NEW HOME

HOW FINANCING DETAILS WILL AFFECT YOUR OFFER

Since chances are you will probably make your offer contingent upon obtaining a mortgage, the seller has the right to be informed of these financing plans in order to evaluate your credibility as a homebuyer. For this reason, financing details will be included in your offer. Two of the things that you should pay particular attention to are:

YOUR DOWN PAYMENT – As part of your offer, you will need to dis-close the size of your down payment. This allows the seller to evaluate your likelihood of being approved for your mortgage. Clearly, it will be easier to secure a mortgage when you are making a larger sum down payment. The underwriting guidelines will be less strict.

INTEREST RATE – Typical interest rates should also be included as part of your offer, mainly for your benefit. In the instance that interest rates suddenly become volatile and rise quickly, your mortgage payment could be substantially higher than you anticipated. You may not be able to afford the increase and be forced to nullify the contract. By putting a maximum acceptable rate clause into the Sales Agreement, you can protect yourself by allowing for this loophole.

OBTAINING THE LOAN

Since very few buyers can actually pay for a home in cash, the chances are very good that you have to take out a home loan. As soon as you and the seller sign the sales agreement, you should submit a loan application. You will need to provide the lender with bank statements (usually from the last six months), income tax returns, pay stubs, and other proof of income and assets. The lender will explain loan origination fees, typically 1% of the loan, which must be paid prior to approval. In addition, you should be given an estimate of closing costs and learn how long the interest rate is valid and if and when it can be locked in. Finally, a lender can help you determine if you need private mortgage insurance or other kinds of special insurance.

THESE ARE SOME OF THE ITEMS YOU SHOULD HAVE PREPARED WHEN APPLYING FOR A LOAN TO EXPEDITE THE PROCESS:

* W2 Forms for the past two years
* Recent pay stubs (for the past two months)
* Federal Tax Returns (1040's) for the last two years if:
    - you are self-employed
    - earn regular income from capital gains
    - own rental property
    - earn more than 25% of your income from bonus or commissions
    - earn sizable interest income
* Year-to-Date Profit and Loss Statement (for self-employed individuals)
* Pension Award Letter (for retired individuals)
* Social Security Award Letters (for those individuals on Social Security)
* Bank statements (for the past two months)
* Statements for stocks, mutual funds, bonds, etc. (for the past two months)
* Copy of latest 401K statement
* Explanations for any large deposits and source of those funds
* Explanations for any negative items on your credit report
* Copy of bankruptcy papers (if you have filed for bankruptcy within the past seven years)
* Landlord's name, address, and phone number (for rental verification purposes)
* Gift Letter (if sizable funds come as a gift from a family member)

Take note: "Gifts" may also require further documentations including verification of the donor's ability to make the gift, a copy of the check used to make the gift, and a copy of the deposit slip showing the funds deposited to your account.

Before you settle on a type of mortgage, diligently compare the various mortgages available. This can help you lower your monthly payments and may even save you thousands of dollars over the course of your loan.

There are four main types of mortgage lenders. The most common of these are large banks. They have the strictest requirements, but they usually offer the lowest interest rates. Credit unions and local banks are another option. Many of these institutions are more flexible than the larger banks. They will examine your financial history as well as your current ability to make payments. You may also want to consider a mortgage broker. Mortgage brokers charge a fee to match the borrower with an appropriate lending institution. They represent banks, organizations, and private individuals with money to lend.

A less conventional alternative is to go through government agencies such as the Federal Housing Authority (FHA) or the Veteran's Administration (VA). These are not traditional lenders; they act as insurers who guarantee your loan in case you default. You must qualify in order to obtain a FHA loan. One advantage is that your down payment can be as low as 5%. VA mortgages are only available to qualifying veterans. With this type of loan, you do not even need a down payment. You might also want to look into whether your state has financing agencies that offer low-interest home financing through mortgage revenue bonds. These Housing and Urban Development (HUD) programs require that applicants have not owned a home in the last three years.

You are free to choose a mortgage with fixed or variable interest rates and payment periods. It is important to remember that only the APR (Annual Percentage Rate) factors in all costs incurred when borrowing money with a fixed rate loan, including the interest rates, points, and closing fees. The Federal Law requires that the lender supply you with a "Truth in Lending Disclosure" estimate, which includes APR, three days after applying for a loan. Some other considerations include early and late payment terms and refinancing options.

THE FOUR PRIMARY TYPES OF MORTGAGES INCLUDE:

1. **Fixed rate mortgages have a set interest rate and fixed monthly payments, usually over a 30-year time period.** This type of mortgage is often most appealing to buyers because it features a fixed, regular payment schedule. This makes it easier for buyers when planning their monthly budget. If you qualify, you may also want to consider a 15 or 20-year loan, which will increase your monthly payments by about 15%-25%. This option could save you upwards of 50% in total

interest throughout the life of the mortgage.

2. **Adjustable rate mortgages (ARMs) provide a preliminary interest rate of at least one or two points lower than a conventional mortgage.** This rate is linked to a market index and fluctuates regularly. If you opt for this type of loan, be sure to insist on an interest rate cap. This safeguard will limit your rate increase to two percentage points per year and five to six points over the course of the mortgage. This mortgage carries more risk since interest rates can be unpredictable. A number of ARMs afford you the option to lock in a low interest rate or refinance after a specified time period. Of course, you will have to pay a fee for this.

3. **Balloon mortgages demand that you pay large lump sums at fixed intervals in addition to regular monthly payments.** These large payments can decrease the life of the loan substantially. However, most people are unable to make an additional lump payment to do this.

4. **Graduated payment mortgages (GPMs) start off with a low monthly payment, but then gradually increase.** This permits buyers to buy a more expensive home than they can currently afford, with the assumption of increased income in the future. The danger with this kind of loan is known as negative amortization. In this scenario, if the buyer is forced to sell after only a few years, you still owe interest and have not even made a dent in the principal.

For some buyers it may be extremely difficult to procure a mortgage. This is especially true for first-time buyers or those who have had credit problems in the past. There are some unconventional options that you may want to consider. In some cases, the seller may be willing to hold onto the deed and receive payments directly from you. This is known as seller assisted financing. In essence, the seller becomes your lender. If you should default, the seller reserves the right to foreclose on the home.

If you are reluctant to commit, lease option buying may be right for you. Here you basically rent the home on a temporary basis with an option to buy in the relatively near future (usually six months to two years). As a buyer, you have the opportunity to become comfortable with the home as well as postpone your mortgage application. In terms of payment obligations, you will most likely have to pay between 3% and 5% of the selling price as well as a small monthly payment.

Moreover, co-signing is a good way to increase your odds of securing a mortgage loan. If your credit is less than perfect, perhaps you can convince friends or family to act as a guarantor on your loan. This means that they will accept responsibility for the payments if you default.

Lastly, you may opt to borrow from your pension or profit-sharing plan. The law permits you to borrow up to one-half of the vested amount or $50,000, whichever is the lesser amount. If the loan is to buy a primary residence, there is no term limit imposed on the loan. Similarly, you can also borrow against your life insurance policy. Most policies allow you to borrow up to 95%, with no time restraints. Keep in mind that your coverage is reduced by the amount you choose to borrow.

TAX OPTIONS FOR THE HOMEOWNER

As most people have undoubtedly told you, owning a home is a great tax shelter. As a homeowner, you can use your loan interest as a tax deduction, as well as closing costs and use of a home office. You may be interested in hiring a tax lawyer or accountant so you can be sure that you are maximizing your tax savings. Federal tax laws (including possible exemptions) are complicated in nature and vary considerably from state to state.

The interest payments that you make on your principal residence can be deducted from your gross annual income each year. This can mean big savings for you, especially at the beginning of the mortgage when the majority of your payments go towards the interest. To gain a better understanding of how much of your monthly payments go towards the interest, consider the following:

If you take out a $100,000 loan with a 30-year term at 8%, nearly $8,000 of your $8,800 will go towards paying your interest. That comes to over 90% of the total!

Your property taxes are also deductible from your taxable income each year. This holds true even if the home is not your principal residence.

By the time you reach settlement, your finances will be virtually depleted. The good news is that you are able to deduct all closing costs from your gross income. This results in paying lower taxes! Overall, you can save over 3% of your home's price.

If you are one of the many homeowners who use their home for business, you are probably eligible to write off a portion of your home expenses. Estimate the percentage (in square feet) of the section of your home used for business. Use that percent of your yearly mortgage bill to determine your write-off amount.

ADDITIONAL TAX DEDUCTIONS

Generally speaking, there are numerous tax advantages associated with the purchase of a home. A homeowner can deduct points used to obtain a mortgage when buying a home, mortgage interest paid during the year, as well as property taxes. Now the specifics as to what it all means to you.

Points – You've probably heard of points when it comes to real estate and wondered what exactly they are. Basically, when you obtain a mortgage, certain costs are associated with that mortgage. One of these costs is called the loan origination fee, which is typically expressed as "points."

For example, one "point" on a $150,000 loan would be $1500. Similarly, 2 points on a $150,000 loan would be $3000. On most loans, points are often broken down into two categories: the loan origination fee (which is usually one point) and discount points (which are also a percentage of the loan balance). Both of these are deductible. However, keep in mind that the loan origination fee must be expressed in points in order for it to be tax deductible.

Deducting Points – When buying a home, points are deductible for the year in which they are paid, providing they meet certain conditions. The main condition is that the mortgage is secured by the home you primarily live in.

Also in the case that the seller pays part of these points on behalf of the buyer (as part of a previously agreed upon condition), the buyer can still deduct the amount from their taxes. The only catch is that the seller must relinquish the right to do so as well. The amount cannot be deducted twice.

A last exception to the above deductions is if you make too much money. While we may wonder if such a thing is possible, the IRS has deemed that people earning an adjusted gross income of $128,950 are limited in terms of what they can deduct on their taxes. For married couples filing separately, the figure is half of that.

CLOSING COSTS

When you talk to a lender, they will usually prepare a "Good Faith Estimate" of your expected closing costs. They are usually required to provide this estimate to you within three business days of your loan application. Buyers typically assume that since your lender is the one providing you with this estimate, the costs listed are all associated with the lending institution. This is not the case. The lender is simply the one preparing this estimate for you based on his or her past experience. It is an educated guess on their part to assist you in planning your budgets.

The following pages are a detailed list of costs that you may incur when buying a home. They are broken down by costs associated with your lender and other additional costs. Also keep in mind that these costs are all non-recurring costs, which means that they are paid one time only. Recurring costs include such items as property taxes and homeowner's insurance, which are paid regularly.

LENDER FEES

LOAN ORIGINATION FEE

The loan origination fee is often referred to in terms of "points." One point is equal to one percent of the loan amount. As a rule, if you are willing to pay more in points, you can secure a lower interest rate. On a VA or FHA loan, the loan origination fee is always one point. Anything in excess of this one point on government loans is referred to as "discount points."

APPRAISAL FEE

Since the home you are looking to buy must serve as collateral for your mortgage, lenders want to be certain of the value. As a result, they will usually require an appraisal to determine if the price you are paying is comparable to recent sales of similar properties. The fee can vary depending on the value of the home. More unique and expensive homes will usually require a more substantial appraisal fee.

CREDIT REPORT

As part of your underwriting review, your mortgage lender will require a credit report. The report can run from as little as $7 to $60 depending on the specific type of report required from one of three national credit agencies.

LENDER'S INSPECTION FEE

This fee is typically found on new construction and associated with what is called a 442 inspection. Since the property is not finished when the initial appraisal is completed, the 442 inspection verifies that construction is complete with carpeting and flooring installed.

TAX SERVICE FEE

During the life of your mortgage loan, you will be making property tax payments. These can be made either on your own or through your impound account with your lender. Since property tax liens can sometimes take priority over a first mortgage, it may be in your lender's interest to pay an independent service to monitor your property tax payments. The fee for this typically ranges between $75 and $85.

FLOOD CERTIFICATION FEE

Your lender has the right to determine whether or not your property is located in a federally designated flood zone. This fee will be charged by an independent service contractor.

ADDITIONAL COSTS

CLOSING/ESCROW/SETTLEMENT FEE

The specific methods of closing a real estate transaction vary greatly from region to region as do the fees. Check with your local lender.

TITLE INSURANCE

The purpose of title insurance is to ensure the homeowner that they have clear title to the property. The lender may also require it to insure that their new mortgage loan will be in first position. The cost can vary significantly here too. Once again, check with your lender.

NOTARY FEES

Most sets of loan papers will be in triplicate and require notarization. Usually your escrow agent can arrange for you to sign these forms and charge a fee in the neighborhood of $40.

RECORDING FEES

Certain documents must be filed away with the County Recorder's Office. Fees for this also range by region, but tend to run between $40 and $80.

PEST INSPECTION

This is sometimes referred to as a Termite Inspection. The inspection checks for everything from actual pest infestation to items such as wood rot and water damage. The inspection usually costs about $75 and may be paid for by the seller. If repairs are in order, the bill is something to be negotiated by the buyer and the seller.

HOME INSPECTION

A thorough inspection of the home is highly recommended by the lender. However, since the choice is left up to the homebuyer, the cost is usually not included as part of the Good Faith Estimate.

LOAN TIE-IN FEE

Although this sounds like a cost levied by the lender, it is not. If charged, it is usually by a settlement agent (escrow agent, attorney, etc.) to compensate themselves for services rendered in dealing with the purchase of the home.

SUB-ESCROW FEE
This fee may be charged by the title insurance company to compensate for activities in coordinating with the settlement agent (escrow agent, attorney, etc.)

HOMEOWNER'S ASSOCIATION TRANSFER FEE
If you are buying a home that is part of a Homeowner's Association or condominium unit, the governing association will usually charge a fee to transfer all of the ownership documents to your name.

CLOSING THE DEAL

The final step involved in buying your new home is referred to as closing or settlement. Specifically, this entails the formal transfer of the title and the signing of all final legal documents. Each party has their own responsibilities. The seller must bring with them the deed or title to the home, along with inspection papers, transferable bills, and the bill of sale. As a buyer, you are required to have your down payment for the lender, the tax deposit and insurance to the escrow agent, and all fees, including those for the attorney, the survey, the tax transfer, and the title search. Be sure to review with your attorney all documents before signing them as they are legally binding.

One of the documents you will be asked to sign is a mortgage note. This document secures your loan and outlines the specific terms. It includes repayment terms, which you should make careful note of. Upon signing, you grant the lender a lien on the property. Both the mortgage and a deed of trust should be recorded in the County Recorder's Office or the Registry of Deeds.

Lastly, the buyer and seller are usually required to sign an affidavit swearing the property is free of liens, judgments, assessments, or other encumbrances.

Now you can finally move in! Don't forget to mail or fax a Change of Address Notice (available at the post office) to all your friends and family. Try and give at least two weeks advance notice. Next, take an inventory of all your possessions to calculate moving costs. Most moving companies will charge per hundred pounds. Only move what you feel you will use in your new home. Now is a good time to weed out things you no longer use. Holding a garage sale might be a good idea! Before committing to a mover, be sure to get at least three estimates. Find out what their insurance policy covers and if there is a deductible. Usually, the movers must be paid in cash. Finally, ensure that all of your utilities will be turned on and transferred to your name.

Congratulations – you've successfully purchased your own home!

PART THREE: SAMPLE FORMS

In partnership with ForSaleByOwner.com, US Legal Forms brings you essential do-it-yourself real estate forms, guides, kits and software to sell, lease, buy and manage property on your own. Whether you rent multiple apartments or are buying or selling your primary home, accurate legal documentation is crucial to managing your real estate matters. The products in this e-book are designed to guide you through the entire process of buying, selling or managing your property. Click on the links below, or browse through the following pages to review and purchase the vital tools you will need today.

Essential Real Estate Products

SALES CONTRACT

WARNING:

CONSULT WITH A QUALIFIED ATTORNEY BEFORE SIGNING ANY CONTRACT. THIS FORM DOES NOT ADDRESS MANY KEY ISSUES THAT MAY BE RELEVANT TO YOUR SITUATION. SEVERAL STATES HAVE REQUIRED CONTRACT PROVISIONS OR FORMS OF RESIDENTIAL REAL ESTATE CONTRACTS. THIS FORM IS NOT INTENDED TO REPLACE SUCH CONTRACTS.

Date ________________

1. Purchase and Sale. The undersigned buyer (hereto forth known as "Buyer") agrees to buy and the undersigned seller (hereto forth known as "Seller") agrees to sell the property described below under the terms and conditions hereinafter set forth, which shall include the principles for real estate transactions set forth within this contract.
Location of Property:

ADDRESS ____

CITY___________________________ STATE ______ ZIP __________

2. Purchase Price and Payment Method. The final purchase price to be paid by the Buyer at closing is: _________ _______________________
Dollars (must be written out), $ ___________. This agreement is made conditioned upon Buyer's ability to secure a mortgage loan in the principal amount of ________ % of the purchase price as listed above. The total mortgage principal amounts to $ __________. An earnest money deposit of $ ________ is to be held in trust by ________ _________. Buyer warrants that at closing Buyer will have remaining sum of $ _________________, to complete the purchase.

3. Prorations. Buyer and Seller agree to prorate taxes, insurance, interest, rents, and other expenses and revenue of said property as of the closing date.

4. Restrictions, Easements, Limitations. The Buyer shall take title subject to: (1) Zoning restrictions and requirements imposed by government authority, (2) Public utility easements of record, provided said easements are located on the side or rear of the property, (3) Restrictions and controls appearing on the plate or common to the subdivision, (4) Taxes for year of closing, assumed mortgages, and purchase money mortgages, if any, and (5) Other: ______ ____

5. Default by Buyer. Exclusive of the Buyer being unable to secure financing, any default on the part of the Buyer entitles the Seller to retain all earnest monies rendered. Only exceptions are those specifically addressed in this herein contract.

6. Default by Seller. If the seller fails to perform any of the covenants of this contract, the aforesaid earnest monies paid by the Buyer, at the option of the Buyer, shall be returned to the Buyer on demand.

7. General Inspections. The Buyer or his agent may inspect premises of the property at least 15 days prior to closing. Inspections may include, but are not limited to, appliances, heat and air conditioning systems, sprinklers and pool systems, electrical systems, plumbing, and machinery included in the sale. Seller shall pay for necessary repairs. Within 72 hours prior to closing, buyer shall be entitled, upon reasonable notice to Seller, to inspect the premises to determine that said items are all in working order.

8. Roof Inspection. The Buyer, at the Buyer's expense, shall have the right to have the property inspected by a licensed roofer at least 15 days prior to closing. In the event that repairs are required either to replace damage or correct leaks, Seller shall pay up to three percent of the purchase price for said repairs which must be performed by a licensed roofing contractor. If the cost for such repairs exceeds three percent of the purchase price, the Buyer may elect to pay such excess. If Buyer elects not to pay, Seller may pay the excess of cancel the existing contract.

9. Termite Inspection. The Buyer, at the Buyer's expense, shall retain the right to have a licensed exterminator examine the property at least 15 days prior to closing. If there is evidence of live termite or other wood-boring insect infestation on said property, or substantial damage from prior infestation, the Seller shall pay up to three percent of the purchase price for treatment and repairs required to remedy such infestation. If the costs of said repairs exceeds three percent of the purchase price, the Buyer may elect to pay such excess. If the Buyer elects not to pay, the Seller may pay the excess or cancel the existing contract.

10. Leases. Seller shall furnish the Buyer with all written leases and estoppels letters from each tenant at least 15 days prior to closing.

11. Mechanics Liens. Seller shall provide Buyer with an affidavit that there have been no known improvements to the property for 90 days preceding the date of closing, and no claims of liens or potential lienors known to Seller. If the property has been improved within that time period, Seller shall provide releases or waivers of all mechanics liens as executed by general contractors, subcontractors, suppliers, and material providers.

12. Expense. State documentary stamps required on the instrument of conveyance and the cost of recording any corrective instruments shall be paid by the Seller. Documentary stamps to be affixed to the note secured by the purchase money mortgage, intangible tax on the mortgage, and the cost of recording the deed and purchasing the money mortgage shall be paid by the Buyer.

13. Insurance. If insurance is to be prorated, the Seller shall on or before the closing date, furnish to the Buyer all insurance copies or copies thereof.

14. Risk of Loss. If the improvements are damaged by fire or casualty before delivery of the deed, contract becomes null and void unless Seller and Buyer can agree on a repair alternative.

15. Maintenance. Between the date of the contract and the closing date, the property, including the lawn, shrubbery, and pool, if any, shall be maintained by the Seller in the condition as it existed as of the date of the contract, ordinary wear and tear excepted.

16. Place of Closing. Closing shall be held at the office of the Seller's attorney or as otherwise agreed upon.

17. Closing Date. This contract shall be closed and deed and possession shall be delivered on or before _______ day of ________________, _________ (year), unless extended by other provisions of this contract.

18. Documents for Closing. The closing attorney shall prepare deed, note, mortgage, Seller's affidavit, any corrective instruments required for perfecting title, and closing statement, and submit copies of same to Buyer or his attorney, and copies of closing statement to the Seller and the broker, if any, at least two days prior to scheduled closing date.

19. Typewritten or Handwritten Provisions. Typewritten or handwritten provisions inserted in this form shall control all printed provisions in conflict therewith.

20. Other Agreements. No agreements or representations, unless incorporated in this contract, shall be binding upon any of the parties.

21. Lead Paint Disclosure. "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage." Lead poisoning also poses a particular risk to pregnant women. The Seller is required to provide the Buyer with any information on lead-based paint hazards from risk assessments or inspection in the Seller's possession and notify the Buyer of any known lead-based paint hazards. A risk assessment or inspection is recommended prior to purchase.

SPECIAL CLAUSES

____

____

SIGNATURES

BUYER ____ DATE _______________

BUYER ____ DATE _______________

SELLER ____ DATE _______________

SELLER ____ DATE _______________

WITNESSED BY: ____ DATE _______________

ESCROW AGREEMENT

Agreement between:

___________________________________, (Seller), ______________________________________, (Buyer),

and ____, (Escrow Agent)
Simultaneously with the making of this agreement, Buyer and Seller have entered into a Contract by which Seller will sell to Buyer the following property:

ADDRESS ____

CITY ____________________________ STATE ______ ZIP _________

The closing will take place at such time and place as Buyer and Seller may jointly designate in Writing. Pursuant to the Contract, Buyer must deposit: $ ______________________ as down payment to be held in escrow by Escrow Agent, OR $ _____________________ ___ as earnest money deposit to be held in escrow by Escrow Agent.

The $ ____________________ down payment or earnest money referred to above has been paid by Buyer to Escrow Agent. Escrow Agent acknowledges receipt of $ _______________ From Buyer by check, subject to collection.

If the closing takes place under the Contract, Escrow Agent at the time of closing will pay the amount deposited with Agent to Seller in accordance with Seller's written instructions.

If no closing takes place under the Contract, Escrow Agent shall continue to hold the amount deposited until receipt of written authorization for its disposition signed by both Buyer and Seller. If there is any dispute as to whom Escrow Agent is to deliver the amount deposited, Escrow Agent shall retain the sum until all the parties' rights are finally determined in an appropriate action or proceeding or until a court orders Escrow Agent to deposit the down payment or earnest money.

Escrow Agent assumes no liability except that of a stakeholder. Escrow Agent's duties are limited to those specifically set out in this agreement. Escrow Agent shall incur no liability to anyone except for willful misconduct or gross negligence so long as the Escrow Agent acts in good faith. Seller and Buyer release Escrow Agent from any act committed or omitted in good faith in the performance of Escrow Agent duties.

Special Provisions: ____

SIGNATURES

SELLER ____

WITNESS ____ DATE _____________

BUYER ____

WITNESS ____ DATE ____________

ESCROW AGENT _______________________________________ DATE ____________

NET TO SELLER WORKSHEET

This form can be used to estimate the net proceeds from the sale of your home.

To estimate cash proceeds from the sale, begin with the purchase price and subtract all amounts you will have to pay at or prior to closing. These amounts are organized into categories below, including Established Costs, Estimated Closing Costs, and other Potential Costs.

Begin with your Estimated Sale Price: ____________________ **(A)**

Established Costs.

These are usually the vast majority of costs incurred. Your mortgage holder can tell you the amount remaining on your mortgage plus any prepayment penalty.

* Amount to pay off present mortgage ____________________
* Real Estate Commissions (if any) ____________________
* Prepayment Penalty on Mortgage ____________________
* Unpaid property taxes (if any) ____________________
* Additional Established Costs ____________________

____________________ **(B)**

Estimated Closing Costs.

The following fees are typically paid by the Seller at Closing. The total usually falls between 1-1.5% of the total purchase price.

* Attorney Fees ____________________
* Buyer's Mortgage Fees (Discount Points, Origination Fee) ____________________
* Title Insurance Premium ____________________
* Survey Fees ____________________
* Transfer Taxes ____________________
* Other Closing Fees ____________________

____________________ **(C)**

Other Potential Costs.

* Buyer's Home Warranty ____________________
* Homeowner Association Fees ____________________
* Repairs for Termite or Roof Damage ____________________
* Recording Fees ____________________
* Advertising ____________________
* Other Fees ____________________

____________________ **(D)**

Net to Seller: A – (B+C+D) = E
E = Your Net Cash Proceeds **$____________________**

BUYER PRE-QUALIFICATION FORM

Information Supplied by Buyer:

A. Gross Annual Income (Pretax) $____________________

B. Monthly Long Term Obligations:

Automobile	$ ________________
Child Support	$ ________________
Student Loans	$ ________________
Credit Card Debts	$ ________________
Other	$ ________________
TOTAL:	$ ________________

Calculations Based on Information Provided Above:

C. Gross Monthly Income $ ____________________ (Line A divided by twelve)

D. Monthly Allowable Housing Expense plus Long Term $ ________________ Obligations
(Line C multiplied by .36)

E. Monthly Allowable Housing Expense

E1.Line D minus Line B $ _____________

E2.Line C multiplied by .28 $ _____________

Line E1 or Line E2, the lesser of the two $ __________________

F. Monthly Principal and Interest $ ______________________ (Line E multiplied by .8)

G. Estimated 30-Year Mortgage Amount $ _______________________
(Line F divided by Factor corresponding to Interest Rate)

Interest Rate	Factor
6.0%	.0060
6.5%	.0063
7.0%	.0067
7.5%	.0070
8.0%	.0074
8.5%	.0077

H. Estimated Affordable Price Range $ ________________
(Line G divided by Factor corresponding to DownPayment %)

Down Payment %	Factor
3%	.97
5%	.95
10%	.90
15%	.85

20% .80

SELLER'S PROPERTY DISCLOSURE STATEMENT

This disclosure statement refers to the property located at:

ADDRESS ____

CITY _____________________________________ STATE _____ ZIP ______________

Notice to Buyer and Seller: This disclosure statement is designed to assist Seller in disclosing to a buyer all known materials or adverse facts relating to the physical condition of the property that are not readily observable. All questions must be answered completely. If answers are affirmative, please provide detailed explanations on the "Additional Explanations" section.

	YES	NO	DON'T KNOW
1. Does seller currently occupy property?	❏	❏	❏
2. If not, when did seller last occupy property? __________			
3. Is any part of the property leased?	❏	❏	❏
4. Does property rest on a landfill?	❏	❏	❏
5. Are you aware of any settling/earth movement?	❏	❏	❏
6. Are you aware of any encroachments, boundary line disputes, or unrecorded easements?	❏	❏	❏
7. How old is the roof? ____________			
8. Are you aware of any problems, past or present, with roof, gutters, or downspouts?	❏	❏	❏
9. Are you aware of any past or present damage caused by infiltrating pests, termites, dry rot, or other wood-boring insects?	❏	❏	❏
10. Is your property currently under warranty by a licensed pest control company?	❏	❏	❏
11. Are you aware of any past or present movement or other structural problems with floors, walls, or foundations?	❏	❏	❏
12. Has there been fire, wind, or flood damage that required repair?	❏	❏	❏
13. Has there ever been water leakage or dampness within basement or crawl space?	❏	❏	❏
14. Have there been any additions, structural changes, or alterations to the property?	❏	❏	❏
15. Was work done with the necessary permits and approvals in compliance with building codes and zoning regulations?	❏	❏	❏
16. Is drinking water source public or private?	❏ Public		❏ Private
17. Is sewer system public or private?	❏ Public		❏ Private
18. Are you aware of any past or present leaks, backups, etc. relating to water and/or sewer?	❏	❏	❏
19. Is there polybutylene plumbing (other than the primary service line) on the property?	❏	❏	❏
20. Are you aware of any toxic substances on the property?	❏	❏	❏

YES **NO** **DON'T KNOW**

Offer to Purchase Real Estate

Eliminate the worries of buying real estate with the US Legal Forms Offer to Purchase Real Estate form. This easy-to-use legal form can be customized for your needs and to include specifics about your situation. It states essential contract basics in clear, concise language, and it addresses the issues and necessary information involved in making a solid offer and then completing the sale, including:

* names of parties involved
* address and description of the property
* purchase price and deposits

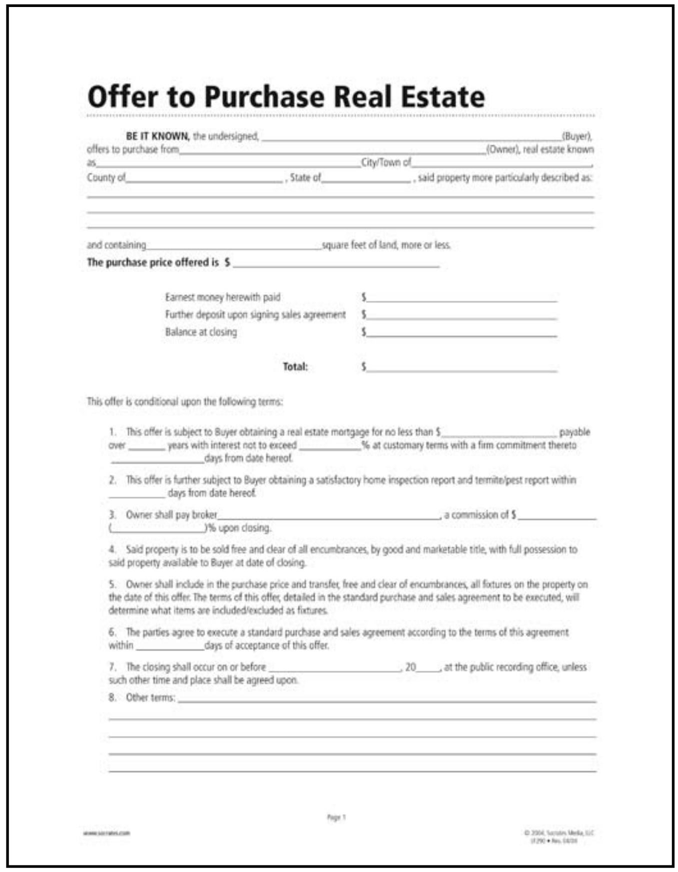
Conditions that must be met before the offer can take effect, such as:

* obtaining a mortgage
* inspecting the property
* freeing the property of encumbrances

Other conditions of the offer, such as:

* broker fees
* any fixtures to be included in the sale date of closing
* deadline for accepting offers
* and more

All contents reviewed and approved by attorneys or industry experts.



Offer to Purchase Real Estate

BE IT KNOWN, the undersigned, ____________________(Buyer), offers to purchase from____________________(Owner), real estate known as____________________City/Town of____________________, County of____________________, State of____________________, said property more particularly described as:

____

____

____

and containing____________________square feet of land, more or less.

The purchase price offered is $ ____________________

Earnest money herewith paid $____________________

Further deposit upon signing sales agreement $____________________

Balance at closing $____________________

Total: $____________________

This offer is conditional upon the following terms:

1. This offer is subject to Buyer obtaining a real estate mortgage for no less than $____________________ payable over _______ years with interest not to exceed ____________% at customary terms with a firm commitment thereto ____________________days from date hereof.

2. This offer is further subject to Buyer obtaining a satisfactory home inspection report and termite/pest report within ____________ days from date hereof.

3. Owner shall pay broker____________________, a commission of $____________________ (____________________)% upon closing.

4. Said property is to be sold free and clear of all encumbrances, by good and marketable title, with full possession to said property available to Buyer at date of closing.

5. Owner shall include in the purchase price and transfer, free and clear of encumbrances, all fixtures on the property on the date of this offer. The terms of this offer, detailed in the standard purchase and sales agreement to be executed, will determine what items are included/excluded as fixtures.

6. The parties agree to execute a standard purchase and sales agreement according to the terms of this agreement within ______________days of acceptance of this offer.

7. The closing shall occur on or before ____________________, 20_____, at the public recording office, unless such other time and place shall be agreed upon.

8. Other terms: ____________________

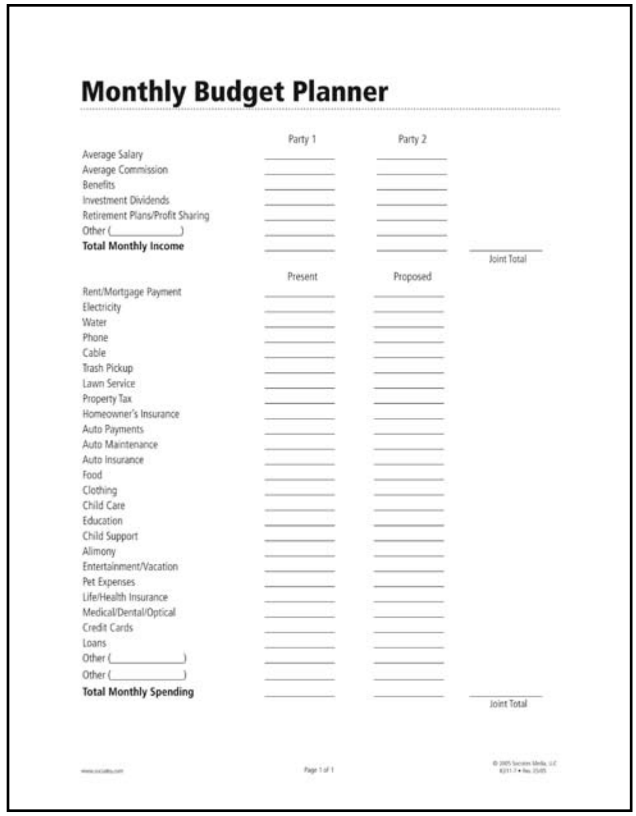
Find the real estate contracts and forms you need at www.ForSaleByOwner.com/forms.html or call 1.888.FOR.SALE.

Buying and Selling Your Home

Purchasing or selling a home without a real estate agent can save you money, but it can be a difficult process if you don't have the know-how to do it right. So before you get started, learn how to save time, maximize your profits, reduce legal fees and make the process go smoothly from beginning to end.
This comprehensive Buying & Selling Your Home Kit addresses all of those topics and more, including:

* deciding when the time is right
* sale cycles
* alternatives to buying and selling
* cleaning up your credit
* prequalification vs.. preapproval
* using a broker or doing it yourself
* placing classified ads
* open houses
* different types of homes
* full disclosure
* avoiding discrimination
* financing
* negotiating a sale
* sales contracts
* presettlement walk-throughs
* moving
* tax breaks
* and much more.

All contents reviewed and approved by experts.



Monthly Budget Planner

	Party 1	Party 2	
Average Salary			
Average Commission			
Benefits			
Investment Dividends			
Retirement Plans/Profit Sharing			
Other ( )			
Total Monthly Income			Joint Total
	Present	Proposed	
Rent/Mortgage Payment			
Electricity			
Water			
Phone			
Cable			
Trash Pickup			
Lawn Service			
Property Tax			
Homeowner's Insurance			
Auto Payments			
Auto Maintenance			
Auto Insurance			
Food			
Clothing			
Child Care			
Education			
Child Support			
Alimony			
Entertainment/Vacation			
Pet Expenses			
Life/Health Insurance			
Medical/Dental/Optical			
Credit Cards			
Loans			
Other ( )			
Other ( )			
Total Monthly Spending			Joint Total

Page 1 of 1

The kit also provides up-to-date real estate forms such as:

* Agreement to Sell Real Estate
* Offer to Purchase Real Estate
* Exclusive Right to Sell Agreement
* Lease with Purchase Option
* Personal Financial Statement
* Lead Paint Disclosure
* Release of Mortgage
* Address Change Notice

Quitclaim Deed

Transferring your property to someone else means giving up all claims to that property. With this form you can do just that easily and without costly legal fees.

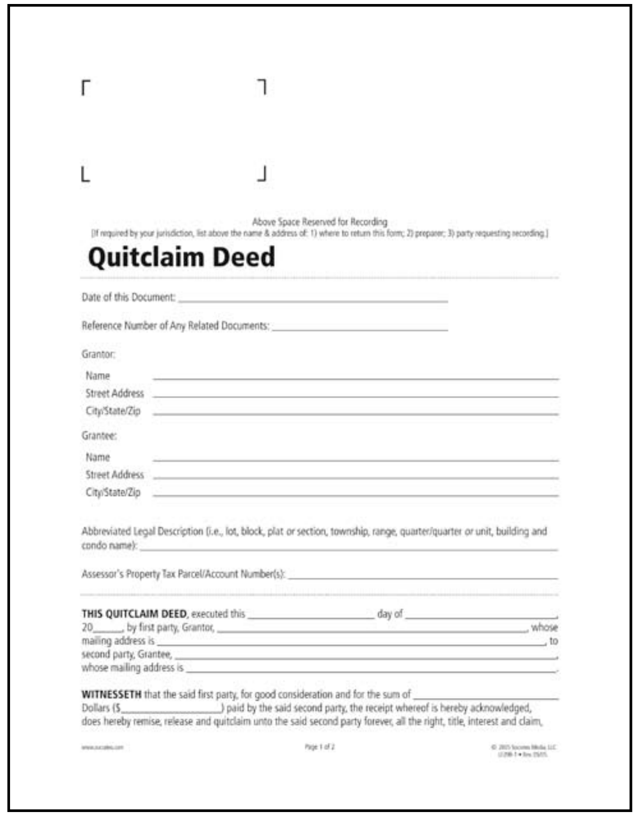
This two-page form allows you to:

* release your interest in a property or land
* clear up all questions or disputes
* let the buyer assume any risks
* maintain an accurate, accessible record of the transaction

Terms and conditions covered:

* names and addresses of parties
* amount and acknowledgement of money paid for property
* release of all rights, title, interest and claims
* description and location of property
* signatures of witnesses, first and second parties and document preparer
* notary signature and seal

All contents reviewed and approved by attorneys or industry experts.



Above Space Reserved for Recording
[If required by your jurisdiction, list above the name & address of: 1) where to return this form; 2) preparer; 3) party requesting recording.]

Quitclaim Deed

Date of this Document: ______________________

Reference Number of Any Related Documents: ______________________

Grantor:
Name ______________________
Street Address ______________________
City/State/Zip ______________________

Grantee:
Name ______________________
Street Address ______________________
City/State/Zip ______________________

Abbreviated Legal Description (i.e., lot, block, plat or section, township, range, quarter/quarter or unit, building and condo name): ______________________

Assessor's Property Tax Parcel/Account Number(s): ______________________

THIS QUITCLAIM DEED, executed this ____________ day of ____________, 20______, by first party, Grantor, ______________________, whose mailing address is ______________________, to second party, Grantee, ______________________, whose mailing address is ______________________.

WITNESSETH that the said first party, for good consideration and for the sum of ______________________ Dollars ($______________) paid by the said second party, the receipt whereof is hereby acknowledged, does hereby remise, release and quitclaim unto the said second party forever, all the right, title, interest and claim,

Page 1 of 2

Find the real estate contracts and forms you need at www.ForSaleByOwner.com/forms.html or call 1.888.FOR.SALE.

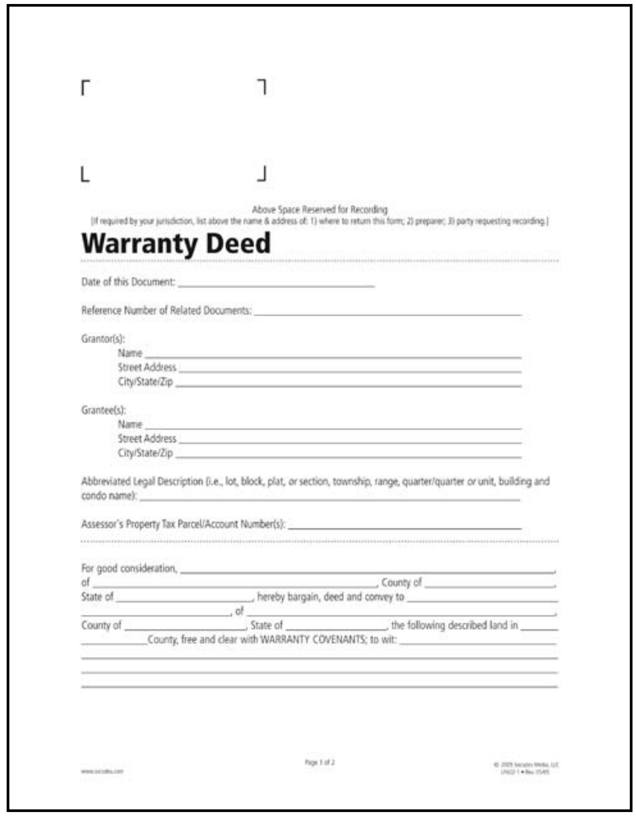
Warranty Deed

When you purchase a piece of property, you want to be sure there's no question about who the owner is. Use this up-to-date Warranty Deed to protect yourself from any claims of ownership after your purchase is complete. This concise document lays out the conditions of transfer in a clear, understandable manner and can be used as a valid legal document for your records.

Terms and conditions covered:

* names and addresses of both parties
* description of the property with warranty covenants
* assurance that all parties involved will defend the recipient's right to the property
* dates of transfer
* signature of grantor
* signatures of court official and preparer

All contents reviewed and approved by attorneys or industry experts.



Above Space Reserved for Recording
[If required by your jurisdiction, list above the name & address of: 1) where to return this form; 2) preparer; 3) party requesting recording.]

Warranty Deed

Date of this Document: ____________

Reference Number of Related Documents: ____________

Grantor(s):
Name ____________
Street Address ____________
City/State/Zip ____________

Grantee(s):
Name ____________
Street Address ____________
City/State/Zip ____________

Abbreviated Legal Description (i.e., lot, block, plat, *or* section, township, range, quarter/quarter *or* unit, building and condo name): ____________

Assessor's Property Tax Parcel/Account Number(s): ____________

For good consideration, ____________, of ____________, County of ____________, State of ____________, hereby bargain, deed and convey to ____________, of ____________, County of ____________, State of ____________, the following described land in ____________ County, free and clear with WARRANTY COVENANTS; to wit: ____________

Page 1 of 2

Find the real estate contracts and forms you need at www.ForSaleByOwner.com/forms.html or call 1.888.FOR.SALE.

Agreement To Sell Real Estate

Providing you with the contract and the confidence to execute your own real estate transactions safely and easily.

Can be used to document the purchase or sale of any type of real estate.

Once this customizable Agreement to Sell Real Estate is completed, both the buyer and the seller will have a clear understanding of all the terms and conditions and a permanent record of the transaction, including:

* description of the property
* purchase price
* method of payment
* warranties
* restrictions, if any
* inspections covered
* closing dates and information
* and more. . .

With the US Legal Forms Agreement to Sell Real Estate you can officially protect yourself and maintain a permanent legal record that can be easily referred to if a dispute should ever arise.

All contents reviewed and approved by attorneys or industry experts.

Agreement to Sell Real Estate

____,
of ______________________________________ as
Seller, and ______________________________________,
of ______________________________________ as Buyer,
hereby agree that the Seller shall sell and the Buyer shall buy the following described property UPON THE TERMS AND CONDITIONS HEREINAFTER SET FORTH, within this contract.

1. **Legal Description** of real estate located in ______________________
County, State of ______________________:

____

____

____

2. **Purchase Price** ______________________________ Dollars
($______________________).

Method of Payment:

(a) Deposit to be held in trust by ______________________ $__________

(b) Approximate principal balance of first mortgage to which conveyance shall be subject, if any. Mortgage holder: ______________________ $__________
Interest ______________ percent per annum.

(c) Other: ______________________ $__________

(d) Cash, certified or local cashier's check on closing and delivery of deed (or such greater or lesser amount as may be necessary to complete payment of purchase price after credits, adjustments and prorations). $__________

3. **Prorations:** Taxes, insurance, interest, rents and other expenses and revenue of said property shall be prorated as of the date of closing.

4. **Restrictions, Easements, Limitations:** Buyer shall take title subject to: (a) Zoning, restrictions, prohibitions and requirements imposed by governmental authority, (b) Restrictions and matters appearing on the plat or common to the subdivision, (c) Public utility easements of record, provided said easements are located on the side or rear lines of the property, (d) Taxes for year of closing, assumed mortgages, and purchase money mortgages, if any, (e)
Other: ____

____

____

____

____

____.

Seller warrants that there shall be no violations of building or zoning codes at the time of closing.

5. **Default by Buyer:** If Buyer fails to perform any of the covenants of this contract, all money paid pursuant to this contract by Buyer as aforesaid shall be retained by or for the account of the Seller as consideration for the execution of this contract and as agreed liquidated damages and in full settlement of any claims for damages.

Page 1 of 5

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