

How To Price Your FSBO House

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Price It Right . . . Sell It Quick

Selling a house by owner . . . Pricing is key.

Why do some properties sit on the market and others sell immediately? The main reason a house doesn't sell is because it isn't priced right. Conversely, a house sells quickly because it is priced right.

A well-priced property is one where the seller agrees to sell and the buyer agrees to buy at a given price. A Sale or a No Sale is determined by price.

- The only reason a house sells is the price.
- The only reason a house doesn't sell is the price.

The three reasons a house sells are:

- Price
- Condition
- Terms.

This article will help you arrive at the best asking price for your property. When you finish reading, you'll know how to price your house competitively.

You'll Understand:

- The condition of the house.
- What terms to offer.
- Obstacles to pricing.
- The rules of pricing.
- Secrets of selling.

Condition of the property:

You never get a second chance to make a first impression. Ask yourself: "Would I buy this property - at this price - in its present condition?"

This is a tough question because as owners you've learned to live with:

- Grease spots on the garage floor
- A drip in the toilet
- Light bulbs that need replacing
- And so forth.

To get a house ready for the market, make a list of everything that needs fixing; then fix everything. You are trying to create a powerful first impression. Everything must sparkle.

The condition of a house determines whether a buyer will buy, and it determines the price they'll pay.

Terms:

Terms vary with economic conditions. In times of prosperity you can ask for cash or a conventional loan and the buyer can easily qualify. In times of tight money and high interest rates, it is more difficult for the buyer to qualify. You may need to offer:

- An owner carry back - which means you carry back a portion of the buyer's loan, secured by a second trust deed on the property.
- To pay part of the buyer's closing costs - which will help the buyer qualify.
- VA and FHA terms - to sell a house with VA and FHA financing, you are obligated to pay specific loan costs for the buyer. Find out from a lender what your costs will be; ask them to prepare estimated closing costs for you and for the buyer.

Be aware of economic times and conditions.

Don't be quick to say NO to offers; look for ways to make the sale work. Be flexible. Carefully consider offers before saying NO.

Obstacles to pricing:

The value of a house is determined by the price a ready, willing, and able buyer is willing to pay, and the price you're willing to accept.

Four reasons sellers overprice a house:

- Pride - Many sellers suffer the misconception that their house is the only house that justifies more money than the market suggests. Is

your price close to the price of comparable houses?

- Greed - Greed is defined as desiring more than one deserves. We want to net as much as possible. We fear we'll price the house too low. Are you greedy?
- Ignorance - Sellers who don't compare their house with others on the market, arrive at a price based on what they want rather than what the market suggests. Basing the price on what you want rather than knowledge of the market is a common error.
- Competition - You've chosen to sell without a broker; consider that most properties include a brokerage commission in the price. You should reduce your price by that amount to compete with properties listed on Multiple Listing Service (MLS).

Sellers want to recover every dollar spent on improvements. Industry standard suggests you'll get back approximately 40%. Forty cents on the dollar. Don't expect to recover more.

The market will soon tell you how you did on pricing your house:

1. If you are getting lots of showings and no offers, the public is telling you your price is too high.
2. If you are getting no showings, the public is telling you your price is too high.

Set your price below a benchmark. If the average sold price is \$202,000, ask \$199,750. An item marketed at \$19.95 sells faster than an item at \$20.00. It works for marketing small items and it works in selling houses.

Four pricing rules:

- Use only recorded facts.
- A verified sale is the only data with validity.
- Sales older than six months are of little value in determining price.
- Set your price within 5% of the average sale of comparable properties.

Secrets of Selling

Four keys to a quick sale - The house must:

- Look great.
- Have the right price.
- Be easy to show.
- Offer flexible terms.

Overpricing will:

- Reduce showings.
- Reduce the number of offers.
- Lose buyers.
- Eliminate good offers.
- Reduce ad responses.
- Extend market time.
- Result in a failure to sell.

Right pricing will:

- Increase the number of showings.
- Create more offers closer to full price.
- Produce more qualified buyers.
- Increase ad response.
- Shorten market time.
- Result in a quicker sale.

Good Luck Marketing Your House.