

## Part 3. THE UGLY: The Things That May Prevent You From Selling.

### 1/ YOUR MINDSET AND REACTIONS

If you are short tempered, impatient, easily offended and reactive; then you will have to restrain yourself and avoid reacting if you want to be a successful FSBO.

The following are yours to deal with:

- Buyers Are Uncomfortable When Sellers Are Present During Showings.** Most buyers get uncomfortable because they feel they cannot openly discuss the property and comment on it with their agent without offending you.
- Buyers Feel Compelled to Lie.** Most buyers feel compelled to be nice to sellers and compliment them on their home and say how much they like it when the truth is the opposite. So don't be surprised and don't get upset or disappointed if you never hear from these buyers who seemed to love your home so very much.
- Buyers May Get Argumentative:** Some buyers may actually be offended by certain things in your home or because they feel the home is so overpriced it is an insult to their intelligence. Keep calm and cool. Thank them for coming and tell them it is ok if they do not like the house and as far as the price, all offers are welcome...
- Buyers May Offend You.** Some buyers may not care about your feelings and just say it as they see it. Negative comments can range from what they perceive as ugly colors, decor and furniture; to complaining about smells, clutter, or dirtiness. Understand that buyers will see your homes based upon their own standards and tastes, which do not have to match yours. So take a deep breath, don't take negative comments personally and ignore them.
- Buyers May Judge You/Not Like You.** It is human nature. Whether we like it or not we tend to judge others. So when buyers meet the seller(s) in their home, most of them cannot help themselves and start casting judgment based on how they perceive the seller. Preconceived ideas and bias based upon religion, ethnicity, appearance, accent and sexual orientation can make some buyers walk away from an otherwise great home that is well priced. It is their problem, not yours. The world will always have a small percentage of bigots and ignorant people. Take a deep breath and let it go.
- “No Shows” and Late Arrivals.** Expect to have some hiccups with showings:
  - Canceled last minute because of an “emergency”

## Part 3. THE UGLY: The Things That May Prevent You From Selling.

- Agents and their buyers being late for all sorts of legitimate excuses. Don't be surprised if you might wait half an hour or more because of traffic or prior showings taking longer than expected.
- Agents and their buyers not showing up and not answering their phone when you call to find out if they are still coming. You see, sometimes the buyers pick the homes they want to see online, but when they drive up to it at the time of showing they might not like something about it or about the neighborhood and ask their agent to keep going. A true professional will immediately call you to apologize and say the truth: the buyers changed their mind about the area last minute.

These situations can be maddening considering the effort you put into preparing the home and turning all the lights on, maybe delaying dinner, sitting for a half hour or longer at the end of a long work day or on your day off waiting for an agent and their buyer that may not even show up or call to apologize. These situations can be a cause of stress and arguments between spouses, especially if your spouse did not want to go the FSBO route and wanted to hire a full service agent. **Minimize the stress of “no shows” by calling the agent or buyer at least one hour before your set appointment to confirm they are still coming on time. If you get no response to your call, then text them a short message with your address and ask them to reply back that they are still coming at the agreed upon time. If you get no response, still prepare for the showing but move on with your life and plans if they do not show up after 15 minutes from their appointment.**

**Failure to Keep a Log of Showing Requests and Failure to Follow Up.** It is crucial for you to keep a log of who requested a showing, what day and what time. Use this log to keep track of who shows up, jot some notes down about the buyers and follow up with the agent the next day and ask for honest feedback. If they say something like they loved the home but they felt it was overpriced, then ask the agent to have them make their best offer. Who knows? You might be pleasantly surprised.

Many FSBOs eventually end up listing with an agent because they got so fed up and aggravated dealing with: the calls at all hours of the day or evening, no shows, scammers, people asking them to provide help in the form of seller's financing, the no-money-down buyers, and the reactions and comments from buyers and strangers that came through their home. Don't let your emotions and reactions sabotage your process. Be mentally prepared!

## Part 3. THE UGLY: The Things That May Prevent You From Selling.

### 2/ SITUATIONS RELATED TO OFFERS

Congratulations, you did most of the things in this guide and receive an offer or multiple offers. Now what? Receiving offers and not having a strategy to deal with them is a sure recipe for failure.

**Low Offers.** Although these offers may offend you or insult you, it would be a big mistake to react negatively to them. You see, buyers that make low offers usually do so for one of the following reasons:

- They are trying to get a great deal. They hope the seller is desperate to sell or not very well informed of the value of their home, or maybe the seller does not know how to negotiate. Can you blame them for trying? Smile and be ready to negotiate.
- They are working with an agent who pulled the recent comparable sales in your neighborhood and their offer seems low because you are simply way overpriced. Can you blame them for not wanting to pay too much?
- They are financing and are afraid the property will not appraise because it is overpriced. This is a real problem if you are in an area where most buyers finance and you are unrealistic about your asking price.
- They are not working with an agent and their offer seems even lower because it reflects the savings in commissions. Since no real estate agents are involved, they expect that the final price will be lower because they are not willing to pay you the extra 5% or 6% for commissions you did not pay. You want to save on commissions and they do too. You see if your neighbor used agents to sell a comparable home for \$500,000 and paid 6% or \$30,000 in commissions, a smart buyer would not pay more than \$470,000 for your house. It is only fair from their perspective.

All agents can tell you of successful sales that initially started with a low offers. If the buyers like the home they will go up. By how much? you might ask. Well that depends on the circumstances, other options, and how bad they really want it.

You have nothing to lose countering a low offer. If you can justify your price with market data or an appraisal, add it to support your counter offer. Keep in mind that a smart buyer might still insist on a discount for the commission savings.

## Part 3. THE UGLY: The Things That May Prevent You From Selling.

**Multiple Offers.** Expect them if you are in a red hot seller's market or in an area where homes like yours sell within days with multiple offers. If that is the case and you get multiple offers, sometimes the highest one may not be the best for your situation. Here are some factors to consider:

- Is it a cash or financed offer? If you want a quick sale with a lesser risk of cancellation because of appraisal and financing contingencies, then maybe a slightly lower cash offer might be safer. Use your judgment.
- If most offers you receive are financed, take a close look at down payment, type of loan, closing date, contingencies and their periods, and how solid the pre-approval is (Call the lender and ask what they did before they issued the pre-approval). These days Pre-Qualifications letters are deemed meaningless. Pre-approval are preferred but always inquire about the depth of analysis of the borrowers' finances with the lender who issued the letter. Lenders cannot disclose to you confidential personal and financial information of the buyer(s) but they can tell you what items they have already analyzed and verified before issuing the pre-approval.
- Beware of offers that do not have a deposit, or call for a deposit to be made after the contract is signed. Even though the contract might be legally binding, good luck chasing after buyers who changed their minds and disappeared... Depending on the terms of the contract you may have to hire an attorney and go to court to free your property from any later claims from the buyers.

If you are not experienced in contract terms and negotiations, and your Flat Fee Broker does not provide assistance with offers and negotiations, you may want to pay and consult with an attorney to understand terms, conditions and risks associated with the offer(s) you are contemplating. If you have already selected one, your closing attorney or closing agent may provide that assistance for you before you sign anything to counter or accept an offer.

**Buyers' Professional Inspection Reveals Repairs Needed.** Unless you have paid for a professional inspection before listing your home for sale, it is very likely that the professional inspection of your home will reveal needed repairs you were not aware of. The buyers may ask you to take care of all or some of them, or cancel the deal.

## **Part 3. THE UGLY:** The Things That May Prevent You From Selling.

So how do you deal with repair demands? How do you know what is reasonable and what is “nit-picking”?

First of all understand that if the inspection reveals some major problems or defects you did not know of, such as roof leaks, electrical problems, structural problems, mold, and water leaks; you now have the legal obligation to disclose them to the next buyer if you refuse to deal with them. So putting your head in the sand and avoiding to deal with the issues will jeopardize the sale to any buyers who are not willing to take on headaches unless the price is adjusted down by repair costs plus headaches.

If the offer you accepted is financed, certain defects may prevent the buyer from obtaining insurance and financing, unless they are repaired before closing. No buyer in their right mind will pay for repairs on a home they do not own yet.

So what are the reasonable repairs a buyer could ask for? Typically, anything that is cosmetic in nature, you may reject. Any repairs to restore the functionality of any items required for the proper and safe use of the home can be deemed reasonable. If you are claiming that the home is in good condition and has no problems, then shouldn't you deliver the home in good functional condition to the buyers?

Requests for repairs of roof leaks, electrical problems, structural problems, mold, and water leaks are examples of reasonable requests. The bottom line is, know how to pick your battles and try to negotiate repairs to a mutual satisfaction to save a good offer.

**The Appraisal Comes Back Lower than Contract Price.** Now this is a big one for FSBOs that are typically overpriced. If you do not know your options and just cancel the contract, you will most likely have to deal with this issue again with the next financed buyer or any cash buyer smart enough to spend a few hundred dollars on an appraisal.

Here are some options:

- If the difference is small, you may agree to reduce the price and move forward.
- If the difference is large, you may ask the buyers to split the difference. You reduce the price by half of the difference and the buyers increase their cash down payment by the same amount.

**Wishing you a happy FSBO experience and best of luck!**