

# FOR SALE BY OWNER GUIDE



S U C C E S S F U L L Y

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SELLING YOUR HOME  
IN TODAY'S MARKET





## KEY REAL ESTATE TERMS

### 1. Adjustable-rate mortgage

There are two types of conventional loans: the fixed-rate and the adjustable-rate mortgage. In an adjustable-rate mortgage, the interest rate can change over the course of the loan at five, seven, or ten year intervals. For homeowners who plan to stay in their home for more than a few years, this is a risky loan as rates can suddenly skyrocket depending on market conditions.

### 2. Amortization

This is the process of combining both interest and principal in payments, rather than simply paying off interest at the start. This allows you to build more equity in the home early on.

### 3. Appraisal

In order to get a loan from a bank to buy a home, you first need to get the home appraised so the bank can be sure they are lending the correct amount of money. The appraiser will determine the value of the home based on an examination of the property itself, as well as the sale price of comparable homes in the area.

### 4. Assessed value

This is how much a home is worth according to a public tax assessor who makes that determination in order to figure out how much city or state tax the owner owes.

### 5. Buyer's agent

Also known as in "selling agent"; this is the agent who represents the buyer in the home-buying process. On the other side is the listing agent, who represents the seller.

### 6. Cash reserves

The cash reserves is the money left over for the buyer after the down payment and the closing costs.

### 7. Closing

The closing refers to the transfer of property. At the closing, buyers and sellers sign the final documents, and the buyer makes the down payment and pays closing costs.

### 8. Closing costs

In addition to the final price of a home, there are also closing costs, which will typically make up about two to five percent of the purchase price, not including the down payment. Examples of closings costs include loan processing costs, title insurance, and excise tax.

### 9. Comparative market analysis

Comparative market analysis (CMA) is a report on comparable homes in the area that is used to derive an accurate value for the home in question.







## KEY REAL ESTATE TERMS

### 10. Contingencies

This term refers to conditions that have to be met in order for the purchase of a home to be finalized. For example, there may be contingencies that the loan must be approved or the appraised value must be near the final sale price.

### 11. Dual agency

Dual agency is when one agent represents both sides, rather than having both a buyer's agent and a listing agent.

### 12. Equity

Equity is ownership. In homeownership, equity refers to how much of your home you actually own—meaning how much of the principal you've paid off. The more equity you have, the more financial flexibility you have, as you can refinance against whatever equity you've built. Put another way, equity is the difference between the fair market value of the home and the unpaid balance of the mortgage.

### 13. Escrow

Escrow is the holding of funds without interest. Lenders, real estate brokerages and attorneys all have escrow accounts.

### 14. Fixed-rate mortgage

In a fixed-rate mortgage, the interest rate stays the same throughout the life of the loan.

### 15. Home warranty

This warranty protects from future problems to things such as plumbing and heating, which can be extremely expensive to fix.

### 16. Inspection

Property inspections can range greatly from property to property. It is a visual home inspection of the home and its operating systems. Other inspections could be: termite, radon, survey, septic, etc.

### 17. Seller's Disclosure

Document to be completed and signed by the seller in regard to their knowledge of the property. You can find a free copy of the document at the following link:

<http://krec.ky.gov/Documents/402-SellersDisclosureofPropertyCondition.pdf>

### 18. Listing

A listing is a property that is for sale. The term gets its name from the fact that these homes are often "listed" on a website or in a publication.





## KEY REAL ESTATE TERMS

### 19. Listing agent

This is the agent who represents the seller in the home-buying process. On the other side is the buyer's agent, who represents the buyer.

### 20. Mortgage broker

The broker is an individual or company that is responsible for the creation of the loan.

### 21. Offer

This is the initial price offered by a prospective buyer to the seller. A seller may accept the offer, reject it, or counter with a different offer.

### 22. Pre-approval letter

Before buying a home, a buyer can obtain a pre-approval letter from a bank, which provides an estimate on how much the bank will lend that person. This letter will help determine what the buyer can afford.

### 23. Principal

The principal is the amount of money borrowed to purchase a home. Paying off the principal allows a buyer to build equity in a home. Principal is combined with interest to determine the monthly mortgage payment.

### 24. Private mortgage insurance

Private mortgage insurance (PMI) is an insurance premium that the buyer pays to the lender in order to protect the lender from default on a mortgage. These insurance payments typically end once the buyer builds up 20% equity in a home.

### 25. Real estate agent

A real estate agent is a professional with a real estate license who works under a broker and assists both buyers and sellers in the home-buying process.

### 26. Real estate broker

A real estate broker is a real estate agent who has passed a state broker's exam and met the state requirements. While a broker may work independently; an agent always operated under a licensed broker in order to represent real estate clients.

### 27. REALTOR

A Realtor is a real estate professional who is a member of the National Association of Realtors. NAR has a code of standards and ethics that members must adhere to.





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### **28. Title insurance**

Title insurance is often required as part of the closing costs. It covers research into public records to ensure that the title is free and clear, and ready for sale. The lender has a required title insurance payable by buyer, however the buyer can purchase independent title insurance for as long as you own the property to insure a free and clear title.

### **29. Agency Disclosure**

A document, to be signed by a prospective buyer or seller of real estate, explaining to the client the role that the broker plays in the transaction.

### **30. Lead Paint Disclosure**

The lead-based paint disclosure is a required form to be issued to all potential buyers for residential properties built before 1978.





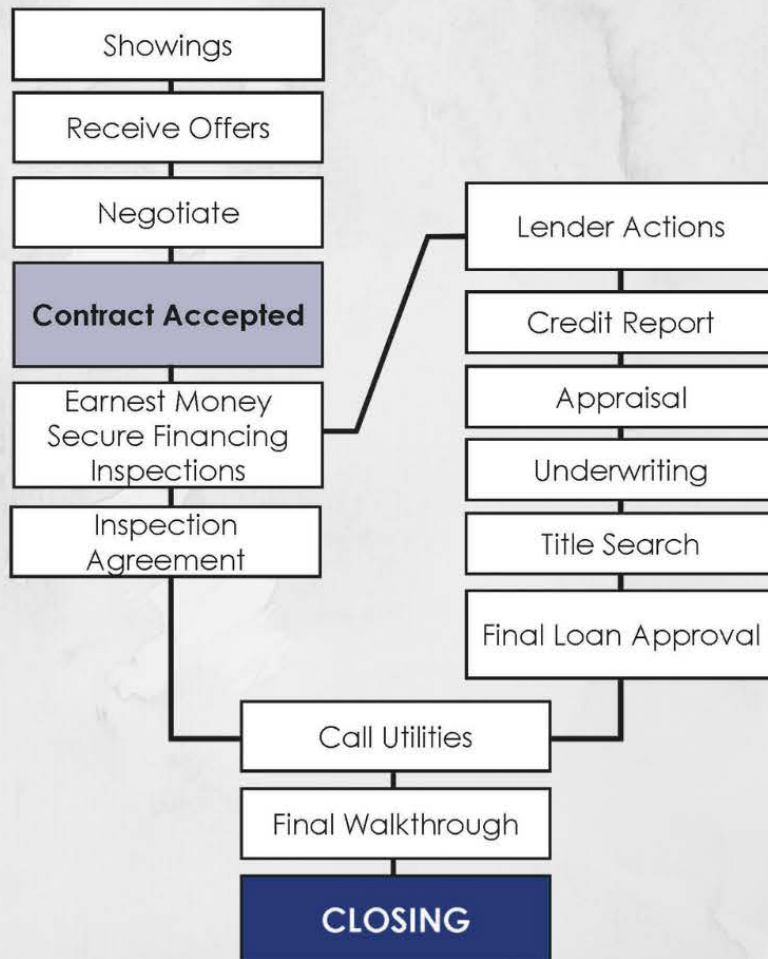
# SELLING FLOWCHART

## Pre-Marketing

- Staging & Decluttering
- Media Capture & Gathering
- Final Pricing
- Set Showing Restrictions, if applicable

## First Week on the Market

- Place a "FOR SALE BY OWNER" sign on the property
- Enter the listing information on 3rd party websites
- Place a "new listing" ad on social media



# PRICING STRATEGY

At Building the Bluegrass, we create a CMA (Competitive Market Analysis) by looking at three different real estate sources, the PVA (Property Valuation Administrator), the local LBARMLS (Lexington Bluegrass Association of Realtors Multiple Listings Service) and national realtor report RPR (Realtors Property Resource).

As a FISBO (For sale by owner) you have the option to research the PVA and 3rd party websites such as zillow, trulia, etc to evaluate price/sf but also taking into account the location, plat and condition of the property.

Determining the correct price is very important. You can do research on the PVA per neighborhood and get the average price/sf for the area and then apply it to your property. As real estate professionals we are able to calculate the list/sale price ratio which allows us to give the seller an accurate list price and a better estimate on a sell price. On average, properties sell for 96% of the listed value.

You also need to account for what it cost to sell a house; some of them may be:

- -buyer's agent fee-3% of purchase price
- -taxes-will vary depending on the time of the year
- -transfer tax \$.50 for each \$500 of value
- -miscellaneous closing attorney fees-\$200-400

Property Valuation Administrator  
David O'Neil, PVA

[www.FayettePVA.com](http://www.FayettePVA.com)  
Your Official Database of Properties

PVA

<https://www.lexingtonky.gov/property-valuation>  
Fair Market Value 2020





## SUGGESTIONS HOW TO MAKE YOUR HOME SELL FASTER

As a multidisciplinary firm that deals with real estate, construction, landscaping, design and staging we understand the importance your home's appearance has on the potential sale of your home.

### General Tips:

- Pull up the shades, bring in natural light. Wash windows.
- Lighting is key; turn on all the lights, day or night. Have a consistent light bulb wattage.
- Remove clutter from each room and surfaces.
- If you have a fireplace, make sure it is clean.
- Keep your home ready for a showing at all times.
- Replace and/or professionally clean the carpet if needed.
- Have a family "game plan" to get the home in order quickly if necessary.
- Air out your home for one-half hour before showings, if possible. Air quality and odors affect the showing tremendously. Light a candle for an hour prior to showings.
- Put most of your personal artifacts/family photos in storage.
- Improve traffic flow through every room by removing excess furniture.
- Create an inviting entry, inside and out.
- Putty over and paint any nail holes or other mishaps in the walls.
- Paint touch ups throughout the home.
- Clean all light fixtures and fans.
- Plants and fresh flowers are always welcome in any room of the house.
- Make sure the attic is safe to access, provide a functioning light source there.
- Remove and/or hide excess extension cords.
- Open all doors to areas you want potential buyers to see such as walk-in pantries, pantries.
- Make sure banisters and handrails are safely secured.







## Kitchen

- Make sure trash is taken out.
- Highlight the dining area with a table runner or table setting.
- Make sure dishwasher doesn't have dirty dishes in it.
- Declutter counter space by removing small appliances.
- Degrease the kitchen appliances.
- Clean inside of your fridge, using plastic containers to hold small jars or yogurt is great way to visually organize it and make it feel bigger.

## Bedrooms

- Create a serene setting in all the bedrooms; depersonalize the space.
- Make sure that the beds are made and the linens are clean.
- Organize your closets, remove unnecessary items and put them in storage or in bins.

## Bathrooms

- Do not leave towels around and wipe down the sinks and shower areas after each use.
- Re-caulk the tub if the caulk is not sparkling white.
- Repair or replace broken tiles in the shower/tub.
- Replace shower curtains and keep them clean.
- Keep vanity countertops free of clutter, use a small tray to contain toothbrush, glasses, etc.

## Exterior

- Keep the yard mowed and raked at all times.
- Use flowering plants to dress up the yard, walkway, and patio.
- Remove all toys, bicycles, tools, unsightly patio furniture, and trash from the yard.
- Porches, steps, verandas, balconies, patios, and other extensions of the house should be kept uncluttered, swept, and in good condition.
- Paint all entrance doors.
- Make sure the garage door opens easily. Fix and paint the garage door if necessary.
- Trees and shrubs should be trimmed and pruned.
- Be sure the front doorbell is in good working order.
- Be sure the front door and screen door works well.

