

How to Approach a FSBO Seller

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The main thing to remember about For Sale By Owner (FSBO) homes is that the people selling them are just like any other seller -- only more so!

All sellers want to make the most they can from the sale of their home

FSBO sellers figure they can save money by not paying a commission to an agent. Contrary to what many buyers believe, however, this doesn't mean the unrepresented seller wants to pass any of those savings on to you. But in many cases it may.

In fact many agents will not show homes from unrepresented sellers unless they are pushed by a buyer. So these homes may have a smaller pool of potential buyers, this means you may be able to buy the home a little cheaper.

This is certainly the case with a seller who, for whatever reason, doesn't have much equity in the home; he doesn't feel he can afford to pay the agent's commission, much less give you a break on the sale price.

All sellers think their home is special and worth every penny of the asking price

Unrepresented sellers often [set that price](#) by looking at listing prices in the area, not at comparable actual sales prices. You will want to be armed with [good comps](#) when you enter negotiations. Of course many FSBO sellers, use agents to help set the price and then go ahead do a FSBO.

If the housing market is slow in your area, even a FSBO seller should be willing to negotiate. With a set of comps in hand, you should feel comfortable making an offer that might be well below the asking price. Or you might find the seller has accounted for the market and is just interested in a quick solid sale at a price fair to all. The FSBO seller is often fully aware that buyers expect to save money by avoiding the high agents fee. And as long as both parties benefit, use lawyers then there is little reason the pay the 5%-7% that agents seek.

Do your due diligence

As a buyer you need to do all the same things you would if the house were being sold through a real estate agent:

You still need to know if the asking price is fair (get comps!).

You still want to inspect the property yourself and have a [professional inspection](#) done.

You still need to make an [offer](#) and [negotiate](#) a contract.

You need to be aware of all of your state's required disclosures and legal paperwork needed to close the deal. You don't want to be stuck with a legal "nightmare" should something go wrong with the deal.

Potential Anomalies to Bear in Mind

Sellers who are not using a real estate agent may be

NOTE to Seller: Your Buyer knows you are saving somewhere around 6% on commissions. Do you think they want YOU to save the money, or, do you think THEY want to save the money? So, expect your Buyer to knock 6% off the price first thing. After all, though "the Seller pays the commissions," they pay them with the Buyers' money. So, at best, you won't be "saving a commission," you will be "earning a commission," but not getting paid. (Bill Groover)

doing so for reasons of saving money , often for both parties.

The seller may have been told that he needed to bring the home up to code, or to make sufficient repairs to bring it up to an acceptable standard to put on the market. The seller may have decided to sell the home and save the money.

Disclosure and fair housing laws have exemptions for sellers working without an agent representing them. The seller may be deliberately avoiding compliance with local, state, and federal disclosure laws to hide a defect or problem. The seller may be evading fair housing laws and has a preference to exclude or include certain buyers based on their biases.

Or the seller has had bad experiences with real estate agents in the past and wants to avoid encumbering the sale because of unprofessional personalities. Whatever the reason, the seller wants to quickly complete the sale and not need to make excuses for bad agency.

With a FSBO you need to get answers to some additional questions:

How long has the home been for sale?

Was it listed with an agent or agents before the seller took over and, if so, for how long?

Why does the seller believe the house has not sold (especially if he's been trying to sell the home for a year or longer)? If he's blaming lazy real estate agents, you may want to look at the house with an eagle eye before making an offer.

FSBO and Your Agent

Say you've been surfing the FSBO sites online and have found one or two homes that look interesting, or you've seen some while driving around your desired neighborhood. If you've signed a contract with an agent, let your agent initiate contact with the seller and get all the usual information about the home. (If not, you can approach the seller yourself, of course.) If you contact the seller yourself the agent will find it harder to make a reason for you to avoid the house. The agent will want to ensure they can get their fee before you see it.

This arrangement -- a "one person listing" -- means the agent will be paid a small commission, or a flat fee, if the sale goes through to the specific buyer (you) named by the agent. (Check with your agent to be sure this type of listing is allowed in your state.) Flat fees are not unusual in situations where buyer and seller have found each other independently of an agent, but where one or both parties want a real estate professional to handle some or most of the rest of the transaction.

Usually the agent will negotiate his or her fee with the seller. If the seller refuses to compensate your agent, however, and if you think this is the house for you, you can work out an agreement to pay the agent yourself. As a [buyer's agent](#), working for you and not the seller, the agent is obliged to do his or her best to get you a good price.

Next article: [Anatomy of a Buyer's Offer](#)

Previous article: [Navigating Open Houses for the Buyer](#)

Related Links

[Use an Agent or Go It Alone?](#)

[Players On the Buyer's Team](#)

[How to Value a House](#)

NOTE to Seller: I offer this type of "Open Listing" where the Seller agrees to pay me a percentage if I bring the Buyer, but the Seller is still free to sell the house themselves and not pay me, or, to list with another REALTOR@.

But for me to handle the paperwork for a set fee after the Seller has found his or her own Buyer is considered "Unlicensed Practice of Law."

[Things to Avoid in a Listing Agent](#)
[List Your Home with No Agent Commissions](#)














































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