



FOR SALE BY OWNER HANDBOOK

 **California**
title company
Protecting Your Property Rights

Dear For Sale By Owner,

This book was designed specifically for individuals just like you who have made the decision to sell their homes on their own without the assistance of a real estate professional. You may find the process of selling your home very easy or it may turn out to be very complicated depending on the details of your particular transaction.

We are providing you a copy of this book to assist you with the many details of selling your home and to make you aware of issues and situations that will come up during the transaction. Our goal is to help you get from **LISTED** to **SOLD** as quickly as possible.

In return for our assistance and your **FREE** copy of this book, we are requesting something from you. We are expanding our business and we need your help. We are seeking referrals to individuals who may need our professional real estate services. You will come into contact with potential **BUYERS** as a result of having your home on the market. We are offering you our assistance in return for your cooperation. We simply would like a copy of the names and phone numbers of people who visit your open houses. We have included a **Guest Register** as a part of this book for your convenience. It's as simple as that!

GOOD LUCK ON SELLING YOUR HOME!

Selling By Owner v.s. Hiring An Agent!

CAN YOU SELL YOUR HOME BY YOURSELF?

The great incentive, of course, is to save the commission. Commissions usually range between 5% to 7%. That's \$5,000 to \$7,000 per \$100,000 of sale price! Now that's incentive. But are you really qualified to do it? Should you hire a real estate agent or should you attempt to sell your home on your own? Here are some questions to consider when making your decision. The better the market conditions and the more "YES" answers you check will determine the success you will have selling your home on your own.

1. What is the current real estate market condition in your area?
HOT
Warm
Cool
Cold
2. Do you have the knowledge to sell your home? YES NO
3. Do you understand proper real estate law disclosure required and all the documents?
4. Are you prepared to deal with the masses of people that will be coming by constantly to view your home?
5. Do you have a problem letting all those people you don't know into your house?
6. Are you ready to give up evenings and weekends in order to meet the potential buyers?
7. Do you know how to fill out all the paperwork or have someone who will help you with the details?

Selling By Owner v.s. Hiring An Agent!

8. Do you have a plan for dealing with the contracts and forms associated with the offers/counter-offers both before, during and after the offer is made?
9. Have you worked out the financing details and do you understand seller carry-backs etc.?
10. Have you lined up the lender, title company, escrow, appraisal, termite service and home warranty as well as a real estate attorney or agent to help you fill out the necessary paperwork?
11. Do you know the current real estate values and have you set a realistic, competitive price for your home?
12. Are you ready to handle the stress of selling your own home?
13. Can you handle the negotiation process with potential buyers?
14. Are you ready to put out the "FSBO" sign in the yard and place the necessary advertising?

The better the market conditions and the more **YES** answers you have given will determine the success you will have selling your home on your own. Before you make the final decision, remember that Realtors **DO** work for their money and **DO** perform a necessary service for a lot of sellers.

Being A F.S.B.O. Can Be Confusing, It Might Pay To Consider A Professional

Without the professional guidance and expertise of a REALTOR®, selling a home can often entail many unnecessary problems. Take a look at some of the functions provided by a realtor so you will understand what they actually do. This information is provided to educate you and help you with the F.S.B.O. decision.

Only a real estate professional who belongs to the National Association of Realtors may call him or herself a REALTOR®. A REALTOR® is bound by a Code of Ethics and pledged to protect and promote the interest of the seller by providing fair treatment for all parties involved in the real estate transaction.

Here are some of the ways a REALTOR® can help you sell your home:

- A REALTOR® is knowledgeable of the market and gives you instant exposure to the maximum number of buyers.
- A REALTOR® can assist in “pre-qualifying” prospects as to their affordable price range and housing needs
- A REALTOR® knows current real estate values and can help you set a realistic, competitive price for your home. They are skilled professionals and they know how to market your home efficiently and effectively.
- A REALTOR® can figure the net proceeds from your sale, taking into account your outstanding loan balance, closing costs and possible creative owner financing.
- A REALTOR® can tap into a large market of potential buyers through referrals and professional marketing techniques.
- A REALTOR® can free you from the problems associated with showing your home, handling phone inquiries, appointments, showings and negotiations of the contract. Your home will only be shown to serious, qualified buyers.
- A REALTOR® maintains objectivity in presenting offers and counter-offers.
- A REALTOR® assumes liability by maintaining errors and omissions and malpractice insurance.
- A REALTOR® is a professional and may be able to get the job done in less time than you.

Being A F.S.B.O. Can Be Confusing, It Might Pay To Consider A Professional

The information provided about what a REALTOR® can do for you was not designed to scare you into listing your home. Really! It is simply pointing out that when you use an agent, a good agent, you **DO** get something valuable for the money you pay them in the form of a sales commission.

THIS DOES NOT MEAN YOU CANNOT SELL YOUR HOME ON YOUR OWN!

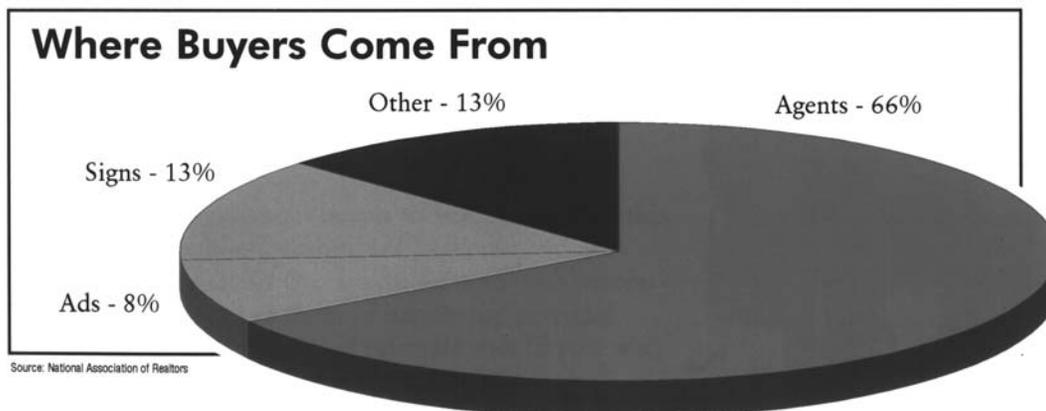
In most cases, you probably can. However, your time and stress are also important to consider and all sides of the F.S.B.O. question need to be discussed. Remember, only a fool works for nothing and if you do sell on your own, you will earn the money by hard work and persistence.

Only you can decide whether or not the stress of selling your own home is worth the savings to you. If you want to do it...Just do it! If not, I would be happy to refer to you to several professional REALTORS® in your area.

A COMPROMISE MAY BE THE ANSWER!

Maybe you should set a time limit on your F.S.B.O. activities. Try it for a month or so and if you aren't getting the response you want, reconsider listing your home with a professional REALTOR®. Maybe you set the limit for two months. Whatever you decide, at least you will know that you gave it a chance and you'll know if you were able to do it or not. Be realistic on the time limit. If you are in a rush to sell, make the limit shorter, longer if you are in no hurry.

If you sell on your own, great! If you don't, it's not a problem. You can always hire a REALTOR® at any time. Have fun with the project and remember you are in charge of what will eventually happen. Either way, Good Luck and we'll see you in escrow!



Getting Your “FREE” Support Group Together

Lender, Title Insurance, Escrow, Home Inspections, The Appraiser & Home Warranty

One of the first things to do when preparing to sell your home “By Owner” is to assemble your support team. The members of the team you will want to select should be:

1. The Lender
2. The Title Insurance Company
3. The Escrow Company
4. The Home Inspection Companies
5. The Appraisal Service
6. The Home Warranty Company

Once you have assembled your team players, you will want to get to know each one of them, at least by telephone, and let them know you will be sending them some business because you are selling your home. Once you have contacted each one of them, you will be amazed at how helpful and willing they are to help you with your “For Sale By Owner” project.

It isn't important that you don't know all the fine details today. It does however matter a lot that you are taking the time to seek out the support group that will assist you with your transaction. Trying to sell your home alone, without any assistance, could be a real disaster. You need to be made aware of “what you don't know” so you can appoint a professional team member who will handle each specialized part of your real estate transaction.

I will make suggestions and referrals to you throughout this book. The individuals and companies I recommend are true industry professionals that I have worked with successfully over the years. I trust them to handle additional transactions. I encourage you to utilize their services too! I do have additional referrals should you wish in order to do your own comparison shopping.

Getting Your “FREE” Support Group Together

~ THE LENDER ~

There are many advantages of working with a reliable, professional mortgage company. Some of the very important services that I as your lender will provide are as follows:

Pre-Qualification of all prospective buyers: As your lending professional, I will pre-qualify each potential buyer in order to make sure that they are sufficiently qualified by thorough examination of their credit status and current financial situation. This is extremely important in order not to waste time negotiating with unqualified buyers. This will save valuable time.

Ability to find the right loan at competitive prices: As a full service mortgage broker, I am able to shop for the best loan and the best possible price. This allows the borrower the freedom to select the loan best suited for his or her needs at the best pricing without having to shop all over town.

Efficient follow-up and teamwork: Once the transaction has been negotiated, I will work hand in hand with the other support team members in order to make sure that the loan is approved and funded in a timely manner. I am capable of locating and handling any unforeseen situations before they become a problem. I will keep you informed along the way of all important details. I have the experience and knowledge to get the job done right!

As a service oriented business professional, I will handle your potential buyers with care and confidentiality and make sure they are well informed on all of their loan options. You can rest assured that your sale transaction won't be held up in the loan process. I am committed to my customers and will do everything in my power to assist them with their success.

Getting Your “FREE” Support Group Together

~ TITLE INSURANCE ~

Title Insurance is the ultimate property protection. In real estate, “Title” means a right to ownership. The title insurance professional you work with is very important to the sale transaction. If you have clear title to a house or property, it means that you own it free and clear. The document stating your right to a property is also called a title.

TITLE HAZARDS

Various kinds of claims can exist to “Cloud” a title. Some examples are:

- Long lost relatives or heirs could show up with a claim that supersedes yours.
- Sometimes fraud is involved such as forgery on recorded documents.
- Liens due to foreclosures. (nonpayment of loans to the original lender)
- Easements (right to use of the land for other purposes like utilities, etc.)
- I.R.S. tax liens from the previous owner.

Keeping it safe: When buying a property, the best way to protect your investment is to obtain the services of a reputable Title Company to do a thorough title search, and insure you against the chance of some lien or claim being overlooked.

Seller’s Proof: It is general practice in a real estate transaction for the “Seller” to purchase the title insurance policy covering the new owner. The understanding is that the seller is proving to the new buyer that the property has clear and marketable title. The buyer receives an owner’s title policy from the title insurance company at the close of escrow to insure his interests. The buyer is generally required by the lender to provide an additional policy of title insurance covering the lender’s interest in the property for the amount of the loan he or she is taking out on the property. This is generally paid for by the new buyer and provided to the lender at the close of escrow.

Title Claims: In the unlikely event that an unforeseen claim to a title shows up, your title insurance policy reimburses you for all losses covered by your policy, and may also provide legal support to defend your rights.

TITLE INSURANCE

The purchase of a home is probably the single largest investment you'll make in your lifetime. It is only prudent that you want to safeguard your rights and investment. Title insurance assures that our rights and interests to the property are as expected, that the transfer of ownership is smoothly completed and that you receive protection from future claims against the property. It is the most effective, most accepted and least expensive way to protect your ownership rights.

Because land endures over generations, many people may develop rights and claims to a particular property. The current owner's rights—which often involve family and heirs—may be obscure. There may be other parties (such as government agencies, public utilities, lenders or private contractors) who also have “rights” to the property. These interests limit the “title” of any buyer.

Before your real estate transaction closes, the title company performs an extensive search of all recorded documents related to the property. These records are then examined by experienced title officers to determine their effect on the current status of ownership and a report is issued to you or your agents for review. This thorough examination generally allows any pending title problems to be identified and cleared prior to your purchase of the property.

If title insurance companies work to eliminate risks and prevent losses caused by defects in the title before the closings, why do you need a title insurance policy?

Because even after the most careful research, some title flaws may go undetected. Among the more common flaws to title which are not of record are forgery, invalid court proceedings, mistaken legal interpretations, defective deeds, confusion due to similarity of names, previously unrecognized rights of spouses and undisclosed heirs. These problems may surface at any time in the future.

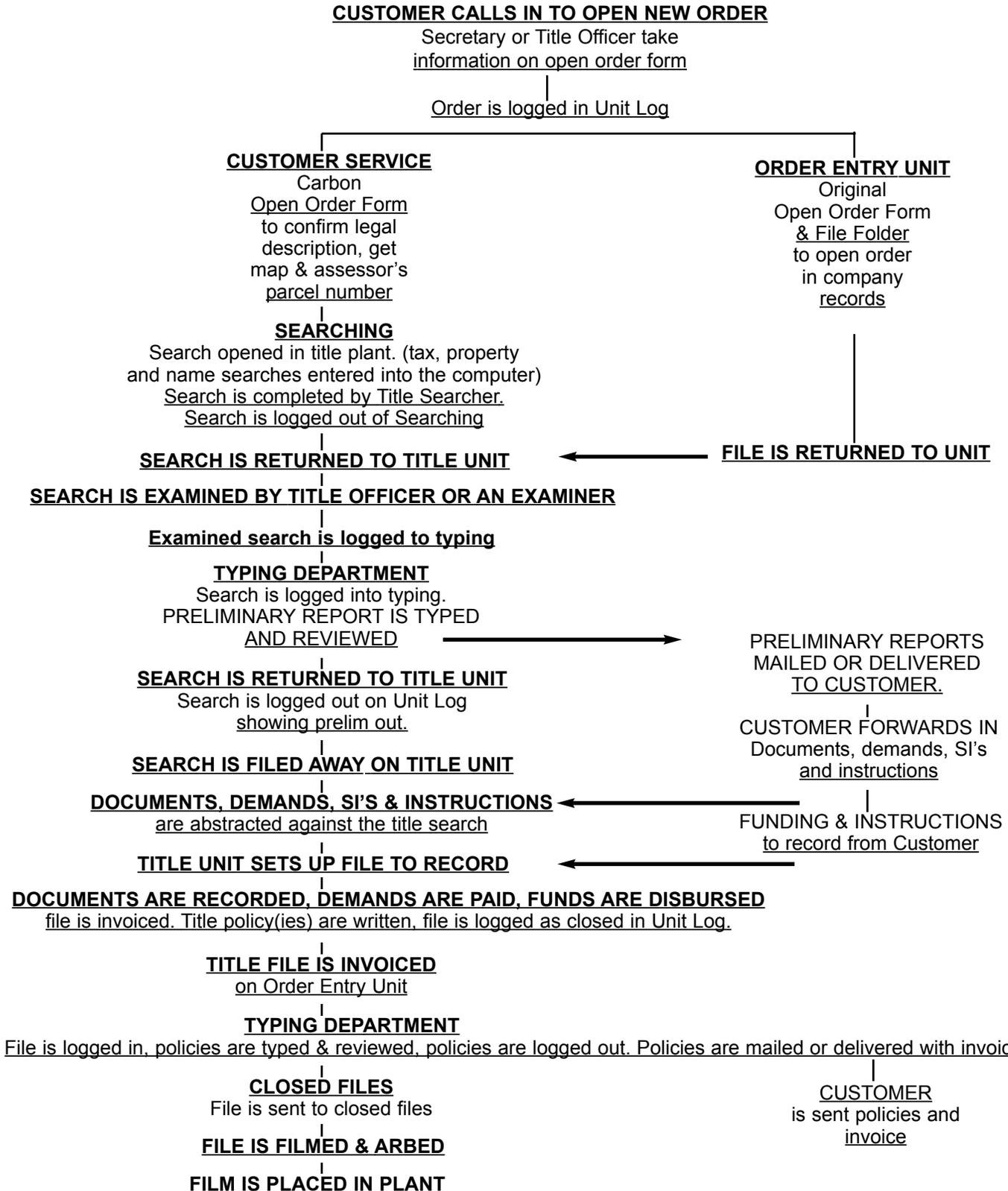
Protection against these flaws and other claims is provided by the title insurance policy which is issued after your transaction is complete. Two types of policies are routinely issued at this time: an “owners policy” which covers you, the homebuyer for the full amount you paid for the property; and a “lenders policy” which covers the lenders institution over the life of the loan. When purchased at the same time, you can obtain a substantial discount in the combined cost of an owner's and a lender's policy. Unlike other forms of insurance, your title insurance policy requires only one moderate premium for a policy to protect you or your heirs for as long as you own the property. There are no renewal premiums or expiration date.

Each policy is a contract of “indemnity.” It agrees to assume the responsibility for legal defense of your title for any defect covered under the policy's terms and to reimburse you for actual financial losses up to policy limits.

This insurance protection is an important follow-through of the service you receive from California Title Company, a longtime leader in Southern California.

CALIFORNIA TITLE COMPANY — here to serve you.

LIFE OF A TITLE SEARCH



Common Forms of Ownership

	COMMUNITY PROPERTY	JOINT TENANCY	TENANCY IN COMMON	TENANCY IN PARTNERSHIP
Parties	Only husband and wife	Any number of persons (can be husband and wife)	Any number of persons (can be husband and wife)	Only partners (any number)
Division	Ownership and managerial interests are equal except control of business is solely with managing spouse	Ownership interests must be equal	Ownership can be divided into any number of interests equal or unequal	Ownership interest is in relation to interest in partnership
Title	Title is in the "community." Each interest is separate but management is unified	There is only one title to the whole property	Each co-owner has a separate legal title to his undivided interest	Title is in the "partnership"
Possession	Both co-owners have equal management and control	Equal right of possession	Equal right of possession	Equal right of possession but only for partnership purposes
Conveyance	personal property (except "necessaries") may be conveyed for valuable consideration without consent of other spouse; real property requires written consent of other spouse, and separate interest cannot be conveyed except upon death	Conveyance by one co-owner without the others break his joint tenancy	Each co-owner's interest may be conveyed separately by its owner	Any authorized partner may convey whole partnership property. No partner may sell his interest in the partnership without the consent of his co-partners
Purchaser's Status	Purchaser can only acquire whole title of community; cannot acquire a part of it	Purchaser will become a tenant in common with the other co-owners in the property	Purchaser will become a tenant in common with the other co-owners in the property	Purchaser can only acquire the whole title
Death	On co-owner's death ½ belongs to survivor in severalty, ½ goes by will to decedent's devisee's or by succession to survivor	On co-owner's death, his interest ends and cannot be disposed of by will. Survivor owns the property by survivorship	On co-owner's death his interest passes by will to his devisees or his heirs. No survivorship right	On partner's death, his partnership interest passes to the survivor pending liquidation of the partnership. Share of the deceased partner then goes to his estate
Successor's Status	If passing by will, tenancy in common between devisees and survivor results	Last survivor owns property in severalty	Devisees or heirs become tenants in common	Heirs or devisees have rights in partnership interest but not in specific property
Creditor's Rights	Property of community is liable for contracts of either spouse which are made after marriage and prior to or after January 1, 1975. Co-owner's interest can't be sold separately: whole property may be sold on execution to satisfy creditor	Co-owner's interest may be sold on execution sale to satisfy creditor. Joint tenancy is broken, creditor becomes tenant in common	Co-owner's interest may be sold on execution sale to satisfy his creditor. Creditor becomes a tenant in common	Partner's interest cannot be seized or sold separately by his personal creditor but his share of the profits may be obtained by a personal creditor. Whole property may be sold on execution sale to satisfy partnership creditor
Presumption	Strong presumption that property acquired by husband and wife is community	Must be expressly stated. Not favored	Favored in doubtful cases except husband and wife cases	Arises only by virtue of partnership status in property placed in partnership

THE FOLLOWING INFORMATION REGARDING VESTING IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY. WE SUGGEST CONTACTING AN **ATTORNEY** AND/OR **CPA** FOR **SPECIFIC ADVICE** ON HOW YOU SHOULD ACTUALLY VEST YOUR TITLE.

Getting Your “FREE” Support Group Together

~ ESCROW ~

You may have already heard phrases such as “The house fell out of escrow,” or “We’re waiting for escrow to close.” So just what is escrow anyway? And what does it mean to a home buyer or seller?

Simply stated, escrow is the involvement of an impartial third party in a real estate transaction. This neutral third party acts as an intermediary between the buyer and seller, and also collects and remits funds as instructed. Generally, this means that when you buy a home, you do not pay the seller directly; instead, you deposit funds with the escrow company which then remits to the seller on your behalf. The basic concept of escrow is to ensure that both the buyer and the seller are protected during any real property transaction. Not only is “Escrow” the concept of a third party receiving and disbursing funds, but it also includes other valuable transaction services. In order to facilitate the transfer of property from one owner to another, the best escrow companies will:

- **Prepare, review and/or revise escrow instructions.**
- **Determine the legal ownership and status of the property through a “Title Search.”**
- **Request a beneficiary’s statement if a debt is to be assumed by the buyer.**
- **Confirm that the buyer is “Qualified” and meets the lender’s requirements.**
- **Confirm property meets requirements imposed by lender and/or buyer.**
- **Prorate all related financial matters (e.g., taxes, insurance) involved in the ownership transfer.**
- **Ensure all legal documentation is complete, including recording deed.**
- **Comply with time limits imposed in instructions.**
- **“Close” escrow when all instructions (buyers, seller’s and lender’s) have been fulfilled.**
- **Disburse funds as instructed, including all related fees (title fees, commission, payoffs, etc.)**
- **Prepare final statement for all concerned parties.**

Escrows in California are performed by banks, savings & loans and title companies as well as independent escrow firms which are licensed by the state of California, and their records are open to inspection by the Corporation Commissioner. In addition, escrow funds must be kept in trust accounts. Thus, the state helps ensure that escrow funds must be kept in trust accounts. Thus, the state helps ensure that escrow companies are properly managed and truly act as impartial parties to any real property transaction.

Getting Your “FREE” Support Group Together

~ **ESCROW** ~

(continued.)

In addition, escrow companies are generally held liable if any instructions are violated during the course of an escrow. No changes may be made to any escrow instructions if changing them would be detrimental to any party involved. It is possible to change instructions once a property has “Entered Escrow,” however, but only by mutual agreement. Finally, all escrows have clearly defined time limits. If, for some reason, all instructions cannot be carried out by the end of the time limit, all parties involved are entitled to the return of documents, fees, funds and other related materials. They also may mutually agree to extend the time period by changing the instructions.

The term “Escrow” has come to mean “Neutral Protection” for the seller, the lender and the buyer. All parties involved in the transfer of real property are impartially protected during the transaction, and are serviced by professionals intent on ensuring a smooth, trouble-free sale. Look for an escrow company that clearly defines its services, and which lists all fees and charges “Up Front.”

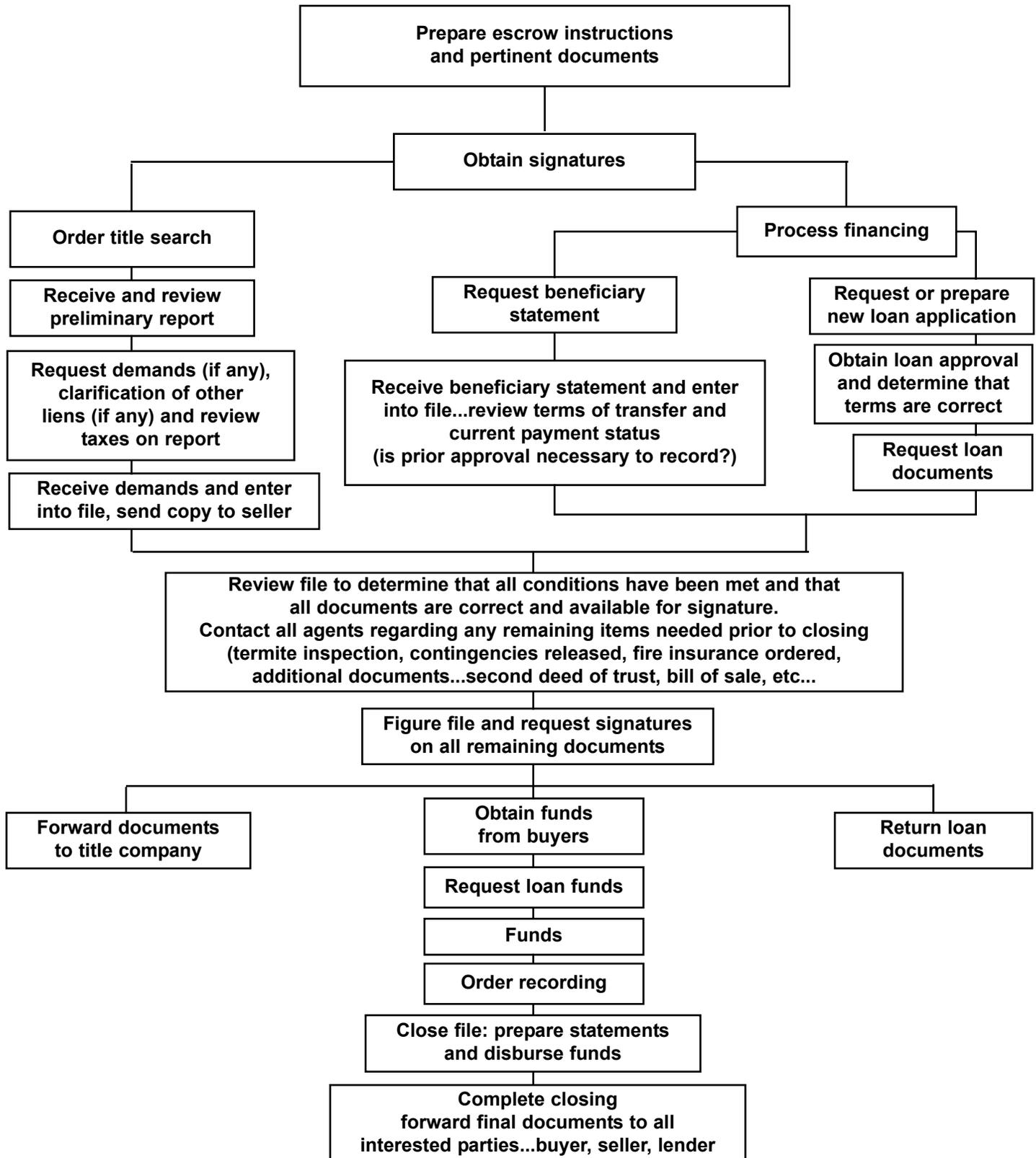
Escrow is an indispensable necessity in today’s marketplace. If you need further explanations during the process, always consult your escrow officer. The escrow company is, indeed, a neutral third party, and its job is to make sure all sale conditions are met quickly and efficiently.

CHOOSING YOUR ESCROW COMPANY

Ideally, you should ask your real estate agent to recommend two or three different escrow companies. Then you would choose. If you don’t have an agent, you’ll find escrow companies listed in the yellow pages of your phone book under either Real Estate Escrow or Real Estate Title Insurance.

In most cases, escrow companies work together with title insurance companies so you can kill two birds with one stone by selecting both the escrow and the title insurance company at the same time.

The life of an escrow...



Getting Your “FREE” Support Group Together

~ HOME INSPECTIONS ~

You need to know a great deal about your house when you sell it, usually more than the average seller knows or wants to know. So, how do you handle disclosure without spending the next six months learning about construction? Many sellers use an inspector. The inspector solves a whole series of problems. If the inspector you use is bonded, and a problem arises after the sale, it is easy enough to say to the buyers, “I didn’t know there was a problem. I had the house inspected and I trusted the work of the inspector. Blame the inspector.”

That, of course, does not get you off the hook, but it does help things. In addition, if there are damages to be paid and the inspector is to blame and is bonded, the inspector may have to pay them instead of you. Thus, using an inspector can be very worthwhile.

FINDING A REPUTABLE HOUSE INSPECTOR

Almost anyone can inspect a house but that does not mean they are qualified. In recent years, contractors without enough work have taken to house inspection to supplement their income. A house inspection usually costs between \$250 to \$400. A contractor can walk through your house, check little boxes on a form, and charge you several hundred dollars for a few hours work. but are contractors qualified? Some are and some definitely are not. A contractor who builds new homes may know very little about older homes. A plumbing contractor doesn’t necessarily know about electrical. A cement contractor probably is not an expert on roofs. The value of their inspection is questionable at best.

The real problem is that housing inspections are relatively new. In a few years, states will undoubtedly begin licensing and testing housing inspectors. But as of now, few states are doing this, so sellers are on their own. One way of qualifying a potential inspector is to insist that he be a member of ASHI. This is the American Society of Home Inspectors. It is a trade organization which has been endeavoring to raise the standards of house inspectors in general. ASHI sets standards for inspectors and makes an effort to see that its membership follows those standards,

Getting Your “FREE” Support Group Together

~ HOME INSPECTIONS ~

(continued)

ASHI, however, does not require its members to be contractors. Having a contractor license does not necessarily qualify someone to be a house inspector. For more information about ASHI, you can contact the organization at Suite 630, 1010 Wisconsin Avenue, NW, Washington, D.C., 20007. Their telephone number is (202) 842-3096.

Beware of contractors who offer to do a home inspection for a nominal fee, then find something wrong and offer to fix it, usually for a high fee. Some unscrupulous contractors have been using home inspection as a way of procuring business. A good rule of thumb is to never have the person do the work who does the inspection. Also, don't ask the inspector to refer you to someone. That someone could be the inspector's brother-in-law or sister who is on the team.

Always insist on getting a written report from an inspector. An oral report is useless to you if there should be a problem from the buyer later on. Then problems occur. Everyone seems to remember things differently. You may say the inspector told you the house was perfect, but the inspector may say that the defects that the buyer is now complaining about were disclosed in the inspection. Get it in writing.

TERMITE INSPECTION

This is just a quick note to point out that termite inspections are not really a new part of the home inspection process. Lenders have been requiring termite inspections as a condition for approving a new home loan for decades. A termite inspection and the repair of damages has been a requirement of home sales almost as long. In almost all states, termite inspectors are licensed, and their written reports are required to be registered.

Getting Your “FREE” Support Group Together

~ THE APPRAISER ~

Having an idea of what is involved in appraising a piece of property can greatly help in maximizing the appraised value and avoiding costly details and re-inspections. The appraisal process consists of several steps. The following are the major steps in the sequence normally followed by appraisers:

- **Research the subject property as to size, bedrooms, baths, year built, lot size and square footage.**
- **Gather data of recent sales in the subject’s neighborhood. The appraiser needs to locate at least three and preferably more similar-sized homes which have sold and closed escrow in the neighborhood. The homes need to be within one mile of the subject and sold within the past 6 months. These homes are considered the “Comparable Properties” or “Comps” for short.**
- **Field inspection consists of two parts: first the inspection of the subject property, and second, the exterior inspection of the comparable properties which have been selected to estimate the value of the subject property.**

The subject inspection consists of taking photos of the street scene, front of the home and rear of the home which may include portions of the yard. The appraiser will make an interior inspection for condition, noting any items that would detract from or add to the value of your home. He will also draw a floor plan of the home while doing the inspection.

The inspection of the comparable properties is limited to an exterior inspection. For features which cannot be seen from the street, the appraiser has reports from Multiple Listing Services (MLS), California Market Data Cooperative (CMDC), county public records, and appraisal files along with other sources to help determine the condition and amenities of the comparables. After the field inspection has been completed, the appraiser must determine which comparable properties most resemble the subject, making slight adjustments in value for any differences between them. After making the required adjustments, the appraiser must go through the reconciliation process with the three comparable properties to determine a final estimated value. This method of estimating value is called the “Direct Sales Comparison approach to Value,” and it accounts for nearly all of the considerations in determining value of single family homes.

Getting Your “FREE” Support Group Together

~ THE APPRAISER ~

(continued)

It is important to consider that the appraiser will be taking photos of the street scene and of the front of the subject. The street scene gives the lenders some kind of idea as to the type of neighborhood in which the home is located. The photo of the front of the home gives the lender an idea of its condition and its curb appeal. Many homeowners don't take care of the rear portion of their homes and back yard, so for this reason the rear photo is required.

In most cases, (over 90% of the time) what you see in the condition of the exterior of a home will be repeated almost exactly in the interior. So one of the most important things you can do to enhance the value or perceived value is to improve the curb appeal of your home.

An appraiser will call in advance to set up the appointment to inspect your home. At that time, offer to supply any information about the home's size, number of bedrooms, bathrooms, pool, enclosed patio, etc. The more that is known about the property prior to inspection, the better the appraiser can focus on researching the most similar comparables. “Doing your homework” will maximize your chances of having a good appraisal.

While your home is being inspected, don't follow the appraiser from room to room causing distraction. Instead, allow the inspection to go smoothly. In case the appraiser has any questions, be close by to answer them. The time to mention the things you think are important is either before or just after the inspection.

Getting Your “FREE” Support Group Together

~ HOME WARRANTY ~

In addition to inspections, you can also obtain a home warranty which will cover the major systems for the new buyer. These will include heating, air conditioning, electrical, plumbing, appliances and more. The typical home warranty costs approximately \$275.00 to \$400.00 per year depending on what additional items you may choose to have covered. For an additional fee, you may choose to have coverage for pools and their associated electrical appliances as well as other items usually not covered such as washers, dryers, refrigerators etc.

As a for Sale By Owner, you may want to advertise that the home warranty will be included with the home sale, (you pay the first year) and the money will be well spent. Once a buyer takes possession of his new home, it can be very troublesome and expensive if major systems break down. The home warranty company covers these items just like an insurance policy and the coverage can be renewed each year if desired.

In the event of a problem, the home warranty company will charge a deductible, usually \$25 to \$50 per claim, and then they'll send out their approved repair companies to take care of the problem. I personally saved almost \$4,000 in repairs the first year I bought my own home due to air conditioning and plumbing problems that needed repair.

Consult your local yellow pages for listings of Home Warranty Companies or ask your local real estate company. You can also contact some of the larger air conditioning and heating companies who contract with these home warranty companies. They will be happy to give you the names of the ones they are dealing with.

Be careful to select a reputable home warranty company. Check out their track record with your local Realtor or the Better business Bureau.

Preparing Your House For The Market

You know the feeling well. You see a beautiful house, and you just know that you'd like to live there. That's what you want prospective buyers to feel when they see your home. The deciding factor in most home sales is the "Curb Appeal" and attractiveness of the house.

Do the repairs that are necessary in order to make your home look it's best. Be careful not to invest in overly-expensive or large scale improvements like room additions and new plumbing systems. Making these major repairs will only return you a fraction of their cost. It would be much better to disclose the problem and adjust the sales price accordingly.

Instead, you should invest your improvements dollars and energy into cleaning and painting. You will definitely realize more cash at closing time than you will have spent for the cleaning and painting supplies!

Be as objective about your property's appearance as a buyer will be. Does that little crack in the wall really need to be fixed? Yes! It may cause doubts about how well built the house is. How your home is decorated is not as much a factor as being clean, neat and in good repair.

The first look a prospect will have at your home is when they pull up in the driveway. Be sure the landscaping and general appearance is attractive and neat. A trimmed lawn, cut shrubbery, trees free of dead limbs, weeded flower beds, a swept and stain-free driveway, clear sidewalks and gutters etc. will assure a pleasant first impression. Put in plenty of flowering plants. Its the easiest, least expensive way to beautify the exterior of your house.

Preparing Your House For The Market

As they approach the front door, little things will mean a lot. A clean, freshly painted front door, polished door knob and knocker, clean surrounding windows, screens and window sills will all be noticed. Once inside, the senses take over. The prospective buyer will notice odors and light. If possible, open curtains and drapes, blinds and windows to brighten and freshen the house. In winter, a fire in the fireplace and bread in the oven lends warmth to your home. Fresh cut flowers add color and appeal. If the interior of your home needs painting, consider white or a light, neutral color making the house appear larger, open and bright.

Make sure all rooms are clean and neat. Fingerprints, cracked plaster and clutter should be eliminated everywhere. Fresh paint and polished woodwork will always improve the look and value. Kitchen and bathrooms are the rooms that can really sell a house - or turn a buyer off. Make them sparkle. Fresh, plush towels, cut flowers or silk flower arrangements, new shower curtain etc. will add luxury and glamour to the most ordinary bathrooms. To make dining room, living room and bedrooms look big and airy, remove some furniture. The rule of thumb is to remove approximately 1/3 of your furniture. Also consider putting away clutter looking nik-naks, collections, toys and other unnecessary items. They just draw attention away from your home's other features and make the house appeal smaller and messy.

Put away dishes and store counter-top appliances. Have carpets cleaned. Remove throw rugs and area carpets if possible. Visit a local model home tour for other ideas. Do everything possible to make your home look its best. It doesn't really take much money, just your time and energy. Get rid of the junk and anything you have stored in closets and garage. Have a garage sale if necessary or give the stuff away to friends or charity. You will probably be glad you did it now rather than having to move it all to your new home! To add warmth and charm to your house when buyers visit, play soft, romantic music. Turn on all lamps and chandeliers to make the house glow even in daytime. Also, whenever possible, pets and children should not be around.

***An important point to remember is to never have to apologize for the appearance of your home.
Keep it "Ready to Show" all the time!***

Pricing Your House RIGHT!

Obtaining A Property Profile; Looking At Comparable Sales

Your house will not sell if it is not priced right for today's current real estate market. And, you will lose money if you set the price too low.

Arriving at the fair market price value for your house is imperative to making a good sale. If you are not working with a REALTOR®, you can get information in order to price your home right. A good REALTOR®, however, is an expert in property values. Arriving at a realistic price for your house is a lot easier with a REALTOR®'s professional help. They know the neighborhoods and the comparable sales information because they regularly preview all the homes for sale and those that have sold in your area.

First of all, visit the open house in your neighborhood and collect the listing flyers of the homes for sale. Compare them to your home; square footage, room count, bathrooms, lot size etc. This will help you with a rough idea.

Next, contact **California Title Company** for a property profile. This will give you all the necessary information about your home and the specific features and numbers you will need to compare to others. Included in the property profile will be other "Comps" (comparable sales) in the neighborhood which you can use to compare your home to. It will include tax rolls to compare the taxes in the area as well as a plat map to show location etc.

Once you have studied the property profile and comps, you must decide, based upon your home's condition, what price to ask. This can be difficult and not everyone will be able to do this effectively. Should you have a problem, you may wish to consult a REALTOR® in your area. If you do not want to list your home with the REALTOR®, you may want to trade him or her the names of the people that attend your open house in return for some "Off the record" advice.

If all else fails, you may want to list your home with a REALTOR®. The choice is yours, but consider the possibility if you do not feel comfortable on your own.

Advertising Your Home “For Sale By Owner”

When you sell your home by owner, the real estate industry calls you a F.S.B.O. which means For Sale By Owner. Some buyers think this is great because they can deal with you easier than a trained real estate professional. They can deduct what you are saving by not having a REALTOR® and they tend to make lower offers. This doesn't always happen, but you need to be aware of it.

When placing your advertising, you want to let people know you are a F.S.B.O. Put it in your ad. You may want to advertise in several places in order to get the most exposure for your home. Some of the places to consider advertising are:

- **YOUR FRONT YARD WITH A F.S.B.O. SIGN**
- **LISTING FLYER FOR HOME AND TO PASS AROUND**
- **FINANCING OPTIONS FLYER**
- **OPEN HOUSE SIGNS AROUND THE NEIGHBORHOOD**
- **LOCAL NEWSPAPERS, PENNYSAVER, HOME MAGAZINES**
- **CABLE TELEVISION REAL ESTATE CHANNEL**

Make sure to include the following in ALL of your advertising.

1. Indicate you are a “For Sale By Owner.” (This really attracts excitement)
2. Indicate the structure style and number of bedrooms and baths.
3. Tell about the neighborhood, eliminate the address. (make them call)
4. Indicate the sales price.
5. Indicate any special features like pool, spa, fruit trees, R.V. parking etc.
6. Indicate the best phone number and times you can be reached.

The following is a typical ad that includes the necessary ingredients.

FOR SALE BY OWNER: Beautiful, 4BD, 2.5BA home. Sparkling pool and spa. Excellent schools, near to shopping and parks. Just remodeled, plus new paint. Owner anxious. \$255,000.

Advertising Your Home “For Sale By Owner”

Bigger ads cost more and show inexperience and most often are just a waste of your money. Don't list things that tell everything...just the basics. If your property has things that people are NOT looking for and you list them all, you are chasing them away before they have the opportunity to see for themselves. They may settle for what they didn't want for what they do want. If all else fails, go to the library and check out a F.S.B.O. book. They have complete marketing plans and can assist you greatly.

THE YARD SIGN

Don't make your own! No plywood and spray paint go and buy one from the local sign shop or hardware store. Have it professionally lettered or purchase the “Stick-on” vinyl lettering. Make it look professional or you risk looking like an inexperienced, easy mark for sophisticated F.S.B.O. buyers. There are sharks out there waiting to take advantage of your inexperience and you must beware.

Always list your phone number on the sign. You may want to also add “Shown By Appointment Only.” This won't keep them from knocking unannounced every time but it will send the message that you would appreciate an advance call. Beware of local sign ordinances restricting the size and number of signs you can use and the possibility that you cannot use any at all. Check with your local building department if you have any questions.

More Helpful Ideas When Selling As A F.S.B.O.

WHEN SHOWING YOUR PROPERTY

Beware of thieves. You don't know the people viewing your home in most cases. Make sure your valuables are safely stored away or even placed in another location such as a safety deposit box or with a close family member. Some people don't worry about this. Some are really worried. Working with a Realtor can solve this problem because they pre-qualify the people first, know who they are and escort them through your home personally.

MAKING A PROFESSIONAL LISTING FLYER

You may want to include an actual picture and maybe not depending on the curb appeal of your particular home. At any rate, talk to the person who gave you this book about how you can get a flyer done professionally that includes all of the necessary ingredients.

FINANCING OPTION FLYER

This gives potential buyers an idea of what income will be required by the lender, what the mortgage payments will be including the taxes and insurance etc., and of course what loan programs are available and the current interest rates.

FILLING OUT DOCUMENTS

If you don't understand completely, don't sign! Get a professional. Some REALTORS® will do it for you for a flat fee or you may want to work with a real estate attorney. Don't forget if you list with a REALTOR®, this is no longer a concern.

GUEST DIRECTORY

It is a part of this book for a reason. Have every potential buyer fill it out and keep it handy so you can recontact them if you change your selling terms.

Closing Costs Checklist

The following is for you to use as a guideline for closing costs. The fees can vary, so be sure to check them carefully. This list will give you an idea of what the closing costs are for but not necessarily the specific amounts.

1. COMMISSION **YES** _____ **NO** _____

When you have had your home listed with a Realtor, you will have a commission to pay. Always make sure it is calculated correctly (usually 5% - 7%) on the closing statement.

2. TAXES **YES** _____ **NO** _____

You will be required to pay your portion of property taxes through the last day of ownership. It will be prorated. You should be entitled to a refund if you have paid your annual taxes in advance.

3. INSURANCE **YES** _____ **NO** _____

Normally the buyer gets a new policy. If they decide to take over your existing policy, you should expect to receive a refund of the difference.

4. ASSESSMENT & LIENS **YES** _____ **NO** _____

Any time you have a lien or assessment against you and your property, you will need to pay them off before you can close escrow. This could be a back tax lien or judgement or whatever. Always make sure to double-check the figures so that you do not over-pay any items.

5. ESCROW & TITLE INSURANCE **YES** _____ **NO** _____

Normally, the seller pays the title insurance fee for the buyer which is referred to as the "Owner Policy" covering the new owners interest and "Title" to his or her new property. The buyer will pay for his or her "Lenders" policy which will cover his or her new lenders interest in the "Title" to the Property.

6. INSPECTION FEES/OTHER **YES** _____ **NO** _____

There are all kinds of inspection and miscellaneous fees that you could end up paying for. Be careful to check all charges on your closing statement.

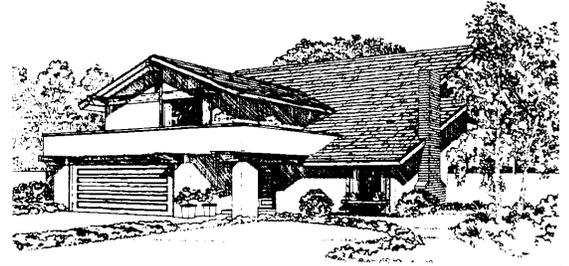
Closing Costs Checklist

Nothing is always standard and most everything is negotiable. Make sure the service was done or provided before you agree to pay for it. Make sure the charges are fair and not excessive. The time to argue about who pays what is BEFORE you sign escrow instructions. Once you have signed, you have agreed. The instructions can not be changed unless mutually agreed by all parties, again in writing!

TERMITE INSPECTION	YES _____	NO _____
TERMITE REMOVAL COSTS	YES _____	NO _____
DEED RECORDING CHARGES	YES _____	NO _____
LOAN ASSUMPTION FEES	YES _____	NO _____
HOME WARRANTY	YES _____	NO _____
ATTORNEY'S FEES	YES _____	NO _____
DOCUMENT PREPARATION FEES	YES _____	NO _____
TAX SERVICE FEES (if giving 2nd mortgage)	YES _____	NO _____
OTHER _____	YES _____	NO _____
OTHER _____	YES _____	NO _____
OTHER _____	YES _____	NO _____

The point to remember with your closing costs is to make sure you have “agreed in advance” to the validity of the charge as well as making sure the service was actually performed and completed to your satisfaction. This includes everything from termite inspections to their removal, attorneys fees, etc. Should you have any disagreement on closing costs, don’t sign closing statements until you are satisfied that all charges and fees are valid and correctly calculated. Your escrow officer should be able to correct most problems. All charges should be disclosed in writing, if there’s a problem, check the escrow instructions.

GUEST REGISTER



ADDRESS _____

DATE _____

AGENT _____

NAME _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

PHONE _____

OCCUPATION _____

E-MAIL: _____

Your first visit? Yes No

Do you: Own Rent

When do you need a home?

Now 1-3 Months 3-6 Months

How did you hear of us?

Friend Driving by Newspaper
 Signs Radio Other

NAME _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

PHONE _____

OCCUPATION _____

E-MAIL: _____

Your first visit? Yes No

Do you: Own Rent

When do you need a home?

Now 1-3 Months 3-6 Months

How did you hear of us?

Friend Driving by Newspaper
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NAME _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

PHONE _____

OCCUPATION _____

E-MAIL: _____

Your first visit? Yes No

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CITY _____ STATE _____ ZIP _____

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E-MAIL: _____

Your first visit? Yes No

Do you: Own Rent

When do you need a home?

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How did you hear of us?

Friend Driving by Newspaper
 Signs Radio Other

NAME _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

PHONE _____

OCCUPATION _____

E-MAIL: _____

Your first visit? Yes No

Do you: Own Rent

When do you need a home?

Now 1-3 Months 3-6 Months

How did you hear of us?

Friend Driving by Newspaper
 Signs Radio Other

FSBO Workbook

Preparing Your House For The Market

HOUSE EXTERIOR CHECKLIST	O.K.	NOTES ON NEEDED WORK
Does the house look freshly painted?		
Front door freshly painted/stained? Door hardware works?		
Stucco walls free of cracks and spotting?		
Bricks secure and undamaged?		
New front doormat? Doorbell work?		
Gutters clear, clean and fastened?		
Roof in good condition?		
Chimney, TV antennas firmly secured?		
Outside windows cleaned, uncracked, caulked, working? Screens mended?		
All exterior lights working?		
Fences, gate painted and working?		
Walkways clean, uncracked, free of clutter, toys, moss, etc.?		
Trash cans clean and out of sight?		

Preparing Your House For The Market

LAWNS AND TREES	O.K.	NOTES ON NEEDED WORK
Lawn green, mowed, edges trimmed?		
Shrubs, trees trimmed? Flowering plants added where needed?		
Planting in beds, weeded and neat?		
GARAGE, DRIVEWAY & POOL/SPA	O.K.	NOTES ON NEEDED WORK
Garage clean and tidy? Junk Gone?		
Workbench area clean, clutter free?		
Garage door closed, in working order?		
No autos or campers in driveway?		
Oil and rust stains removed from driveway? (Check with your local hardware store for cleaning supplies.)		
Pool/Spa cleaned, inspected?		
Pool/Spa equipment/pumps working?		
NOTES:		

Preparing Your House For The Market

KITCHEN CHECKLIST	O.K.	NOTES ON NEEDED WORK
Ceilings and walls cleaned?		
Paint and/or new wallpaper look fresh and new?		
Flooring clean and in good condition?		
Sink scrubbed, working, no leaks, drips?		
Counters clean and uncluttered?		
Refrigerator and oven cleaned properly both inside and out? Fresh box of baking soda?		
All appliances in proper working order?		
Pantry and cupboards clean and uncluttered? Painted or Stained if necessary?		
New paper lining installed in drawers, pantry and cupboards?		
All drawers cleaned and neat? Did you clean out the kitchen junk drawer?		
Fresh flowers or plants? Something ready to bake for aroma?		

Preparing Your House For The Market

LIVING ROOM	O.K.	NOTES ON NEEDED WORK
Ceilings and walls cleaned?		
Paint and/or new wallpaper look fresh and new?		
Flooring clean and in good condition?		
Curtains, drapes, windowsills clean?		
Door hardware works? Polished?		
Room uncluttered?		
Excess furniture removed?		
Fireplace clean? Wood stacked neatly and ready for a fire?		
DINING ROOM	O.K.	NOTES ON NEEDED WORK
Ceiling and walls cleaned?		
Excess furniture removed?		
Flooring clean and in good condition?		
Curtains, drapes, windowsills clean?		
Door Hardware works? Polished?		

Preparing Your House For The Market

DINING ROOM	O.K.	NOTES ON NEEDED WORK
Paint and/or new wallpaper look fresh and new?		
Light fixtures work? Polished?		
Room uncluttered?		
LAUNDRY ROOM	O.K.	NOTES ON NEEDED WORK
Washer, Dryer clean, empty?		
Floors clean?		
All lights working?		
HEATING/COOLING SYSTEMS	O.K.	NOTES ON NEEDED WORK
Furnace clean, inspected?		
Hot water heater, clean, working?		
Hot water heater, inspected?		
Air conditioned clean, working?		
Heating/Air system filters replaced?		
NOTES:		

Preparing Your House For The Market

BEDROOMS						
	MASTER BEDROOM		BEDROOM #2		BEDROOM #3	
	O.K.	WORK NEEDED	O.K.	WORK NEEDED	O.K.	WORK NEEDED
Ceiling and walls cleaned?						
Paint and/or wallpaper fresh and new?						
Best bedspread on bed? Space under bed clean?						
Dressers, vanities uncluttered?						
Flooring clean and in good condition?						
Curtains, drapes, windows & windowsills clean?						

Preparing Your House For The Market

<u>BEDROOMS</u>						
MASTER BEDROOM		BEDROOM #2		BEDROOM #3		
	O.K.	WORK NEEDED	O.K.	WORK NEEDED	O.K.	WORK NEEDED
Door hardware works? Polished?						
Light fixtures work? Polished?						
Excess furniture removed?						
Closets uncluttered?						
NOTES:						

Preparing Your House For The Market

BEDROOMS						
	BEDROOM #4		BEDROOM #5		BEDROOM #6	
	O.K.	WORK NEEDED	O.K.	WORK NEEDED	O.K.	WORK NEEDED
Ceiling and walls cleaned?						
Paint and/or wallpaper fresh and new?						
Best bedspread on bed? Space under bed clean?						
Dressers, vanities uncluttered?						
Flooring clean and in good condition?						
Curtains, drapes, windows & windowsills clean?						

Preparing Your House For The Market

<u>BEDROOMS</u>						
	BEDROOM #4		BEDROOM #5		BEDROOM #6	
	O.K.	WORK NEEDED	O.K.	WORK NEEDED	O.K.	WORK NEEDED
Door hardware works? Polished?						
Light fixtures work? Polished?						
Excess furniture removed?						
Closets uncluttered?						
NOTES:						

Preparing Your House For The Market

BATHROOMS				
BATHROOM #1			BATHROOM #2	
	O.K.	WORK NEEDED	O.K.	WORK NEEDED
Ceiling and walls cleaned?				
Paint and/or wallpaper looks fresh and new?				
Flooring clean and in good condition?				
Sink and tub scrubbed unstained? No leaks or drips?				
All fixtures clean, sparkling and in good working order?				
Tiles clean, uncracked? Caulking in good repair?				
All cabinets cleaned?				
New shower curtain?				
Toilet in good working order? Seat clean and firmly fastened?				

Preparing Your House For The Market

BATHROOMS				
BATHROOM #3			BATHROOM #4	
	O.K.	WORK NEEDED	O.K.	WORK NEEDED
Ceiling and walls cleaned?				
Paint and/or wallpaper looks fresh and new?				
Flooring clean and in good condition?				
Sink and tub scrubbed unstained? No leaks or drips?				
All fixtures clean, sparkling and in good working order?				
Tiles clean, uncracked? Caulking in good repair?				
All cabinets cleaned?				
New shower curtain?				
Toilet in good working order? Seat clean and firmly fastened?				

Preparing Your House For The Market

ENTRYWAY	O.K.	NOTES ON NEEDED WORK
Clean and uncluttered?		
Light fixtures work? Polished?		
Excess furniture removed?		
ATTIC	O.K.	NOTES ON NEEDED WORK
Clean and clear of cobwebs?		
Storage removed and/or neat?		
Lights working?		
Stairs/Elevator clean and in working order?		
BASEMENT	O.K.	NOTES ON NEEDED WORK
Walls and floor dry?		
Uncluttered?		
Light working?		
Storage neatly organized or removed?		
Aired out, fresh smelling?		