

How to Sell Your House to A Real Estate Investor?

Advantages, disadvantages, cost, and timeline of each option.

Let's say, you need to sell your property. Selling in today's market can sometimes be frustrating. With so many other properties on the market, it gives buyers more choices and often sellers can wait 3 to 12+ months to sell their house for a price they feel fair.

This summarized guide will bring you through the process to help you decide what's fit for you. Do you choose the traditional path and work with a real estate agent, sell it by yourself (for sale by owner), or partner with a real estate investment company?

Each of these methodologies have different advantages and disadvantages and each one will help you to archive a different goal. It's up to you to really look and see what you need to accomplish with the sale of your house. Finally make the decision that helps you to get there.

Options to sell you house

As above mentioned, there are 3 options for you to sell your property. Let's go deeper into those 3 options a bit more below and see what's great about each, drawbacks and how each option is really going to help.

1) Work with a real estate agent

The most popular way to sell a property nowadays is by working with a real estate agent.

The process of working with a real estate agent is,

- a. You contact an agent and they visit to your house to determine what they feel about your property and how to sell it.
- b. You sign a property listing agreement with the agent (usually 6 months period) where they exclusively represent and sell your house.
- c. Agent lists your property on the multiple listing service, promote it and bring buyers to your house for showing.
- d. If a buyer chooses to buy a house, the agent takes care of the paperwork and negotiation with the buyer and the agent collects their money which is usually 3% for them and 3% to the person that brought the buyer (so up to 6% of the total purchase price of the house).

Agents know the market and have direct access to the multiple listing service which is the major way houses are listed when selling using the traditional way.

Cost: Selling agent's fee is usually about 3% of the total purchase price. The "buyer's" agent usually earns 3% as well (totaling 6% in agent fees). As an example, if your house sells for \$300,000 you could expect approximately **\$18,000** of that to be paid to the agents at closing.

Timeline: From 3 to 12+ months (average of 6 months in many markets)

Advantages:

- Agents know the market very well.
- Have access to the multiple listing service to list your property to expose it to a broad range of retail buyers.
- They will take care of the promoting.
- Showing the property and handling the closing documents.

Disadvantages:

- It can be expensive. An agent's commission is paid out at the process of the sale at closing.
- Most agents do "traditional" marketing which often takes 3 to 12+ months to sell a property (in most markets the average is 6+ months).
- This of course means you are responsible for the price of the property while it's trying to sell.
- Their primary way to get buyers is by focusing on "retail" buyers (people looking to live in the home). This requires showings of the property and there's always a chance that the buyer who's offer you accept has their financing fall through or delay the closing date.
- Many retail buyers will ask you to pay for part of the closing costs which is an additional expense in many transactions.



Who works with an agent?

- Sellers who aren't on a time crunch and can wait 6 to 12 months.
- Sellers who have room in the transaction to pay the agent fees.
- Sellers who are looking for full market value and are willing to wait until a buyer comes along who is willing to pay full market value.

2) Sell it by yourself (FSBO)

During the past 10 years "for sale by owner" has become very popular. With websites like forsalebyowner.com, craigslist.org... etc. It makes it easy to list a property online, get a "FSBO" sign for your yard and hit the market by taking control of the sale process for yourself.

The process of sell a house on your own is,

- a. You decide the value of your home. Sometimes this can be very tricky. But there are resources out there. Normally paying for an appraisal is the most accurate and the best way to find the true value of your property or ask from a real estate agent who is willing to give you a value.
- b. Take pictures of the property, gather all the information about the house (size, number of rooms, etc.) and create a listing on a above mentioned website. Put a FSBO sign up in your yard.
- c. You have to market it. Since promoting is your responsibility, you can do as much or as little as you wish. Most of sellers list in the newspaper, online and there are flat rate multiple listing services out there where you can get your house on the multiple listing services for under \$600 (without agent commissions).
- d. You handle offers, showings and handling the paperwork for the sale.
- e. Only you and the buyer show up at the closing table and closing the purchase.

This can be a very easy if you're familiar with the real estate business and a good marketer.

Cost: The only real costs are the fees which are to list on a FSBO site (from \$100 to \$1000), if you choose to get it listed on the multiple listing service with a flat fee agent (from \$300 to \$500), any cost to fix your house and potential closing costs that you may share with the buyer. Also, if you decide to pay a buyer's agent fee (usually 3%) to entice agents to bring their buyers to see your house, then you have to include that into the cost. Again, on a \$300,000 house... 3% is about \$9,000. With the other costs above and that is about \$10,000 to \$11,000.

Timeline: This really depends on your skill level to market the house. Usually FSBO properties stay on the market longer than with an agent because agents sell homes every day and know the tricks to market and sell. But you should have enough budget around for 6 to 12 months to sell with this strategy in most markets (some more, some less).

Advantages:

- You can save a huge amount of money without paying agent fees.
- You have full control and responsibility over the whole selling process.

Disadvantages:

- It's a lot of work to sell your own property this way.
- If you're not comfortable and experienced in the process of selling a property, marketing, handling paperwork, valuing your house, etc... you could end up in headache and it will cost you more than working with a real estate agent.
- The major drawback going with the "for sale by owner" path is that the amount of time it could take to sell.

Who wants to sell yourself?

- Selling your own property is suitable for people who don't need to sell quickly and who have no hurry to get out of the house.
- People who are fine with negotiations, working with offer documents... etc.

If you need to sell quickly and don't want to struggle with everything that goes with property listing and selling your property yourself, this isn't the right methodology for you.

3) partner with a real estate investment company

The third option for selling your property is to partner with a local real estate investor who buys houses. In every city, there are independent real estate investors who buy properties, repair those up and sell, hold onto those as a rental property or sell those to other real estate investors who will hold those as rental properties. Every area has reputable investors who you can contact to partner with.

The process of selling your house to a real estate investor is,


- a. You contact the investor and submit your details about your property and tell your situation to them.
- b. Investor will investigate the property, come up with a fair value for it, decide if any repairs are needed, find out what your goals are and make an offer that fits their buying criteria and helps you to achieve your goals.
- c. You look at the offer and decide if it fits for you.
- d. If it's a fit, closing happens at a title company and the title company arrange the documents.
- e. Usually the investor buys with all cash so it's a quick close and you'll get your cash quickly. So, the property sale is complete.

The process can take from week up to one month (usually investors can close within 1 week if you need it to). It is the option that many property sellers go with when they need to sell their house fast with a little hassle.

Cost: The overall cost to sell your property to a real estate investor is very low. There are **no commissions** or fees and often the investor will actually pay for 100% of the closing costs. This immediately exclude thousands in costs that you would have to pay when you go for the above mentioned 1st and 2nd options.



The main cost for working with a real estate investor is the fact that an investor can't pay full retail value for a house. They normally look to buy houses at discounts that allow for them to turn a small profit on the deal similar to any other business turns a profit. But, for many people, selling at a lower price makes sense in return for the removal of commissions and fee and the much faster timeline to sell your property.



Many people don't take the **carrying costs when selling** a house with an agent or the FSBO route. Carrying costs are all of the costs associated with owning and maintaining the property. The mortgage payment, taxes, insurance, utilities, homeowners association fees... etc. These can really add up. If your mortgage payment (including taxes and insurance) is \$1,600 and you work with an agent and it takes them 9 months to sell the property at full market value that means during the 9 months you paid \$14,400 in payments on that property (we all know most of your mortgage payment is interest going straight to the bank). Also, you'll be paying the commissions... etc. Finally, you could net in your pocket less if it takes a long time to sell your house with an agent for full retail value vs selling very quickly to an investor at a discount today.

The same situation we all are familiar with is trading in your car to the dealership when you buy a new one. Most people trade in their car to the dealership to eliminate struggle and headache. We all know the dealership is paying a discounted rate and will turn around and sell your car for a markup and make a profit. But, because of the convenience and speed. That makes sense for you to sell it for less money in return for not having to worry about taking it home, spending money on marketing it and trying to sell it yourself.

Timeline: The timeline to sell your property when working with a real estate investor can be very fast. Since investors buy with all cash (usually they don't use banks which take more time). They close very quickly. Many times, you can have an offer on your property in less than 48 hours and can close in less than 1 week from the time you accept it (sometimes it may take up to two weeks).

Advantages:

- It's less struggle hence you can have your house sold very quickly if you wanted to.
- No fees or commissions.
- The investor will pay all closing costs as well and the closing happens at a title company.
- Making sure it's complete correctly.
- Investors will buy your house AS-IS and won't require you to repair anything, clean anything up or even remove everything from the house. They'll pay for those costs by themselves after the sale is closed.

Disadvantages:

- The major drawback is that you are selling at a discount in return for the speed and convenience that a real estate investor is able to offer. If you're able to work with an agent and the agent is able to sell your house for full market value within 3 months (and you can wait 3 months) you may be ahead going that path. But if it takes longer than 3 months for the agent to sell it, the carrying costs we mentioned above will start to eat away at any gains you may have working with an agent.



Who sells to a real estate investor?

- This is mainly for people who are willing to give a bit on the sales price in exchange for a fast sale with no struggle.
- If you need to sell quickly (days or weeks rather than months)
- If you don't want to struggle with repairs or cleaning up the property.

Investors can get a good property at a fair price that leaves them room for a profit and you are able to get out from under the property and the payment and can move fast.

Conclusion

As a summary, there's no one-size fits all solution. If you have lots of time and aren't in a hurry to sell, then seriously consider going the for sale by own path first to see if you get any chance. If you still have lots of time (you don't care if it takes longer than 6 months to sell) you may work with an agent.

However, if you need or want to sell quickly because you're in foreclosure or you inherited the house and don't want to mess with the struggle or you are moving or you already bought a new house and can't handle two payments anymore or any other situation that calls for a fast and no struggle sale, then working with a local real estate investor may be the best way to go.

We recommend you to your research and make sure you trust the investor you're working with and make sure the actual closing is done at a reputable place like a title company. The vast majority of real estate investors out there are honest and do great business.

We wish you good luck on the sale of your house! We hope this guide will help you to get an idea regarding your options when selling a house and will help you to move forward with

what makes sense for you and your goals. In some scenarios, working with a reputable agent is the best way and, in some scenarios, working with a reputable investor is the best way.

If you have questions about working with a real estate investor to evaluate how much your home is worth and what an investor will pay for your house, then return to the website where you got this guide and contact us. We are a real estate investment company that focuses on helping homeowners achieve their goals whether we buy your house or not.

We look forward to helping you as a resource and working with you on the sale of your home if there's a fit.

- Your local real estate investment company.

Note: If you're still not sure what option is fit for you, use this quick little test.

Can you wait 6+ months to sell your house? If the answer is no or "I'm not sure", then contact us and we'll give you a no obligation offer on your home. Take our offer, look it over, pass it by people you trust and take your time to decide. There's no pressure. If you feel that helps you reach your goals, then we are happy. We can close quickly, no fees, no commissions and we'll even pay the closing cost.

Just connect with us.