

How to Buy a FSBO Property

by Lori Alden

Traditional real estate agents are usually happy to help people buy FSBO homes, since many sellers offer them commissions for finding and assisting buyers. These commissions are normally between \$15,000 and \$18,000 for a \$600,000 home.

But one of the advantages of buying a FSBO home is that you can often capture much of that commission for yourself simply by finding and visiting the home on your own.

Step one: Do research

- Electronicappraiser.com offers a complete property report for \$29.95.
- Zillow.com and RealEstateABC.com offer free online appraisals, along with information about recent neighborhood property sales. Be aware, though, that these appraisals can sometimes be way off—especially if the home has special amenities, like a good view or proximity to shops and restaurants.
- [Sperling's Best Places \(BestPlaces.net\)](http://Sperling's Best Places (BestPlaces.net)) is a good source of information about crime rates, schools, weather, and so forth.
- Find out how long the property's been on the market. If it's an old listing, you may be able to get a good deal. Ask the seller, or look at the MLS listing number on Realtor.com and see how it compares with the numbers of more recent listings. Be wary, though, since agents and sellers sometimes relist properties in order to make them look fresher.
- Talk to neighbors.
- GreatSchools.net ranks school districts in different areas.
- If you're buying land, go to the county planner and discuss zoning restrictions on the parcel.
- Call an insurance company to verify that the home is insurable.
- If the home is governed by a homeowners association (HOA), ask about monthly fees and CC&Rs. If you're buying a condo or cooperative unit, ask to see the association's legal and financial documents.
- Walkscore.com scores the "walkability" of a neighborhood by seeing how close homes are to stores, restaurants, and public transit.
- Download parcel maps and other deed information from websites. In many western states, you can find a treasure trove of information at netronline.com for \$3 each.

Step two: Make an offer

1. If you've been working with a real estate agent, and if the seller is offering a commission, ask your agent to help you prepare an offer and submit on your behalf. If the seller isn't offering a commission, try offering to pay the agent a flat fee or a percentage of the purchase price of the property in exchange for helping you make an offer. Since you—not the seller—will be paying the buyers' agent's commission, reduce your offer price accordingly.

2. If you haven't begun working with an agent, you can save money by making your offer through a discount broker, like SixHomes.com or NCaHome.com (in Northern California), Redfin.com, or BuySideRealty.com.

When buyers Jeff and Fatima were ready to buy a house, they asked a discount real estate broker to represent them. The broker helped them prepare an offer of \$400,000 for a charming condo. The offer was accepted and when the house closed, the broker received a \$4,000 commission, while Jeff and Fatima got a credit of \$8,000—their share of the 3% buyers' agents' commission.

3. If you're an experienced homebuyer, you may want to download standard legal forms from a website like Nupplegal.com and prepare your own offer. By doing so, you'll be saving the seller the expense of paying a commission, so reduce your offer price accordingly.

The Johnsons got two offers for their FSBO home. The first one, for \$600,000, was submitted by a buyers' agent. But the Johnsons instead accepted a lower offer of \$588,000 that was submitted by an unrepresented buyer. Had they accepted the \$600,000 offer, they would have had to pay a \$15,000 commission to the agent, netting them only \$585,000.

For more information on getting commission rebates when buying real estate, please visit CapturetheCommission.com.

Economist Lori Alden taught university-level economics for twenty years before becoming a real estate broker. She owns FSBOPrimer.com (a website for FSBO sellers), CapturetheCommission.com (a website for buyers), SixHomes.com, and several FSBO website businesses.

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