

Eric Stewart
SMART
GUIDE

As Is Guide

Learn How To Get Top Dollar
When Selling A House "As Is"

By Eric Stewart

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A Note From Eric Stewart



Dear Reader,

Selling a home in less-than-perfect condition can be challenging for obvious reasons. Not to worry! As an experienced Realtor®, I am here to advise you on how best to prepare and market your home. In this guide, you will find my compilation of tips and suggestions to help you get started selling your home “as is.” The good news is that selling a house “as is” can be both efficient and financially rewarding.

Please feel free to contact me at 1-800-900-9104 with any questions you may have about putting your house on the market “as is.” I’m happy to help.

Enthusiastically,

I am not an attorney or an accountant. I am licensed to advise on real estate matters only. Any ideas presented here are the expressed opinion of Eric Stewart and should be treated as such.

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Why Sell "As Is"

The purpose of this guide is to provide you with information about the process of selling a property "as is." Selling "as is" simply means putting the property on the market in its current condition, with few or no improvements. Sometimes you will have to price the house lower than you would if you spent extensive time and money improving it.

Here are four primary reasons our past sellers have decided to sell "as is:"

1. Low Upfront Expense

Common, pre-market improvements like updating the kitchen or bathroom can be pricey. If you want to avoid investing money on renovations, you can reduce your asking price by the amount it would cost for the future buyers to make their own changes. Or, time your sale to when there is no competing inventory.

2. Little Upfront Work

As an "as is" seller, you also don't have to go to the trouble of clearing out your possessions, going into an organizing frenzy, or taking the time for a deep cleaning. With the proper disclosures concerning the state of the house, your marketing will not be any less effective, and buyers may let you leave your unwanted stuff behind.

3. Estate Sale

When deceased parents leave their homes to their children, the best way to divide the value of the property is by selling it and distributing the proceeds among the siblings. In such cases, when no one has the time or money to prepare the house, it is best to sell in order to acquire and disperse the money quickly.

4. Selling a "Tear Down"

When the land on which a house sits is more valuable than the structure itself, it is best to sell the property "as is." It makes no sense to improve a house that will be torn down for a new building.

Buyer's Point Of View

Naturally, buyers tend to be extremely cautious when considering "as is" homes. "As is" properties generally require varying amounts of work before they are comfortably habitable. Even when a seller is upfront about the condition of the house, as reflected in its price, buyers remain careful. However, many investors are looking to acquire houses they can update themselves with the intention of renting or selling.

Material Defects

Legal obligations for "as is" sellers are centered around the condition of the house and the information sellers are required to disclose about their property. Sellers are required to disclose known defects and to provide information on any issues that the buyer asks about, such as termite damage, a wet basement, non-working appliances, plumbing leaks, etc. Any defects discovered after the sale are the responsibility of the buyer unless the seller had previous knowledge. The exceptions to disclosure law are usually the sale of the decedent's estate, a foreclosure or a sheriff's sale.

Non-Material Defects

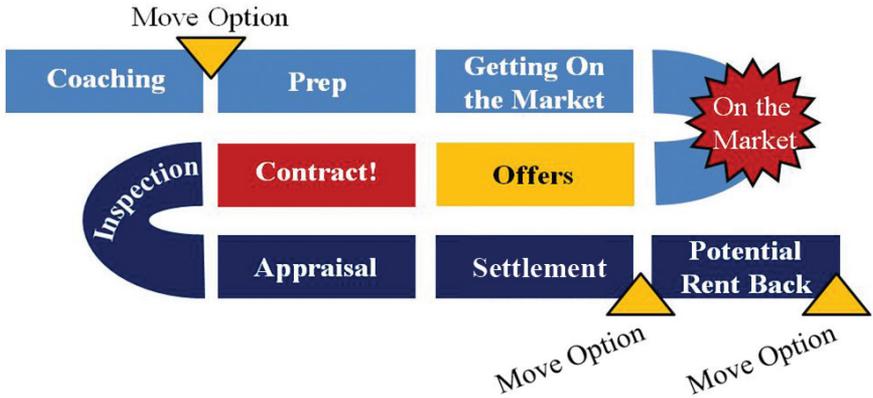
You are generally not required to disclose non-material defects during the sale of any property. In most states, for example, sellers have no obligation to disclose any deaths that occurred in their house. Such events are immaterial to the condition of the property. Check the laws in your municipality for details on disclosure of non-material defects, which can vary widely. In some states, whether a house is "haunted" or not is immaterial; in others, it is a consideration taken seriously. So, research the law where you are or ask your Realtor to do so.

The Typical Process

The process of selling a home involves a fairly standard order of events: Preparation for the market, going on the market, and negotiating a contract. After the terms of the contract are agreed upon by all parties, there is normally a series of inspections before you finally get to the settlement.

You can declare your home to be for sale "as is" when it goes on the market, but it is not crucial to know if you will sell "as is" from the very beginning of the process. Many of our sales didn't start out "as is," but during contract negotiation we discussed this option with our client and the buyer agreed to take the property in "as is" condition.

The Real Estate Process



4 Tips to Selling "As Is"

1. Find an Experienced Realtor®

The first step in selling your house is finding a good Realtor with experience in "as is" sales. Agents perform three primary roles for you:

1. They coach you through any preparation you choose to do.
2. They market your house and negotiate for you.
3. They coordinate the escrow and closing and they make sure you get your proceeds!

A Realtor needs experience with selling "as is" homes in order to market your home properly to reach the correct pool of buyers. Not sure where to find a good Realtor? Call us at 1-800-900-9104 or visit EricStewartGroup.com for information on finding a good Realtor in your county, state, or country at no cost to you.

2. Prepare Your House to Sell "As Is"

Your Realtor should walk through your house and give you specific, inexpensive suggestions that will maximize your selling price without upsetting the order of your home. Consider implementing these top three projects for optimal return on investment:

1. **Decluttering:** If possible, get rid of junk! Potential buyers want to be able to envision their furniture fitting into your house. Clutter can make a spacious room seem cramped.
2. **Vertical Surfaces:** Paint walls and clean windows. Repair and patch any holes in the drywall and remove stains.
3. **Horizontal Surfaces:** Clean your carpets and repair hardwood floors. Replace cracked tiles in your kitchen and bathroom.

3. Prepare Yourself and Family

As difficult as it might be initially, look at your house as a product to be sold. This is a great opportunity to clean out your home, to organize your belongings, and to prepare the things you are taking with you. Preserve your memories of your old home by taking pictures or a video of it. Organize your possessions and go through each of them, asking yourself, "Do I need it? Do I use it? Do I love it?" If you answer "no" to two or more of these questions, go ahead and get rid of the item.

4. Price Appropriately

Be prepared to price your home realistically, but be wary of underpricing your home if the land value is greater than that of the house. The convenience of making few or no changes to your home is usually reflected in a lower asking price, as the changes that need to be made will become the responsibility of the buyer. Price no higher than current markets will allow and consider an even lower entry point, and wait a few days before considering offers in case there is a lot of interest. Still, it is wise to prepare yourself for a longer initial marketing period before expecting offers to arrive depending on what time of year the house goes up for sale.

Conclusion

Selling "as is" is not as daunting as it sounds. With the help of a good Realtor, a little preparation, and good information about the market, your property can soon be sold!

The Quiet Listing

We at the Eric Stewart Group have developed the “quiet listing” option for sellers. A quiet listing is a useful middle-ground between being on and off the market. This provides an opportunity for sellers who still have work to do to start exploring their options. A quiet listing allows you to be on the market unofficially, keeping your house open to buyers while avoiding the inconvenience of showings and open houses. It also enables you to complete any work needed while still welcoming offers.

Advantages

- No Signs
- No Photos
- No Lockbox
- No Open Houses
- Not in the MLS
- Less Hassle
- Private
- Less Prep to Sell

What We Do

- Word of mouth
- Top Agent Network (Top 10%)
- Builders (if applicable—learn more in the next section)
- Coming Soon Listing on Eric Stewart Group website
- Showings attended by associate
- Private and Discreet Discussions of Your Property

We have found the quiet listing allows you to move at your own pace, customizing your marketing plan over time. Maybe you still need to finish some minor work, but you want to start testing the marketing waters. Perhaps your house is ready to go on the market, but you are dealing with personal issues that are keeping you from being ready to move. Regardless of your circumstances, we are ready to talk with you about a quiet listing to see if it will serve you.

Another benefit of the quiet listing is that it provides an opportunity to formalize our relationship with our clients, allowing them to start the preparation process months to years in advance.

This time will allow you to become comfortable working with us, as we work together to determine what preparation needs to happen and how best to market your house. During this period of unofficial marketing, we will talk with other agents and garner interest in your home. We use this non-competitive advantage to find a buyer to purchase your house in its current condition, thus saving you the trouble of further fixes and the aggravations of the market.

The takeaway here is that you don't have to be ready to move to start preparing your home, and sometimes you don't have to have it all the way prepared before finding a buyer. The quiet listing is a strategic move which allows you plenty of time to test the market free of stress, while preparing for your move.



Selling to Investors and Builders

If the land on which a house sits is more valuable than the structure of the home itself, real estate investors or builders may be interested in buying the home as a “tear down” before it goes on the active market. In this scenario, because the home will be torn down, the investor or builder will almost always waive the home inspection. This relieves sellers of the worry about having to spend additional money for buyer requested repairs based on the recommendations included in the home inspection report.

However, the investor or builder may include a survey or site inspection contingency in their purchase offer. If the buyer is not satisfied with the results of either report, (i.e. property has restrictions that preclude building a larger home on the existing lot), the buyer has the right to opt out of the contract within a specified time period.

Real estate investors and builders will typically want to purchase a tear down at slightly below the property’s current market value to ensure they make a profit after building and selling a new home on the same lot.

A good Realtor will have already compiled a list of local builders that can be contacted regarding the availability of a tear down listing. Your agent may also have a list of local real estate investors or can reach out to the local agent community to let their investor clients know about the tear down opportunity. When contacting builders and investors, a plat of the lot should be provided, which shows the property’s boundaries and location within a neighborhood or subdivision.

Gift Annuities

A gift annuity is another option to consider when selling your home “as is.” Perhaps you are ready to move, but you don’t have the time, energy, or resources to dedicate to selling your current house. Or maybe you’d like to donate your home to charity or a non-profit continuing care retirement community, but you are dependent on the proceeds from its sale to support yourself.



Many charitable organizations will accept your house as a donation, while granting you a yearly annuity. This enables you to move without the burden of selling your property, and it provides you with a source of income, usually for the rest of your life. This is especially convenient for seniors looking to move into a retirement community, but who need to sell their house.

Here are several gift annuity scenarios for you to consider. *Please note that we are not financial advisors so this information is provided so you can consider and investigate other options.*

1. Charitable Gift Annuity

A charitable gift annuity involves the donation of your home to a charitable organization, which then pays you a certain amount annually, depending on the value of the house you have gifted.

For example, let’s say Mr. and Mrs. Smith, 77 and 76, want to move. Their current home appraises at \$675,000. The quick sale listing price is \$650,000. They give the house to a charitable foundation, which receives a value of \$600,000 after expenses.

The American Council on Charitable Gift Annuities determines the annuity percentage for a life rate at 5.2% for two people aged 77 and 76. 5.2% of the \$600,000 revenue is \$31,200. Thus, Mr. and Mrs. Smith will receive \$31,200 annually for the rest of their lives, \$25,296 of which will be regarded as tax free income until the Smiths’ actuarial life-assessment expires. If they live beyond a certain expected year, all of the \$31,200 becomes subject to taxes.

A monthly breakdown of the annuity is possible, beginning one month after the gift was made, regardless of whether or not the charitable foundation sells the home.

2. Wealth Replacement

After Mr. and Mrs. Smith have received the annual income from their charitable gift annuity, they can use it to fund a standard, second-to-die, life insurance policy, providing \$1,000,000 tax free to those named as beneficiaries.

3. Gift of Real Estate with Funding of Entrance Fee

Now, let's say the Smiths are looking to move into a retirement community. They could use their house as an asset to pay the community entrance fee, deducting the fee from the value of the house, and donating the remaining value to the community. The annuity the Smiths would receive would be based on this reduced gift, lowering their annual income, but with all the benefits of the retirement community.

4. Single Life Gift of Real Estate

This is simply a charitable gift annuity involving a single owner of a home. The annuity percentage increases for just one person, raising the annual income.

Auction Sales



The auction sale of a house most often carries the negative association of foreclosure. However, the two do not always go hand-in-hand. In today's market, the auction sale is a viable means of getting your house sold quickly and at market value. Auctions offer unique benefits to both buyers and sellers.

Sellers' Benefits

Sellers can be sure to get a buyer: Those who show up to bid are there to buy, not negotiate. Bidders are required to pre-qualify financially by presenting cashier checks of a certain amount (usually at least \$10,000) the day of the sale. In the event that the winning bidder is unable to purchase the house for some reason, the seller keeps this down payment (after the auctioneer has drawn his or her commission from it).

All sales are at the buyer's risk. The sellers are not required to make guarantees or improvements. Buyers will have a chance to review the property, but what they see is what they get. Sellers also have the tremendous benefit of knowing exactly when their home will be bought. They avoid the stress and inconvenience of showings and lengthy price negotiations. For the seller with a deadline, auctioning is an efficient and effective way to sell "as is." Competitive bidding will reflect the market value of the house and potentially raise the selling price above what the house is worth.

Buyers' Benefits

For buyers, auction sales are a way of being certain of a sale. Like the sellers, they avoid lengthy negotiations and are sure to get the property, if they bid high enough. In this capacity, buyers at auction get to determine the purchase price. The competition at auction sales is fair, and likely to result in the house being sold at market value. Each bidder has had the chance to go through the home and collect information on what he or she personally think it's worth. There's no need to bid higher than you are willing to pay! The winning bidder will sign the contract the day of the sale.

Types of Auction Sales

There are two basic types of auctions. The **absolute auction** involves the highest bidder purchasing the house, regardless of what the final price ends up being. A **reserve auction** requires the bidding to reach a certain amount (determined by the seller) in order to sell.

It is important to note that the auctioneer will require a no-sale fee; you'll still have to pay the auctioneer if the bidding doesn't reach your desired amount. Be careful not to set your expectations too high. You could end up paying money for the auction without actually getting your home sold.

The most common type of auction is "on the lawn." People come to your property, look it over, and then bid on it. Some auctions, however, take place off property, with multiple homes for sale.

Choosing an Auctioneer

Selecting an auctioneer to sell your home is similar to choosing a real estate agent. Before hiring one, ask about their credentials. Auctioneers are required to be certified and to adhere to a standard of ethics established by the National Auctioneers Association. Ask for referrals from friends, family, and (most importantly) your agent.

When deciding who you want to auction off your home, ask about the candidates' experience. Have they been successful in the past? Have they sold homes like yours before?

Ask to hear about their marketing plans. Auctions require aggressive marketing; the more people who attend, the more likely you are to increase the price of your home through a bidding war. The seller is responsible for covering the costs of marketing.

The auctioneer will usually accept a commission based on a percentage of the sale price of the house. Some auctions may incorporate a buyer premium into the purchase: In addition to paying for the property, the buyer is required to cover the cost of the auctioneer's services as well. Call us at 1-800-900-9104 if you need the name of a reputable auctioneer where your property is located.

Owner Financing

Owner financing is a tool that can help you sell your home faster, particularly in “as is” condition. You, the owner and seller, will provide a loan for the buyer. Secure this private loan to the property itself and require a down payment from the buyer. In the event the buyer defaults, you can foreclose and keep the property and the down payment.

What does it entail?

Both parties sign a promissory note defining the formal terms of the loan. This involves a down payment from the buyer, with a mortgage that balloons in three to five years. Generally, there is an expectation that the buyer will refinance within a few years and transfer to a traditional lender.

Why should you finance your home?

Sellers tend to get listing price (or even higher) when they finance their own homes. They also have the benefit of an extra monthly income flow. An owner-financed loan often comes with a higher interest rate, but also tends to result in a shorter listing term, as it is attractive to buyers.

Who will buy an owner-financed home?

You will get interest from buyers who need to take possession of the property quickly, and who want to avoid closing costs associated with formal mortgages.

What are the options?

There are several ways to arrange an owner-financed sale:

- **All Inclusive:** This is the simplest, most direct option. The buyer pays you a down payment, and then pays off the rest of the price of the home in monthly installments.
- **Land Contract:** This arrangement grants the buyer “equitable title” to the property. The seller and the buyer will share joint ownership of the property until the buyer fulfills the last payment. The title will then be transferred fully to the buyer.
- **Lease Purchase Agreement:** In this arrangement, the buyer will rent the property, with an additional upfront fee and an agreement that they will eventually purchase it. The agreement determines the price and whether or not the lease payments will count towards the sale price.
- **Assumable Mortgage:** If the seller’s lender will allow the transfer, the buyer can assume the seller’s mortgage.
- **Second Mortgage:** To avoid mortgage insurance buyers will ask sellers to hold a second lien trust, at a higher interest rate than the first trust, usually at least 2% higher. The buyer will then pay off both loans over time, paying the first mortgage to the lending institution directly, and paying the second mortgage to the seller.

This option is rare, as it has a high risk for the seller. The primary lien holder takes priority, in the event the buyer defaults; only after the primary lien holder has been paid in full does the seller’s second mortgage get paid off.

Top 10 Home Inspection Problems

When selling a house “as is”, the buyer still can ask for a home inspection in the purchase contract. If the seller agrees to this, the buyer can ask the seller to complete repairs (or ask for a credit) to fix issues highlighted in the home inspection report. As the seller, you have the right to not do any of the repairs requested, but the buyer then has the right to void the contract, assuming it is done within the timeline reflected in the purchase contract. To avoid this scenario, it is ideal to have the buyer waive the home inspection contingency, which the buyer may be willing to do if they plan to tear down the home or the home is in a highly desirable area.

A second option is to allow the buyer to conduct a “general inspection” only. Under this contingency, the buyer can do an inspection, but cannot ask for repairs. The buyer only has the right to void the contract if they are unhappy with the home inspection results. A good Realtor will help you navigate the contingencies in a purchase contract and negotiate on your behalf to get the best terms possible.

- 1. Minor maintenance problems:** Poor overall maintenance usually leads to a large range of problems that will require the new homeowner’s attention. These can include everything from peeling paint to rotting decks.
- 2. Minor structural problems:** These problems are typical in older homes, and they range from cracked plaster to small movements in the foundation. While they are not likely to cause the house to fall down, they should be corrected before they become more serious.
- 3. Grading/drainage problems:** Improper grading and drainage can often lead to damp or wet footings/basements. Correction can range from installing new gutters and downspouts to installing French drains. It should be noted that simply re-grading the surrounding lawn to channel surface water away from the house is sometimes sufficient.
- 4. Older/insufficient electrical system:** It is common to find older homes with undersized services, aluminum wiring, double tapped circuit breakers, and ungrounded outlets.
- 5. Older/poorly installed plumbing:** It is also common to find plumbing problems in older homes. You may be surprised about faucet leaks, a toilet flush issue or pinhole leaks in copper pipes.

6. **Older/leaking roof:** On average, an asphalt roof lasts 20 to 30 years. If your roof is failing, you need to know how many layers there are in order to determine if the roof needs to be completely stripped before installing the new shingles.
7. **Older heating/cooling system:** Older and poorly maintained heating/cooling systems are inefficient and could pose a serious safety and health risk. While replacement may seem expensive, the newer, more efficient systems reduce heating/cooling costs substantially, thus helping to recoup your investment.
8. **Poor ventilation:** Excessive moisture from un-vented bathrooms and cooking areas can damage plaster, promote the growth of mold and fungus, deteriorate windows, and cause allergic reactions.
9. **Excessive air leakage:** Poor weather stripping, badly fitted doors, deteriorated caulking, and poor attic seals all contribute to a cold and drafty home.
10. **Environmental problems:** These can include asbestos, formaldehyde, leaking underground oil tanks, nearby gas stations, contaminated drinking water, lead-based paint, and radon gas. It is important to discuss these potential hazards with a professional and arrange for a specialized inspection if necessary.

Note: I never recommend doing a pre-inspection prior to putting a house up for sale. Why pay hundreds of dollars to discover what needs to be fixed and then pay to have those items fixed when the buyer is going to hire their own inspector? The buyer's inspector may or may not find the same issues. So, you may end up paying to fix things that didn't need fixing. Let the buyers feel like they got their money's worth from their own inspection.



If you need to repair any of these problems, your Realtor® can recommend qualified contractors to do the work. To see my list of Preferred Local Vendors, visit EricStewartGroup.com

10 Questions to Ask a Realtor®

Before you hire an agent to help you sell your house, get recommendations from friends, family, and neighbors, and look on the web.

Meet with the agent, explain your needs, and determine whether you would be comfortable working with them. Ask whatever questions you like, or simply explain your goals and listen carefully to what they propose to do for you. To assist you in the interview process, here are some general questions that you may want to start with:

1. Why should I hire you? What makes you different?

What unique ideas does this agent have to help you sell or find the right home? What do they offer you that others don't? Take note of whether this agent is asking enough questions to understand what you want and need. Remember, regardless of what the agent promises, you need to connect and trust them first.

2. Describe your marketing strategy.

Does the agent have a clear marketing plan for your house? You need to see marketing samples. What unique selling tools does the agent use that will help sell your home? What media does he or she use to effectively market your listings? Radio? Internet? Magazines? Ask the agent which websites your property will be marketed on: It should be at least 50 (the average agent uses only five to ten).

3. How long does it usually take to sell your listings?

Any agent you interview should be able to provide you with this information. In a correcting market, this is critical. It should be statistically provable.

4. Do you offer a Guaranteed Buy Program?

Is the agent willing to buy a prospective buyer's current home so that you can accept a contract without it being contingent on the buyer's home sale?

5. How do you protect me from underselling my "as is" home?

Recently, we sold a home in need of a lot of work for \$50,000 over list price, in cash, and with no home inspection. We waited 6 days before presenting all offers (there were 10 in total) so that the seller would not leave any money on the table. It's very important to hire a Realtor who has prior experience selling "as is" homes.

6. Do you offer a single contact to look out for me throughout the sales process?

Does the agent provide regular updates? Is the agent readily available to answer questions that you might have, at any time? Are they with you all the way through the transaction or are you passed from one person to the next?

7. Do you have a reference list of clients?

Be sure to spot-call some of the names.

8. What kind of online marketing do you do?

92% of homebuyers begin their search online. How will this agent make your home stand out and shine?

9. How will you research my particular area?

An agent that is adept at researching schools, parks, and other amenities can sell the value of your location better than one who can't.

10. Do you have experience selling homes in the price range of my property?

The agent should be familiar with how to market homes in your price bracket. If you have a \$300,000 or a \$3,000,000 home, you want to ensure that your agent has a marketing plan that will reach the right target of buyers.

When you ask the suggested questions above, you will find that there are excellent agents working for firms both large and small, franchised and independent. The real decision must be made based on the competency of the individual agent you will be working with on a day-to-day basis and how you "click" with the agent.



Relocating? Contact the Eric Stewart Group at 1-800-900-9104 or at EricStewartGroup.com and we can assist you in finding the best qualified real estate agent.

About Eric Stewart



Eric Stewart started his real estate career in 1987, and each year sells over a hundred homes in Washington, DC, Maryland, and Virginia. He has completed more than 2,500 real estate transactions, placing him in the top 1% of Realtors® in the nation.

Eric is from a family of doctors, which means he thinks like one. His greatest interest is centered on his clients, listening and prescribing a plan of action for each one.

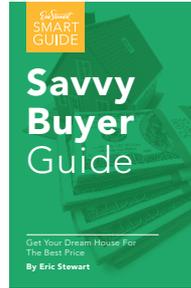
As a Senior Real Estate Specialist (SRES®), Eric's focus is on helping seniors in the downsizing process, or as he calls it, rightsizing your life. Eric has also conducted many seminars and workshops at retirement, continuing care, and assisted living communities throughout the DC metro area. At these events, Eric provides tips on how to sell your home for top dollar and also helps to provide seniors with the vision, motivation, and resources to make a move.

In addition to working tirelessly with home buyers and sellers, since 2004 Eric has been the host of a weekly residential real estate show that airs every Sunday from 7am – 8am on WMAL AM 630/105.9 FM. Eric dispenses timely information on the local real estate market and provides coaching on how to best approach your real estate purchase or sale.

Many years in real estate have taught Eric that by utilizing a group approach, he can most effectively serve his clients. Realtors are required to juggle over 119 tasks in order to sell a single home. Independent agents will eventually encounter the limits of time, energy, and money, restricting their ability to sell homes. But, with the Eric Stewart Group, you get a whole team of real estate professionals working for you, resulting in properties sold fast and for maximum profit.

With his commitment to community development and social good, Eric is also the founder of Widow Care, a new 501(c)3 nonprofit designed to provide connections to widows and widowers in distress. For more information on Widow Care, please visit www.WidowCare.org.

Eric Stewart's Other Smart Guides



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of Long & Foster Real Estate

4400 Jenifer St., NW
Washington, DC 20015
202-818-8696

1355 Beverly Rd.
McLean, VA 22101
703-879-1551

795 Rockville Pike
Rockville, MD 20852
301-424-0900

www.EricStewartGroup.com



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