

Last Ditch Efforts: What to do if your House Still Hasn't Sold

by Ilyce_Glink

At a party over the weekend, I meet a recently divorced homeowner who'd received the house in his divorce settlement and was now trying to sell it. The house has been on the market for seven months -- which might as well be an eternity for a home seller. On the plus side, there have been more than 60 showings. Clearly, there's interest in the property -- just not at the list price. The owner said he was desperate to get rid of the house. What should he do to sell it? When you've tried all the regular selling tricks, like cleaning your house, organizing it and pricing it right, it's time to employ a few last-ditch efforts to pull in the right buyer:

- Pay your buyer's closing costs. Houses are so expensive these days, thanks to an extraordinary run-up in prices, that a buyer may want to purchase your home but not have enough cash to close. Coughing up a few thousand dollars to help pay a buyer's closing costs is a good way to get to the closing table.
- Buy down the buyer's mortgage. If the buyer can't easily manage the monthly mortgage payments on your home, you may want to buy down the buyer's mortgage. You pay the difference between what the buyer would have paid with a market-rate loan in the first few years and an interest rate that is lower. For example, in the first year of a buy-down loan, if the going interest rate on a 30-year mortgage is 6.5 percent, you might buy down the buyer's loan so it appears to be 5.5 percent. The second year, the loan carries an interest rate of 5.75 percent (instead of 6.5 percent). The third year, the loan rate rises to 6 percent, and so on until you reach what should have been the starting interest rate. You pay the difference between where the rate is and where it should be, which might run several thousand dollars.
- Offer seller financing. Buyers like seller financing because it's still cheaper and more convenient than going to a conventional lender. There are plenty of risks (chief among them is that the homeowner might default on the loan), but if you're a desperate seller willing to do the required due diligence on a buyer, it might be a good idea. Be sure to hire a real estate attorney to draft the loan documents.
- Offer to solve a specific problem. Roseanne used to live in a 3-unit condo building with only two parking spaces. Every night, someone had to park on the street, and parking was tough to find. The way she finally sold her unit was to offer to pay a year's worth of parking for the buyer. While this doesn't solve the problem for good, it could be just enough to seal a deal. If your homeowner's association is about to levy a special assessment, offer to pay part or all of the assessment.
- Offer freebies. What could make your property more attractive to a buyer? Try a freebie. Today, sellers (and developers) are offering everything from gift certificates, free trips and free cars to a decorating allowance, meals at fancy restaurants, massages, etc. While these things cost money, they might draw some extra attention to your property.
- Offer a bonus to the broker who brings a buyer. Real estate commissions are usually split equally between the buyer's agent and the seller's agent. So if the total commission you pay is 5 percent, each side would get 2.5 percent of the sales price (which is then further split between each agent and the firm they work for). If you hire a discount broker, a 4 percent total commission might be split differently, with 2.5 to 3 percent going to the buyer's agent and just 1 percent to the listing agent. However, if your house isn't moving, you may want to offer a bonus to the agent who brings the buyer to the closing table. How much should you offer? It could be a bigger commission (4 percent to the buyer's agent instead of 3 percent) or a flat cash bonus of \$500 to \$2,000, depending on the price of your home. While no self-respecting agent will force his or her buyer to purchase your property just because of the bonus, most agents will make sure any client they have who might be right for your property gets in to see it.

© 2006 Real Estate Matters, Distributed By Tribune Media Services, Inc.