

## ***FSBO - Why this is a bad idea! By Vanessa Roman***

Not all of you might like real estate agents. It's easy for professions to get tarred with a wide brush of false perceptions. So you might be tempted to buy directly from other Canadians. Don't.

There are plenty of websites and guides for FSBOs - **for sale by owner**. Certainly they can give you an indication of what's on the market and property values in particular areas. That's information you can use. But the knowledge to properly pull off a deal, as a seller or buyer, is not the "one-click purchase" of the online world.

Real estate agents - the good ones, and see my previous advice on interviewing to find the right one - are professionals and experts in the property world for that essential skill of using information to form knowledge to enable transactions.

Consider these five factors:

**1. Real estate? Real experts.** Most people would struggle to write a proper, legally binding contract - there's no shame in that. There's also no shame in failing to consider every aspect and potential pitfall in buying and selling property. That's what real estate agents are for. FSBO's are not real estate experts, and their lack of experience can be frustrating and costly. When you use the right real estate agent, they will know everything about the local market and neighbourhood. If you put their years of knowledge and experience to work, it will save you time and money.

**2. Negotiating skills.** As I've said before, knowledge is power, especially in real estate negotiations. It isn't just having numbers at your finger tips, but understanding them. When buyers and sellers meet, they talk too much, I find. The longer you talk, the more information you'll have, but at some point you can have too much information, and not enough knowledge of how to get a good deal. Again, this is where a real estate agent can ensure a knowledge base that cuts through the information clutter.

**3. Pricing.** FSBO properties are notoriously over priced. Sellers are emotionally attached to their home, and thus tend to place a higher-than-market-value tag on the property. It's understandable that they're fond of their home, but that doesn't help you as a buyer looking for the best deal. You might think you're saving money by going direct to the seller. Some website will have you believe a deal is to be had because no one is paying the real estate agent commission. But this could not be further from the truth. FSBO's almost always over value their homes and this trend could actually cost you more.

**4. Safety.** As a FSBO, you meet with every potential buyer personally. You invite buyers - strangers - into your home without pre-qualifying them at all. This can be dangerous and in my opinion, is not worth the even small risk. Using a real estate agent places a firm buffer between you and unscrupulous buyers. Isn't the safety of you and your family worth this caution?

**5. Paperwork.** Buying and selling property doesn't involve any less paperwork simply because you're doing it yourself. If only anything did. The fact is, most real estate files are inches thick, filled with documents and contracts relating to the sale of the property. FSBOs are generally not familiar with the required Purchase & Sale contracts, and most never take the time to explain the contracts to potential buyers. One mistake or omission could land you in court or cost you thousands of dollars. Suddenly, your attempt to "simplify" the process by buying or selling direct, gets a whole deal more complicated.

Are there FSBO deals that work? Sure. As with anything in this world, some problems arise even with the most experienced real estate experts at your side, and conversely, complex FSBO deals can work smoothly against the odds. But my advice remains firmly on the side of avoiding FSBOs.

There is simply too much risk, personally and financially, to try for a deal in a process most people would struggle to understand. Is your dislike for real estate agents really so strong that you would put your money in jeopardy to avoid them? We're really not that bad, and the best of us out there will make you forget you ever considered an FSBO.

T.S. Eliot wrote: "Where is the wisdom we have lost in knowledge? Where is the knowledge we have lost in information?" When it comes to property, there's plenty of information out there. But it takes knowledge to do the deals properly - efficiently and effectively. And if you choose real estate agents over FSBOs, you'll be demonstrating you have the wisdom needed for the property game.