

SHOULD I SELL TO A REAL ESTATE INVESTOR?

So you're already thinking about selling your house, and then you get one of those postcards in the mail: an investment company says they'd like to purchase your home! And now you're wondering...what's the deal with this type of sale? Should you even consider selling to an investment company? What are the pros and cons? The answer depends on your specific circumstances as well as on the investment company. So, should you sell to them? Let us break it down a little more for you:

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TO MLS OR NOT TO MLS

First things first, you need to decide whether you would prefer to hire an agent and have your home listed on the Multiple Listing Service or whether you're comfortable going it alone (n.b. no agent = no MLS). If you feel like you want to try selling your home yourself straight to a real estate investment company, just be sure to do your due diligence and educate yourself as much as possible; check out the company thoroughly. (Are they reputable? What's their BBB status? What's the story on their LLC?). Be sure to ask for references. Working with an Agent will ensure the sale is handled properly and help you mitigate any liability. If you go it alone, make sure you understand enough about the process to handle the transaction and reduce your liability.

TRUST YOUR GUT

If anything about the investment company or their representative/s give you the heebie-jeebies, then you should probably listen to your instincts and break off the deal. If something doesn't feel right, it probably isn't. You should never feel pressured into signing a contract or selling your home. Trust yourself.



HORSE OF A DIFFERENT COLOR

Selling to a real estate investor / investment company is usually a little bit different than a traditional sale. Typically, these types of sales will be all cash. Sounds great, right? But keep in mind that the final price on a cash sale is usually less than you'd get with a traditional sale. However! Most investment companies will not expect you to make any repairs to your home prior to the sale, and they usually cover all closing costs. Therefore, even with a lower sale price, it's likely you will net the same amount of profit from the sale. We recommend getting a non-refundable down payment from the investment company in order to protect both your sale and your time.

TIMELINE

Closing times in traditional sales situations can be weeks to months, but closing times with an investor sale can be as little as 7 days or as long as few months - you get to decide! Usually, there's no rush unless you want there to be. Need more time to arrange the logistics of your move? No problem. Conversely, do you want to close ASAP? Also not a problem.

THE LEGAL STUFF

In all cases, be sure to use a Title Company. Also, if you have a verbal offer, get it in writing! Always. We suggest you use the TREC Promulgated 1-4 Family residential contract, or have your contract drafted by an attorney. Either way, you may want your attorney to review it. Also be sure to check if the buyer's name says "...and/or assigns" or if anywhere in the contract it states the buyer may "assign" the contract. This means the "buyer" may try to re-sell the contract to another investor for a profit. Be sure to check the contract for other potential "red flags" or termination options. These things aren't necessarily bad, but you absolutely need to be aware of them.

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So, bottom line, is selling your home to an investment company a good idea? It can be! That depends a lot on which investment company comes calling. If you've done your research and feel comfortable with the company that's showing interest in your home, this can be a great option. Somos has been buying homes as investors in this market for over a decade. For the right seller and the right home, this can absolutely be a win-win scenario.

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