

Selling a Home for Cash

Most people don't have enough cash on hand to buy a home outright, but it does happen.

These sales can happen more quickly than the traditional mortgage process, but it can come at a cost. Some buyers are more predatory than others, trading an expedited process for a lower selling cost.

CASH VERSUS MORTGAGE

When a buyer purchases real estate with a mortgage, they're working with a bank to ensure that the property is adequate collateral for the loan. The bank also needs to protect itself, checking the buyer's credit and financial situation and making sure the property is protected for the life of the loan. This can take some time, even for pre-qualified, well-qualified buyers, up to a month or more.

Cash timelines are shorter. A cash sale can close in as little as a week or as quickly as the title company can push the paperwork through.

However, that can come at a tradeoff. Cash buyers, especially if they are eyeing a property for an investment, tend to assume a level of distress. That may mean a lower selling price in exchange for



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the speed of the transaction because the buyer is taking more of a risk.

FINDING A CASH BUYER

The first step in just about any real estate process is

determining the worth of the property. A local real estate professional who is familiar with the type of property and the local market can perform a comparative market analysis and give a good idea of

what similar properties are selling for.

Professional appraisers, while often found later in the buying process, can also come in on the front end and give you their opinion on what a

property is worth. The seller will pay them upfront, but may be able to sell the appraisal to a buyer later on in the process.

Once the property is valued, start shopping it around. If you contract with a real estate professional, they can list and market it for you. If time is of the essence, consider sending it out to services in your area that buy houses.

USING AN IBUYER

iBuyers are online companies that use algorithms to determine the value of your home and automatically make a cash offer. These companies are looking at the property as an investment, and often will rent it out or flip it. It's not likely to offer the best possible price, but the process is fast and easy.

You can also look for local companies that buy homes. There are signs on most city street corners offering to buy homes for cash or buy ugly houses. This is similar to the iBuyer in that the buyer is looking to buy the home as an investment, usually to flip. These companies can be a good choice if the property needs repairs and you want to sell it as-is. Make sure to do your research, carefully read any contracts and remember that, once again, you're not likely to get top dollar.



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REAL ESTATE 101



HOMESWISE GLOSSARY

Loan flipping is when a predatory lender gets a homeowner to refinance their mortgage repeatedly, often talking them into borrowing more and more each time. The lender will charge high fees and points, sticking the homeowner with higher loan payments they can't afford after cashing out most of their home's equity.

Note rate: The interest rate stated on a mortgage note or other loan agreement.

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