

Seller Financing to the Rescue

The Problem

When it comes to selling real estate, one of the most difficult and frustrating situations for sellers is when market conditions make it nearly impossible to sell at the desired price point. A high initial listing price might be because the seller simply has an unrealistic idea of how their house stacks up against the competition in the area, or because the owner needs to sell for a set minimum price in order to pay off their loan against the property.

With traditional property sales methods, the only way to prevent the property from sitting on the market indefinitely is to keep dropping the price. Unfortunately, this technique doesn't always work - especially if the seller is unwilling to "discount" their house by much.

In areas flooded with homes for sale, reducing the asking price slightly will not bring the desired result. In fact, it's common that the property will continue to sit on the market without offers, alongside the multitude of other unsold properties with similarly reduced prices.

Anyone experienced in sales understands that making your product stand out from the crowd is a critical technique for success. But if there's too much competition offering the same attributes, the only logical way to attract the attention of serious buyers is to drop the price so that your property is a much better value than the competition.

In cases where the seller is too inflexible with their asking price, this is not a practical solution. Without an alternative strategy, the seller is forced to keep the house on the market for an extended period of time with an unrealistic asking price, hoping for the right buyer to come along. And as you know, that "Mr./Mrs. Right" might NEVER materialize!

The Seller Finance Solution

Property sellers who want to both obtain their desired price and close on the deal quickly should consider seller financing. Seller financing is a powerful tool to remedy real estate situations that otherwise look grim.

Many home sellers (and their real estate agents) do not see seller financing as a viable option. In actuality, seller financing can bring new attention to the listing and invite a different group of potential buyers - thereby opening up a unique, untapped market.

A large percentage of people throughout the country cannot get approved for bank funding to buy real estate because of their credit situation. Many of these people are still in the market to buy a house, however. The "credit-challenged" are often frustrated with

the limitations of apartment living or being renters; as a result, many are willing to pay a higher price just for a chance to get seller financing and improve their quality of life.

A savvy property seller who recognizes this opportunity can salvage an unfavorable situation and turn it into a bonafide seller's market. By using this type of creative financing, the seller could actually end up getting more than the original asking price - without resorting to the questionable strategy of patiently waiting for the "right buyer".

Seller finance can enable homeowners to receive a favorable selling price despite bad market conditions. In addition, the real estate agent (if any) gets to close a deal and move on to other sales, while a home buyer with poor credit is able to become a home owner. It's one of those rare situations where everyone at the negotiating table gets what they want.

Paper Tigers

Many home sellers never consider seller financing because they don't understand the benefits. There are also common misconceptions that it's much too complicated to attempt to orchestrate a seller financed deal, or that there are no buyers willing to sign a private note.

Once a property seller takes the time to learn about the basic process, the advantages of offering financing instead of a lower price to sell their property become very clear. Plus, a little education about seller finance will make it apparent that drafting a secured private note is actually a very straightforward process.

The bottom line is seller financing can enable a home owner to "have their cake and eat it too" - i.e., sell at the desired price, close the deal quickly, and even receive additional income from interest payments as well.