

BUYING A FOR SALE BY OWNER (FSBO) PROPERTY

Although most homes for sale are listed with a Real Estate Agent (agent), some homes are *For Sale by Owner*. More commonly called FSBO (pronounced fizz-bo), which means the seller is not hiring an agent to sell their home. Purchasing a FSBO property is similar to buying a home with an agent, but there are important differences.

Similarities

- Start by contacting a Homeownership Advisor to determine if you are mortgage ready.
- Get informed and complete Homebuyer Education.
- Meet with a lender to get preapproved for a mortgage loan.
- Hire a professional home inspector.
- Ensure you have funds available for earnest money, down payment and closing cost.

Differences

- Many agents are unwilling to represent a buyer in a FSBO transaction.
- MLS listings, which are only available to agents and have the most up to date information on homes for sale, are not available for FSBO properties.
- You will likely have to contact FSBO sellers directly to view the properties.
- Preparing an offer on your own can be risky. You could offer to pay more than the property is worth or not include important contingencies that allow you to cancel the contract if certain conditions are not met.
- Earnest money, normally held by the agent, is held by an attorney or title company.
- In a non FSBO transaction, generally the buyer's agent is paid a portion of the seller commission, at no cost to you.

It's important to understand there are additional risks when you buy a FSBO home. Purchasing a home can be complicated and it is likely the largest purchase you will ever make. If you decide to purchase a FSBO home, be sure to hire an agent or real estate attorney to prepare and negotiate the offer.

*This information is provided as a service of the Minnesota Homeownership Center and is not legal advice.
Consult a competent legal professional for advice specific to your situation.*

For additional information speak to a Homeownership Advisor in your area by contacting the
Minnesota Homeownership Center: 651-659-9336 or 866-462-6466 or www.hocmn.org