

# Learn the True Cost of Selling Your Home off-MLS to an iBuyer Like Zillow

Perhaps you've heard the pitch from an iBuyer firm such as Open Door, Zillow Offers, or another firm with the word "Offers" in their name.

These companies are promoting the convenience of selling your home quickly for cash, without putting it on the market or having buyers traipse through your home, or worrying that their financing might fall through.

But what is the cost of that convenience?

My column on Aug. 22nd reported on the "true cost of selling to an iBuyer," but you can't know that cost personally until it's your home. So let's talk about your home!

The next time you get a solicitation to buy your home direct for cash without putting it on the market, go ahead and ask them for a quote. Then call us and we'll analyze the offer for free, with no obligation whatsoever.

Here's what you need to know about the offer you'll receive.

1) They will tell you that you won't pay a commission, but the contract will deduct a "service fee" which, in the case of the Open Door contract I wrote about in August, is 7%.

**REAL ESTATE TODAY**



By **JIM SMITH, Realtor®**

2) There will be an inspection contingency. They'll tell you that you don't have to make any repairs, but the company will do an "assessment" and come up with a dollar figure they will deduct from the purchase price to cover "necessary" repairs. It could amount to tens of thousands of dollars--\$38,563 in the case of the Open Door contract I reviewed in August.

3) The good news is that you as seller are given the right to terminate the contract at any time prior to closing — at least according to that Open Door contract I reviewed.

Most of all, you need to know that these iBuyer firms are only buying your home because they expect to make a profit when they resell it. They will entice you with an offer that is reasonable, but in the following weeks that offer will be eroded by other provisions such as I've mentioned above.

Perhaps the convenience of selling a home for cash to someone who will resell it at a higher price makes sense for some sellers. My point is that you should know how

much that convenience is going to cost you.

An "iBuyer" is nothing more or less than an investor who makes money by buying low and selling high, with or without making any improvements. For years I've been advising homeowners who receive unsolicited offers for their home to treat such an offer as the "opening bid," and to talk to me or another Realtor about seeing how much more they can get for their home once it is exposed to the full market. That is only accomplished by putting a home on the MLS.

It's all about maximizing exposure. The more potential buyers who learn about your home, the more offers you are likely to receive. I'm saddened to see how many homes are sold with zero days on the MLS. Those homes were sold without entering them on the MLS, and the listing agent only puts the home on the MLS after closing as a courtesy to other agents (for market analysis purposes) and/or to receive credit for the sale in terms of personal sales volume.

Consistently over the past three years, between 60 and 160 homes per month in Denver & Jeffco have been entered on the MLS only after they sold. The majority

of them sold at or below the listing price, because the home was not exposed to additional buyers, and a high percentage of them were "double-ended" by the listing agent, meaning that the agent doubled his commission by not giving other agents with willing buyers the opportunity to earn their half of the listing commission.

Our policy at Golden Real Estate is to avoid selling a home before it has been on the MLS at least 3 or 4 days, during which all potential buyers have had a chance to see the home and consider making an offer. This is consistent with our responsibility under state law to put our sellers' interest ahead of our own.

This policy is an expression of the value statement that appears on our yard signs — "Hometown service delivered with integrity."

In my Aug. 22 column, I quoted a report on iBuyer transactions by Collateral Analytics. The final paragraph in their report is worth quoting again:

*"In all, the typical cost to a seller appears to be in the range of 13% to 15% depending on the iBuyer vendor. For some sellers, needing to move or requiring quick extraction of equity, this is certainly worthwhile, but what percentage of the market will want this service remains to be seen."*

Call me or any of our broker associates listed below before accepting an off-market offer for your home. And remember: even if you are already under contract with an iBuyer, you may have the right to terminate the sales contract.

*Thank you to those readers who have supported this weekly column by giving Golden Real Estate the opportunity to serve their real estate needs.*

## Your Car Battery Could One Day Be Your Home Backup Power

Perhaps you, like me, have considered investing in a home battery system — not to go "off grid" so much as to survive blackouts. Simply having solar does not give you such protection, because when the grid goes down, your solar panels do not generate electricity. That's required by power companies, because they don't want you pumping electricity into downed power lines as their technicians work to repair them.

Personally, I'm holding out for a future in which the energy stored in my EV batteries can be tapped

to power my home during a blackout. There's a term for this called vehicle-to-grid, but a more accurate term would be vehicle-to-home, since it would be done in isolation from the grid.

Because I have two EVs with combined battery capacity of 170 kilowatt-hours, I have a lot of stored power available to me at any time, even if those cars are not fully charged. For example, 100 kilowatt-hours can provide 5,000 watts of household electricity for 20 hours.

There are commercially available inverters for creating a 120-volt outlet in any car, either gas or electric, but inevitably some automaker

— probably Tesla — will create an interface that allows for the electricity stored in one's EV battery to be tapped for household use during a blackout.

Several electric trucks are going to hit the market in 2020 and beyond, and each will have 120 and possibly 240-volt outlets for field power, which is a good start. You could run an extension cord to power critical home appliances.



Get This Column in Your Inbox Every Thursday. Send Your Request to [Jim@GoldenRealEstate.com](mailto:Jim@GoldenRealEstate.com)

**Jim Smith**

Broker/Owner, 303-525-1851

[Jim@GoldenRealEstate.com](mailto:Jim@GoldenRealEstate.com)

Broker Associates:

JIM SWANSON — 303-929-2727

CARRIE LOVINGIER — 303-907-1278

KRISTI BRUNEL — 303-525-2520

CHUCK BROWN — 303-885-7855

DAVID DLUGASCH — 303-908-4835

ANDREW LESKO — 720-710-1000

CAROL MILAN — 720-982-4941



Remember that you can read several years' worth of prior "Real Estate Today" columns at [www.JimSmithColumns.com](http://www.JimSmithColumns.com) where they are listed by date and topic.