

Is a 'We Buy Houses' Company Right for You?

When selling a home becomes a struggle, many Americans settle for an offer made by a group advertising to buy homes for cash.

You have likely seen their advertisements when traveling your local highways and may have been enticed yourself.

While it can mean a quick escape for homeowners who can't sell their property, this transaction can leave a substantial amount of profit on the table.

These types of groups are successful by buying homes for bottom dollar and investing to repair them before relisting them for sale. It's no surprise that you should expect less than fair market value, but it can make sense to a certain type of seller. Here's what you need to know when deciding between a traditional real estate service and possibly breaking even on a transaction in cash.

ARE THESE COMPANIES LEGAL?

Yes, for the most part, cash investors have enough capital to purchase your home in a legal manner. They sometimes persuade home sellers into a quick decision by offering cash in hand and lightning-fast closing timeframes.

This avenue is efficient for owners who are in a hurry to unload their property and are nonchalant about making a profit.

You should be cautious of risks of scams before agreeing to work with a property investor. Make sure to do research their profile on the Better Business Bureau and read reviews from other sellers who used their service.



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HOW MUCH DO THEY PAY?

According to the experts at The Balance, cash investors typically offer about 65 percent of a home's fair market value. Keep in mind, this percentage can vary as they will consider the cost of the renovations to be made before a home can go up for sale or rent.

While their offers may be less than what you are expecting, sellers can appreciate a buyer who isn't restricted while waiting for financing approval or requiring expensive repairs to be made

before a deal is closed. However, if selling a home quick and at a fair price is of importance, talk to a Realtor before making a cash deal.

According to the National Association of Realtors, the typical home was only on the market for an average of three weeks and sellers sold their properties for 99 percent of the listing price, in 2018.

WHEN DOES IT MAKE SENSE?

There is a niche group of sellers to whom property investors who pay cash

REAL ESTATE 101

Know Before you Owe

Selling an inherited property could leave you with a tax bill. Generally this applies when you sell the home for more than it was worth when you inherited it. In 2015, changes were made to the law governing how homes are valued in this situation. For more information, visit the Internal Revenue Service website at <https://bit.ly/2YTZaam>. And, of course, you'll need the advice of a tax attorney.

appeal. For instance, those who inherited a home after a family member's death often forgo a traditional sale to avoid costly renovations or the hassle of selling their newly acquired responsibility.

Homeowners who have a residence with substantial damage to structural components or foundations can also benefit from these buyers. Rather than invest in fixing up a home for sale, they prefer to simply get out of the mortgage and put their dollars toward a new property purchase.



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HOMEWISE GLOSSARY

Extension: a written agreement between all parties on a contract allowing an additional specified period of time during which all parties are expected to perform their contractual obligations.

SOURCE: MLS.com

AD SPACE