

Which Is Better: A Cash Offer Vs. A Traditional Listing?

Compare And Avoid Hurdles When
Selling Your Property!



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Foreword

Are you all set to sell your property? No matter the listing price, in today's strong seller market you might be better off looking at a direct cash buyer than waiting for the perfect offer. If you're looking to sell your property fast and don't want to deal with contingencies, a cash offer just might be the best way to go.

However, if you're selling a property and need more time to find a new property or want to be sure you're maximizing your profits, you could be better off with a more traditional mortgaged buyer. It all depends on what you're being offered and your goals with time and money.

With this eBook, you will understand a cash offer vs. a traditional listing. We will look into concerns regarding goals, time, expenses, commissions, guarantees, and flexibility. This eBook aims to give the readers a sense that they have options when choosing between a cash offer and a traditional listing. We discuss all the steps to sell the property yourself but then show how much work and effort is involved and that the better option may be to work with a property investor!

This eBook provides insight into how property investors work and how they differ from a realtor or broker, what the process is when working with a property investor, and building trust between the seller and the property investor.





A Cash Offer vs. a Traditional Listing in Terms of Goals

The Goal of a Real Estate Agent

Selling the Property at the Right Time & Value

A real estate agent's objective is to list and sell your property at a market average to high price and timeframe. Since they work on a commission basis, they work hard to sell off as many properties as possible and earn a good chunk of commission.

Thus, they need to get your property sold and off the market at the right time and at a good value to increase their share and balance your satisfaction as a seller.



Market Variations

A real estate agent may not be able to accomplish this goal as effectively as they thought they could. Depending on the market and property condition, they may often ask you to drop your price to attract new buyers or those currently interested to make a bid for your property.

This process of traditional market selling can take months or longer, and depending on the timing of the market and the property demand, some real estate agents requires at least 3-6 months to sell a property.

The Goal of a Cash Buyer

Get a Fair Price for the Property

A cash buyer's goal is to buy a property at a fair price based on how many things need fixing to make the property usable. Things like back taxes, liens, repairs, renovations, and improvements that the specific property needs. As a buyer, they are highly flexible and understand the property seller's requirements. They want to strike an all-cash deal for the property with the potential for a fair return on investment. As they are your direct buyer, they will often negotiate on the speed and efficiency they can offer you in exchange for a lower price offer.





A Cash Offer vs. a Traditional Listing in Terms of Time

The Time Frame of a Real Estate Agent

It Can Take Many Months

Sometimes your property cannot be listed immediately, and there are certain repairs and improvements that you need to make to your property to make it really 'marketable' to the buying public. If your property requires intense upkeep and maintenance, it will take time to get that fixed and a realtor will want the property in the best shape possible to attract the right buyer. This can take up to several weeks or months.

It Takes Time to Improve Your Property and List It

Once the property issues are fixed, it looks attractive and is ready to be out on the market for display, you need to list it at the top sites for potential buyers to see. The property listing should be detailed, including

High-Definition photos and videos of the property, local and surrounding area, and have desirable information to attract many buyers. Ensure your realtor works hard to highlight all the selling points!

Showings of Your Property

The realtor will then line up a series of open property or property inspections every week or month and host it until you get an offer that you can work with. It will require time and effort, but it will be worth it. Once you land an offer you would like to proceed with, you then may need to await the buyer's financing contingency, and this can also add to time.

The Buyer Needs Financing

A prospective buyer may make the sale contingent on your property passing a comprehensive inspection. The property inspector is hired to find things that must be repaired or updated to ensure there are no major repairs later on. Then the property buyer may have to qualify for financing if they are going to be mortgaging the deal. Not only can this create delays, but it is sometimes the point of failure for most deals if the Loan to Value ratio is not ideal.





The Time Frame of a Cash Buyer

You Will Get a No-Obligation Offer in Days

Cash buyers work FAST and can usually offer a no-obligation all-cash offer to purchase your property quickly. They are always looking for good deals and if your property is what they're looking for, expect to start the negotiations right away!

The Closing Can Be Done Quickly

Since the offer is usually not contingent on financing, and if everything remains okay, a property cash buyer will close as quickly as possible, pending due diligence and title checks. During this time they will conduct due diligence around taxes, liens, repairs, title checks, faults and defects and possible exit strategies for the property when they go to on-sell it later.

No Uncertainty

Working with a cash buyer is highly beneficial over the traditional method, primarily if you're in a situation where you need to sell the property pronto. It will speed up your property selling process and you know who is buying it, when they want to close and how much cash you will be receiving.



A Cash Offer vs. a Traditional Listing in Terms of Expenses

What Are Your Expenses When Selling with a Real Estate Agent?

Improve Your Property to Sell It in the Best Shape

If you sell a property via the traditional method, the future owner would like to see it in the best shape possible. A real estate agent will not help fix how your property looks; they will expect you to do that. You will have to update and maintain your property as you will want it to leave a good first impression on your buyers, make it more attractive, and increase the chances of selling. The cost of repairs and maintenance depends on the existing condition of the property.

For properties and small multi family, this can range from minor repairs and paint touch ups to major repairs like structural. For vacant land, this may be about clearing up trees and grass, and fixing fences.

Vacant Properties Increase Expenses and Risk

When the property is vacant, the costs and risks are even greater. For properties, you not only have to pay liability and property insurance, but you will also have to pay taxes, utilities and property maintenance while your property is on the market. The money you spend on maintaining the vacant property is gone, and you will not be getting returns on it. Vacant properties pose more risk for theft and squatters who may also damage your property.

Vacant land poses the risk of the site being used as a trash dumping place, or people trespassing illegally onto your land which can open up liability claims if not insured correctly.

Even If You Spend Thousands on Repairs, There's No Guarantee It'll Get Sold

Regardless of all the money you spend on repairs and maintenance and making your property look attractive, a real estate agent cannot guarantee that your property will be sold. No amount of repairs can certify a high sale price to recoup your investment so be careful with how much you are thinking of spending if you want to list it traditionally, as your return on investment may not be as good as you had hoped for.

What Are Your Expenses When Selling to a Cash Buyer?

No Repairs Are Necessary

You will not have to worry about repairing your property or fixing the title with a cash buyer, they buy your property as-is. They will budget for all the fixes required, and if there is an instance where a problem occurs while budgeting, they will be sure to fix it themselves. You will not be asked to do anything.





No Closing Costs

If you sell the property to a cash buyer, you will not need any funds to complete the sale. You are paid cash at closing, and a cash buyer will take all the risks of not only fixing up the property title to be able to close, but also cover all of the closing costs as well. They are known to buy properties for cash as-is, and the seller won't have to put in any additional money.

No Risk

Since cash buyers purchase your property direct form you, there is no middleman involved and they will be open and transparent with you about the cash you will receive, where they are with their due diligence or fixing issues and the date that you should expect to get paid Thus, there is less risk when working with a cash buyer.





A Cash Offer vs. a Traditional Listing in Terms of Commissions

Commission When Selling with A Real Estate Agent

Commission is usually 6-10%

Unquestionably, a real estate agent will not work without a commission structure in place as part of the listing agreement. As a seller, you can't expect them to work for free so they must apply a commissions on selling property since that's where they earn their wages from. So, when you list your property, you will be paying a commission based on a percentage of the selling price. It is usually around 6% or higher. It can go as high as 10%, especially for vacant land.

For example, if the property sells for \$300k, then as the seller, if you're paying 6% on it, you have to pay around \$18k as commission at closing. This can take a huge cut from your potential profits.

Commission Is Paid After All the Repairs and Improvements

The commission fee will remain the same, regardless of whether the property was sold within a month or six months or you were required to spend \$12k to make repairs identified in the inspection report. Know that the commission will be paid at the closing long after you've dealt with the repair and maintenance costs, so both of these costs need to be taken into account if you're considering selling via a realtor.

You May Get Less Than You Hoped

Since you will be the one paying for all the repairs yourself and you need to pay the commission to the real estate agent, it doesn't leave you with the full price of what the property might be advertised for. You will often get much less than what the original property selling price was.



Is there Commission When Selling with a Cash Buyer?

ZERO - No Commission

One of the top reasons to choose a cash buyer is that they charge no commissions or fees for their services, which means you will get fair cash without paying them for their time and effort or incurring any closing costs. It will allow you to save thousands of dollars and utilize the extra cash for more important things, such as savings or a secure retirement plan. Since most property owners wish to make a prompt sale to liquidate their asset and use that money elsewhere, working with a cash buyer will be an ideal way to do so.

They Pay a Fair Price

A cash buyer will assess the current value of your property, as it is today. They will take into account any fixes or repairs, be that if it's land or a house, and the time it will take them to make use of the property. They have the expertise and knowledge to set a fair price for your property, in exchange for them saving you commission and the cost or repairs or fixing up title issues. They will give you cash in hand without any delays.





A Cash Offer vs. a Traditional Listing in Terms of Guarantees

Does A Real Estate Agent Guarantee the Sale?

No. Just because your property has been listed and your real estate agent is working on selling your property to the best possible buyer, that still doesn't guarantee a property sale. It all depends on your realtor's property selling and marketing skills and techniques, how and where they list your property, advertise it, and negotiate with and attract potential buyers. Your property could sell within a month or be on the market for years.

Does A Cash Buyer Guarantee the Sale?

Yes. With a cash buyer, after their initial due diligence period you will often get a property sale guarantee. Since they will usually finance their own purchase without a mortgage or needing to sell their own property, they will usually have enough money to buy your property when they make you the offer. Thus, a property sale is often guaranteed with them.





A Cash Offer vs. a Traditional Listing in Terms of Flexibility

Flexibility When Working with A Real Estate Agent

There is a Locked In move Date

When you sell your property traditionally, you will be notified of a date to vacate the property and this date is often not flexible. Buyers expect to move in right after that date and if you have not found a new property yet, it could leave you stranded. In the case of vacant land, this is much easier to navigate.

Buyers And Lenders Usually Determine the Closing Date

Similarly, whilst a moving out date is agreed by all parties, it is typically set by the buyer and the requirements of their lender. There is very little room for negotiations, and the buyer and their needs largely set the terms of the agreement.



Flexibility When Working with A Cash Buyer

You Have Full Flexibility

The best part about working with a cash buyer is that all their transactions are purely financial. They are highly flexible and work at the pace of the seller to craft an agreement that will work best for both parties. Say, for example, you are behind in your mortgage. They may help you out by taking on the loan as part of their agreement with you and arranging to pay your lender what is past due to prevent foreclosure. The cash buyer is also usually flexible with time as they are not moving into the property themselves so can work with you to accommodate your needs.

Your Preferences Determine the Closing Date

The entire transaction will depend on how you want to go about it. If you want to sell but don't wish to move, cash buyers can buy the property and rent the property back to you in a sale-leaseback if they are looking for a cash-flow positive rental. Property cash buyers will work with you no matter the situation and help provide flexible solutions that work best for you.

Conclusions

All in all, both options of a traditional sale and working with a cash buyer have their benefits. It all depends on you, the property seller, as to your goals, the needs of fixing up the property or vacant land title, and timing. Be sure to explore your next property with an open mind to both options to ensure you get the best deal possible.





Meet Christopher Nimmons from Khorin Neighborhood Development

I'm Chris Nimmons and I started this company in 2017. I have been a licensed agent since 2013 to help property owners liquidate troubled properties that they may have bought years ago but are now under the financial strain of trying to maintain these properties. I wanted to connect owners with reputable buyers to ensure both parties in the transaction were happy with their decision.

As a Realtor and Real Estate Investor and Cash Buyer, I can provide both services of listing a property in the traditional way, or buying it direct from the seller for cash. My goals are:

- Sellers should walk away from the experience relieved and satisfied with the process every step of the way from inspections, and appraisals right up to the closing table.
- Buyers should feel confident in their decision of acquiring an asset that will build and nurture future wealth.



How Khorin Neighborhood Development Can Help You

How We Work with Sellers

My acquisitions team consists of family and close colleagues that are capable of handling every facet of a property transaction. From scheduling appointments to financing for prospective customers with traditional and non-traditional lending.

If you're doing research on the best companies that buy houses for cash, or want to know which is the best site to sell property, look no further. We even utilize local title companies familiar with typical requirements needed to clear and insure the title and secure the closing transaction.

It's very easy to work with us on any of your property sales needs:

1

Step One

Provide us with the address for your home or property you'd like to sell.

2

Step Two

Speak with us or meet us for a walk-through inspection so we can do our due diligence.

3

Step Three

We present you an offer either on the spot or 24 hours later in writing. This offer carries no obligation.

4

Step Four

If the price works for you, we have you complete the sales paperwork, we open escrow and then we schedule closing.

Simple! No Stress and no hassle! Some closings can take place in as little as 10 business days.





How to Contact Us

You can call our team anytime to discuss your property at (212) 381-6141, or if your preference is email you can find us on info@khoringroup.com and we're on social media, so look us up on and join and Like us on Facebook where you can message us. If you also have a more detailed property situation and you want some dedicated time with us, you can go onto our website and book time with us in our Calendar to discuss your specific property in more details. Then, get ready to review your fair and no-

