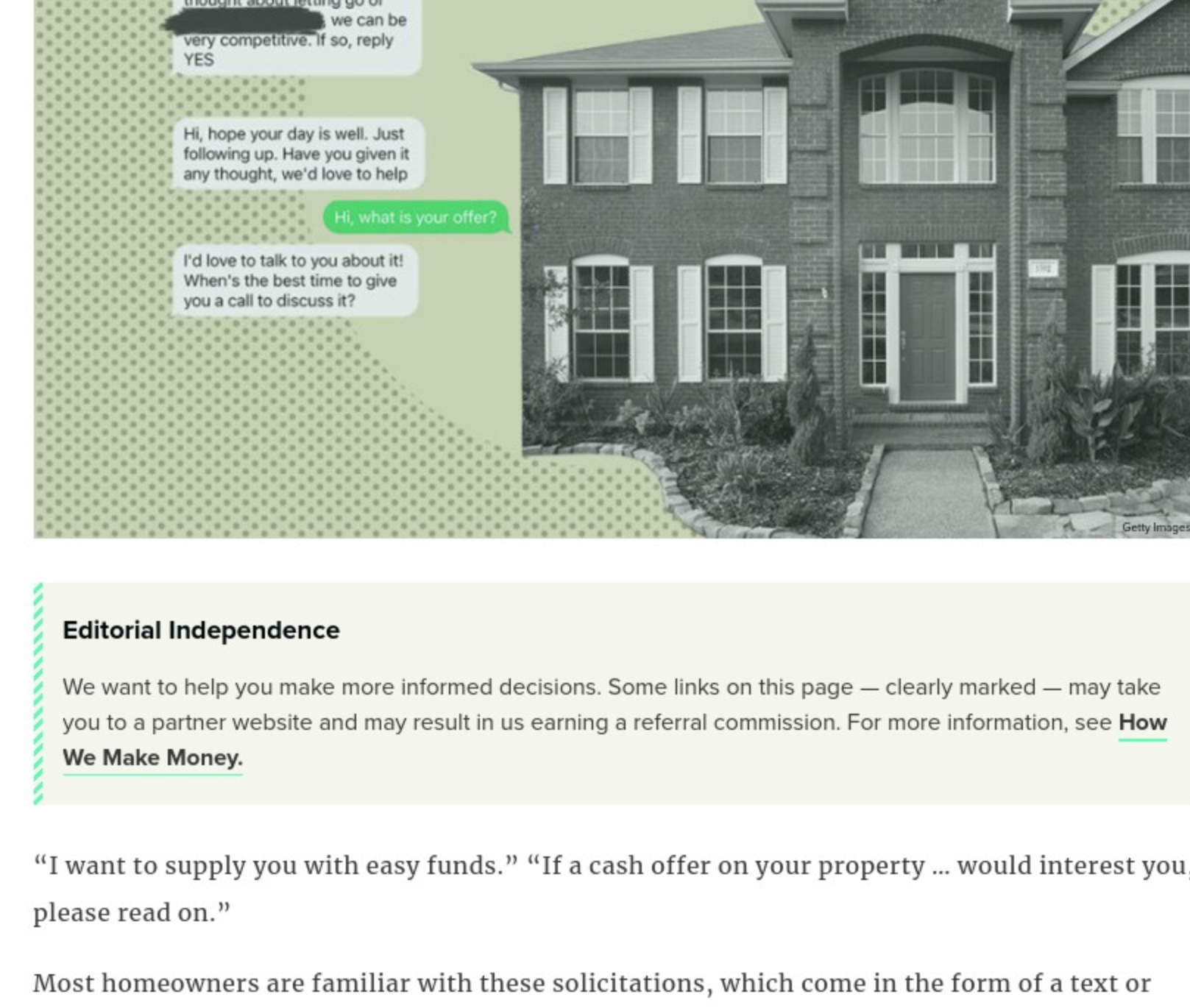


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Getting Unsolicited Offers to Buy Your Home? How to Know if It's an Opportunity or a Scam

Jon Reed April 12, 2022 17 MIN READ



Today's Rates	
Mortgages	Refinance
30 Year Fixed	6.660%
15 Year Fixed	6.030%
FHA - 30 Year Fixed	6.070%
VA - 30 Year Fixed	6.180%
Jumbo 30 Year Fixed	6.610%

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"I want to supply you with easy funds." "If a cash offer on your property ... would interest you, please read on."

Most homeowners are familiar with these solicitations, which come in the form of a text or letter from people or companies that want to buy your house, even if it's not up for sale.

Stacey Wood, a psychologist and professor at Scripps College in California, sees them a lot when she investigates cases of elder abuse and exploitation. "I've been meeting with clients and I can see stacks of letters. There will be phone calls interrupting our meetings, of investors who are trying to get them to sell their house."

For many homeowners, these calls are a nuisance, a constant barrage of requests to buy a home that they have no desire to sell. But if you're actually interested in selling, are they an opportunity?

That might be the case, but if you decide to sell, you should take steps to protect yourself, experts say. And you might get a better deal by going the old-fashioned route and putting the house on the market.

"If you are looking to sell your house and you think the selling of it can yield profit for you, it's much better to be simply be affirmative in engaging with a reputable sales person, a real estate agent, and market your home through those channels," says Bryan Adamson, associate dean and professor of law at Case Western Reserve University.

Why Am I Getting These Phone Calls and Letters About My House?
A lot of these unexpected solicitations come from real estate investors looking for properties to fix and flip or buy to hold and rent out, says Amit Darji, a New Jersey real estate investor.

Those investors are often coming with a specific proposal identified for that property: For example, the investor thinks the homeowner might be interested in selling because the property would need significant work to be ready to list on the market.

"The real estate investors are in the business to make a profit, all while finding solutions for homeowners who are struggling or dealing with financial crisis," Darji says.

With a cash offer and no bidding wars, the sale can get to closing quickly, with the investor often paying the closing costs. At its best, a responsible investor and a homeowner in need can create a win-win situation for both sides," Darji says.

PRO TIP
If you decide to think about selling your home off market to an investor or specific buyer, make sure you know what your home is worth and retain professional help to protect you through the transaction, such as a real estate agent or lawyer.

Current Mortgage Rates for January 4, 2023

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Zip Code: 43214 Columbus, OH Property Value: \$ 440,000

Purchase Refinance

Loan Amount: \$ 352,000 Percent Down: 20 % Loan Term: 30 year fixed Credit Score: 740+

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Lender	APR	Rate	Mo. payment
McGloone 30 Year Fixed NMLS: #3232	5.52%	5.25%	\$1,944
FIRST CAPUS 30 Year Fixed NMLS: #449401	5.83%	5.63%	\$2,026
SILVERTON 30 Year Fixed NMLS: #1561	6.17%	6.04%	\$2,119

Is This Person Trying to Buy My House a Scammer?

Not every opportunity coming through the phone or the mailbox is a potential "win-win," and some can be sinister. There are a few well-known scams to keep an eye out for.

Known as a foreclosure rescue or "white knight" scam, a prospective buyer offers the homeowner a loan to help them catch up on payments and avoid foreclosure, Adamson says. In exchange, the prospective buyer has the homeowner sign over the deed, saying it will be temporary, he says.

"When the homeowner comes back to try to pay the white knight, the white knight is either gone or the white knight has sold the house and may even engage in eviction proceedings against the former homeowner," Adamson says.

In one case, Wood said she saw a situation in which someone convinced a homeowner to get a home equity loan to fix the property up before the sale. "The whole point of doing off market is to not have to do the work of fixing it up before selling it."

In other cases, investors seeking a deal on a property well below market value will target homeowners who may not know exactly what their home is worth, Wood says. That could be an elderly person who bought their home decades ago and is unaware of the dramatic increases in home prices in recent years. Someone who hasn't kept up with comparable home sales around them might think an offer is great, when it's a fraction of what they could get if they put the home on the market.

Most of these solicitations are coming from investors, Wood says, "it's not the letter: 'please sell your home to my family,'" she says. It's possible you're getting communications from a potential buyer, but be wary of anyone who wants to buy your home when it isn't on the market.

How Can I Make the Calls Stop?

Unfortunately it's not simple to stop the solicitations, which can come simultaneously from a wide variety of potential buyers, experts say. Mainly: Be clear that you don't want them to call back.

"Save that text message, save that voicemail message, but also if you want to have them stopped, if they are calling or texting, make sure you affirmatively and clearly say, 'I am not interested, do not contact me or call ever again,'" Adamson says.

If they persist in calling, you may want to try contacting the Better Business Bureau or government agencies, such as your city or the Federal Trade Commission, Adamson says. There are federal and often state regulations that prohibit misrepresentations in business solicitations, he says. Those rules often come into play only once a business deal has started.

"That's when things have already gone south and maybe a contract or deal has been made and you're trying to unwind a deal. You never want to get to that," he says.

What If I Do Want To Sell My House?

If you're thinking of selling your home, you should consider doing it the most common way: Getting a real estate agent, listing it for sale, and considering the bids that come in. If the investor who keeps texting you wants to, they can compete against the other folks who might be interested and who might offer more money. A real estate agent will charge a fee, usually around 6% of the sales cost, but you might end up garnering a price on the open market that is far more than 6% higher than what you were offered off-market. "I don't have anything against real estate investors but they would always buy your house on the MLS," Wood says.

If instead you opt to sell it off-market, there are steps you should take to protect yourself if you're dealing with an investor or someone with a cash offer.

Get Help From A Pro

Darji says he encourages homeowners to get an attorney to help them through the process. That will cost some money, perhaps \$1,000 to \$2,500, but it might still be a savings over the 6% a real estate agent might charge. "We want to operate and move in a manner where the homeowners are protected," he says.

Retaining a professional, such as an agent or lawyer, is key to protecting yourself, Adamson says. "Real estate transactions, real estate transactions, can be very complex. They are document-heavy. They're rarely very simple arms-length transactions," he says. "Many individuals have the savvy to work through those transactions but I think it's always best to have another set of professional eyes on something that significant. Especially when you think about the potential value of the transaction to oneself."

Know What Your Home Is Worth

Before you take any steps toward selling your home to anyone, know what it's worth. Understanding what comparable homes in your community sold for, what buyers are willing to pay, is essential before you accept any offer. "There's such demand in my town for housing stock that the only reason I would consider a [for] sale by owner is to make more money, not to make less," Wood says.

Control the Transaction

Most importantly, know that the decision to sell your property is yours alone. Don't let anyone force you into making a major financial decision, and take the steps you need to take to protect yourself. "The key becomes controlling the transaction," Adamson says.

If an investor wants to buy your home, remember that you're in the driver's seat. "At the end of the day, the homeowners are the ones who have to accept the solution," Darji says. "They can always reject it."

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