

Tips for Home Sellers

4 Buyer Incentives that Sell Homes

When you find your home struggling to compete against similar listings, selling can seem difficult at best, impossible at worst. You've cleaned, staged, upped the curb appeal and lowered the price. So what else is a seller to do? *Offer incentives.* Outlandish incentives make headlines, but basic incentives that fill real buyer needs have the most power to get your home sold. Here are four you should consider offering to help you sell:

1. Interest rate buy-down

When a seller offers to “pay points,” it means they'll award the buyer a certain number of percentage points of the sales price, which will, in turn, be paid to the buyer's lender as discount points that bring the buyer's interest rate down. This decreases the pressure buyers feel to guess the best day to lock in their interest rate, and sends the message that, if they buy your home, they'll automatically beat the market rate. Seller-paid rate buy-downs also save buyers money on their monthly payment over the lifetime of their loan. Plus, the points are usually tax deductible to the buyer the next time they file taxes.

2. Closing cost credit

Many buyers trying to break into the market are already scraping the bottom of their savings barrel to come up with a down payment. On top of that, they'll have to come up with anywhere from 3 to 6 percent of the loan amount, in cash, to cover closing costs. But some smart sellers will pay a credit of 3, 4, 5 or even 6 percent of the home's sale price at closing, to defray the buyer's closing costs. This credit is a great financial help to buyers and a strong differentiator that can set your home apart from other listings. Your agent can run the numbers to dictate how much you can afford to offer, and plan how to market the perk to prospective buyers.

3. HOA dues credit

If your home is part of a homeowners' association, you likely have monthly or annual dues. It's also

likely that you can recall buying that home and being overwhelmed at the prospect yet another housing expense.

To overcome buyer concern about another regular expense and differentiate your unit from other units for sale in your complex, you can offer a credit at closing that covers the HOA dues for 6 months, a year, or even longer. Talk with your agent about how to do this strategically, in a way that will offer the maximum lure for buyers but won't conflict with any seller credit guidelines imposed by the buyer's lender.

4. Broker incentives

Savvy sellers who can't afford to give buyers a portion of the sale proceeds toward closing or other costs take a different route. They offer to pay a bonus percentage point (or more) in incentives to the buyer's broker or agent—on top of the commission—rather than to the buyer themselves. Over 90 percent of buyers today are represented by a broker who may have to sort through hundreds of similar listings to decide which ones to show their client.

Offering a broker's incentive might just get your property on the short list of open houses to visit. And while it's not a “buyer incentive,” technically speaking, it may boost the number of buyers that come view your home—in turn, boosting your home's likelihood of getting an offer.