

## 1. Avoid Overpaying

### **Know local sales prices**

Ask your agent to check comparable homes sales or do your own research to measure your offer against current price tags.

### **Don't get carried away in a multiple-offer situation**

Stick to your market research and negotiate with a clear head. You may win the bid if you offer better terms, and still get a lower price.

### **Control your emotions**

No matter how much you want the house, you'll probably feel worse knowing you overpaid.

### **Never buy the best house on the block**

It's not as likely to appreciate in value as a lesser property.

### **Don't be afraid to walk away**

Unless it's a unique property, you'll probably find another house you like just as much.

### **On the market more than four months**

If no buyers are interested, something is wrong or the house costs too much.

### **Signs of an Overpriced House**

If you see any of these, bargain hard for the right price. You may run into a seller who won't budge, but chances are you may get a lower price.

### **Series of cost reductions**

This indicates that the seller has already faced cutting the price, and may be willing to go lower.

### **Your comparative market analysis doesn't match the sales price**

The last thing you want to do is pay more than your neighbor for the same amount of house.

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## 2. Be Your Own Detective

### **Research the crime rate and visit the police department**

Look at statistics on robberies, burglaries, assaults, vandalism or murder. Talk to police officers about the area.

### **Read the crime blotter in the local newspaper**

Check several weeks' worth of issues to get a feel for the number of property crimes or personal assaults in a week.

### **Look for graffiti and security bars**

Graffiti is a sign of unfettered or chronic vandalism. Security bars indicate serious neighborhood concern about safety.

### **Walk the neighborhood at different times of day**

If everyone retreats behind security bars at night, safety is probably an issue

## **3. Don't Get Pushed Into a Deal**

You may feel pressured to buy if homes are selling fast in your area and prices are going up. Rising interest rates may push your buttons, too. You may just feel vulnerable in the presence of any kind of sales professional. Sound familiar? If you feel intimidated by experts, learn as much as you can about the home buying process before you talk to them. If interest rates are rising, research the forecast in your local newspaper, national business magazines or on line. Always shop around for lenders and terms. If the market is hot, ask yourself if you really want or need to buy now. You may also want to re-focus your search on a less desirable neighborhood.

## **4. Don't Rush the Process**

You may be moving too fast if:

### **You're working with the first agent you met**

It may be tempting to sign on with an agent you met at a Sunday open house, but it's important to check their track record, qualifications and customer satisfaction first.

### **You haven't done your homework on local market conditions**

This can put you at a real disadvantage when you make an offer. Unless you research market conditions carefully, you may overpay.

### **You jump to make an offer on the first house you see**

Look around so you know what's available and can be sure you're getting a good deal. If you're too hasty, you may overlook serious defects or buy a house that's not really what you want.

## **5. Five Daunting Defects**

### **Bad foundation**

It may need major, expensive structural repairs. Consider walking away unless you can negotiate a price concession to cover repair costs.

**Worn roof**

You'll probably have to replace it. If the seller won't do the work, negotiate a lower price or a credit at closing to help cover the cost.

**Outdated wiring**

This is common in old homes and can be unsafe and expensive to correct. Get an estimate from an electrician, then negotiate with the seller to help pay the cost.

**Damaged shower pan**

If there's water damage beneath the shower, it can be an unwieldy and sometimes expensive repair. Get an estimate from a contractor before you negotiate.

**Extensive termite infestation**

This can mean major, expensive structural repairs, plus the cost of treating the termites. You may want to avoid this house unless you can get the seller to help pay.

**6. Get Everything in Writing****Agent agreement**

In some states, you have to sign an agreement that you understand your agent's role in your transaction. If you work with a buyer's broker, always sign an agreement to specify time limit and service fees.

**Purchase contract**

Verbal contracts guarantee nothing. Read the purchase contract thoroughly and revise any terms unfavorable to you.

**Loan commitment**

After you submit the loan application, you receive your lender's written pledge to loan you a certain amount of money on a specific property for a certain time.

**Interest rate lock-in**

This is your lender's written commitment to guarantee you a certain interest rate. Be sure that it's valid for 30-45 days to cover your closing.

**Closing costs estimate**

Lenders are required by law to give you a good-faith estimate of settlement costs within three days after you apply for a loan.

**Hire A Local Agent**

Listing your home with an agent who specializes in your area is the best ticket to getting maximum exposure of your house to buyers. Agents who have worked a locale for several years are going to be well versed in the area's price trends, recent comparable sales history, the neighborhood's strengths and weaknesses, and how to work these factors to your advantage. Also, local agents tend to support one another by bringing buyers to the listed properties of colleagues. As area specialists, they have a strong interest in making as many local sales as possible. Because out-of-town listing agents are not part of the local sales network, your property could be at a marketing disadvantage. To find a good local agent, interview several candidates.

**Ask how many homes the agent has sold in the neighborhood in during the past year**

Get a list from the agent; it is a good measure of the agent's familiarity with the area and should include list price, sales price, square footage, number of bedrooms and bathrooms, and time on the market.

**Gauge the depth of the agent's knowledge of neighborhood price and market trends**

Knowing where local prices have been can help you set an appropriate listing price. A non-local agent may suggest a higher list price. But if it doesn't match prices of comparable homes in the area, and isn't backed by marketing that fits local custom and current prices, you could lose potential buyers.

**Ask to contact the agent's last three to five sellers**

Find out if they were satisfied customers and if not, why not. Good agents will be happy to let former

**7. Look for a Local Agent**

**Find out how long the agent has worked in the neighborhood**

Ask the agent or the supervising broker. A newcomer will be less savvy about market conditions and neighborhood dynamics.

**Ask how many homes the agent has sold in the neighborhood**

Get a list from the agent. It's a good measure of the agent's familiarity with the area and how much local residents trust the agent's ability.

**Get a sense for the agent's knowledge of the neighborhood's price history**

If the agent has worked the neighborhood for several years, price trends should be familiar territory. Knowing price history can help you make an

appropriate offer.  
clients add ballast to their sales pitches.

### **Work Effectively with Your Agent**

**Choose an agent with whom you feel comfortable:** Professional expertise is important, but so is personality. Trust your instincts. If you interview agents with a partner, discuss your reactions before you decide.

**Clarify your expectations:** Discuss what you expect your agent to do and any special requests (for example, that the agent attend the home inspection in your place).

**Don't be shy:** As you visit homes, talk frankly about what you like and don't like. Your agent wants to show you homes that meet your criteria.

**Be specific:** Don't get distracted by bad décor or clutter. Concentrate your comments on room size, floor plan and the overall condition of the house--information your agent can really use.

**Take advantage of agent services:** In a competitive market, ask your agent to let you know about properties that are about to be listed. Be prepared to drive by or visit on short notice.

**Stay connected:** Know how to contact each other. Exchange telephone and pager numbers, and e-mail addresses.

### **8. Inspect the Neighborhood**

If you don't have time to thoroughly investigate the neighborhood before you make an offer, write your inspection contingency to allow you a close inspection of the neighborhood. Then:

Talk to at least five neighbors and merchants.

Attend a local community meeting.

Visit local schools if your children will attend.

Eat and eavesdrop at local eateries.

Read the neighborhood newspaper for at least a week, if not more.

### **9. Test-Drive Your Commute**

Avoid buying into a bad commute when you move to a new neighborhood. Take the time to drive to and from the area and your job during rush hour. If

the commute is long or complicated, weigh that against other factors you like about a home or area. Are you tired from the drive when you get to work or when you get home? Think about looking for a house or neighborhood closer to the places you go, or near a mass-transit stop so you can avoid driving altogether.

## **10. The Best isn't Always the Best**

If you buy the best house on the block, you may also buy the poorest investment. Watch out for these warning signs:

### **It's the biggest on the block**

The principle of conformity (an appraisal term) holds that a house is more likely to appreciate in value if it's close in size to other homes in the neighborhood. If your house is the biggest, your value is likely to go the other way.

### **It's the most expensive**

The principle of regression (another appraisal term) holds that the value of higher-end real estate in an area can be brought down by the proximity of too many lower-end properties. If your house is the most expensive, you may sell for less than you paid.

### **It's over-improved**

Both the principles of conformity and regression apply when a house has improvements that are way out of line with the average neighborhood home.