

## 20 Steps to get the home at the price

Whether you are buying your first home or your fifth, the process of buying a home can be an emotional, time-consuming venture. In the end, feeling that you made the right decision and got a good deal can make all the difference.

As with most major decisions, the amount of work and research you undertake *before* you start shopping can have a dramatic effect on how well you do in the end.

### 1. Do you really need that backyard tennis court?

Everyone can picture their ideal home. If you haven't thoroughly prepared yourself prior to viewing houses, chances are you will find what you think is your ideal home, and wind up paying too much for it.

It is essential to treat the buying process in a slightly detached manner. Those who fall in love with houses usually pay too much.

That's why it's recommended you develop a list of **needs** and **wants**. When looking at houses, make sure they cover all your **needs**—things like adequate space, a good neighborhood, perhaps a garage—and then have **fun** with items on your **wants** list. Treating the process in a regimented manner will help you make a rational, informed decision.

### 2. Get pre-approved.

Visit your lending institution prior to shopping. Be sure to get a mortgage commitment **in writing**. Being pre-approved gives you a solid price range, and lets your Realtor® and potential sellers know you are serious and not just a browser.

### 3. Get the right people behind you.

Buying homes is a complicated process, with many people involved. Having the right people on your side can make a big difference. An experienced, dedicated, and knowledgeable Realtor® can put a team of advocates, including lenders, lawyers, home inspectors, and movers on your side immediately.

### 4. Communicate.

The more you share with your Realtor®, the better he or she will be able to represent you. Letting your representative know exactly what you're looking for in terms of needs/wants, price range, and location can eliminate unnecessary trips to unsuitable homes. That focus can help ensure you wind up in the right home.

### 5. Location, location, location!

It's still true. The desirability and resale value of your home depend on location more than any other factor. People want a desirable community with character, quality schools, access to work, major transportation arteries, recreational facilities, etc.

On your viewing trips, take a careful look and ask the following questions: How does this home compare to other in the neighborhood? Are the yards fenced? Are there many children playing in the streets? Are the front and back yards, and exteriors of the homes properly maintained? The less expensive houses in a better area tend to appreciate faster than the most expensive houses in a less desirable area.

Additional factors that affect property value of a home include traffic, sounds, smells, zoning bylaws, and many others. Be objective. Be sure you are completely satisfied with the neighborhood. If you choose a neighborhood with problems, you likely won't get as much as you hoped when it comes time to sell.

### 6. Use your Realtor's® knowledge.

Your Realtor® is trained in all aspects of real estate, including understanding supply and demand, economics, and the neighborhoods of the city in which they practice. A professional Realtor® can do much of the work for you, by reviewing your needs, reviewing available properties, and making an informed match. A comprehensive knowledge of available homes in your neighborhood is one of your Realtor's® strongest assets. With the aid of computerized systems, a Realtor® is notified within hours of a house becoming available.

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### 7. Pay attention to red flags.

When evaluating a home, be sure you know the difference between acceptable and unacceptable problems. Cosmetic items like peeling paint, worn carpeting, or unattractive wallpaper can be easily remedied, and used as negotiation items, as there will be costs involved to update home.

Major problems, however, are clearly red flags. Look for items such as major foundation cracks, water damage, outdated electrical systems, and inadequate plumbing. Remedies for these items could be too expensive to make the home a worthwhile investment.

### 8. Hire a home inspector.

A home inspection is an inexpensive way to gain peace of mind, and guard your pocket book. A proper inspection will cover all areas of the house including foundation, electrical, heating, plumbing, floors, walls, ceilings, attic, roof, siding and trim, porches, patios, decks, garage, and drainage. A professional inspector can give you an objective view of the property, with a written report, indicating the present condition of everything listed above and items in need of repair.

### 9. Be cautious with fixer-uppers.

Sometimes a fixer-upper can be purchased below market value, on after sufficient repairs are made, sold at a significant profit. However, not all fixer-uppers will bring in the profits you expect.

Consumers often overestimate the costs associated with such work. A wall that needs to be replaced can often lead to discovery of faulty plumbing, electrical, or other major undertakings. Your Realtor® and home inspector are your best allies when it comes to cost-benefit analysis.

### 10. Consider your future needs.

A move can be a major undertaking. Take a good look at your current lifestyle and consider the future. Will you need extra space for a home office, a child, perhaps a child moving back home? It may be easier and less expensive if you purchase a home that can meet these needs now, rather than moving up to a larger home a few years down the road.

### 11. Proceed quickly!

When you're ready to buy, ACT. Good properties sell! This is especially true given the current state of most real estate markets. However, when you work with a Realtor®, you have access to the latest technology. As part of the MLS and Agent Handshake networks, a Realtor® has access to properties within hours of them being listed.

Technology works to your advantage. Many Realtors® now have personalized websites allowing you to sign on as a client and receive notifications of new listings via email. You save time and effort, and you can view only those homes closest to meeting your needs.

### 12. Clarify relationships.

In any real estate transaction, be very clear about who is working for whom, and what the relationship represents. Unless otherwise stated, an agent represents the seller in transactions for the sale of a home, this agent as part of his or her fiduciary duty, must ensure the seller's (not you, the buyer's) position is represented throughout the entire process. Get a buyer's agent on your side, or ensure someone is acting in your best interest.

### 13. Ask for a written CMA.

A Comparative Market Analysis (CMA) is an analysis of comparable homes in a given neighborhood. It shows you the sale prices of comparable homes in the neighborhood, along with asking prices of other homes currently on the market in the area. A Realtor® can request this report for any home and neighborhood. Ask for this **in writing**. With this valuable document, you'll have solid, reliable information about how fairly a home is priced compared to its real market value.

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### 14. Know the seller.

Understanding seller's reasons for moving could work to your advantage during negotiations. For instance, a seller who has been transferred to another city may be more motivated to sell than someone still shopping for a new home. A vacant house, or a house that has been on the market for several months and had the price reduced, could also provide the opportunity for lucrative negotiations.

### 15. Keep it impersonal.

Conversely, information could be used to your detriment. Information about your mortgage, size of down payment, move-in deadline, or circumstances for buying could be used to the seller's benefit in negotiations. While you want your Realtor® to know these details, maintain your poker face and keep your cards hidden when it comes to sellers and their agents.

### 16. Measure twice, sign once.

While you definitely want to move quickly once you've made the decision to purchase, you don't want to cave in to pressure for a quick close. Someone who is trying to pressure you into buying a home is likely doing so for a reason. Make sure the reasons for you to buy a home are your own and not theirs.

### 17. Exercise your negotiating skills.

Even if you prefer not to haggle, it's worth it. Especially when it's your home and one of your biggest investments. Most people expect to haggle over the price. There is **always** room for negotiation, and your Realtor® should be a professional negotiator.

### 18. Avoid bidding wars.

In some cases, the seller's Realtor® may use scare tactics to rush the sale or increase the price. Falling for this trap could cost you money. If there is another buyer or some other reason this pressure is being applied, whoever wins also loses because they tend to overpay. Let reason be your guide, not passion.

### 19. Get it in writing!

Legally, sellers must disclose all known material defects of a property. Ask for this **in writing**. Also be sure to consider the ramifications of these defects. Will they be costly down the road? Are they "serious" defects?

### 20. Be aware of hidden costs.

While Realtors® often tempt first-time buyers with rent/mortgage comparisons, there is more to a home than simply the mortgage. You will be responsible for other items including mortgage insurance, appraisal fees, legal fees, inspection fees, transfer taxes, title insurance, inspections, property tax, increased bills, etc. your REALTOR® can give you a good idea of the costs associated with buying a home that go beyond its final negotiated price.