



WHAT HOME BUYERS WISH THEY'D KNOWN BEFORE BUYING

***Surveys of homebuyers show they wish they
had known more about what to expect before
buying a home.***

Among the most common things they wish they'd known:

- How the home inspection (really) works.
- How often negotiation happens throughout the transaction.
- How to avoid being taken advantage of.
- How long it really takes to buy a home.



In particular, buyers say they were surprised by the emotions involved. Not only their own emotions, but those of the seller. For many home buyers, it's the first time they've ever had to negotiate with someone who's so highly invested in their own outcome. Sellers have a lot at stake, and often they're unwilling to bend to make things work easily for a buyer.

In this report, you'll find some advice about how to approach home-buying with eyes wide open.

HOW THE HOME INSPECTION REALLY WORKS

The first thing to know is that home inspectors and home inspections vary widely. For instance, suppose your home inspector notes discoloration under a window. One inspector might simply call your attention to the problem and recommend a specialist window inspection. Another home inspector might tell you that discoloration typically happens when the sheathing under the window was installed improperly, and it can be fixed by a drywall contractor for very little money. It seems like the second guy is giving you more information to work with.

But suppose you decide to act on the information the second guy gives you? You buy the house, and then you hire a drywall contractor to fix the sheathing. But he says you need a whole new (expensive) window, and wonders why you didn't have a window contractor look at it before buying.

What should you do? When you get a home inspection, don't rely on repair advice from the inspector. Instead, use the home inspector to eyeball problem areas, get his thoughts, and then line up specialists to re-inspect the problem areas that your home inspector highlights.

HOW OFTEN NEGOTIATION HAPPENS THROUGHOUT THE TRANSACTION

Making an offer on a home is fraught with uncertainty. If you offer too low, will the seller get angry and walk away? If you offer too much, are you overpaying for the home? If you offer full price and then discover there are all kinds of problems with the home, can you lower your price later? Can you ask the seller to fix all the problems? Can the seller back out of the deal if you ask him to fix problems he doesn't want to fix? The answers will depend on many factors in your specific situation.

The only thing certain about negotiating an offer is that there will be surprises, emotions, and uncertainty. The rules of politeness and sharing you learned in kindergarten don't apply. Anything goes. That means if you want the seller to pay \$20,000 for a new roof because the home inspector determined it only has a year of life left, then you can ask the seller to pay up. And the seller can refuse. And you can tell the seller you're going to withdraw your offer, and the seller can offer you \$5,000 cash instead. Or suddenly the title report can show that there is an unrecorded easement that cuts right across the spot you were going to build your pool, so you tell the seller the value of the home is now less than you thought, and you'd like him to drop the price another \$30,000.



What should you do? Don't be surprised when your reasonable requests are seen as attacks. But also don't be surprised if you're requests are accepted. In any case, be ready to negotiate throughout the deal. Don't be afraid to ask for what you want. Which leads directly into the next point...

HOW TO AVOID BEING TAKEN ADVANTAGE OF

It's easy to feel taken advantage of in a real estate transaction. Imagine a seller refusing to replace an old water heater that's too small for a large family home like his. He's a single man who barely used any hot water at all, so it was fine for him. His refusal can seem unreasonable to you. You don't want to install a \$500 water heater in a house that's supposed to be move-in ready. But if the inspector says there's nothing wrong with the old water heater...it's just a bit small, then adding a newer heater would be considered an upgrade by the seller. It's the accumulation of these little details that can add up to feelings of disgruntlement.

Most of the time, a buyer feels taken advantage of when the seller refuses to bend on items discovered during inspections and title searches. After making a fair offer, a buyer may feel he has a right to expect the seller to take care of things. But once an offer's been accepted, often it's the seller with more power, especially in a hot market. When the home inspection shows problems, the seller can offer fewer concessions because he knows the buyer is on the hook.

What should you do? Be aware of how much power the seller has in the deal. But remember that he doesn't have all the power. He still has to make moving plans and if you back out, he could be stuck with problems on his end. Sometimes just standing firm on what you want (as long as it's "reasonable") can sway a sticky seller.

HOW LONG IT REALLY TAKES TO BUY A HOME

From the moment you start looking for a house until you close and get your keys can be many months.

- The time to get pre-approved can take a week or more.
- Then the time to find a home you really like can take days, weeks, or months.
- Then the time to put your offer together, meet everyone's schedule to get the parts in place, and present the offer can take days.
- The offer/counter-offer period can be quick, or it can drag on for days.
- Add another 3 to 5 days to arrange and conduct the inspection.
- Add another 5 to 7 days for specialty inspections.
- Then negotiate the repairs, handle the loan paperwork, and re-inspect the property can take another 7 to 12 days.
- Then you close and wait another 2 days for final recording and getting your keys.

The time from the moment you find your beloved property to the moment you get your keys is often a full 30 to 45 days. Occasionally there's a lag where you'll spend days without anything happening on your end. Then suddenly you'll need to do five things at once.

What should you do? Be ready to be surprised by the intensity of what you'll need to do fast, followed by periods of relative silence. Do not be shy about calling your real estate agent and lender to get information. Often they're just doing their jobs and not aware that you're feeling uncertain. Give them a call and ask for an update.

CONCLUSION

Work with the best real estate agent you can. Then get a good home inspector (which will cost you up to \$500 out of pocket!). Make sure you follow-through on getting recommended specialty inspections, even if the home inspector thinks something is not a big problem. If he recommends a specialty inspection, get it. Most of those specialty inspections will cost a bit...you have to pay for people's time.

Decide what to ask for in your negotiations. Decide your "must haves," your "nice to haves," and your "don't needs." Ask for all of it, but know where you've drawn a line in the sand. And be ready to spend at least a month of your life on the consuming task of buying a home.

**WHEN YOU'RE READY TO BUY, BUY
WITH THE BEST AGENT YOU CAN!**

