

5 Powerful Buying Strategies

Get "Pre-Qualified or Pre-Approved!"

Do you want to buy the best house you can for the least amount of money? Then make sure you are in the strongest negotiating position possible. Price is only one bargaining chip in the negotiations, and it's not the only important one. Often other terms, such as the **strength of the buyer** or the **days until close**, are critical to a seller. I always recommended that buyers get "pre-qualified" by a lender. This means that you take the time to go over your financial situation with a lender and let the lender check your credit report. If everything looks good, the lender issues you a pre-qualification certificate that you can show to the seller when submitting your offer. Unfortunately, some lenders have been passing on pre-qualifications without really doing much verification. So the way to put yourself in an even stronger buying position and put forth an even stronger offer is to get "pre-approved". Unlike with pre-qualification, you can only get a pre-approval AFTER all information has been checked and verified. You are actually APPROVED for the loan and the only loose ends are the appraisal and title work on the property. This process takes anywhere from a few days to a few weeks depending on your situation. Getting pre-qualified or pre-approved is a POWERFUL buying technique and a weapon I recommend all my clients have in their negotiating arsenal. Remember, I can give you the names of a few top-notch lenders that make the process as smooth and easy as possible.

Sell First, Then Buy

If you have a house to sell, sell it before selecting a house to buy! Putting forth a contingent offer often does more harm to you than good, as a seller can still market their home to other buyers until the sale of your home contingency has been removed. It seems to be people's nature to be more interested in things when they know other people want them too. In other words, the seller is going to tell prospective buyers that there is an accepted contingent offer on the home, but that they can still buy the home if they move quickly. I have a special strategy to use in case you find the home you want before yours is sold, but you will need to contact me to hear it. Contingent offers give sellers negotiating ammunition with other buyers.

Another reason to avoid placing yourself in a contingent offer situation is it forces you to try to sell quickly, and you might take an offer that's lower than if you had more time. If you're concerned that there is not a house on the market for you, then go on a window-shopping trip. You can identify possible houses and locations without falling in love with a specific house. If you feel confident after that then put your house on the market. Another tactic is to make the sale "subject to seller finding suitable housing". Adding this phrase to the listing means that WHEN YOU DO FIND A BUYER, you will have some time to find the new place. If you don't find anything to your liking, you don't have to sell your present home.

Play the Game of Nines and Remember Skin & Bones

Before house hunting, make a list of nine things you want in the new place. Then make a list of the nine things you don't want. I call this "NINE OF THIS AND NONE OF THAT". You can use this list as a scorecard to rate each property that you see. The one with the biggest score wins! This helps avoid confusion and keeps things in perspective when you're comparing dozens of homes. When house hunting, keep in mind the difference between the "SKIN" and the "BONES". The BONES are things that cannot be changed such as the location, view, size of lot, noise in the area, school district, and floor plan. The SKIN represents easily changed surface finishes like carpet, wallpaper, color, and window coverings. Buy the house with good BONES, because the SKIN can always be changed to match your tastes. I always recommend that you imagine each house as if it were vacant. Consider each house on its underlying merits, not the seller's decorating skills.

Don't Be Pushed Into Any House

Your agent should show you everything available that meets your requirements. Don't make a decision on a house until you feel that you've seen enough to pick the best one. Make sure your agent is giving you the complete list of homes that match your criteria. Your agent can easily set up a search profile for you that e-mails you listings and new listing alerts.

In some U.S. markets homes are selling very quickly, often only a few days after listing. In that kind of market, agents may advise their clients to make an offer **ON THE SPOT** if they like the house. West Michigan has rarely seen these conditions and therefore there isn't always this amount of urgency (unless a home is drastically under priced, and you'll know if it is). On the other hand, the best homes at the best price do sell the quickest. Good homes often sell in under a few weeks, and therefore it can put you at an advantage against other buyers if you have done what you need to prepare yourself to make a decision.

A Word About Ads!

Remember, agents create ads to make the phone ring. Advertisements never point out the drawbacks, such as traffic noise, power lines, or litigation in the community. What's not mentioned in the ad is usually more important than what is. For this reason, I want you to be very careful when reading ads. Remember that the person writing the ad is representing the seller and not you!

The most important thing you can do is have someone on your side looking out for your best interests. Your own agent will critique the property with an eye towards how well it meets your needs and will point out any drawbacks you should know about. So whether you decide to work with me or not, pick an agent you feel comfortable with and enlist the services of that agent as a buyer's broker. Then you become a client with all the rights, benefits, and privileges created by this agency relationship, and you're no longer just a shopper. Did you know that many homes are sold **WITHOUT A SIGN** ever going up or an **AD EVER BEING PUT IN THE PAPER**? These "great deals" go to those people who are committed to working with one agent. When an agent hears of a great buy, who do you think he's going to call? He can choose to notify his client, who he has a legal obligation to work hard for, or he can tell someone who just called on the phone and said "keep your eyes open for me"? So to get the best buy on a property, I always recommend that you hire your own agent.



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