

# 5 Powerful Buying Strategies

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## 1. Don't Get "Pre-Qualified!" Get "Pre-Approved"

Do you want to get the best home 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 not necessarily the most important one. Often other terms, such as the strength of the buyer or the length until closing, are critical to a seller. In years past, we always recommended that buyers get "pre-qualified" by a lender. This means that you spend a few minutes on the phone with a lender who asks you a few questions. Based on the answers, the lender pronounces you "pre-qualified" and issues a certificate that you can show to a seller. Sellers are aware that such certificates are WORTHLESS, and here's why! None of the information has been verified! Unknown problems can surface for example: recorded judgments, child support payments due, glitches on the credit report (due to any number of reasons both accurately and inaccurately), down payment funds that have not been in the clients' bank account long enough, etc.

So the way to make a strong offer today is to get "pre-approved". This happens AFTER all information has been checked and verified. You are actually APPROVED for the loan and the only loose end is the appraisal on the property. This process takes anywhere from a few days to a few weeks depending on your situation. It's VERY POWERFUL and a tool we recommend all of our clients have in their negotiating toolbox.

## 2. Sell First or Buy First?

If you have a home to sell, selling it before selecting a home to buy can put you in a strong negotiating position. Let's pretend that we go out looking for the perfect home for you. We find it and you love it! Now I go make an offer to the seller on your behalf. You want the seller to wait until you sell your current home. The seller figures that's a risky deal, since he or she might pass up a buyer who DOESN'T have to sell a home while he or she is waiting for you. So he or she says OK, s/he'll do the contingency but it has to be a full price or more offer! So you see, you paid more for the house than you could have because of the contingency. Now you have to sell your existing home, and in a hurry! Otherwise you lose the dream home! So to sell quickly you might take an offer that's lower than if you had more time. Alternatively you can line up a buyer with a long closing period or have your home buyers allow you to rent back to give you more time to find a new home.

There are situations in which buying first makes sense. You've truly found the home you want to buy and you can bridge a loan &/or are confident your home will sell quickly. 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 home. After that you can get your home ready and on the market.

### **3. Play the Game of Nines**

Before home 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. We 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 home hunting, keep in mind the difference between "SKIN AND 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 home with good BONES, because the SKIN can always be changed to match your tastes. I always recommend that you imagine each home as if it were vacant. Consider each home on its underlying merits, not the seller's decorating skills.

### **4. Don't Be Pushed Into Any Home, but be ready to move**

Your agent should show you everything available that meets your requirements. Don't make a decision on a home until you feel that you've seen enough to pick the best one. Review the Multiple Listing printout with your agent. Lately, some homes are selling quickly, usually a few days after listing. In this kind of market, some agents advise their clients to make an offer ON THE SPOT if they liked the house. There are times when decision making does need to be put in high gear, but do take some time to pause. Please know that there isn't always this urgency, unless a home is drastically under priced, or highly desirable, and you'll know if it is. Don't forget to check into the neighborhood and school districts of the area you're considering. Information is available on every school; such as class sizes, % of students that go on to college, test scores, etc. You can get this information from your agent or directly from the school.

### **5. Stop Calling Ads!**

A word of caution - agents create ads solely to make the phone ring! Many of the homes have some drawback that's not mentioned in the ad, 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, we 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 us 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 she's going to call? Her client, who she has a legal obligation to work hard for, or someone who just called on the phone and said "keep your eyes open"? So, to get the best buy on a property, we always recommend that you hire your own agent and stick with him or her.