

20 Mistakes To Avoid When Buying/Selling

Buying Mistakes

1. Looking for a house without getting pre-approved by a lender:

When you are pre-approved, you are effectively a cash buyer. This makes it much easier to negotiate with the seller. Do not mistake pre-approval with pre-qualification; pre-qualification is only the first step in gaining pre-approval. Ask your Banker or REALTOR® for details.

2. Failing to check out the neighborhood thoroughly before buying:

How do traffic patterns change depending on the day, or even the time of day? Are there any future developments in the works? Is that nice greenspace down the road actually zoned for high-rise development? Ask around - check it out first.

3. Making an offer based upon the asking price, not the actual market value:

Do your homework. What have similar properties sold for in the immediate area? How long were they on the market? How does this one compare? Is it over-priced, under-priced, or fair value? Ask your REALTOR® for an up-to-date market summary.

4. Letting "first impressions" affect your decision too much:

There are entire books written on how the first impression of a home is the single most decisive factor affecting many purchasers' decision to buy. Don't let bad décor or messy housekeeping scare you away from a structurally solid home that meets all your needs. Remember, you are buying the house, not the furnishings.

5. Buying a home without a professional house inspection:

When buying a house, consider getting a professional property inspection. Not only will you know what you are buying, but these reports will protect you from unforeseen nasty surprises in both the short and long run.

6. Assuming that the Bank's quoted mortgage rates are written in stone:

Like many industries, banks are experiencing increased competition and are often willing to negotiate mortgage rates. Depending upon the market and profit spreads, it is sometimes possible to negotiate substantial savings. Ask your Banker or REALTOR® for details.

7. Not shopping for home insurance until you are ready to move:

If you wait until the last minute, you will be rushed in finding insurance. Allow time to shop around and get the best deal.

8. Signing documents without reading them:

Do not wait until the last minute before reading the documents; there probably will not be time. Try to get copies of all documents early on in your home search so that you can peruse them at your leisure.

9. Making verbal agreements:

Not only are they harder to enforce, but any written contract you sign will override a verbal agreement. Contract law says that verbal agreements are not enforceable when they deal with Real Property. Always get it in writing!

10. Not knowing your rights and obligations:

If you do not know your rights, then you can be taken advantage of. If you do not know your obligations, you may inadvertently cause friction between yourself and those with whom you are about to enter a contract. Both your REALTOR® and Lawyer are great sources of information concerning this - make use of their expertise and resources.

Selling Mistakes

1. Pricing Incorrectly (too high or too low):

Make sure you determine the market value of your home correctly: If your asking price is significantly higher than what the market is currently bearing, many potential buyers looking for your style of home will view similar but lower priced homes first. Not only does this limit the pool of potential buyers but it also increases the chances that your home will sell for less than its actual value. This is due to the "discount" often associated with properties that have been on the market for a longer than average time. Buyers are often overheard asking their Agent... "What's wrong with that home? It's been for sale forever".

Alternatively, if your asking price is too low, you are literally giving away your hard-earned equity just because you did not know what the market would bear.

2. Failing to "Showcase" your home:

A little work can improve the first impression of your home a thousand-fold. First impressions are lasting impressions and can dramatically affect a property's perceived value.

3. Mistaking a Bank's appraisal or a new Tax Assessment as your home's actual market value:

These processes are based on general guidelines such as lot size and square footage, not the specific qualities and improvements of your home. Using either of these as a baseline could cause you to over-price or under-price your property. It requires detailed background knowledge of all recent neighborhood sales as well as homes currently for sale in order to estimate value accurately. Ask your REALTOR® for a detailed market evaluation.

4. Choosing the wrong REALTOR® or choosing a REALTOR® for the wrong reasons:

It is critical that you have full confidence in your REALTOR®'s experience and abilities. You want a REALTOR® who can explain the whole selling process to you, has a good feel for the market, has access to potential buyers and offers sound advice on how to improve your chances of selling. Try to avoid choosing a REALTOR® on the basis of which one gives the highest estimate of your home's value. In order to achieve the best sale price within a reasonable period of time you need an accurate indication of what the true market value of your property is. Knowing this allows you to properly price your home, thus maximizing your chances of selling and allowing you to make your future plans with the sure knowledge that your goals can be attained.

5. Failing to take current market conditions/trends into account:

Is it a Buyer's market, a Seller's market, a Balanced market? What do future trends look like? Ask your REALTOR® for a full analysis.

6. Not taking advantage of market fluctuations: The Big Picture...

Moving up in a market downturn? If your \$150,000 home has dropped 10% in value, so has your \$300,000 dream home. Yes, you lose \$15,000 on your current home, but you save \$30,000 on your next purchase! Always keep in mind the big picture.

7. Using "Hard Sell" during showings:

No one likes being pressured. As well, buyers might wonder why you are so anxious to sell. Let your home speak for itself.

8. Mistaking "Lookers" for "Buyers":

Many people who look at homes for sale may just be getting a feel for the market, seeing how others 'showcase' their homes, or even just looking for decorating ideas. Your REALTOR® deals with these situations on a full-time basis and has the experience needed to separate the "Lookers" from the actual "Buyers".

9. Relying too heavily on advice from the Buyer's REALTOR®:

The interests of buyers and sellers are often opposing. In an agency relationship it is very difficult for one REALTOR® to look out for the interests of both the buyer and the seller. You want to make sure you are familiar with Real Estate relationships and the difference between being a client or a customer before accepting advice from an agent or entering into any formal relationship with an agent.

10. Limiting the marketing and exposure of your property:

Part of what a good REALTOR® does is to ensure that your property is showcased and marketed in the best and most productive manner possible. Not allowing a "For Sale" sign on the front yard or limiting viewing times can dramatically reduce the number of prospective purchasers seeing your home and have a serious impact on your bottom line.