

Avoid These Common Home Buying And Selling Mistakes

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Then why would a prospective home buyer or seller dive into the process without gathering as much knowledge and data as they could about real estate, the transaction and all points in between?

"It's amazing to me that they don't use the same research scrutiny as they do to find a surgeon," said Anthony Marguleas, broker, Realtor and owner of Amalfi Estates in Los Angeles and author of an forthcoming book called "Secrets and Myths of Real Estate."

Missteps with buying or selling a home could result in losing thousands of dollars in what can be one of the most emotionally fueled and life-changing investments that a person can make.

Marguleas said what makes a good real estate agent is how much additional training that person has and whether that agent has taken classes on negotiating, repairing or remodeling or how to buy an investment property.

He said that people may have friends who are part-time agents who do real estate on the side. In that case, the part-time agent may not always be available.

In for-sale-by-owner transactions, in which a buyer and seller do not use a real estate agent, Marguleas said many sellers don't take into account what an agent's time is worth.

If a buyer does not yet have an agent in their home search, he said, a mistake that buyers make is using the agent they met at the open house. This agent represents the seller and may not act in the buyer's best interest.

As part of the home research, becoming familiar with a neighborhood or area where a buyer wants to live helps with pricing and knowing quality-of-life issues such as schools, property taxes and homeowner association bylaws.

Looking at comparable prices of what homes have sold for in the area can help buyers avoid overpaying for a home and help sellers avoid pricing their home right out of the market.

Marguleas said that depending on the area, gathering five to seven comparable prices for homes for a gated community is sufficient. He said homeowners who aren't in a gated community should look at seven to 10 comparable home sales prices. He stressed that the homes must be similar and in that area.

Once the area is narrowed down for the search, it's time to hit the market looking.

Marguleas said the best time to buy or sell homes is between Thanksgiving and New Year's Day because both buyers and sellers are motivated.

He said buyers can find the best values and that there is not a lot of competition.

"Find the least expensive house in the best neighborhood," he said. "Find property you can add value to."

That way, much like stocks in the stock market, a buyer won't be paying for a home that's overvalued or that is overbuilt for the neighborhood.

Buying and selling a home is a business transaction. Straying from that focus could cloud a person's sound decision making.

Buyers want to avoid "getting too emotional before it's been properly inspected for its mechanical condition," said Tom Krauter, host of "The Money Pit," a syndicated radio show and podcast in New Jersey. "Clearly maintain your impartiality until you know the condition of the house."

To find out the home's condition, hire a home inspector. Trade organizations such as the [American Society of Home Inspectors](#) require inspectors to pass stringent exams and they offer referrals online by ZIP code.

Home inspections could prove beneficial to sellers before they put their home on the market.

Krauter said an inspection allows the seller to determine the home's mechanical condition and size it up in terms of the buyer.

"(An inspection is) worth the \$300 or \$400 because it's good information to have," he said.

Buyers and sellers should plan on attending the home inspection. Inspectors will show clients where the water shut-off is, for example, and other key components.

"It's a very educational process, so you want to be there," he said. Krauter said the inspector can also discuss defects as they are found. He recommended that if the person cannot attend the inspection, then they should plan on having a conference call with the home inspector afterward.

Kathleen Austin Kuhn, president and CEO of HouseMaster in Bound Brook, N.J., said when sellers get home inspections, it gives them the opportunity to get items on the house corrected.

She said the home's inspection should go hand in hand with the home's disclosure, which tells the buyer about past, current or potential issues with the house.

Marguleas advised sellers to over-disclose items with the house – everything from the house is in an airport flight path to dogs barking in the neighborhood to the fact that the roof leaked two years ago.

The inspection report and disclosure are not only key to home's condition, but sellers can apply the information to pricing the house and minimizing negotiation.

Kuhn said a seller's mistake is to overlook factoring the condition of the home into the selling process.

Buyers can also use the home's condition to help them estimate costs of repairs as well.

Kuhn said buyers also need to realize that it's going to take time and money to make the home successful.

"Buyers still look at homes with rose-colored glasses," she said.

Other buyers' mistakes include failing to get quotes on structural problems and not heeding the home inspector's advice.

The home's condition will be a critical selling point for the home buyer later on.

"It's critical as the market shifts," she said. "I don't think buyers can count on appreciation."

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