

The Five Most Powerful Buying Strategies

1. Forget Pre-Qualified -- Get Pre-Approved

If you want to get into the best house for the least amount of money, then make sure you strengthen your negotiating position early on in the buying process. While price is always a key component in negotiations, it's not necessarily the most important one. Often other terms, such as the creditworthiness of the buyer or the length of escrow, are critical to a seller. While most buyers get pre-qualified by a lender, sellers are aware that such certificates are pretty much worthless, and here's why: since none of the information used for the pre-qualification has been verified, activity such as recorded judgments, late child support payments, credit report inaccuracies, verification and seasoning of down payment monies and a host of other factors often go unreported, only to pop up later in the financing process.

For most buyers to have leverage with both seller and lender, the best way to make a strong offer today is to get pre-approved, which essentially means all your financial data has been verified and you are actually approved as the borrower on the loan. While this process can take anywhere from a few days to a few weeks depending on your situation, it remains a very powerful tool for buyers, one that I recommend all of my clients have in their arsenal.

2. Sell First, Buy Later

When selling your home, make sure to secure a buyer BEFORE finding your next house! The reason behind this is that in the event you make an offer on a property contingent on the sale of your current home, the seller may not want to risk passing on a buyer who is ready to move into the home immediately. Even if he does agree to the contingency, he may demand a full price offer from you in exchange! In either case, you may end up paying more for the house than you would have because of the contingency, and on top of that, now you have to sell your existing house, and quickly – or risk losing the new house! As any seller will confirm, such a predicament usually results in accepting a lower offer than you would have accepted under different circumstance.

The bottom line is that buying before selling is a high-risk move that may potentially cost you tens of thousands of dollars. If you're concerned you won't find a house on the market that fits your need, then go 'window-shopping', where you can drive through your neighborhoods of interest and identify possible houses without falling in love with a specific house. Once you feel confident you've found something you like, only then put your house on the market.

Yet 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. This way if you still don't find anything to your liking, you aren't committed to selling your present home.

3. The Homebuyer's Skin & Bones

When house-hunting, keep in mind the difference between the "skin" and the "bones" of every property you see. The "bones" are aspects of the home that cannot be changed, such as the location, lot size, surrounding noise, school district, and other fixed features. While most buyers find it difficult to find exactly the "bones" they're looking for, this guideline helps them narrow down their choices.

The "skin" of a house, on the other hand, represents superficial qualities such as carpet & wallpaper color, front lawn / backyard characteristics, and window coverings. These can be easily modified once you move in – don't let them influence your decision. In fact, when making your final choice, always buy the house with good "bones", simply because the "skin" can always be changed to suit your needs. One useful tip is to imagine every house as if it were vacant; this will help you consider the property's underlying merits, and not the seller's decorating skills.

4. Decide on Quality, Not Quantity

A good real estate agent should show you all available properties that meet your requirements. However, even after you've reviewed the Multiple Listings printout with your agent to make sure that you are getting a complete list, do NOT make a decision on a house until you feel that you've seen enough to pick the best one. In

the late 1980s, homes were selling quickly, usually a few days after listing. In that kind of market, agents advised their clients to make an offer immediately if they wanted any chance of getting the house. While this was good advice for that particular market, today there isn't always the same urgency unless a home is drastically under-priced, in which case you'll be aware if it is.

5. Avoid Advertisement Properties

It's a widely-known tactic in real estate – agents create ads solely to make the phone ring and attract potential new clients. Most of these homes have some flaw that's conveniently unmentioned in the ad, such as surrounding traffic noise, imposing power lines, or ongoing litigation in the community. For this reason, you should be skeptical when reading ads, keeping in mind that the party behind the ad is representing the seller's interests – not yours! The best way to protect yourself from this unethical practice is by having a professional on your side. Your agent will be better equipped to assess the property and how well it meets your needs, as well as be able to point out any drawbacks of which you should be aware.