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## Home Buying Negotiations Take a Fair Deal of Homework



### DWELLING ON DWELLINGS:

By **Brad Boisvert**

Do it at a garage sale, and it's called "haggling." Do it when the whole house is for sale, and it's called "negotiating."

For most buyers, the most stressful thing about finding a new house is closing the deal.

Negotiating isn't always easy. Entire companies devote themselves to teaching the art. Bookstores are full of self-help books. To get a fair deal on a house, do you have to attend a seminar or read a book? No. (But if it couldn't hurt.) Yet, if this slew of books and training sessions tell us anything, it's this: knowledge is power.

When it comes time to negotiate your house purchase, you better know as much as you can about the market, the value of the property selected, the seller's mindset and circumstances, and your own goals.

First and most important, know thyself. Understand your needs and your limits. For instance, are you looking for an investment, a place to live for a couple of years, or a place to live out the rest of your life to your heart's desire? When you get a handle on what's important to you, you'll know when you can walk away from a deal or when you have to work a little harder for it.

Financially, you can know thyself best by being pre-approved for a mortgage. This will set the parameters of your purchasing power ... and it may give you advantage in getting your offer accepted.

Knowing your limits is one thing, however. How will you know when you have the lowest-priced, fairest deal? For starters, you have to know the market. And in a seller's market, you may have to acknowledge that you don't have the leverage you'd have in a buyer's market.

In a buyer's market, you can take your time choosing a house. In a seller's market, some homes may sell before they're even listed. To get a grasp on your market, research recent sales; see what houses in the area sold for (this is much more important than how much they listed for) and see how long they were on the market.

Sometimes, you can get away with a lower offer. Sometimes, it's advisable to offer the asking price ... if not slightly more. But high or low, your offer must be one thing: reasonable.

An offer that is too low may offend a seller and close doors to further negotiations. An offer that is too high may run into snags after the bank does its mandatory appraisal. Good research will substantiate whether your offer is reasonable or not.

After all, even in seller's markets there are sellers who need to sell quickly. As such, a lower offer with a speedy escrow may win the day over an offer with a lot of contingencies. If you know your seller's motives, you can try more creative tactics, such as paying the full price but asking if the seller will cover some closing costs, or asking for specific furniture or equipment, or being more flexible with a move-in date. Surprisingly, some sellers may be amenable to leaving heavy furniture behind if it means they don't have to go to the expense and labor of moving it.

If you know the seller's personality, you may be able to swing a deal with special caveats, such as agreements to protect surrounding wildlife or maintaining certain aspects of the house. For example, would sellers who have labored hard to create extensive gardens feel more comfortable selling to like-minded buyers who will keep the gardens going? Most likely, yes.

To protect your interests, negotiate with extreme politeness ... but not with naiveté. Always insist that your offer is contingent on a thorough home inspection, conducted by a licensed professional. Based on the results, you may insist on repairs or the inclusion of repair materials or funds.

And don't be naive about contracts or closing fees, either. Make sure critical details are in writing -- particularly when having a new home built. When you get the "good faith estimate" document from your lender, ask specifically about each potential charge and fee and whether they negotiable or even necessary.

To fully understand your options, consult with your agent or legal advisor. In all negotiations, there's give-and-take. But it doesn't have to be a win-lose situation. Fair deals benefit both sellers and buyers. If you understand your goals and the value inherent in the deal, you'll recognize a fair deal when you see it.

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