

10 REAL ESTATE MYTHS FOR BUYERS & SELLERS

The Truth About The Housing Market

In today's uncertain market, fear runs rampant on both the buying and selling sides of the fence. Many myths need debunking. Here are five untruths held by buyers, and five held by sellers.

Buyer Myth No. 1: The longer the house is on the market, the more you can negotiate.

When buyers ask, "How long has this property been on the market?", they think "six months" means they can negotiate the price down. It more often means the seller is stubbornly holding on to their price.

Buyer Myth No. 2: The sellers today are desperate.

Most aren't. Always ask why the sellers are selling. It's the key to finding how motivated and anxious they are. "I'm being transferred to Dallas" is a very different answer than "We'd like to find something bigger." The first homeowner is hot to trot.

Buyer Myth No. 3: You can't buy a home today with less than 20 percent down.

FHA loans require only 3.5 percent down, and you can even ask the seller to pay the closing costs.

Buyer Myth No. 4: You need good credit to get a good loan.

Once again, the FHA to the rescue! They're happy to lend money to buyers with bad credit.

Buyer Myth No. 5: You shouldn't buy before prices have bottomed.

You can't sharpshoot the real estate market. Once you identify the "bottom," prices have already moved up.

Seller Myth No. 1: Now's the absolute worst time to sell.

Not necessarily. It depends upon where you live. Many of the worst hit markets, like Las Vegas, Phoenix or San Diego, are already beginning to turn around. And if you're a homeowner who wants to trade up, the loss you'll take on your current home will be more than offset by the bargain you'll get on the next one.

Seller Myth No. 2: Never respond to a low-ball bid.

All buyers today feel obligated to put in low-ball offers to see if the seller bites. If you respond with a reasonable counter offer, most buyers can be convinced to come up in price and make the deal.

Seller Myth No. 3: The first offer is never the best offer.

Most sellers believe that it's smart to hold out for something better. But four times out of five, the first offer is the best you'll ever see.

Seller Myth No. 4: 'I can always reduce my price later.'

Sellers often price their home high for a few weeks just to test the market. But buyers shop by price bracket and if your house is in the wrong one, you'll just help sell everyone else's home while yours sits there overpriced. And reducing your price later in small increments puts you in the position of chasing the tide as it goes out.

Seller Myth No. 5: Before you refinance, shop around.

You can if you want, but you'll usually get the best deal from your current lender. And you'll be able to negotiate your closing costs.

Source: Barbara Corcoran