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7 questions to ask before buying a home

By [Dana Dratch](#) • Bankrate.com

Prepare for buying a home



Before you make an offer on a house, it pays to ask a handful of questions. While the answers might scare you off or make you rethink your bid, they could make you feel more confident that you're making the right move on the right house.

As you prepare for buying a home, here are seven questions to ask *before* you make the offer.

What is this property worth in today's market?



For ethical reasons, agents can't tell you how much to offer, says C.D. "Chip" Boring, broker/owner of Re/Max Realty Plus in Sebring, Fla. Instead of asking directly how much the home is worth, you ask indirectly, by seeking information about comparable sales, or "comps."

An agent should arm you with plenty of comparables -- prices of similar, nearby homes that have been sold recently -- along with high and low ranges for a particular property, Boring says.

Your agent can tell you how long homes are staying on the market, and the percentage of the asking price sellers are getting, says Dick Gaylord, past president of the National Association of Realtors and broker with Re/Max Real Estate Specialists in Long Beach, Calif. This information tells you how hot the market is where you are looking, he says.



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Also ask how long the property has been on the market. If it's been languishing for months with nary an offer, it could be slow market or it could be overpriced, says Robert Irwin, author of "Tips and Traps When Negotiating Real Estate."

How flexible is the seller on the asking price?



If you insult the seller with a lowball offer, you could lose your shot at the house. To avoid offending the homeowner, ask the seller's agent how firm the seller is on price, Irwin says. You can have this conversation directly with the seller's agent or have your agent ask the question.

Keeping it in terms of "how flexible are they on the price?" instead of "how much less will they take?" allows you to feel out the situation without

offending the seller, Irwin says.

Not every seller will be willing to bargain, so if your strategy is to make lowball offers, plan to make "offers on several properties before you connect with a seller who will deal," Irwin says.

A question that often goes hand-in-hand: Is the seller willing to help with the closing costs?

On foreclosed homes, a seller's contribution to closing costs "certainly is common with Fannie Mae and Freddie Mac because they want to sell their properties," Gaylord says. "And sellers who have equity in their property and want to help are helping."

What's wrong with this house?



"One of the things that's happening now is every house is in 'perfect condition,'" Irwin says. "The sellers really want to get rid of the properties, so they're failing to disclose any real problems."

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Take the direct approach, he says. Ask: "Is there a problem with this house?"

Irwin recommends reminding sellers that with inspections and disclosures, chances are you'll find any problems. "So if the sellers just get it out in the open, they'll avoid wasting your time and theirs," he says.

Some sellers' agents recommend a home inspection before putting the home on the market, Boring says. If one has been done, ask to read it.

Some states, such as Texas, mandate disclosure forms in which sellers have to reveal any issues or problems with the house, says James Foltz, who recently bought a home there.

In his case, the disclosure not only provided information, but it also started a dialogue with the seller. Foltz learned that there had been a problem and that it had been fixed. In the end, Foltz says, "It wasn't that big a deal."

Is this home in a flood plain?



Living in a flood plain can require flood insurance, which can affect the cost of living in the house, Foltz says. Be sure to ask if the home is in a flood plain.

The Federal Emergency Management Agency, or FEMA, posts free online maps that show if your home-to-be is in a flood plain. It doesn't hurt to double-check with the county, and talk with your property agent, too.

If you discover that the home you want is in a flood plain, you need to know what type of flood plain (some ratings indicate higher risks than others), and how much flood insurance will cost. (One way to find out: Ask to see the seller's flood insurance bills.)

Once you have some information, you can weigh your options. Can you afford any additional costs that might be associated with this type of flood plain? And are you still comfortable with the property?



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"In most cases it is possible to assume the seller's flood policy," says Graham Stiles, senior vice president with Alexander Chandler Realty and partner at Highrises.com, in Fort Worth, Texas.

Will the lender allow a short sale?



In a short sale, the bank allows the property to be sold for less than the amount of the outstanding mortgage. If the seller's bank doesn't give its consent, the short sale can't happen.

But some sellers simply decide to list their properties as "short sales" before even talking with their lenders, Gaylord says. These sellers don't realize that their financial situations might not meet the lender's criteria for short sales. So even if the buyer and seller settle on a price, without the bank's permission there won't be a deal.

That's why, when a home is advertised as a short sale, the buyer should ask whether the lender has agreed to allow the home to be sold for less than the outstanding mortgage amount. "Find out if there has been communication with the lender," Gaylord says.

Do a little investigation, too, he urges. If the buyer has gotten permission for a short sale, what was the bank's reason for granting it? Does that reason sound plausible (divorce, job loss, transfer)? And are banks typically granting short sale requests in that situation?

Are any foreclosures for sale in the area?



It's the question sellers (and their agents) hate: Are foreclosed homes for sale nearby? Foreclosures usually cost less, and that has to figure into your buying decision.

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"It always makes sense to ask if there are other houses for sale in the neighborhood," says William Poorvu, professor emeritus of entrepreneurship at Harvard Business School and co-author of "The Real Estate Game." "In today's world, you should also ask if any of these sales are as a result of foreclosures."

With foreclosures in the neighborhood, "you can assume there will be a lot of price competition, and you may offer less money," Poorvu says.

Do you have the paperwork for the mechanical systems?



Foltz says he should have asked more persistently for receipts and documentation about his new home's appliances and mechanical systems. "But it's something you don't have that much control over," he says.

The seller replaced the air conditioner shortly before putting the home on the market, but didn't save the paperwork. Without documentation, the new buyers didn't have a lot of options when the unit malfunctioned.

Foltz says he didn't know who sold the air conditioner or if it was under warranty. "So we paid out of pocket."

The seller did pass along all the documentation on the home's hardwood floors. So when the new owners wanted to install that same hardwood in the hallway and office, they had the information they needed to get an exact match.

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