

HOW TO PREVENT OVERPAYING FOR YOUR HOUSE

When getting ready to buy a home, knowing what price to offer helps give you some level of control over the buying process. **The big question is - how do you know what is a fair offer?**

To come up with an offer that is accurate, there are a few important things to consider. First, you need to research the selling price of comparable properties in the same geographical location. Next, determine the condition of the home as well as required repairs, and finally, the seller's situation. Once you have identified this information, you will be able to come up with a fair offer for both you and the seller.

Let's look at this in more detail.

What Have Similar Properties Sold For In This Area?

Reviewing the selling price of houses comparable to the houses you are interested in and in the same area, gives you a definite advantage.

Specifically, you want to look at total square footage, lot size, number of bedrooms and bathrooms, type of construction, garage space, amenities such as; fireplaces, pool, deck, etc.

If you are looking to buy a tract home, finding this information will be easier in that you can use the price of an exact model to do your comparison.

Although some comparable sales information is difficult to find by the public, your real estate agent should be able to access this information easily through Multiple Listing Service (MLS) or public records.

· MLS

This is the listing service used by all real estate agents. Through this service, the agent can locate all types of information about a specific house. Many years ago, MLS was used only by licensed agents. However, this service has now become available to the public simply by going to websites such as Realtor.com or HomeAdvisor.com. If you know the price and location of a house, you can look at listing prices. In addition, the MLS service will usually provide most of the information needed, although only on homes still actively listed for sale.

For houses that have already been sold, only a real estate agent can gain access to this information to help you determine the appropriate offer.

· Public Record

When a house is purchased, the property deed is transferred from the seller to the buyer. This deed is then recorded at the local county recorder's office, which includes sales information as well as other property information as a way for the property tax to be assessed.

As long as there are no additions to the house, this data is public information and can be accessed via the Internet or at the courthouse. You will be able to find square footage, sales price, as well as number of rooms.

If you run into a problem, your real estate agent can usually gain access by going through the insurance company. In this situation, the title company compiles the data from the county recorder's office or, they purchase the information from other companies.

· **Pending Transactions**

Since there is no record of the sales price until the house has actually sold, this makes getting accurate information a little tricky. Obviously getting your hands on information from a house sold one month ago opposed to six months ago is far more valuable. However, until the deed is recorded, the information is not there nor is it available in the MLS.

The reason for this is that the seller is protected should the transaction not go through and the property would go back on the market. By knowing what the buyer accepted on the first accepted offer, new buyers would have a huge advantage the second time the house goes on the market. They would have the upper hand over the seller in knowing what the house sold for and what the buyer is likely to accept.

However, keep in mind, a real estate agent can usually obtain the price information on the sale that fell through by conferring with another agent, which is done as a professional courtesy. In addition, some real estate brokerage offices have this very information posted on a transaction board in their office.

The bottom line is that analyzing comparable information should be a huge part of your overall house buying process. Look for recent sales in the area you are interested in, the specific house you like, and determine if you have a motivated seller. If a seller has been transferred for a job, or if the house belonged to an elderly mother who just passed away, they may be willing to be more flexible on the selling price.