

How to Be A Stealth Home Buyer: Home Buying Tips that Put the Buyer Ahead of the Game

RISMEDIA — If you were selling a home and received two offers, which one would you take? Most sellers would opt for the offer with the strongest pre-qualification letter from a reputable lender. Unknown to most however, is that pre-qualification letters are not worth the paper they are written on.

Know Thy Seller

Understanding what a savvy home seller (and their agent) will be subtly looking for during a negotiation puts you in the power position. Wary home sellers will be looking to analyze several key items on your lender letter:

- 1. FICO score**
- 2. Proof of down payment and closing costs – liquid (they'll be looking to see you that you really don't have a house that must be sold in order to have funds to close)**
- 3. Sellers will look for a clause from the lender that says approved, subject to appraisal only. This shows that the buyer has taken the time to get vetted by his lender and is a serious candidate backed by a serious lender. A savvy seller will not accept an offer that does not have this key statement.**

Now, put your buyer hat on. You've decided to buy a house. Most buyers get excited and start driving around and looking at open houses – followed by emotion-laden calls to an agent regarding properties they are interested in. **WRONG!** If you go out to a fancy dinner, you probably know the limit on your credit card. Same principle applies here. Meet with a reputable lender ... first. Establish a price range you can afford and only then start shopping. It is embarrassing when your credit card doesn't go through after a fine meal; likewise, imagine finding out (after the fact) that you really can't afford your dream home. Another tip, don't tell your friends too early. You don't want undue influence during the business transaction and negotiation phase to affect your judgment. Also, have your act together before you make an offer. Picture it this way – by following these simple protocols, you make yourself almost as attractive and secure as an all cash offer!

The Power of Three

Don't let your sparkling lender letter undermine your negotiations. Have your lender prepare two or three appraisal letters. Why? Let's say you fall in love with a home listed at \$750,000. You and your Realtor think the market is soft and do not want to overpay.

After review of comparable sales in the neighborhood you are willing to pay up to \$725,000 – no more. You decide to offer \$700,000. If your pre-approval letter shows you can afford up to \$750,000, you just negotiated against yourself. Why? An astute seller and listing agent will know you can afford more. Residential Real Estate Valuation is 20-percent emotion, 80-percent logical. Have the lender write your letter to match your offer – not a penny more. Also, have them write one for \$725,000 to use in a counter-offer. Tailor the numbers to your deal and you will get the best price.

Remember, educate yourself, think like a seller, and you'll buy at the best price possible for your new home. For more information, visit www.RealEstateGuru.com