

# When the Price Isn't Right

By ANNA CHANG-YEN | Green Shoot Media

The house of your dreams may not come with a dreamy price tag. If you have your sites on a home but think it's overpriced, work with your agent to decide on a strategy.

## DETERMINE A FAIR PRICE

Your real estate agent can provide you with a list of comparable listings. These are usually homes of the same size and general style of the home you are considering purchasing, and have been sold recently. The prices of these homes will give you a good idea of the appropriate market price for your chosen home. It also is the type of information an appraiser will use to determine the home's value for loan purposes.

It's possible that the owner's price may be reasonable, especially if you're located in a housing market that's booming. In June 2015, CNN Money published a list of the 10 most overpriced housing markets, led by Denver. They devised the list with the help of a real estate firm by comparing pre- and post-recession housing prices. In some areas, the price of housing can be downright astonishing, but as long as sales remain brisk, prices are unlikely to fall.

If, however, your research shows that the home is indeed overpriced, your agent can help you with negotiations.

## START WITH AN OFFER

A high asking price is by no means the seller's bottom line. It may be a ploy by the listing agent to draw higher offers for his client. It also may be related to a seller's overestimation of



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If you've fallen in love with a home that seems overpriced, your agent can help you navigate the tricky situation.

the market. In any event, your first strategy should be to make an offer at a more reasonable price.

## SWEETEN THE POT

A low offer will more likely be accepted if you agree to pay in cash or otherwise expedite the closing process. The buyer may be more likely to accept a low offer in exchange for having the sale proceeds in hand sooner rather than later.

Closing can take 60-90 days or more, and anything you can do to speed up the process may bolster your offer.

A low offer that also includes requests for costly repairs also may

stand little chance of success. If you're looking for a bargain, it might be wise to accept a home in less than ideal condition in order to close the deal.

## PONY UP SOME CASH

If you've done your research, tried negotiating, and still decide you're willing to pay the seller's price for the home, you may have to dig into your own pockets.

A lender will only approve a mortgage of a certain percentage of the home's value, usually not much more than 100 percent. Any additional amount will need to be paid in cash at closing.

## REAL ESTATE 101

### Know the Limits

The Federal Housing Administration places strict price limits on loans it guarantees. The limits vary across the country and are revised from time to time, so visit <http://tinyurl.com/pvlwt2t> to find out the limits in your area. You'll need to enter your state and county to find current limits for different types of properties.



If you've fallen in love with a home that seems overpriced, you have some decisions to make. Your agent can help you navigate this tricky situation.

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By ALEX MASON | Green Shoot Media

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### HOMEWISE GLOSSARY

**Market value:** The most probable price that a property should bring in a competitive and open market, provided that all conditions requisite to a fair sale are present, the buyer and seller are knowledgeable and acting prudently, and the price is not affected by any undue stimulus.

**Appraisal:** an opinion or estimate of value performed by a state-licensed or certified real estate appraiser in the state in which the property is located. Also refers to the process by which a value estimate (factual analysis) is obtained.

**SOURCE:** U.S. Department of Housing and Urban Development

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