

# Do's and Don'ts of Buying and Selling



## The Do's and Don'ts of Buying and Selling in Today's Market.



**Cathy Staup is your key to investing in real estate 206-276-1070**

The greater Puget Sound region is the happening place to live. 500,000 people moved here last year alone. We are so fortunate to live where there are diversified employment options, big businesses like Boeing, Microsoft, University of Washington, Amazon, Weyerhaeuser, Group Health, Quest, Nordstrom to name a few. Those 8 companies alone represent almost 200,000 jobs. We have a vibrant cultural scene, diverse ethnic populations, higher education opportunity not to mention the proximity to every outdoor activity you could want, stunning mountains, lakes and the ocean all right here.

As a result the real estate market has stayed strong compared to other parts of the country. In King County last month, March 2010 had 2008 closed home sales vs. last year March 2009 1248 closed sales; an increase of 760 sales in one year. The median sales price in March 2009 was \$335,000 vs. in March 2010 it was \$344,000. Today's real estate market is positive - be a part of it!

### **Do budget and save for the down payment and other expenses you will incur.**

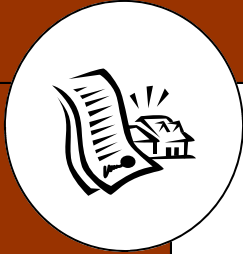
Conventional financing is a minimum of 5% down and FHA is 3.5% of the sales price. Your out of pocket costs are earnest money which customarily is \$1,000. to \$5,000. depending on the price of the home, figure \$400 to \$500 for an inspection and \$400 for the appraisal. On a \$250,000. house that equates to \$8750. down payment, \$900 for inspection and appraisal and \$1,000. earnest money totaling \$10,650.

### **Do get pre-qualified and know your financing options. Financing is buyer specific based on credit score.**

Make this your first step – be smart about it - do this before shopping, you don't want any surprises or fall in love with a property only to find out it is out of reach.

I recently worked with a Buyer who knew what she wanted in a home and how much she wanted to spend between \$275,000. and \$299,000. She had really given this a lot of thought, she knew her long term plans. She was working with a lender and wanted to purchase in time to take advantage of the tax credit. One of the first homes she looked at was perfect and she decided to make an offer. I told her she needed her pre-qualification letter to accompany the offer. In the actual process of providing the required documentation and once the actual home had been identified she discovered with property taxes and homeowners insurance the home was out of reach. She qualified to purchase the home but the monthly payment was more than she was comfortable with – a major consideration.





### **Do find the *right* home.**

In this market you can find the right home for your situation.

Whether a handy man special makes sense for you or a home that is ready to move into there are affordable homes available in every price range now. Think about and communicate your needs to your agent. I have never had a buyer who did not find the right home. Even if they did not get a favored home they ended up purchasing a better one. Do not settle for where you aren't going to be happy living but know there is no "perfect" home. Even people who build million dollar homes always wish they had done something different.

### **Do act fast but don't rush.**

When you find the home move on it. It is easy to do your due diligence quickly, ask your agent for help. Be available and ready and prepared to act. In EVERY market the good homes priced well go fast.

### **Do invest time and money in kitchen & bath updates and color.**

No more realtor-beige, it is out. If you aren't comfortable choosing color go with a very light neutral and use the same color throughout the entire home. Yellows and grays work well, they reflect the gray light of the Northwest well and fade into the background so the homes features stand out. New homeowners coming from apartments where white is your only option tend to color boldly and every room a completely different color often times contrasting colors. This can be disconcerting even distracting to a buyer. Designer colors that work well together can be very appealing.

Kitchen and Baths are the most important rooms and are what sell your home. They have to look clean and fresh. Put away appliances, tools and food, have fresh towels, rugs and shower curtains, provide toilet paper and be sure the lighting is adequate even bright. Even if you do not have the money to spend fixing up your home at least paint, it is inexpensive and makes a loud statement.

### **Do stage your home; if you can't afford a stager consider soft staging.**

Every new home development has a staged model home, there is a reason for that, staged homes sell. A staged home give buyers a visual they can't imagine otherwise. Vacant homes appear smaller than they really are; staging puts the homes true size in perspective. Occupied homes require depersonalization.

Learn More at: <http://www.positivepathhome.com>

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Staging is just the next step to cleaning, de-cluttering, reducing the amount of furniture, removing personal pictures, collections and knick-knacks. Even if you use a neighbor with a good eye or objective eye for design and color they will see your home differently than you do.

Soft staging is using your own possessions in a different way either by a professional or do it yourself. Stagers usually bring their own furniture, art and accessories.

**This is very important today - Do continue to show your property even with an accepted offer.**

Never before has there been such complexity in the lending industry. I had sellers with a pending home status and the sale looked really good. The buyers were pre-qualified and very excited. The sellers did not like the continued calls to show and felt it was an inconvenience to keep the home in showing order. They asked me to remove the key box. After all they were packing and the home was messy. 3 days before close the buyers lost their ability to close on the loan at no fault of the buyers. They really tried everything. When the final documents came together the HOA dues put them \$50. above their debt to income ratio to qualify. I've also seen guidelines change in the middle of a transaction and buyers who could purchase when they made the offer couldn't qualify when it was time to close.

**Don't wait to do basic repairs, keep up with the maintenance.**

If you have a lot of deferred maintenance it can seem like an overwhelming task to complete in a short timeframe. It is easier to deal with the loose railing and paint than deal with paint, torn carpet, cleaning, roof, landscaping, faulty lights, and appliances and so on and so on. Buyers will see every detail you may not even see any longer. Unattended to repairs will be uncovered in the inspection process so you might as well take care of them sooner than later

**Don't spend your entire savings to get into a home.**

Save some money for new items you want for the home, you will want to make changes to personalize it that will cost money. 60% of the buyers I work with already have plans to make changes, some significant changes like completely gutting the master bath and starting over even before they make the offer. Seemingly little things like landscaping or new trim don't seem like much but when you move into the home all those little costs add up

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Buyers can  
back out  
at the last  
minute.

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**Don't buy because it is a deal thinking you will make a killing on the appreciation and resale unless you plan on holding on to the property for a while.**

Not using a buyers agent can literally cost you thousands of dollars!

The fast moving market of 2004 through 2007 is not expected to return anytime soon. Even when prices begin to rise they will rise slowly over time. The Wall Street Journal surveyed several economists on the subject of rising home values and the future of the real estate market and the consensus was home prices will rise at a rate of roughly 1% higher than the rate of inflation and on the optimistic side it said house values will rise an average of 4% per year over the next few decades. Most real deals require MONEY to bring the house up to a desirable level for resale. The money spent will reduce any appreciation you gain for a number of years most likely up to 10 years or more.

Investors who fix and flip have been priced out of the market for a number of years. Now with bank owned and auction properties it is possible to make a profit. Investors who are successful with fix and flip business model are experienced and know their true costs. Be sure you know what you are doing before you invest.

**Don't wait for the market to re-bounce to sell your home.**

If you want to sell your home, this is just as good a time as any. Think about it. OK, your neighbor got \$450,000. for their home in 2007 and your home is worth \$375,000. today. Waiting 2 to 3 even 4 years you are not going to re-gain \$75,000. in value. When prices do start up they will begin to climb slowly.

Look at the reasons for wanting to move and revel in the good fortune you can buy at an affordable price. It is all relative.

**Don't overprice your home.**

Even if you have a stellar home and a buyer is willing to pay top dollar or even overpay for it, appraisers are very conservative in today's market. Lenders want to know they have adequate collateral to cover the loan. The house may not appraise for what you are asking and your buyer will not be able to finance the purchase. Not just that buyer, any buyer. It is true, an overpriced home loses that new listing excitement the longer it is on the market. You are better off pricing at market value and getting a firm sale.

**Most important of all - Do use an Agent.**

You don't need an Agent for what they do – you need an Agent for what they know. This is never more imperative than with today's market complexities.

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Contact  
Cathy Staup  
today!  
206-276-1070

## Bio of Author

Cathy Staup is an experienced real estate agent in Washington State, a member of the Northwest Multiple Listing Service and a prestigious member of the President's Club. She has represented clients as far away as Florida and Texas. Experienced in all phases of sales and marketing single family, multi-family, condominium properties, manufactured homes, improved and unimproved land, new construction and presales, Cathy is passionate about going the extra mile for her clients.

She is an approved instructor for the Washington State Housing Finance Commission which provides home buyer education services and down payment assistance for first time home buyers. Through teaching WSHFC classes she has gained a unique understanding of the challenges either first or third time home buyers face and is dedicated to making the experience as stress-free as possible. Cathy believes in the importance of informed and educated buyers or sellers.

Sellers have benefited from Cathy's marketing experience since 2002. Having lived in the greater Seattle area her entire life Cathy has lived in many neighborhoods and understands the local real estate market very well. This differentiates her from a lot of agents in the Northwest Multiple Listing Service. Cathy offers her experience, skills, motivation, attention to detail, follow through track record, and ability to provide the most service with the least amount of hassle for her clients.

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