The 5 Most Expensive Ways Buyers & Sellers Sabotage Themselves

By Tara-Nicholle Nelson | Broker in San Francisco, CA | November 14, 2012

It's easy to see the experience of buying or selling a home as an adversarial one: you vs. the people on the other side of the bargaining table, with one chess move by your opponent potentially costing you thousands of dollars. In my experience, though, the average real estate consumer's biggest potential enemy is him or herself. Buyers and sellers routinely take approaches, make moves and make omissions that cost themselves much more than anything the other side could ever do.

The first step of any cure is diagnosis. Here are some clues to detecting the costliest cases of real estate self-sabotage so you can stop them in their tracks, get out of your own way and get back to the business of buying or selling your home:

1. Hesitating. I'm a big proponent of buying or selling - making any real estate move, really - on whatever time frame makes sense for your life, your family and your finances, rather than trying to time the market. That said, once you've done the math, saved your pennies, prepped your property and otherwise decided to move forward on your home buying or selling plan of action, hesitation can cost you.

•Buyers who hesitate to make an offer can lose out on a home entirely - or can wait so long another offer comes in, forcing them to offer more to beat the other folks out.

•Sellers who hesitate to take an offer can lose out on a buyer, when a new listing comes on the market that catches their eye or better meets their needs.

•Mortgage borrowers who wait too long to lock their interest rates can end up paying more when rates creep up instead of down.

And here's one more for buyers: hesitating to move forward after you get into contract can also cost you untold stress and deal complications if it snowballs into a situation where you run late removing contingencies - having to ask the seller repeatedly for extensions can cost you negotiation goodwill that you could otherwise have leveraged into repairs or closing cost credits.

I'd say 90% of hesitation is a result of fear, and fear most often arises when

- •we second-guess our life decisions connected to the real estate transaction,
- •we don't understand or are intimidated by a subject, or
- •we feel powerless to make a wise decision because we don't know our options all the factors we should be taking into account.

Accordingly, you can eliminate hesitation-related self-sabotage by:

•working through the life and financial decisions that are intertwined with your real estate matters completely and on paper before you start the process, so you can revisit them if and when you're tempted to hesitate

•getting as educated as possible in advance about your local market dynamics and neighborhood home values, as well as the home buying or selling process in general, and

•diving head first into the discomfort and uncertainty that everyone experiences when they make these major decisions, sitting down with your agent and other pros involved to get every question you have answered in a timely manner so you can move forward, rather than putting decisions off and "sleeping on it" night after night.

2. Not taking expert advice. Have you ever taken an indecisive friend out to dinner, watched them hem and haw over the menu, ask the server what their favorite dish is and then order something totally different than the server's choice? That same phenomenon takes place every day in real estate. Many smart buyers and sellers invest much time and energy into agent-finding, asking around for referrals, checking agents out online, interviewing them and even calling around to check references, only to completely disregard their advice!

If you have a reputable, competent agent, you might be surprised at how often they can save you money with simple nuggets of experience-laden advice specific to a given scenario, like:

- •act fast
- •list it lower
- •offer less/more
- •counteroffer for more
- •be aggressive
- •take the bank's terms

•don't buy that house
•get one more inspection/bid
•don't remove contingencies yet/remove contingencies now
•ask for X, Y or Z repair, price reduction, credit, free rent-back, furniture, or longer time to close.

Experienced, local agents have a strong sense for some of the precise things that are so tricky for a buyer or seller to wrap their heads around, like pricing and negotiations. You should definitely ask your agent for data and the logical rationale behind their advice, and should keep asking until you understand and are comfortable with the decision that you make (whether or not it agrees with their recommendations). By no means am I suggesting that you blindly take every piece of advice you are given by any agent, trusted or not.That said, if you're having a hard time getting satisfaction or making progress on your home buying or selling aims and your typical reaction to advice from your agent is to reject it, at least consider that being more receptive to that advice might actually help you get out of your own way.

And if you have a truly hard time trusting your agent's advice for whatever reason, consider that you might simply not yet have found the right agent for you.

3. Overpricing or lowballing. It might run contrary to conventional wisdom, the idea that asking for more money or offering less can be acts of self-sabotage, but ignoring the damage that these acts can do to your real estate plans is unwise. In real estate, pricing is just more nuanced than that. It's not the case that you can simply pick your price, ignoring the financial complexities involved and the psychologies of the folks on the other side, and expect for good things to magically happen.

Those nuances include these truths: setting a list-price that is significantly above what other, similar homes have recently sold for will not only not get you that price, it poses the potential to turn buyers off, keep them from coming to see your home, make your place sit on the market longer than it needs to and ultimately, it can result in low or no offers. At the extreme, overpricing can force you to cut the price, sometimes dramatically, to activate buyers who have learned to disregard the obviously overpriced listing in their online house hunt search results.

And buyers beware: making lowball offers significantly below the fair market value of target homes has a similar impact. Sellers ignore them or counter them up higher or they get beat out (often repeatedly) by more realistic buyers. I have seen the tendency to lowball cost buyers thousands over the months they are trying to get a fantasy-land deal, in terms of home price increases or money that same buyer ends up throwing at their eventual home, out of desperation and frustration.

Don’t let your emotions be the ruler of your pricing or offer decisions. Motivation is one factor to consider, but the data on recent, comparable sales should be given much more weight, to keep the threat of price-related self-sabotage in check.

4. Cutting corners. Getting a home ready for sale is a marathon endeavor, not a sprint - especially if you’ve been living there for a number of years. Same goes for working on your credit, savings and financial plans in advance of making your first buy: smart buyers-to-be start years in advance. So, it’s tempting to get near the end of your preparation action plan, lose patience and start cutting corners on staging, property preparation, even vetting your own financials and family wants and needs.

Don’t submit to temptation - well, don’t submit without the input of your agent and loan officer.

Depending on your situation, there are some corners that might be okay to cut - the ones that will have very little impact on the eventual outcome of your real estate endeavors. But give the pros you ‘hired’ the opportunity to give you their input before you unilaterally skip steps on your original action plan. If you tell your agent you need to cut your property preparation budget down by a bit, they can help you decide where the corners you cut will have the least impact on your home’s overall presentation to buyers. If your loan officer says that paying a particular credit account down by $4,000 instead of $5,000 won’t really do too much to your qualification status, you might be fine kickstarting your house hunt a few months before you had planned to.

Unfortunately, it’s all too common to see homes where the sellers have poured cash into great, fundamental repairs and neglected some essential, inexpensive cosmetic items - or buyers who have fallen just a tad short on cash or credit and end up scrambling to boost one or both under pressure. Bring your professional team into the conversation before you cut any corners, and ask them to help you understand and minimize any consequences of cutting costs.

5. Failing to read documents all the way through. Hundreds of your signatures will be requested and required during the process of buying or selling a home. But perhaps the single-most expensive way real estate consumers stab themselves in the back is by failing to read and understand nthe documents they are given - from contracts to disclosures to inspection reports and even closing/loan documents - all the way through.

Many a condo owner has been surprised to learn that they are being assessed a hefty special bill for common area repairs, when that "surprise" was predictable from a few of the hundred pages of HOA disclosures they received before closing escrow. Seller disclosures can be cryptic and boring, but also often contain red flags to guide buyers and their inspectors to the real areas of concern. (Their guiding power is nil if you don't read them, though.)

And the same goes for sellers - your agent should read and help you understand offer(s), buyer's inspection reports and requests for repairs or credits, estimated closing statements and everything else, but ultimately you are responsible for reading and understanding all of these influential, binding documents before you sign them.

So read them. And don't be afraid to ask questions or insist on clarifications and corrections, if indicated. If you were quoted a certain interest rate or monthly payment, make sure that matches up to what you see in your closing docs - or that you understand and accept the reasons why it doesn't, before you sign. This sounds obvious, but you'd be surprised at the major lender-borrower disputes and buyer-seller legal dramas that have arisen over the years because of errors in loan or closing documents that could have been detected and resolved simply, easily and inexpensively before closing. Don't be one of them.

P.S. - You should follow on

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