



Real Estate Misconceptions

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REAL ESTATE MISCONCEPTIONS

You Shouldn't Bother Getting Pre-Approved

The Truth: Actually, getting pre-approved is an extremely smart thing to do! Getting pre-approved not only helps you know how much house you can afford, but also lets the sellers know you're serious and are not just ready and willing to buy, but you're also capable of it! To bust two myths within one section, getting pre-approved will not blow your credit score!

You need a 20% downpayment

The Truth: Lenders have many products available to help people buy homes for very little to virtually nothing down. You can often times purchase with a minimum amount of 3.5%!

My downpayment covers all the upfront costs to buying a home

The Truth: Although the downpayment is the biggest cost to buying a home, there are other items that will be required when purchasing a home. Some examples are: Home Inspection(s), Appraisals (if lender is not including this in their product offering), transfer fees, agent commissions (if seller is not paying buyer commissions), and loan costs.

Rates are too high

The Truth: Although rates maybe higher than previous, historically rates are still very competitive. Buying today is different than buying during COVID or even 20 years ago. Mathematically, it is still cheaper to buy now and refi when the rates do drop. This way you ensure two things:

1. You get your house now.
2. Your payment will be lower in the future.

If you wait until rates drop, competition will become fierce, and buyers will likely need to pay higher prices and give more concessions - without the option of their payment will be lower in the future.

Home Looks Great, No Need for an Inspection

The Truth: No matter how new or nice a house appears, there could always be potential problems lurking, and you don't want to be stuck with them once the keys are in your hands. A home inspection can reveal issues that need to be addressed, and rather than your problem as a new homeowner, you can request that the issues be fixed before you take possession or the purchase price be lowered to reflect the cost of the fixes. Without an inspection, you'll have no idea what kind of problems (and expenses) are waiting for you in the future.

Schools Don't Matter if You Don't Have Kids

The Truth: Even if you don't have children, buying a house in a good school district means your home will have a greater resale value. So, schools should definitely be considered during your homebuying process as they are typically a high priority on many buyers' lists of must-haves.

Real Estate Agents Only Show Houses Listed with Their Company

The Truth: Certified Realtors follow a strict code of ethics which includes showing you every house that meets your criteria regardless of the company listing it. As long as the home you want to see is listed within the MLS system, you're welcome to view it!

When Making an Offer on a House, Go Low

The Truth: This is risky in today's competitive market. If you make a lowball offer and bank on receiving a counteroffer, you may be waiting a very long time! You may never get another chance, especially if multiple offers on the house are almost at or above the asking price. Besides, offering a low price can insult and disrespect the seller, which isn't always the best way to start a pleasant transaction.

If You're Selling, Price Your House High to offset negotiations

The Truth: Bad idea! You might want wiggle room for negotiations, but the truth is overpriced houses attract fewer buyers and receive fewer offers than houses that are more reasonably and competitively priced. Unless you have all the time in the world or don't care if potential home buyers pass you right by, make sure your listing price is fair and competitive, so buyers know they're getting a great deal.

Offer less than you're willing to pay so you have room to negotiate

The Truth: No Bueno!!! Buy submitting a low offer, you will likely miss your opportunity to negotiate at all. Sellers (with agents) view low balling as a form of disrespect and will be removed. *HINT: Most negotiations happen before the written contract between agents to better respect each other's time and offerability).*

You Make More Money if You Renovate Before You Sell

The Truth: Not necessarily! You need to weigh the cost of home improvements with their return on investment to decide if the fixes are worth making or a waste of money and time. Often, making minor repairs or inexpensive updates, decluttering, and staging is all that's needed to get top dollar. In today's market, more and more homebuyers are looking for affordable homes, and they're willing to make the repairs themselves.

Real Estate Agents Get Paid Big Money

The Truth: The truth about this myth depends on various factors. Real estate agents do not earn a salary but work on commission, and even then, they must split that commission with the brokerage firm that employs them. That commission must also cover the added time and expenses the agent spends driving around, showing houses, hosting open houses, researching, troubleshooting, marketing, and more. Lastly, a real estate agent's commission is not set in stone — it's negotiable.

Online has all the resources I need to buy a house

The Truth: While there are a lot of websites that offer their resources, it's still BUYER BEWARE! Often times the small print indicates there is a fee to download a form or a form is free but you are required to offer up your credit card beforehand. In addition to forms, there are certain contractual dates that need to be adhered to during the "Under Contract" phase. If some of these requirements are not met, you can lose your earnest money.

There is No Advantage to Having a Real Estate Agent

The Truth: In actuality, real estate agents can provide you with invaluable knowledge of the market conditions as well as access to homes for sale you wouldn't have known about otherwise. They can also use their expertise to negotiate the best price possible on your behalf and even help you through the paperwork and complicated process of buying or selling a home. Sure, you can go it alone, but believe us, it's a whole lot easier and works out better if you have a Realtor in your corner!