



Phone  
949.661.HOME  
Fax  
949.661.4651

Lee@LeeandRuss.com  
[www.LeeandRuss.com](http://www.LeeandRuss.com)

---

## 5 POWERFUL BUYING STRATEGIES

### 1. Get “Pre-Approved” – Not “Pre-Qualified”

Do you want to get the best property you can for the least amount of money? Then make sure you are in the strongest negotiating position possible. Price is only one element in the negotiations, and not necessarily the most important one. Often other terms, such as the strength of the buyer or the length of escrow are critical to the seller.

In the years past we always recommended that buyers get “pre-qualified” by a lender. This means that you spend a few minutes on the phone with a lender who asks you a few questions. Based on the answers, the lender pronounces you “pre-qualified” and issues a certificate that you can show to a seller. Sellers are aware that such certificates are WORTHLESS, and here’s why! None of the information has been verified! Many times unknown problems can come to the surface! Some of the problems we’ve seen include recorded judgments, alimony payments due, glitches on the credit report due to any number of reasons both accurately and inaccurately, down payments that have not been in the clients’ bank account long enough, etc.

So the way to make the strongest offer today is to get “pre-approved”. This happens AFTER all information has been checked and verified. You are actually APPROVED for the loan and the only loose end is the appraisal of the property. This process takes anywhere from a few days to a few weeks depending on your situation. It’s VERY POWERFUL and a weapon we recommend all our clients have in their negotiating arsenal.

### 2. Sell Your Property First, Then Buy the House or Have a Swing Loan Available

If you have a house to sell, sell it before selecting a house to buy! Contingency sales aren’t nearly as strong as one that comes in with a ready, willing and able buyer. Consider this scenario: You’ve found the perfect house – now you have to go make an offer to the seller. You want the seller to reduce the price and wait until you sell your house. The seller figures that this is a risky deal, since he might pass up a buyer who DOESN’T have to sell a house while he’s waiting for you. So he says OK, he’ll do the contingency but it has to be a full price offer! You have now paid more for the house than you could have because of the contingency, and you have to sell your existing house in a hurry! Otherwise you lose the house! So to sell

quickly you might take an offer that's lower than if you had more time. The bottom line is that buying before selling might cost you THOUSANDS of dollars.

Another tactic is to have a "swing" or "bridge" loan available if you need one. This is a loan that uses the equity or collateral you have in a property, stocks or something of value so that you can use the cash toward a down payment on a property you want to buy. Lets say you own your home and have \$200,000 in equity. You haven't sold your home but you found one you want to buy and don't want to wait until you sell yours.

You can borrow a percentage of the \$200,000 you have in equity. Lets say you borrow 80% that would give you \$160,000. That loan is called a "swing" or "bridge" loan. Using that money you could buy your other property. Our broker, Associated Realtors offers a swing loan program for our clients. This program often comes with no payments for a period of time (lets say 90 days). That way when your existing home sells the mortgage as well as the swing loan is paid in full. Many people like the security of knowing that they can obtain a swing loan but don't have to use it. You only use the loan from the day you fund your new house. Swing loan terms and conditions vary. It's best to have your agent discuss the options with you before you purchase your new property.

If you're concerned that there is not a house on the market for you, then go on a window shopping trip. You can identify possible houses and locations without falling in love with a specific house. If you feel confident after that then put your house on the market.

### **3. Play the Game of Nines**

Before house hunting, make a list of things you want in the new place. Then make a list of the things you don't want. You can use this list as a guide to rate each property that you see. The one with the biggest score wins! This helps you avoid confusion and keeps things in perspective when you're comparing dozens of homes.

When house hunting, keep in mind the difference between "STYLE AND SUBSTANCE". The SUBSTANCE are things that cannot be changed such as the location, view, size of lot, noise in the area, school district, and floor plan. The STYLE represents easily changed surface finishes like carpet, wallpaper, color, and window coverings. Buy the house with good SUBSTANCE, because the STYLE can always be changed to match your tastes. We always recommend that you imagine each house as if it were vacant. Consider each house on its underlying merits, not the seller's decorating skills.

### **4. Don't Be Pushed Into Any House**

Your agent should show you everything available that meets your requirements. Don't make a decision on a house until you feel that you've seen enough to pick the best one.

Don't forget to check into the SCHOOL DISTRICTS of the area you're considering. Information is available on every school; such as class sizes, % of students that go on to college, SAT scores, etc. You can get this information from our web site.

## **5. Stop Calling Ads!**

Please note – ads are sometimes created to make the phone ring! Many of the homes have some drawback that's not mentioned in the ad, such as traffic noise, power lines, or litigation in the community. What's not mentioned in the ad is usually more important than what is. For this reason, we want you to be very careful when reading ads. Remember that the person writing the ad is representing the seller and not you! The most important thing you can do is have someone on your side looking out for your best interests. Your own agent will critique the property with an eye towards how well it meets your needs and will point out any drawbacks you should know about. So whether you decide to work with us or not, pick an agent you feel comfortable with and enlist the services of that agent as a buyer's broker. Then you become a client with all the rights, benefits, and privileges created by this agency relationship, and you're no longer just a shopper. Did you know that many homes are sold WITHOUT A SIGN ever going up or an AD EVER BEING PUT IN THE PAPER? These "great deals" go to those people who are committed to working with one agent. When an agent hears of a great buy, who do you think he's going to call? His client, who he has a legal obligation to work hard for you, or someone who just called on the phone and said "keep your eyes open"? So to get the best buy on a property, we always recommend that you hire your own agent and stick with them.