

70 Ways for Home Buyers to Save Money When Buying a Home: Tip #17

Tip #17 in our series of 70 ways to save money when buying a house is to never tell your agent the top price you will pay for a house.

In our last tip, I explained to you the importance of having your own real estate agent on your side. And if you are going to buy property you should have an agent on your side, especially if it does not cost you anything.

But, your agent is human, and there is no way to tell if he/she has your best interest in mind. The higher the price of the house you buy, and the more you pay, the larger the commission for your agent. So if the agent was selfish, she would try to get you to pay as much as possible. She wants you to buy the most expensive house you looked at because if you buy it, it will be the largest commission for her.

By pushing you just a little bit towards the more expensive house, she will make a few hundred dollars more. Not bad for a few seconds of work.

Or say you are negotiating with the sellers, and your agent knows you can pay more than you are offering. Will she be able to go in to the sellers and really sell them on the offer? Probably not.

That is why I suggest you never tell your agent or any real estate agent how much you can pay for a property.

Your agent will ask you how much you can afford, but do not tell. Give a range. Tell him,

We would be comfortable paying between 225- 250 thousand for a house.

There is no telling if your agent will keep your information confidential. By law, they are supposed to, but it is very hard to prove, and you do not want to take that chance. By giving them a range they have all the information they need to do their job well. They can show you all the houses that meet your needs in the price range you gave him. Then, if the agent shows you a house that is above your price range, you might want to think about getting another agent.

After giving a solid range, there is no reason an agent should show you a house that is above your range, unless there were not enough homes in your range. But if you do some homework, you should easily be able to choose a range that you will be comfortable with and that has plenty of homes to choose from.

By keeping this information to your self you protect yourself from the human tendencies that get us all in trouble. Realtors are human, and you should remember this.

By giving your agent a range of prices of homes you want to see, you are making it easier on the realtor to narrow down homes to show you and you can save yourself a boatload of money at the same time. The best thing is, that you would never know if your realtor did something that made you pay more. Do not let the realtor screw it up for you. Keep this information to yourself.

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About the Author

Abby Kamadia, is a mortgage consultant, and real estate broker in Houston Texas. For the 69 other free articles on saving money when you buy a house visit <http://www.2percentback.com>