Top 10 Deal Killers & How to Avoid Them

Your buyers have found the home of their dreams. They've started packing and have mentally moved in, when a challenge arises that could put a serious wrench in their home-buying process. In today's market, finding the home is only the beginning of a transaction that may have many stumbling blocks along the way.

The Top 10 Deal-Killers & How to Avoid Them

1. Fixtures vs. personal-property pitfalls

Deals can falter because of disagreements over silly stuff like who gets the fireplace screen, the wall sconces, or the appliances. For some buyers and sellers it can be difficult to distinguish between personal property and fixtures that come with the house.

How to avoid it: Educate your client about the difference between attached appliances and personal property. If something is really special to a homeowner, recommend the sellers remove or replace the item before you put the house on the market. If this isn't possible, exclude it in MLS (along with frequently confused items like flat-screen TVs), and make sure it is excluded at the time the offer is written as well. Buyers should be sure to investigate and include any items that are important to them.

2. The dreaded ex-wife/ex-husband

There may be many reasons to dread an ex, and his or her potential impact on the sale of a home is one of them. It is unfortunately all too common to discover late in the process that a former spouse hasn't agreed to a sale with his/her ex, and this scenario, along with other clouds on the title, can take time to clear.

How to avoid it: Get a preliminary title report as soon as possible and be sure to ask your seller if there are any potential claims on the title.

3. Buyers buying "stuff"

Your first-time home buyers are moving into their new home. They don't have a washer and dryer of their own, and the local appliance store is offering a smoking deal – get a store credit card, and save 15% on the purchase of your new appliances! Sounds like a steal, but it might just kill your deal.

Buyers should not make major purchases, like a new car or major appliances, before close of escrow – any major purchase that affects their credit can also impact their mortgage being funded.

How to avoid it: Regularly remind your buyers to wait to purchase appliances, furniture, a new car, and more until their loan has been funded, and tell them to put those credit cards away until the paperwork is recorded.

4. Failure to disclose

It can be a tough battle to get sellers to disclose certain facts about their home, but it is almost always better to over-share when it comes to disclosure. Inevitably, a neighbor is going to tell the prospective buyer about the sliding hill, the formerly moldy basement, or the meth lab around the corner.

How to avoid it: Don't skimp on the questions with your sellers to uncover all the facts, and with buyers be sure to disclose, disclose, disclose. Problems always seem much bigger when they are uncovered by a buyer after they are in contract.

5. Appraisal nightmares

For a period of time, appraisals always magically came in at the offer price. For the most part, those times are gone. Appraisals are common deal-breakers, and in many transactions, you don't just have one – it's common to have an appraisal review as well.

How to avoid it: Make sure the lender has a qualified appraiser and, when possible, accompany the appraiser on the inspection. Explain to clients in advance that if the appraisal comes in low the purchase price may have to be renegotiated, or a higher down payment may be needed.

6. Who owns what?

Your buyer thinks they are getting a 6,000-square-foot lot, only to find out that the fence is built on the neighboring property. Or they think they own the driveway, but it is really an easement on a property owned by the cranky old neighbor. Lot lines, shared driveways, and fences are common stumbling blocks in a transaction.

How to avoid it: Review the preliminary title report with your client carefully, and have a title officer walk you through it to explain anything unusual. You and/or your client should also go to the city/county authorities to review the items on file. If your client is concerned about lot boundaries, recommend that they have the property surveyed by a professional surveyor – while surveys can be costly, not knowing the actual boundaries can be costlier. Also keep in mind that if a client is only concerned about only one side of the property, they can get a partial survey for just that side.

7. No permits

In many areas, unpermitted additions or remodels have become serious deal-killers. Many cities and towns have implemented pre-sale inspections to fill their dwindling coffers.

How to avoid it: If city or town inspections are required, get them in advance, correct any required issues, and get your clearance. Some municipalities don't operate on the swiftest timeline, so start as early as you can.be missed otherwise.

8. Unexpected inspection findings

Inspectors can be deal-killers, but they can also be lawsuit-savers. When your client is making a significant investment by buying a home, they should know what they are buying. Inspection periods are like the second negotiation phase of the deal and are common deal-breakers when agreements cannot be reached over repairs.

How to avoid it: Recommend that sellers have their home inspected before the property is actively on the market. Buyers will probably still get their own inspections later, but a pre-inspection will enable them to resolve serious problems that may send a buyer running in the other direction. Repairs almost always cost a seller less if the buyer knows about them before writing an offer.

9. The lender changed the rules

It can be hard to imagine, but sometimes everything looks great – you've got your buyer, not just pre-qualified, but pre-approved, and you are in contract – until suddenly the lender changes the rules and your buyer can no longer meet the lender documentation requirements.

How to avoid it: Unfortunately, this scenario can't be prevented in all cases. Be sure to work with a reputable mortgage broker or lender with a solid record of closing transactions. If you represent the buyer, you may want to recommend that the buyer leave their loan contingency in place until the loan is funded. If market conditions don't permit this, make sure your buyer is aware of the ramifications if the loan doesn't fund.

10. The bank doesn't care

If the property being purchased is a short sale, the bank is basically in charge and doesn't care about your timeline. Sadly, it's not unheard of for short sales to drag on for years, only to have the bank ultimately say no to the deal.

How to avoid it: The best way to save a deal when a bank is involved is to make sure your buyers have appropriate expectations about the process. Educate them about the pitfalls of short sales, and let them know that a lot of patience is needed.

One of the best ways to avoid killing a deal is to educate your clients about the entire home buying and selling process. Making sure everyone is properly prepped goes a long way toward holding deals together.