

## Homebuyers turn screws on sellers

### **In this buyer's market, many are taking advantage of sellers' desperation, demanding major home repairs, warranties on**

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NEW YORK (CNNMoney.com) -- A rock-bottom price just isn't enough for buyers these days - it's a starting point. If the furnace is out of date, they'll demand a new one. Cracked driveways have to be repaved, and dirty carpeting torn out and replaced. All at the seller's expense.

Buyers are in the driver's seat and they know it. They're using that leverage to pry more concessions out of desperate sellers than they ever dreamed of during the bubble.

"Now it's my turn," is the attitude," said Mike Byrd, a real estate agent with SLO Home Store in San Luis Obispo, Calif. "Some buyers are really putting the screws on."

In New England, buyers are demanding that sellers pay to fill up a home's heating oil tank. In California, sellers are forking over closing costs. Nearly everywhere, buyers are insisting that sellers purchase a home service contract providing a one year warranty on all of a home's appliances.

New central air-conditioning systems, a year of condo association fees and even two weeks in Hawaii are just a few of the incentives that sellers are having to employ these days, according to Byrd.

And buyers are getting it all in writing.

"[During the boom] buyers usually accepted the property as-is, and we even occasionally offered to pay the seller's state and county transfer taxes," said Washington D.C. based agent John Sullivan, who is also president elect of the National Association of Exclusive Buyer's Agents. "No more."

Upon closer inspection

It used to be that sales contracts had clauses that made a purchase contingent upon whether a home passed inspection, if a buyer was able to get a mortgage, or even if they could sell their own house.

Those safeguards fell by the wayside during the bubble; if a buyer balked, the seller just moved on to the next highest bidder. Buyers who signed deals without these protections and had to back out often lost their deposits.

But lately, buyers have expanded the number of clauses they put into contracts, according to Benjamin Clark, an agent in Salt Lake City with Homebuyer Representation.

"Some of these items include availability of high speed Internet, cost and availability of homeowners insurance," he said. "They cover environmental aspects of the home and neighborhood, as well as local services and amenities."

Instead of a single inspector, the home inspection now includes specialists in radon, lead-based paint, roofs and masonry, as well as fireplaces. Sellers must fix any flaw or pay for the buyer to correct it.

"Sellers are much more flexible on issues that come up on the home inspection - and I mean big ticket items like roofs and furnaces," said Ed Bartlett of Spokane Home Buyers in Washington State. "And this is after they have already been flexible on the price."

A detailed inspection was a lifesaver for clients of Clark's, who were buying a six-bedroom, four-bath rambling ranch in Bountiful, Utah, that was listed \$344,900.

After the buyers got the price down several thousand dollars and signed a contract, the home inspectors went to work. They turned up some minor issues, which the sellers agreed to fix, including \$875 for some electric work, \$150 for plumbing, \$242 for a new kitchen faucet and \$735 for chimney pointing and repair.

But bigger problems emerged. "There were termites," said Clark, "and masonry issues. The deck needed to be demolished." Based on these findings, he got the price down to \$324,000.

For some buyers, the negotiations don't stop right up until the closing.

Don Plourde, a Coldwell Banker broker in Waterville, Maine, recently had a client squeeze a last minute concession out of a seller on a three bedroom starter home that needed some work. The asking price was very low - just \$75,000 - but even so, the buyer was able to negotiate that down to \$72,500.

But just before the closing, the buyer demanded that the seller leave behind three quarters of a tank of heating oil - 200 gallons worth \$800 - for free. The seller caved.

"He just wanted to move on," said Plourde.

Free closing

These days, sellers almost always pay the closing costs instead of the buyers, according to John Rygiol, an Exclusive Home Buyer Brokerage agent in Orange County, Calif.

"It's hard to ask for that after already getting a price reduction," said the agent, who recently got a seller to pony up \$10,000 for closing. "But it's a buyer's market and sellers are attuned to that."

Even local taxes are on the table these days, according to Adele Hrovat, the owner of The Buyer's Realty of Las Vegas. She got the bank that was selling a four-bedroom, three-bath, house to pay an \$11,000 tax assessment on top of \$6,000 in closing costs. And that was after the price was slashed from \$489,900 to \$399,000.

With the housing market bad as it is - [slow sales](#), [dropping prices](#) and [inventories rising](#) - sellers are going to have to stay flexible.

"We're finding that buyers make an offer and if it's not accepted, they just go on to the next seller," said Don Plourde. ■