

St. Louis Association of REALTORS

Some Tips For Buyers

With the tax credits in place and interest rates still holding at near-all-time lows, here are some tips that you can share with potential clients:

Start today. Binding purchase agreements have to be in place by April 30 in order to qualify for the federal tax credits, and with the improvements already showing in the housing market, another extension is highly unlikely. While the deadline is still five months away, the time will pass quickly—and so will the opportunities. If you have a home to sell, get it listed now, and price it aggressively. If you wait for the market to improve, the price of the home you're wanting to purchase will also rise—and you'll lose the added advantage of the federal tax credit.

Shop for good prices, but don't count on "steals." The extension of the tax credit to existing home owners will provide added incentive for sellers who want to gain the advantage on their move up. And that means opportunities for buyers. But don't count on "lowballs" winning the deal, as more buyers will be in the marketplace competing for the prize! Properties in foreclosure can provide some good pricing, but getting the banks to agree to the "short sale" numbers is a slow and tedious process that could cause you to miss the deadline.

Interest rates will likely rise. Rates are currently at near-all-time lows—with the 30-year-fixed still hovering around five-percent. But as the housing market improves, the government's purchase of mortgage-backed securities will likely decline. And that will bring rising mortgage rates. That's another big incentive to get your purchase—and your rate—locked in early in 2010.

Prices will also rise. According to a recent MarketWatch.com report, home sales nationwide are now up nearly 36 percent from their bottom last January. At the current pace, there is only a seven-month supply of homes on the market, and in some areas there are already bidding wars. Increased buyer interest will likely offset any further decreases in prices that may result from the foreclosure marketplace.