



REAL ESTATE RED FLAGS

Tips for Buyers / Sellers / Agents

In 2021, nearly seven million homes were sold in the United States. While sales volume dropped the following year, there were still nearly six million transactions.

Most of those deals went off without a hitch. Some sales, however, left buyers, sellers, or their agents walking away disappointed or, in more than a few cases, victimized by fraudsters.

If you're a buyer, purchasing a home is likely your life's most significant financial transaction. As a seller, parting ways with your home lets you cash in on its equity and get a fresh start at a new property. And as the agent, ensuring that every deal is smooth and frictionless is critical to building a solid reputation and growing your business.

With that in mind, Patten Title has compiled a list of 21 real estate red flags, seven for each of the principles in every real estate transaction.

BUYERS: 7 REAL ESTATE RED FLAGS

As a buyer, you have the most to gain (or lose) during a real estate deal. You have the most to lose if you purchase a flawed home that requires more repairs than expected.

You also have to watch vigilantly for signs of real estate fraud, which is on the rise — more than 13,000 people fell victim to real-estate-related wire fraud in 2020, most of whom were buyers.

The good news is you can protect yourself and reduce your risk of falling prey to fraud by managing these seven real estate red flags.

1. DEALS THAT SEEM TOO GOOD TO BE TRUE

You finally found the perfect home in the perfect neighborhood. It's even priced well below market value. While it may feel like you just stumbled across the deal of a lifetime, your real estate red flag alarm should be sounding at full blast.

There are rare instances where sellers are simply in a hurry to sell their home, so they list it below market value. But the list price is usually only a few percentage points lower than expected, not tens of thousands of dollars cheaper.

Homes priced way too low usually have significant issues, such as water damage, termites, or a cracked foundation.

2. HOMES LOCATED IN EMERGING NEIGHBORHOODS

If you see the words "up-and-coming" in a listing, it could mean one of two things.

The first possibility is that the neighborhood is the subject of major revitalization efforts, meaning investors are rehabbing dilapidated old homes, and the local government is pouring money into community resources.

If it's in the late stages of revitalization, it may be a great place to live; if it's early in the process, though, it may have some issues.

The other meaning of "up-and-coming" is that the neighborhood is relatively new and still under development. That means construction crews could be working in the neighborhood for months or even years.