

HOME

Five Things You Can Negotiate When Buying a Home

Fees, repairs and fixtures are some items that buyers might not know they can negotiate when buying a home.



(Image credit: Getty Images)

Good news, house hunters: Home buyers are getting more negotiating power.

Buyers received concessions from home sellers in 35% of U.S. home sales during the three months ending Oct. 31, 2023. That's up from 27.6% two years earlier, according to a November 2023 Redfin report. And we're not just talking about price cuts. As mortgage rates rise and home buyer demand cools, more sellers are picking up closing costs for buyers and footing the bill for home repairs to close deals.

Still, most buyers don't know what bargaining chips are on the table. "Many times, homebuyers aren't aware that they can negotiate for things other than a home's sale price," says Jason Gelios, a real estate agent at Community Choice Realty in southeast Michigan.

Here are five things homebuyers can negotiate in addition to home prices.

Mortgage rate and lender fees

Around seven out of 10 prospective buyers said in a 2023 survey conducted by John Burns Research and Consulting that they're waiting for mortgage rates to drop below 5.5% before they

purchase a home. According to Freddie Mac, as of May 2, 2024, the 30-year fixed-rate average has increased for the fifth consecutive week, reaching 7.22%.

However, mortgage rates aren't set in stone. "Buyers tend to let the lender set the rate, but the interest rate is often negotiable because lenders want their business," says Gelios. That's especially true in today's market, where lenders are competing for a limited number of buyers.

It's also a good idea to shop around. Nearly half of borrowers that compared rate offers said the first quote they received was not the lowest mortgage rate, a May 2022 LendingTree survey found. That mirrors a study by Freddie Mac, which determined that buyers who obtained two rate quotes during October and November 2022 could have saved as much as \$600 annually, while buyers who obtained at least four rate quotes could have saved more than \$1,200 annually.

Some lender fees are also negotiable, says Brendon DeSimone, a real estate broker at Houlihan Lawrence in Bedford, New York. "Sometimes there are 'processing fees' that are basically junk fees," he says. Loan origination and application fees are up for negotiation, too, per Gelios. (The average origination fee is between 0.5% and 1% of the loan amount, according to Rocket Mortgage.)

When making an offer on a house, see if the seller is willing to pay for a "buydown," a one-time fee at closing that would lower your mortgage rate, either for the full duration of your loan or for a few years.

NYSUT NOTE: Save up to \$2,700 in lender fees and closing costs through the NYSUT Member Benefits Corporation-endorsed [Mortgage Discount Program Presented by Mid-Island Mortgage](#).

Home repairs

Don't want to buy a house that turns into a money pit? Include a home inspection contingency in your offer.

This contingency gives you the right to have the property inspected by a professional. Based on the results, you can either back out of the deal or ask the seller to make certain repairs.

Gelios advises to keep your eye on the end goal. "Focus on major issues when asking for repairs," he says. "A leak in the roof or a busted water heater are important to fix." Don't harp on cosmetic flaws. "A missing light bulb or a broken latch on a window are things that you can do yourself without the seller's help," Gelios says.

If the seller pushes back, see if they'd be willing to offer you a credit at closing to offset some of the repair costs.

Seller-paid closing costs

Closing costs are fees paid at settlement to third parties that facilitated the sale. Usually, the buyer pays the lion's share — typically around 2% to 6% of a home's sale price. But a growing number of sellers are offering to cover a portion of the buyer's closing costs.

These seller-paid closing costs can make a home purchase significantly more affordable. Make sure to negotiate them upfront so that they can be woven into the purchase agreement.

Fixtures

A real estate fixture is any object that's permanently attached to a property. "The general rule is if you turned a house upside down, whatever sticks to the house is supposed to stay with the property," Gelios explains. For example, built-in bookshelves, ceiling fans, and window treatments are typically seen as fixtures included with a home.

Some fixtures, however, are up for negotiation. These could include things like refrigerators, washer and dryer sets, chandeliers, outdoor furniture and playground sets.

"Your purchase agreement should state all of the specific fixtures that you want to stay," Gelios recommends. To protect his buyers, Gelios typically writes in offers, "All appliances and fixtures, as shown, convey with the property."

Home warranties

If you're buying an older home, a home warranty can provide some financial protection and peace of mind.

A home warranty covers the cost of repairing or replacing certain home appliances when they break, such as refrigerators, dishwashers, ovens, water heaters, and heating and cooling systems — though coverage can vary, depending on the policy.

A home warranty typically costs \$360 to \$900 a year, according to a 2024 MarketWatch study of 39 providers. For many sellers, that's a drop in the bucket, so see if the seller will pay for a one-year warranty. "Sellers can provide it as a credit at closing if the buyer wants to choose the home warranty company," says Gelios. "It's a good, low-cost way for sellers to seal the deal."

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