



Buying a Home Sight Unseen

While feasible, purchasing a home sight unseen requires more work and attention. From grocery shopping to home buying, it seems like almost everything can be done completely online now. The idea of buying a house without seeing it is less daunting these days with all the new technologies and ways to buy a home virtually, and it's becoming more common. In fact, 20% of homebuyers recently made an offer sight unseen, meaning they made an offer on a home without ever seeing it in person.

Most buyers want to see a place in person at least once before committing. A home, after all, is usually an emotional purchase, with intangibles like the feeling it evokes key to a buyer's attraction. But a growing number of house hunters across the country are making the biggest financial decision of their lives sight unseen.

According to a recent survey by Redfin, a national online real estate brokerage with more than 1,000 agents, 20 percent of buyers said they submitted an offer on a home without visiting it first. And in a survey of 45 New York City-based agents conducted by Realtor.com, more than half said that in the past six months they had worked with at least one buyer who was purchasing a primary home without visiting it first.

Of course, out-of-towners looking for investment properties — especially in hot markets like New York City and Los Angeles — have long bought homes sight unseen. (Their decisions are often based more on profit-driven factors like average rents and price-per-square-foot comparisons than emotional considerations.) And when it comes to brand-new construction, buyers regularly commit with little more to go on than renderings and floor plans.

But these days, agents said, more primary home buyers purchasing already-built properties are willing to go in blind, in part because technology has improved the remote-viewing process. And it tends to happen more in markets where properties sell quickly, putting out-of-town buyers at a particular disadvantage.

Virtual tours make it easier, but how can you tell from FaceTime if the basement is damp?

AVOID THESE 8 MISTAKES

1. Using the first real estate agent you meet

While you might be in a time-crunch or just want to make a quick, competitive offer, you should still take the time to find the right real estate agent for you. Since you won't be seeing the home in person, it's important you find an agent that you trust, and knows the market and the area you're buying in like the back of their hand.

Start by reading online reviews of real estate agents in the city you're looking to buy, and then interview your top picks. Ask a variety of questions to determine if they'll be a good fit for you, such as asking how many sales they've handled in your target neighborhoods.

2. Skipping out on a virtual tour

Seeing is believing, especially when it comes to buying a home. That's why you shouldn't make an offer on a home based on just those wonderful listing photos that initially caught your eye. Even if you love what you see, don't make the mistake of not taking a virtual tour of the listing — photos can only show you so much.

If the listing has a 3D virtual walkthrough tour, you can easily see every nook and cranny of the home as if you were touring it in person. This is a great tool to use as you're house hunting to help narrow down your top choices. However, to make sure you're not submitting an offer unaware of the creaky floors or the lingering pet odor, it's important to schedule a live video-chat tour with your agent. Even though you can't be there in person, they can. And they'll be able to answer those questions that listing photos alone cannot.

3. Forgetting to ask things that you'd normally see for yourself

When you're house hunting in person, you're able to use all of your senses. You can see the wonderful natural light coming into the living room, you can hear the noisy garage door, and you can smell the pet odors that are still lingering throughout the home. But when you're buying a house without seeing it, you're limited to only what is shown digitally.

Before you virtually tour the home with your agent, write out a list of as many questions or concerns you'd normally be able to see or check out for yourself. Be sure to include some of these questions during the video tour:

- What can you smell in and outside the house? Maybe there's a paper mill nearby.
- What can you hear from the house? There could be a hospital close by or train tracks behind the home.
- Do any appliances or features look outdated? The cabinets might've looked brand new because of a fresh coat of paint, but need to be replaced in the near future.
- What is the internet and cell-phone service like? There could be a few carriers that don't offer good coverage in that neighborhood.
- Is there anything that stands out to you as a concern that wasn't shown in the listing photos or 3D walkthrough?

If you're moving to a home further out from the city and suburbs, consider asking what the wildlife situation is like or if the nearby river has ever caused flooding. Or, if you're moving into a bustling downtown area, ask how the traffic is or what the public transportation options are like.

4. Not researching the neighborhood and surrounding area

Whether it's because they're excited for the house they've found, or they need to relocate as soon as possible, people often forget to look into the neighborhood and its surroundings. For example, the last thing you want is to move your family across Dallas for a great school, and then discover later on that your new house isn't actually in the school district's boundaries; or move into a new-construction home without realizing it's a 5 minute walk from a high-crime area. If you're moving to a neighborhood you're already familiar with then

this isn't a big concern. However, for most people buying a house sight unseen, it's likely that you're not as familiar with the area.

Do your due diligence and use Google Maps to virtually walk through the neighborhood to see what the surrounding homes look like and what's nearby. If your agent is up for it, see if they can take you on a video tour around the block. There could be new construction underway or other potential concerns that you aren't able to see for yourself on Google Maps. Also consider joining online community groups, such as those on Facebook or Nextdoor, to gain local insights into the specific neighborhoods and communities from those actually living there.

5. Not vetting a high-quality home inspector

Whether you're buying a house sight unseen or not, a home inspection is a crucial step in the homebuying process. It's even more important to have this extra set of eyes from a professional when you aren't able to see the home in person. Just as it was important to vet out your real estate agent, the same goes for choosing a home inspector. Don't make the mistake of just hiring the first one you stumble across online. Be sure you do your research to find a reputable, qualified home inspector in the area of your new home.

6. Forgoing additional inspections

You'll want to have a general home inspection to cover your grounds and make sure you're aware of any problems with the home. For most, a general inspection is sufficient. However, depending on the age of the home or if there's outside structures and features, like a pool, there's some additional inspections you shouldn't forgo. For example, if the home was built before 1980 (and in some cases, after that) you should consider having it checked for asbestos. Rather than showing up to your new home with unexpected surprises and issues, take the time to have it thoroughly inspected.

7. Waiving contingencies

If you're thinking of waiving contingencies in hopes to beat out other buyers and score the home, you should think twice about that decision. If it's a seller's market and you want the offer to be competitive and enticing, maybe you can get by with waiving some less risky contingencies like an early move in. However, it can be a huge gamble and mistake to waive higher-risk contingencies, like a home inspection contingency or financing contingency. To protect yourself in an already tricky situation, be wary of waiving certain contingencies.

8. Expecting the process to go according to plan

A common mistake in any homebuying process is expecting it to go exactly as planned. Add in buying a house sight unseen and you'll likely find yourself navigating the process differently. It's important to set a realistic timeline with a buffer in case there are any hiccups along the way. For example, there's a chance that the loan-approval process could take

longer than expected or that the needed repairs to the home you made an offer on are going to take a few weeks longer.

Having a realistic expectation and planning for a few bumps along the way will help you feel at ease in case anything does stray away from the plan. Prepare all of your documents well in advance so you have all the needed information for the loan approval process. Confirm if you're able to have a fully digital closing rather than needing to be there in person, and periodically check in with your agent to see if there's anything needed on your end to keep the process going smoothly.

In April, after Virginia enacted a stay-at-home order due to the spread of the coronavirus, a broker found herself on the other end of a video phone call with a couple in Texas, seeking to relocate back to the Washington, D.C., metro area after a year away. For an hour, this broker walked through the home, narrating her surroundings for her clients as they watched remotely and asked questions. At the end of the virtual tour, the couple decided to make an offer. In a day, they had the home under contract.

"We still practice business, but the way in which we do (things) has changed," the broker says, referring to the shifts the Covid-19 pandemic has prompted in the real estate market

As the virus swept across the U.S., the country went into a de facto lockdown, which weaved a state-by-state patchwork of essential businesses, a classification that excluded some aspects of homebuying and selling, while permitting others. In New York City, for example, in-person home showing and open houses succumbed to a ban but moving was allowed.

As a result, available long before the onset of the pandemic, 3D tours and video walkthroughs quickly became the norm in a coronavirus-stricken housing market.

While sight unseen deals have always existed, mainly among foreign buyers, investors and home shoppers who are moving long-distance, such arrangements might spike in popularity, especially as the coronavirus lingers on with predictions for a second wave of infections.

According to a survey by home repair company Helitech that outlines the effects the coronavirus has wielded on housing, one in three respondents said they would consider purchasing a residence sight unseen.

In light of the pandemic, here is what buyers pursuing sight-unseen deals should know and do:

- Do as much prior research as possible.
- Aside from virtual tours, have video walkthroughs and consult floor plans.
- Know what type of home inspections and appraisals are possible.
- Be flexible with the available methods of signing sale documents

PRIOR RESEARCH

As always, homebuyers should do their research before even venturing out to see houses.

Do as much digging as possible about the inherent makeup of the property. Really do your due diligence. Look at the (comparable sales) to make sure what you're paying is the right number in context of the current climate and what's been achieved beforehand.

BEYOND VIRTUAL TOURS

In the early days of the pandemic, even if in-person home tours were impossible due to local regulations, agents were still able to enter vacant houses. That is what brokers did in order to take videos and images that supplemented the listing photography. The additional visuals helps clients make up their mind about the property. Clients decided they were able to buy the property sight unseen through videos, floor plans and drone stills.

While 3D renderings and pre-recorded walkthroughs may offer a worthwhile introduction to a home, buyers should also request a live video tour that allows them to inquire about certain features as well as to request a brief stroll through the neighborhood. For instance, they may ask to see inside the cabinets that are closed on clips produced for the listing's advertisement.

As their broker, you almost become the buyer for (the homebuyer) because they're not here. You have to really be able to express the property in a very emotional, strong way because they're not here to physically feel the property.

It is also advisable that buyers reference the floor plans while virtually touring a home in order to better grasp the layout and the furnishing options it offers.

In some cases, it's also possible for homebuyers to connect with current homeowners, either in a neighborhood or a building, and seek their insights.

HOME INSPECTIONS AND APPRAISALS

In conventional sight-unseen deals, agents would facilitate home inspections and appraisals on behalf of buyers. In such transactions, home inspections are crucial and often serve as a contingent factor for the execution of the sale.

In some cities, the coronavirus pandemic pushed inspections and appraisals to virtual alternatives that rely on images and available market data. In others, inspections and appraisals have been carried out under specific health protocols. The latter include limits on how many people can be in a home simultaneously and what personal protective gear they must wear.

In Arlington, Virginia, brokers meet with the home inspector outside but do not accompany him indoors, which would be typical in any other time. The appraiser also may enter the house.

In New York City, though, both the inspector and the appraiser work remotely through images. Only an engineer is allowed to show up in person to examine the upper deck.

In early June, the Federal Housing Finance Agency, which oversees the government-backed enterprises Freddie Mac and Fannie Mae, extended its policy to allow lenders to conduct virtual appraisals through at least the end of July.

CLOSING DEALS

Traditionally, buyers purchasing sight unseen would visit the property for a final walkthrough and to close the deal in person. Yet, the pandemic has complicated this approach not only with the remote-work arrangements some title companies have adopted but also with numerous travel restrictions, both local and global.

Fortunately, though, in the U.S. the coronavirus outbreak has accelerated the adoption of remote online notarization, the so-called RON service, which postulated the legally binding nature of electronic signatures. Accepted in roughly 25 states, RON has allowed real estate settlements to go through during the pandemic (signing offers is usually subject to fewer regulations). This doesn't mean that remote settlements are easy, though.

Remember...

Be Prepared. Before you make a bid, get pre-approved for a mortgage so you can act quickly when it's the right time. Know Your Limits. Do Your Research. Don't be Fooled by Photography. Enlist a Professional. Include Contingencies.

