

Most buyers and sellers share similar frustrations in the current housing market. Buyers look long and hard for the right home to buy, exercising caution to make sure they don't make a mistake that could be costly. Sellers wait anxiously for a committed buyer who sees the value in their home and is willing to put pen to paper.

There are exceptions: Relatively hot neighborhoods surrounded by areas of sluggish sales. But, typically, negotiations between buyers and sellers are lengthy and tedious -- neither ending up with exactly what they want, but something they can live with.

The negotiations often don't end when the contract is ratified. Ratification occurs when the initial offer and all counteroffers are signed and accepted by both parties. The buyers' lender can be the source of problems like refusing to lend the amount the buyers need to close the deal, either due to a low appraised value of the property or a problem with the buyers' credit.

A major cause for further negotiations is inspection-related issues. This can encompass a broad range of problems from physical defects with the structure itself, like faulty electrical wiring, to discovering something previously unknown about the neighborhood like the fact that it's zoned for multi-dwelling housing and the house next door is being converted into a 12-unit building.

HOUSE HUNTING TIP: Do as much due diligence investigation as you can about a home you're seriously considering buying before you make an offer. It's time consuming and emotionally draining to make an offer. If you can discover in advance that there is something about the home or neighborhood that you can't live with, you come out ahead.

Some sellers provide a disclosure package about their home that provides presale inspection reports and information about the property. If so, read and understand these before you make an offer. A seller's disclosure package should not be viewed as a substitute for doing inspections once your offer is accepted. You should include an inspection contingency in the contract.

There is a certain amount of subjectivity involved in home inspecting. One inspector might say the roof needs to be replaced; another could think the roof is serviceable and will last another few years with maintenance. One inspector might see a crack in the foundation as a big deal; another could find it typical and not affecting the integrity of the building.

Usually home inspections recommend further inspections for such systems as the furnace, hot water heater and drainage system. Few sellers take the steps to have all recommended further inspection done.

During the buyers' inspections, issues that the buyers thought wouldn't be a big problem can turn out to require expensive fixes. Or new defects are uncovered of which neither buyer nor seller was previously aware. These situations can lead to further negotiation.

Buyers should be aware that a contract may not permit you to simply cancel without penalty if you decide you don't like the house after taking a serious look at it. It depends on the wording of the inspection contingency. Make sure you understand this before you sign the contract. In some cases, the buyers are required to request that sellers make repairs. The seller may have no responsibility to do so.

However, buyers should consider how long they have looked and how difficult it will be to find another house like the one they're trying to buy. Sellers need to realistically assess how difficult it might be to find another buyer if they have to put their home back on the market.

THE CLOSING: It's usually in both parties' interest to try to reach a mutually satisfactory solution, either in the form of a credit to the buyers, the sellers getting work done, or a price reduction.

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