

# It's Almost Scary How Buyers Are Bidding Up Properties Above Listing Price

This week I got a taste of how hot this seller's market is getting. I showed a home which had so much deferred maintenance that even the exterior trim was rotting, yet it attracted four competing offers, two of them over the listing price, which the listing agent himself agreed was not justified by comps. He explained that the bankruptcy trustee handling the sale had observed the overbidding of new listings and wanted to try the higher listing price.

despite its much worse condition. The agent, who specializes in bank-owned properties told me that Fannie Mae is now routinely listing their foreclosures at \$30,000 over the prices recommended by the brokers it hires to give BPO's (broker price opinions). Apparently, appraisers are going along with these greatly increased valuations, but double-digit price increases can, over time, create a housing bubble that will only burst later on. Slower appreciation is much better for a market.

month ago, 39% are under contract — and 137 of those have already closed (mostly for cash), 52 of them at full price, and 26 of them above their listing price.

### Buyers Learn How to Avoid Disclosing Inspection Issues

Effective this year, buyers are required to submit any inspection resolution to their lender, which has the potential of raising red flags with mortgage underwriters. Let's say, for example, that mold was discovered during inspection and the buyer demands mitigation. Seller offers to resolve the issue by providing a monetary concession equal to the cost of mitigation. But mold is a huge red flag for lenders. The solution: Buyer withdraws his inspection objection and the parties sign an amend/extend for a concession equal to the mitigation cost. But might this approach subject the buyer (and agent) to a charge of mortgage fraud?

Like other showing agents, I'm warning buyers that homes are "flying off the shelves," going under contract with multiple offers as soon as they're put on the market. The statistics support that statement. Of those current listings on the market 10 days or less, 23% are already under contract. Of those put on the MLS less than a

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By **JIM SMITH, Realtor®**

## This Week's Featured New Listing

### Sprawling Ranch on 1/2 Acre Has Great Upgrades

Just east of North Table Mountain is a hard-to-find subdivision of high-end homes called Table Mountain Meadows. This 4-bedroom, 4-bath home at 16603 W. 56th Drive epitomizes the custom-built home with all the most popular upgrades. Slab granite, hardwood, stainless steel appliances, stamped concrete, epoxy garage floors, jetted tub, plumbed gas BBQ, 9' and vaulted ceilings, dance floor, fitness center (equipment included!), huge cedar closet, skylights, high-end window coverings, crown moldings, roll-outs and 42" cabinets — the list of upgrades is unending! Open Saturday, 2-5 p.m.



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