

Why Homes Come Back on The Market

November 5, 2018 By Bill Gassett

Most Common Reasons Home Sales Fall Apart

Why do pending home sales fall through? Great question right? When a buyer and seller make an agreement on a home, everyone hopes things will go according to plan. Unfortunately, sometimes life throws a curve ball.

There are some issues that can come up that lead a home under agreement to come back on the market, some more difficult to deal with than others.

Putting a home back on the market is obviously very frustrating to a seller and their respective real estate agent. Nobody wants to go through all the work of trying to complete a real estate transaction only to fall short.

Re-listing a home active again in the Multiple Listing Service comes with negative connotations and lots of questions from buyers and their agents. Some of the reasons houses come back on the market are really out of the seller's control. Other times that is not the case.

Right or wrong, sometimes houses that come back on the market are considered damaged goods.

Whether you are a buyer or a seller, it can be useful to know why home sales may fall through so you can do your part to avoid these situations if at all possible.

Remember, just because a home comes back on the market does not mean it is undesirable. As long as you can verify what the issues were that caused the original agreement to fail, and that those issues have been resolved, such homes can still make a good buy.

1. There is a problem with the home inspection.

A lousy home inspection is the number one reason why a house comes back on the market. A home inspection is going to look at all the major components of a home to identify any problem areas.

Home inspectors can make mistakes from time to time, but generally, they are well-trained and competent—so if they find a serious issue, chances are it is worth worrying about.

Home inspections are the number one reason why houses come back on the market. Below you'll see [why home inspections cause homes to go back on the market](#).

Some of the main problems that home inspectors find include:

- **High radon levels.** [Radon is present in the soil](#) in many parts of the country. Most of the time it is in concentrations too low to be a concern. But sometimes, certain homes are built over higher concentrations of radon, and the house accumulates radon at higher levels than are



safe. High radon levels can typically be remedied with the right methods. It is not all uncommon to have a radon remediation system installed to bring down the levels of radon in the air. Radon can also be found in high concentrations in water as well. Here is [how you remove radon from water in your house](#).



- **Mold found in the home.** The verdict is still out on whether mold causes actual health problems in people, but that does not mean buyers are going to be ok with a lot of mold in a home. Mold also indicates moisture penetration which is undesirable for

many reasons. Mold remediation is an option, but buyers may decide that they would rather buy a different home than purchase one that has a mold problem. Here is [what you need to know about mold when buying or selling a house](#). Just like radon, mold can be remediated from your house fairly quickly. There are professional companies that provide mold remediation services.

- **Lead paint found in the home.** The presence of lead paint can cause a buyer to back out of a deal. Sellers are required to disclose any known information they have on the presence of lead paint. Sellers must follow the [federal lead paint law](#).
- **Failure of a well.** Having a reliable water supply is one of the most important features of a home. All buyers should have wells inspected to ensure they don't wind up with a bad well, which is costly to fix or replace. There can be a number of reasons why the well is bad, but

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the end result is the same. The buyer would rather purchase a home with a working water supply. Here is what homeowners need to know about [selling a home with a well](#). You can expect that an educated buyer is going to want to test the quantity and quality of the water coming from the well.

- **The septic system fails.** Every home needs a working sewer or septic system. Unfortunately, a poorly maintained septic system can fail. An inspection can discover such a failure and cause a buyer to back out of a transaction. The seller will need to make the necessary repairs or replacement before listing the home again. In Massachusetts, the septic inspection is what's referred to as a [Title V](#). Repairing a failed septic system can be quite costly. A buyer will not be able to procure a mortgage without a passing Title V or an [escrow holdback](#) for assurance the work will be completed.

There are of course ways to prevent houses from coming back on the market due to home inspection issues. How so might you be wondering? Easy! [Get a home inspection before going on the market!](#) Knowing the condition of your home before listing for sale makes a lot of sense. It can save a lot of heartburn as well.

You can never be too [prepared for the buyer's home inspection](#). Follow these tips before listing for sale.

2. The buyer does not get his or her mortgage.

Mortgages are not fully guaranteed until the buyer has signed a final agreement with a lender. While buyers can get [pre-approved and pre-qualified for mortgages](#), things can change between these pre-verifications and the time when the money actually needs to exchange hands.

A buyer that makes significant financial changes, like losing a job, changing a position, taking out another loan, etc., may find that the mortgage they thought was a sure thing no longer is available. Buyers often do stupid things that cause them to [lose their mortgage approval](#) before the closing.

Another issue that can cause the mortgage not to be approved is if the home is [appraised at a lower value](#) than the agreed upon sales price. Lenders will not hand out more money than they think is necessary, and in the end, they always rely on the appraisal price to determine what they will loan out to the buyer.



3. Buyer defaults and walks away, forfeiting the deposit.

Buyers remorse is real – it does happen! It may seem strange that someone would seemingly throw away money by defaulting and losing the deposit, but it does happen.

Sometimes buyers determine that they don't want to buy the home at the last minute for a variety of reasons.

Whatever the cause, it leaves the seller in a bad position. Sure, they get the deposit money. But they also have to go to all the trouble of listing and finding another buyer to sell their home.

Escrow deposits are intended to discourage this kind of behavior on the part of buyers, but sometimes the discouragement is not enough. The buyer could determine they are better off forfeiting the deposit than going forward with the transaction.



4. A failed home sale contingency.

Most Realtors will tell you to avoid home sale contingencies if at all possible specifically because they can cause a sale to fall through. There are many types of contingencies that buyers and sellers may attempt to attach to the sale, although some are more popular than others.

For instance, some buyers who are trying to sell their current home will ask for a [home sale contingency](#) that says they will only buy if they succeed in selling their current home first.

If their current home does not sell for any reason—and there are so many reasons why a house might not sell—then all the work the seller did with the buyer is wasted.

The deal falls through, and the seller is left searching for another buyer. Home sale contingencies are very risky for a seller. You are essentially putting faith in your home selling via another party doing what's best to sell their own home. You lose control of the selling process.

The only time a home sale contingency makes any sense is if the property you are selling is a lackluster property. If the buyer's home is far more saleable, then it may make sense.

5. Title defects are discovered on the property that needs an extended period to resolve.

Title defects can be a real pain when it comes to home sales. There are so many ways that these can occur, which is why it is essential to conduct a title search as soon as possible. [Title defects](#) can include things like illegal deeds, errors in public records, unknown easements, forgeries and more.

The main reason to purchase [title insurance](#) is to help you overcome these defects should they arise. Most attorneys will recommend you purchase what's called owners title insurance.

6. A lien is discovered against the property.

A lien is designed to guarantee that a debt is paid before the property owner can sell the property. There are quite a few [types of real estate liens](#) out there, each catering to a different kind of party that might find itself owed money by a property owner.

There are property liens—the liens mortgage companies file on homes to ensure the mortgage is paid—as well as IRS liens, property tax liens, mechanics liens, and others.

For the lien to be removed and the sale to go forward the debt must be paid. Unfortunately, sometimes the owner does not have the financial resources to pay the debt, and the deal falls through.

7. The home turns into a “short sale” and needs to be sold a different way.

Sometimes homeowners discover that they need to sell their home for less than they owe on their mortgage. This kind of sale is known as a [“short sale,”](#) and may require a different type of sales

process than the one typically used for homes.

For example, in a short sale, the lender who holds the loan will require the seller to get what's referred to as short sale approval. In other words, the lender needs to approve the fact they will be receiving less money than they are owed.

The original sales agreement may not work for such a situation, which necessitates that the contract is dissolved, and the owner find other avenues for selling the home. If the owner can't bring the "shortfall" to closing, the short sale approval process needs to take place.

8. Lack of disclosure by the seller or their real estate agent.

Depending on what state you live in [disclosure of pertinent facts may be required when selling a home](#). What are the relevant facts? Something that could influence a buyer's decision to purchase a house. Here are some examples of things that might be required to disclose when selling:

- [Murder or death in a home.](#)
- There are structural issues with a property.
- Known toxic materials in the home.
- Offsite hazards.
- This is a sexual predator nearby.

Both sellers and real estate agents need to understand disclosure laws for their location.

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9. Misrepresentation by the seller or their agent.

There are times when home sales fall apart because of misrepresentation on the part of either the seller or their real estate agent. There are lots of examples of how misrepresentation can take place.

It could be something factual like the condition of the home or where the lot line is located.

Obviously, if a buyer relies on information that isn't fact, that's not a good thing. One of the more common misrepresentations in real estate sales is the numbers of bedrooms in a home.

Quite often the misrepresentation occurs because of the [septic system](#) and [bedroom count](#).

When selling a house, you are only allowed to market the number of bedrooms based on septic capacity. So if your home has been rated as a "three bedroom". You can't market it as a four bedroom regardless of whether four bedrooms exist.

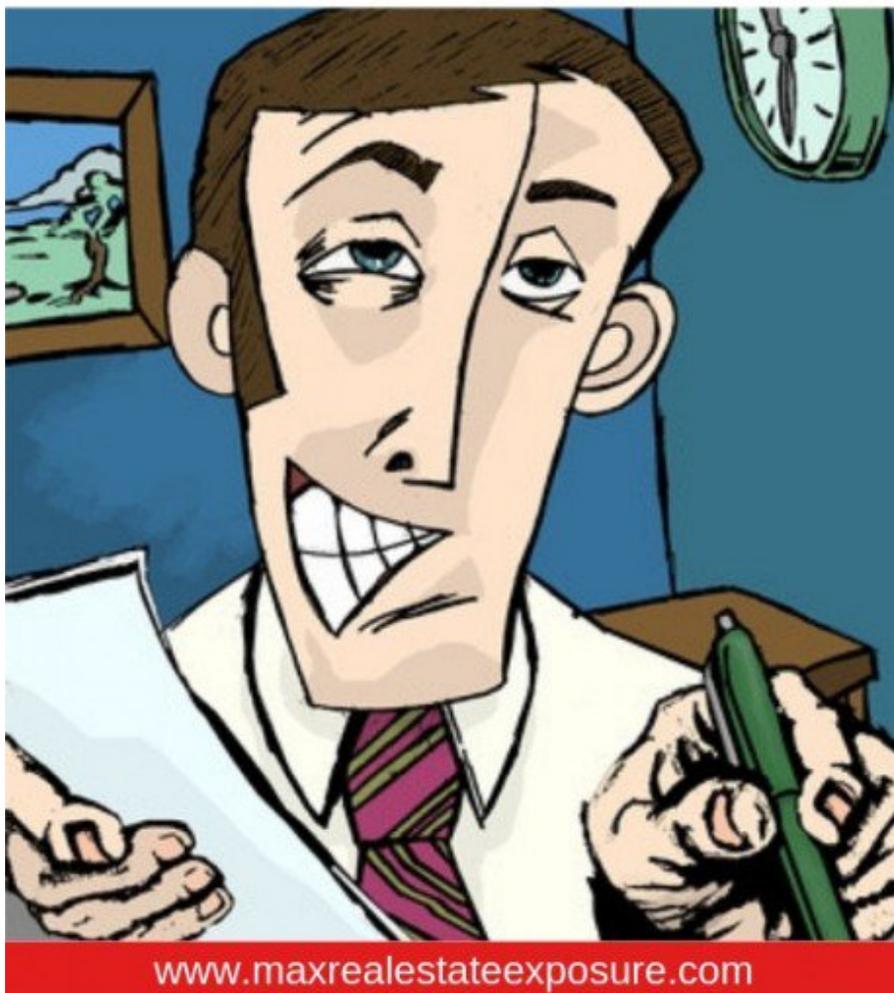
10. An Incompetent Real Estate Agent.

Never discount the fact that a real estate agent can get in the way of a transaction happening. When real estate markets become hot, every Tom, Dick, and Harry thinks it's a great time to jump in and become the next millionaire.

Getting a real estate license, unfortunately, is not as difficult as it should be. Given the fact that buying and selling a home is a substantial financial transaction, it shouldn't be this way.

Real Estate Agent Misrepresentation

CAUSES HOME SALE FAILURE!



Over my years in the business, I have met some outstanding real estate agents. On the other hand, I have met some folks that have no business being agents.

Final Thoughts

Home sales fall apart all the time for various reasons. In some circumstances, the sale could have been kept together with better planning. Hopefully, the above information on why houses come back on the market has been useful.

Other Helpful Home Selling Resources

- [Easy improvements to increase house value](#) via Luke Skar.
- [Accompanied showings can stop your house sale](#) via Kevin Vitali.
- [Overpricing will kill your home sale](#) via Sharon Paxson.
- [Bad real estate advice you'll hear](#) via Karen Highland.
- [Selling with tenants is harder than you think](#) via Michelle Gibson.

Use these additional resources from other top real estate pros to make the best decisions possible when selling your home.

About the Author: The above Real Estate information on **why homes come back on the market** was provided by Bill Gassett, a Nationally recognized leader in his field. Bill can be reached via email at billgassett@remaxexec.com or by phone at 508-625-0191. Bill has helped people move in and out of many Metrowest towns for the last 31+ Years.

Are you thinking of selling your home? I have a passion for Real Estate and love to share my marketing expertise!

I service Real Estate sales in the following Metrowest MA towns: Ashland, Bellingham, Douglas, Framingham, Franklin, Grafton, [Holliston](#), Hopkinton, Hopedale, Medway, Mendon, Milford, Millbury, Millville, Northborough, Northbridge, Shrewsbury, Southborough, Sutton, Wayland, Westborough, Whitinsville, Worcester, Upton and Uxbridge MA.

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About Bill Gassett

Bill Gassett is a nationally recognized Real Estate leader who has been helping people move in and out of the Metrowest Massachusetts area for the past thirty-two plus years. He has been one of the top RE/MAX Realtors in New England for the past decade. In 2018 he was the #1 RE/MAX real estate agent in Massachusetts.