

MAKING AN OFFER

Before you submit an offer, have your agent pull up the most recent sold comparables (CMA) within a reasonable radius of the home, so you can compare the home fairly in terms of location, size, features, and amenities.

Next, ask your agent about market conditions, so you can choose a strategy.

- In a buyer's market, discounts are common because there are fewer buyers, more properties for sale, and home prices are soft or falling.
- In a seller's market, homes sell quickly for full price or higher because there are plenty of buyers and few homes for sale.

Whether you are in a buyer's market or a seller's market, your goal is to buy the home at a fair price. If you were the seller, what is the lowest possible price you'd accept? Low-balling the seller is risky. If the seller feels insulted by your offer, you've lost the opportunity to negotiate. On the other hand, some sellers are simply unrealistic about their home's value. Maybe your offer will be their wake-up call.

If the seller's home is offered at a reasonable price, pay asking price or close to it. A home priced to sell will sell quickly. Is there a way to sweeten your offer with a quick closing or an all-cash sale?

To show the seller you're serious, include a copy of your lender's pre-approval letter, along with a cover letter summarizing your strengths as a buyer in terms of creditworthiness, flexibility in closing, and why you love this home. Include a copy of your comparables to show why you feel your offer is a fair price for the property.

If your offer is conditional, such as your need to sell another home before closing on the seller's, you'll have to find a way to sweeten the deal, such as a full-price offer. Few sellers would accept a discount and a contingency at the same time.

Your real estate professional will help you draft the offer with a price, estimated closing date and terms, including earnest money (a guarantee that you'll perform as a buyer in good faith,) final approval by your lender and your right to have an inspection.

Once your offer is negotiated and accepted, your earnest money will be sent to the escrow agent's office.

Now the inspections occur, and this is where the contract negotiations can break down. During the inspection process, the inspector will tell you about the condition of appliances, heat and cooling systems, roofs, electrical and plumbing systems, etc, and if your future home is up to current city codes.

You should only renegotiate a repair when it wasn't obvious before, or when a system is unsafe or not functioning.

Once the seller has agreed, your offer is now a binding contract, and you'll proceed to closing.