

TREVITT

R E A L T O R S

607-748-5482

You Like a Home, You Make an Offer. Easy, Right?

If you are purchasing a new home or an apartment converted to a condominium, you have it easy. You pay what they ask. Sometimes demonstration units are discounted, or you can choose from upgrades, but, generally, if you like it you pay the price.

If you are purchasing a home from a private owner you have a much more complicated process.

Whether you are buying or selling a home, consider the sale of a home as a transaction beneficial to both parties and not as a horse barter. It is true that an asking price is exactly that — an asking price, but very often buyers and sellers become emotional, feel slighted or even offended if neither party makes responsible and realistic offers. For all purposes, this is a business transaction that requires multiple parties and often outside services and financing. The "other" services require more time than most people think, but the key to moving the entire process along is an agreement, legally binding, between the buyers and sellers of homes.

The Offer Process

The buyer gives an offer to their agent who writes an offer using local, standardized forms. The buyer's agent may meet with the seller's agent, usually with the sellers present, to present the offer. In many cases the buyer's agent will fax a copy of the offer to the listing agent for review, discuss the terms of the offer and then present the offer to the seller. The sellers may accept the offer, counter the offer or reject the offer. Sometimes there are contingencies with the offer, the counter offer or both. A contingency is an offer with a set of specifications or requirements attached. Some of these contingencies include:

- I will purchase your house if and when I sell my current house.
- I will purchase your house if you fix the back stairs to the house.
- I will purchase your house if my mortgage loan is approved.

Sellers can also add contingencies in their counter offers. Also, either party has a time limit set to respond to the offer/counter offer and can withdraw it prior to that time if there is no response. Doesn't this make buying a car seem simple?

From the Seller's Perspective

There are two crucial factors in selling your home. How much you are willing to accept for a home and under what time frame. Price goes a long way in determining how quickly a home will sell. Legally any agent representing a buyer that is interested in a home must present an offer to your selling agent regardless of the amount offered. Take an offer seriously, and don't get offended if it is below the price you are asking. You can always reject an offer.

Unless you accept earnest money with an offer that has contingencies you should add your own contingency that you can continue to market your home in case the contingent offer falls through. Earnest money is a non-refundable deposit of sorts, also known as a "good faith deposit." However, if the contract includes contingencies which are not met and cannot be resolved in a reasonable period of time (ie; buyer cannot secure financing, major structural flaws discovered by inspection, etc) the deposit is usually refunded. You should also set as tight a time limit on a contingency period that a buyer sets. If you are accepting bids during a contingency period and another offer comes in you can accept that other bid if you give the first buyer notice and a time period to respond. For instance if you are waiting in a contingency for the buyer's own house to sell and another offer comes in for your home, you can give 48 hours for them to close on your house, making their contingency on selling their house to buy yours null. The buyer may very well go ahead and close on your house even though they have not sold theirs.

If you have multiple bids you do not have to accept the higher offer. Sometimes some things may be more important. For instance, it is not uncommon for developers to come into established communities to purchase smaller homes, tear them down and build a new larger home. Maybe you would rather a family purchase your home instead of a single person. Legally you can not discriminate against a buyer because of race.

As a seller, use the following guidelines:

- Let your real estate agent do the negotiating.
- Look at all offers seriously.
- Don't get emotional over offers.
- Be open-minded to all buyers of homes.
- If you make a counter offer make the best one possible.
- Don't judge buyers by appearance.

From the Buyer's Perspective

The process begins with a state required disclosure for homebuyers regarding agency relationships at your first substantial meeting with any licensed salesperson. They will explain the different ways a buyer can be represented in a real estate transaction and ask you to sign a disclosure form acknowledging (1) how you want to be represented and (2) receipt of a copy of the disclosure form. This form will also become a part of the offer/contract. Buyer agency means an agent is contracted to work exclusively for the buyer and that agent has legal responsibility to the buyer. Most buyers select buyer agency for obvious reasons. If your state has a sub-agent arrangement (the agent/buyer is responsible to the seller), don't be dismayed. Although this is not ideal, it has worked fine in many states for a long time. The main thing to do is ask the sub-agent to whom they are legally responsible and to not divulge information that the agent would have to reveal to the seller. In other words make a bid but don't talk about how you'll offer \$125,000 but would be willing to pay \$140,000. In some situations, the listing agent may be unable to represent you in any capacity and practice single seller-agency. They represent the seller exclusively. In this situation they cannot represent the buyer due to a prior commitment to the seller. In this case you may obtain a buyer-agent to represent you or, if you are confident with your own negotiation skills, you may represent yourself. There is no requirement that you must have representation, only that your options are explained to you so you can make an informed decision and confirm it in writing.

When you are seeking to make an offer make your most reasonable offer. You aren't haggling over a used car, and it is unlikely that the buyer will make more than one counter offer. When you are seeking your deal make sure you understand all the items included in the sale. If you want the kitchen appliances make sure that is understood. Items that are permanent attachments are included in the sale of a house but if there is some special item, for instance an antique chandelier, make sure it is part of the offer. The last thing either a buyer or seller needs to do is haggle over an old stove. Closings have failed for less.

As a buyer, use the following guidelines.

- Let the Realtor do the negotiating.
- Do not call the seller.
- Don't give a rock bottom bid unless you are aware that the seller is open to them.
- Include everything in the bid that you want, including inspection service, repairs, appliances, etc.
- Don't request personal property, including washer and dryer unless you know they want to leave it.
- Be patient. It can save you money.
- "Take It or Leave It" offers usually don't work. If you have timing concerns, let your agent know prior to submitting your offer.

If the seller is present during viewing don't give your personal opinions about the home. If you love the home, try to hold your excitement until after the showing. If the seller notices your excitement, they may be tougher to negotiate with.

Review all property disclosure forms and available inspections prior to making an offer. Certain sales, such as a foreclosure, may be exempt, may not have these disclosure available.