

5 Steps to a Standout Offer



Coldwell Banker Bain

Want to make an offer a seller won't refuse? Here's how.

Now that you've found the house you want to call you home, it's time to make the offer. Follow these five easy steps to make an offer that will make your American Dream come true.

1

Work with a pro: Hire an attorney or broker

You could go it alone, but making an offer involves enough legalities, liabilities and details that it's really no place for a do-it-yourselfer. Save the hassle and work with your broker to write up an offer; his or her experience with past transactions will give you a definite leg up. Consider hiring a real estate lawyer to review or consult on your offer too, as some standard contracts may contain clauses that aren't beneficial to you.

2

Set your price

To figure out how much to offer, you need to know what's happening in your local market and any intel about the seller that will give your offer a competitive advantage. To learn about the market, your broker will draw up a comparative market analysis, or CMA. This report breaks down your home's specs – bedrooms, bathrooms, square footage, lot size – and compares them with houses of similar characteristics that have recently sold or are currently on the market. For every comp property, the CMA lists the essentials – beds, baths, square feet – as well as:

- List and sales prices for sold houses
- List prices for pending sales
- Number of days on the market (DOM)
- Average sales price
- Price per square foot
- When built (i.e., age of house)
- Featured amenities (A/C, swimming pools, fireplaces)
- Property taxes
- School districts

Be sure to include information on nearby foreclosures and short sales in your analysis, as these properties have become a very real part of the equation in today's housing market. With all of the above information, you and your broker will be able to derive market value for the house you want to buy and set an offer price.

3

Write it up

In some states, only real estate attorneys can write a purchase offer, also known as a purchase agreement. In other states, brokers are allowed to prepare the contract using a state-approved, pre-printed form that spells out:

- Amount of offer, including date and time it expires
- Finance terms (loan details, down payment, etc.)
- Escrow details
- Closing and possession dates
- Contingencies (home inspection, appraisal, sale of current home, etc.)
- Other conditions

Knowing something about the seller may also dictate what you put in your offer. For example, if you know the seller has just bought another house and is now paying two mortgages, your ability to close in 15 days instead of 30 days would seriously sweeten your offer. Or, if your seller is the out-of-state relative of an owner who has passed away, offering to take the home “as-is” or with a quick escrow could be incentive for the seller to accept a lower offer. When writing an offer, knowing what drives the seller could put you in the driver’s seat.

4

Money, money, money.

- **Part 1: Financing.** Sellers love buyers who are preapproved. Why? Because preapproval means a lender has reviewed your income and credit information and agreed, in writing, to lend you a certain amount of money under specific terms and conditions when you make an offer on a house. This approval reassures sellers that a deal won’t fall through at the last minute because a buyer can’t get financing. To sellers, preapproved buyers are nearly akin to cash buyers, which give them great advantage over non-approved buyers. Have your financing in order before you make an offer.
- **Part 2: Down payment.** Your offer will include a deposit, often called “earnest money,” that shows your good faith and serious intent to buy a house. Without earnest money, you could conceivably offer on a number of homes, essentially taking them off the market until you made a decision. Sellers rarely accept offers with earnest money. Expect your deposit to be held in an escrow account and not with the seller.

Assuming your offer is accepted and all goes well, the deposit becomes your down payment and will be subtracted from what you'll owe on the house at closing.

5

Present the offer.

You've made it this far, now all that's left is to submit your offer to the seller – or more likely, the seller's broker. Then you wait. If the seller accepts your offer as written and signs it, hooray! – you're under contract. More likely however, the seller will modify the offer and return to you as a counteroffer, which you can accept, reject or counter-counteroffer. This back and forth will continue until both parties agree or one of you backs out. When accord is reached and you and the seller both have signed, initialed all changes and dated the purchase document, you're under contract. Your offer is now a legally binding agreement, so make sure you understand all of its contents before you sign.

