

Dealing With Contingencies When Making An Offer on a Home

You've been looking at homes and are ready to make an offer. Just as the process begins we receive a call that there is going to be more than one offer on the home.

Do you go for broke on price or is there another way you can make your offer stand out from the others?

We're currently in a sellers market, with more buyers competing for few homes. That type of market creates competitive situations with multiple offers at times.

Here's what sellers want: the best possible price, few contingencies, and a quick timeline.

Here are some things you can do to sweeten your offer.

Sometimes buyers will put a short expiration on an offer hoping to get an offer accepted before others have a chance to make an offer. In a sellers market this doesn't often work. Sellers know they have leverage and aren't too worried about you walking away because they took an extra day to get back to you.

The best way to stand out in the offers pile is to eliminate as many contingencies as you can.

If you need to sell your home before buying, don't count on that contingency being viable in a sellers market. Why would the sellers wait when others are standing in line?

Inspection waivers, appraisal, and financing. These are contingencies designed to lower your risk. I would not advise changing any of these.

Here are some other contingencies that can offer you some leverage:

If the seller has set a date to consider all offers, schedule a pre-inspection before that date. You'll get a full inspection report and can make an offer with no inspection contingency.

If that doesn't work, instead of a traditional inspection where you can negotiate repairs, you can purchase the house "as-is" but with a due diligence inspection. You'll have a certain number of days to complete the

inspection and if you find minor things that would normally be negotiated with the seller, you just go ahead and accept them. But if you discover anything major you can simply cancel the sale. The benefit to the seller is they know you aren't going to nickel and dime them for every little thing or delay the sale for minor repairs.

Financing contingencies are a big hurdle and cash is king. If you can swing that, you'll be ahead of the pack.

If you can't, be prepared to put as big a downpayment as possible. A large down payment lets the seller know you are a strong buyer and less likely to have financial issues come up.

Earnest money is another area where you can show both your financial strength and strong intentions to buy. A large earnest money deposit shows you're serious and will to put forward some cash to prove it.

Negotiating the purchase of a home is a whole different ball game in a sellers market.

This is the type of market where it's especially important to make sure you have a seasoned agent working with you. Deals are made or lost during the negotiations and it's important to have an agent who can get you to the closing.

Please call if you have any questions.

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