

Making an Offer: Tips for a Painless Purchase

By Charles J. Kovalski

Low interest rates and a glut of homes for sale recently have created a very attractive buyer's market; it's an ideal time to buy a home, either as a first-time buyer or as an experienced veteran hoping to trade up.

Keep in mind a couple of basics when you start out looking for your new dream home: Have a written mortgage pre-approval from a lender in the amount you wish to spend, and make sure you have assembled a real-estate team to represent you and your needs. This includes a real estate attorney and perhaps even a buyer's agent who is both familiar with the local residential market and a good negotiator.

Other home-buying basics to remember: Look at as many houses as you can in the neighborhood where you would like to live. Once you find yourself drawn to a particular home, have your agent find the answers to questions that might affect its purchase price: Why is the house on the market? Is there a pending foreclosure sale? Did the owners recently split up, are they being relocated by an employer, or did an owner recently die? Has the home been on the market longer than six months? In some cases, personal circumstances may dictate that a seller take steps to sell their home as quickly as possible.

Once you've decided to make an offer, remember the following tips for negotiating the best price:

- **Be fair.** Don't put in a lowball first offer and make sure that your first offer is not your best. At this point, you should already know how much the owner originally paid for the home, giving you a good idea of how much negotiation room you have. Market conditions and personal circumstances will also be good indicators of the owner's motivation and willingness to negotiate.
- **Keep mum.** Don't reveal how high you are willing to go, not even to your buyer's agent. You can always raise your purchase offer, but you can't lower it. Be prepared for counter-offers, and be aware that whoever made the most recent offer is legally bound to that offer until it's either withdrawn by that party or the other party responds. Get all counter-offers and contingencies to the purchase offer in writing, initialed by both parties. Finally, remember that the larger the gap between the asking price and the offering price, the more time you should allow to reach a mutually satisfactory price.
- **Be an attractive buyer.** If you're not the only buyer bidding on a home, remember that the seller is looking for the best offer in terms of price, terms of the sale (who's paying for closing, repairs, etc.), and contingencies. Too many conditions and the seller may very well turn up their nose and go with a less-demanding buyer.
- **Pick your battles.** Know ahead of time what's really non-negotiable to you, then be willing to compromise on the lesser issues. Remember that the goal is to get your dream house for a fair price, not to send the seller down in flames by getting everything your way.
- **Be willing to walk.** Expert negotiators say that the strongest negotiating position is the ability to walk away from the table. Emotional detachment is a tool that can help you negotiate the best price. Along the

same lines, don't panic that you might lose the house and end up offering more than you can afford. There is always another deal, just around the corner.

- **Listen to your attorney.** Once you've negotiated a price, you (or the buyer's agent, if one is involved) will submit a "contract for purchase and sale" or "purchase and sale agreement"-the blueprint for the entire transaction. The document spells out the terms and conditions of the purchase-from the purchase price all the way down to who pays the utilities until you take possession of the house. Your real estate attorney will take the lead in drafting or reviewing the contract you submit. Your attorney is legally and ethically bound to protect your interests throughout all stages of the real estate transaction, so don't sign anything until your attorney has reviewed it and ensured that all the provisions reflect what's in your best interest. Sometimes having this document reviewed by your attorney can save you hundreds, even thousands, of dollars both now and possibly down the road. Remember that everything is negotiable in a home sale, from the price to the closing date to the appliances in the kitchen-but once the contract is signed, you're legally bound to the terms.

Finally, buying a home is one of the most exciting and stressful times of a person's life. So, remember to take time to learn what you can and know what you don't know - there are qualified, experienced professionals who can guide and protect you.

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