

Five Ways to Save Big \$ When You Write a Purchase Agreement

Written By: Harry Gribnitz

When you have finally found the perfect new home you are excited and ready to write an offer. You have given much thought to the price you want to offer. You don't want to offer too much so that you over pay for your new home. But you don't want to offer too little so that your offer is rejected and you loose your dream home. You have worked with your Buyer's Agent and have decided on the Sales Price you want to offer.

Often I see buyer's become so focused on the Sales Price that they and sometimes even inexperienced Realtors don't pay enough attention to the details of the offer. The following five tips can save you big \$ when you prepare your offer.

1. Title Insurance. The owner's policy of Title Insurance protects the new owner from defects in the Title of the property. Normally, the owner's policy is provided and paid for by the seller. But if your purchase agreement doesn't require the seller to provide the owner's policy, you can spend hundreds of dollars for Title Insurance protection.

2. Home Inspections. An inspection by a qualified home inspector costs only about \$300 and is highly recommended for all home purchases. The inspection provides protection for one of the largest financial decisions, your new home, that you will ever make. The right to make inspections should always be included in the purchase agreement. But it can also sometimes help to get the seller to make identified repairs. Often the cost of these repairs is more than the cost of the inspection!

3. Survey. A survey is a drawing or sketch of your property including boundaries, easements and structures. Sellers normally have, or think they have, an existing survey for the property. They are often willing to provide a copy to a new buyer. When you request a survey from the seller, you should indicate that you will accept an existing survey, "if it is acceptable to the lender". If after you, your Buyer's agent, the Title Company and the lender have reviewed the survey, it is not acceptable, the seller will need to pay for the new survey. Savings can be \$150 to \$500. Often an "old" survey shows the property lines but does not show the location of the house or newer improvements such as a garage, swimming pool or pole barn.

4. Rent. Often the seller keeps possession of the property for up to 30 days after the sale is closed. It is not unreasonable for the seller to be asked to pay "rent" for the days that they retain possession. You can only collect rent from the seller if it is specified in the purchase agreement.

5. Real Estate Taxes. Real Estate Taxes need to be paid on every property. The purchase agreement should specify how the Taxes will be divided or "prorated" between the seller and buyer. In Michigan most counties have two yearly tax bills, Summer (July) and Winter (December).

Five Ways to Save Big \$ When You Write a Purchase Agreement

Written By: Harry Gribnitz

The two bills are normally not equal in amount. Several "fair" methods are available to proportion the taxes. An example is a home with a \$2000 Summer Tax Bill and a \$400 Winter Tax Bill. You are scheduled to close your purchase in late July. Calendar Year Tax Proration, a common method, would require the Seller to pay about \$1400 and the Buyer about \$1000. Another commonly used method requires the Seller to pay \$2000 and you as the new buyer only \$400!!!! See your Home Loan Specialist for help in deciding which method is best for your particular situation.

The five items mentioned above can help you save hundreds or even thousands of dollars in the purchase of your new. Be sure to consult with your Buyer's Agent and Home Loan Specialists to take maximum advantage of the savings!!!!