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## **What You Should Know About Making an Offer**

Written By: **Ron Tiller**

*Once you're pre-approved for a loan and you've survived the rigors of house hunting, the time will come when you find a house that you'd like to call home. But first, you'll need to make an offer.*

*The offer is the first step in the negotiation process. A good basic offer includes the price you're willing to pay for the house, your financing terms, and contingencies, such as specifying what will happen if negative findings come up during the inspection.*

*Purchase contracts vary from state to state. Regardless of where you live, if you're making an offer, you want it to be carefully worded and well thought out.*

*In the book "Home Buying for Dummies (Hungry Minds Inc., 2001)," authors Eric Tyson and Ray Brown say there are three key elements to a good offer.*

*Begin, they say, with a realistic offering price. Your agent will help you with this, but basically you want to come up with a price based on similar houses sold in the neighborhood in the past six months. You'll also want to keep the local conditions in mind. In other words, if houses are selling quickly and many houses are receiving multiple offers, you'll need to bid competitively.*

*That would be the case in some regions of the country, including Southwest Michigan.*

*In past years, selling a home in this area was about as easy as putting a for sale sign in your front yard and waiting for buyers to come in droves, The economy was hot, high paying jobs were plentiful and, as a result, homeowners got top dollar and plenty of offers. Not any more. Like the jobs that fuel home buying, the days of easy sales are gone.*

*The second element to include in your offer is realistic financing terms. You really should be pre-approved for a loan, and be sure to include that in the offer so the seller knows you're serious. It will also give you an edge over any other offers that don't have a pre-approved loan.*

*And finally, include a property inspection clause. What if it's determined the roof needs to be replaced, or the heating and cooling system is faulty and it will take \$3,000 to fix it?*

*"It's smart to use property inspection clauses that enable you to reopen negotiations regarding any necessary corrective work after you've received the inspection reports*

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*Meanwhile, Freddie Mac says there are additional items that should be covered in the offer:*

- Any concessions you'd like the seller to make, like paying part of the closing costs or providing an allowance to get worn carpet replaced.*
- Financing contingencies. If you're in a hot seller's market, your loan should already be approved. But if it's not, you may choose to make the offer contingent on approval of a mortgage with a specific rate and terms.*
- Conveyances. This includes what is included in the sale. For instance, a refrigerator.*
- The amount of your deposit.*

*Also, most offers include a deadline for a response, perhaps three days.*

*Finally, put everything in writing. Don't rely on verbal agreements. If the seller tells you he'll provide a carpet allowance for the shabby avocado-colored carpet but it isn't specified in the offer, then you may not get the money - and be stuck with green carpet.*

*Meg and I hope you have a safe and enjoyable week-end.*

*Ron Tiller - ABR-CRS  
Manager-Westdale Metro  
Direct Line 616 249-1640 ext 119  
Fax 616 825-5903  
747 44th ST SW, Grand Rapids, MI 49509  
Ron@RonTiller.com  
<http://www.RonTiller.com> for tours and home searches*