



## What To Consider When Reviewing A Home Purchase Offer

A home purchase agreement is a complicated legal document. It will include all of the terms and conditions of the sale, most of which are negotiable. Some sellers focus on the price the buyer offers, minimizing the other terms and conditions. This approach can lead to trouble.

It's natural to want to sell for the highest price possible. But, the highest priced offer is not always the best offer. Recently a seller decided to accept the higher of two offers. Two days after acceptance, the buyers backed out. Their inspection contingency allowed them the right to back out for any reason. So, the seller had no recourse but to refund the buyer's deposit money and put his house back on the market.

Evaluate every one of the terms and conditions of the purchase offer before making a decision. Since virtually every term is negotiable, consider your options. You can accept some terms and counter others in order to fine-tune the contract to meet your needs.

Some sellers find it helpful to list the price, terms and conditions of an offer on a sheet of paper. Next to each item on the list, make a note as to whether the term or condition is acceptable or unacceptable.

The terms would include such things as the closing date, when possession will be delivered to the buyer, the specifics of how the buyer will finance the purchase, how closing costs are to be shared, what's included and excluded from the sale and the buyer's various contingencies.

Common buyer contingencies are for inspections of the property, financing, property appraisal and review of the property title record. Usually, buyers can withdraw from a purchase without penalty if they made a good faith effort to satisfy contingencies but were not successful. So you'll want to pay attention to the contingency deadlines. From the seller's standpoint, the shorter the contingency time period, the better. Still, these time periods should not be unreasonably short.

After reviewing an offer, you might feel the price is low, the closing date is too long and you need more time after closing to move out. In addition, you don't want to include the washer and dryer. If the offer is acceptable in all other respects, you might counter with a higher price, shorter closing, and more time to vacate. As an incentive for the buyer to accept your counter, you might agree to include the washer and dryer. A successful negotiation often involves give and take.

**HOME SELLER TIPS:** No-contingency offers are appealing. But, they can be risky, particularly if the buyer hasn't had a chance to adequately inspect the property before making an offer. You may be wise to counter a contingency-free offer with a short contingency for the buyer to inspect the property. It's far better to have any unknown defects discovered before closing than it is to be drawn into a legal dispute after closing. It's never a good idea to counter a buyer's inspection contingency out of the offer.

There's a definite advantage to a shorter rather than a longer closing. The longer the closing, the higher the likelihood that something might go wrong. For example, occasionally, a buyer who was fully

approved for a mortgage subsequently loses his job and can't close the sale. If you need more time to move, ask the buyer to rent the property back to you for a while after closing.

**THE CLOSING:** Make sure that your contract includes a provision for the buyers to show evidence of their pre-approval and verification of the funds needed to close if they haven't already done so.

Author: Dian Hymer for Inman News *Dian Hymer is author of "House Hunting, The Take-Along Workbook for Home Buyers" and "Starting Out, The Complete Home Buyer's Guide," Chronicle Books.*