

Presentation of the Offer

Making an offer and negotiating an agreement on a home in the Washington, D.C. metropolitan area has developed over many years into a well-defined and orderly ritual. The main object has been to develop a process, including the forms and the procedures, to resolve and record pertinent details and to avoid problems, while treating all parties fairly. Part of the process is rooted in law, part in custom. Your agent has advised you what is customary, and you should conform unless it is impossible.

Your agent will be your communications link and will provide a buffer between you and the buyer. While your agent is your representative, it is also helpful to recall the broad definition of the word broker: One who brings the principal parties in a transaction together conceptually so that they can forge a mutually satisfactory agreement. Never forget that it is **your** responsibility to define and communicate clearly what terms and conditions are satisfactory. No one else can handle this role.

Offers to purchase real estate should always be written. Standard contract forms are used in almost all local resale home transactions. Insist on their use by your buyer and resist changes in the wording by anyone. If someone maintains that wording changes are needed or if you have unresolved questions, consult a local attorney whose main business is real estate.

Invariably, your response to a verbal offer will be: Put it in writing and it will be considered. Those who make verbal offers have so little interest in your home that they are unwilling to invest an hour in the paperwork.

Presentation of the offer usually will occur via email. Your agent will address what the offer is worth to you after the expenses of the sale and any mortgages are paid. In other words, your agent will define your bottom line or net proceeds from the sale.

Consider the offer carefully, asking any questions that you have. Main items of concern are:

- ◆ Are the price and terms acceptable?

- ◆ Where is the money for the buyer's down payment coming from? Is it readily available? Is a "gift letter" required?
- ◆ Can the buyer afford the proposed monthly mortgage payment?
- ◆ What are the potential problems between signing of the contract and closing?
- ◆ Is the contract contingent upon the sale of the buyer's current home? That is, does the buyer need the equity from an unsold home in order to have sufficient funds to buy your home?

Many of your financial questions will be answered if the buyer has already been *approved* for a mortgage loan and presents a lender-letter to that effect. Otherwise, be sure to request a pre-qualification letter from a mortgage lender indicating the buyer's financial ability to purchase your home. The letter should make reference to a recent credit report and acknowledge any currently-owned real estate. Better still, has the buyer survived desk-top-underwriting?

In most cases you should be hesitant to accept a "contingent contract," an offer that is contingent upon sale of the buyer's home that is not yet under contract. In a buyers' market it is likely that a customary 45 or 60-day contingency period will expire before your buyer's home is sold, especially if homes are selling slowly. Your home will be **95% off the market** during this time because its MLS status is changed such that showings will drop off precipitously. Remember that the great majority of potential buyers come as a result of the MLS.

The "kick-out clause" in a contingent contract, which allows you to sell to another buyer, will be of little consolation if there are no other offers. If you do consider a contingent contract, your listing agent should verify independently that your buyer's home is priced to sell quickly. This might require a personal visit. In any event, most sellers require the price on a contingent contract to be higher than they might accept otherwise. So why break with tradition? In a sellers' market, an ample number of unencumbered buyers obviates any need to even consider contingent contracts.

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