



# SELLERS: OFFERS , CONTRACTS & CLOSING 2021

**REALTY**  
SOLUTIONS GROUP

## WHEN DOES AN OFFER BECOME A CONTRACT?

- This is often confusing. The first step is that the buyer signs a legally binding offer that is presented to the seller.
- The seller generally has 48 hours to counter-offer, refuse, or accept the offer.
- If the seller signs the offer, it becomes a contract for purchase and sale.
- Remember that in Florida all contracts count calendar NOT business days, unless otherwise stated.
- The Effective Date is the date when all parties to the contract have signed the Contract & Addenda and a signed copy has been delivered (electronically) to all parties.
- Date/Time is calculated through midnight, not close of business, which keeps many of us up very late negotiating contracts.



*Just for the record, Mia is not an attorney, and nothing stated here should be construed as legal advice but rather as providing educational information.*



## NEGOTIATING OFFERS

- We must present an offer to you regardless of the amount offered. Please, take an offer seriously, and don't get offended if it is below the price you are asking.
- Keep in mind that an asking price is exactly that - an asking price, but very often buyers and sellers become emotional, feel slighted or even offended if neither party makes responsible and realistic offers.
- You can always negotiate or reject an offer. If you have multiple offers you do not have to accept the highest offer. Some terms, such as a cash offer and quick closing may be more important than the sale price.
- Look at all offers closely. Remember that 90% of the time, your first offer, will be your best offer.

## WHY GET A BACK UP CONTRACT? WHAT DOES PENDING MEAN?

- So now you have a Contract that most likely includes contingencies such as inspections, financing, appraisal, sale of other property etc. In today's market it is less common to find a cash deal with no appraisal and no inspections. If the buyer is financing, there is no way around at least a 30 day contingency period and the norm is 45 days or more for a 60 day closing.
- It is our policy to show the property for a "back-up" contract that would become effective if the first deal was to fall through within the contingency period.
- Pending, simply means that it is under contract and closing has not yet occurred. During this time, the property will be listed AC (Active with Contract) or (PS) Pending in the MLS depending on the strength of the offer.



## COMMON CONTINGENCIES...FINANCING & INSPECTIONS

Once we have a Contract (@60 days normal closing)...

- The buyer will schedule an inspection, usually within 7-10 days. If something is found during the inspection, for any reason whatsoever, the Buyer can cancel the contract.
- The Lender (if applicable), will have an appraisal done (usually within 21 days), and if the property does not appraise at the sales price, the Buyer can cancel the contract as they do not have "loan approval/loan commitment." The Contract normally allows 30 days for the loan commitment.
- In Dade/Broward, the Buyer selects and pays for the closing agent and/or their attorney.
- The Seller either hires their own attorney or uses that same title company/closing agent.
- The fee varies depending on a myriad of factors. Attorney's charge \$1,000 and up to review the Contract and to protect your interest in the transaction.

## ESCROW=DEPOSITS=EARNEST MONEY

- With a signed offer, the buyer(s) will provide a good faith deposit also known as escrow or earnest money. In Florida, we most often use the term escrow. This money is placed with a designated attorney or title company within 3 days of the offer being accepted. This first deposit is usually \$5K-\$20K depending on the purchase price.
- Normally a second deposit is made by the Buyer after the inspection period is complete. This deposit is often more substantive than the first.
- The Buyers attorney/closing agent will hold the funds in their trust account until closing unless the contract is cancelled, and deposits are returned by agreement of all parties.
- Your attorney/closing agent will manage the paperwork process with us. The closing agent will set the date and time of the closing in accordance with the As-Is Contract for Sale and Purchase.



## TYPICAL SELLER CLOSING COSTS

- Pro-rated Property Taxes from Jan 1-through day of closing (paid in arrears)
- City/Municipal/Ad Valorem Taxes
- Abstract, City Lien, Tax Search
- Payoff Existing Mortgage\_\_\_\_\_
- Process and Record Satisfaction of Mortgage\_\_\_\_\_
- Doc Stamps .70/\$100 of sale price
- Closing Attorney \$950-\$1,250
- Commissions \_\_\_%
- Brokerage Transaction Fee \$395
- Lien Search \$225
- Termite Bond/Warranty\_\_\_\_\_
- COA Estoppel Fee \$325-\$375
- Pro-rated COA maintenance and any past due fees
- Courier/Wiring Fees\_\_\_\_\_

## HOME INSPECTIONS (BUYER COST)

- Normally the buyer has 7-15 days to conduct inspections from the effective date of the contract.
- The Inspection for a home can take several hours but a normal 3 bedroom/3 bath home is about 3 hours.
- A condo usually takes around 1 ½-2 hours.
- A team member is always present at inspections—if any major unanticipated issues arise Mia will do her best to be present. Often the buyer and the buyers’ agent are also present.
- The home inspector will check the A/C system, electrical, hot water heater, appliances, bathrooms, roof, walls (structural), exterior and so forth.
- The inspector will note any deficiencies, necessary and recommended repairs, along with an estimate for the repairs which is often more than double the actual cost to remedy.
- Common Issues:
  - Electrical: cloth wiring, open junction boxes, amperage mismatches, no wire nuts on wires, outdated electrical panel, lack of or broken GFCI outlets.
  - Roof: evidence of leaks, worn or missing shingles, broken or missing flashings, ponding on flat roofs.
  - Foundation flaws: cracks in foundation, sloping floors, sticking doors or windows.
  - Maintenance: needs repainting, worn carpeting, old worn flooring, cracked driveway.
  - Faulty plumbing—inadequate water pressure, slow drains, signs of leaks on ceilings, rusting water heater.



•Have copies of repair invoices/work orders on hand to show the home inspector. For example, if you had a roof leak make sure that you have the repair invoice from the roofing contractor so that the inspector can verify the work was done.

•The Buyers may request a “credit” at closing to cover the cost of the repairs or ask that the repairs be made prior to closing. All of this is negotiable. Just remember that if an agreement is not reached during the inspection period the buyer can cancel the contract and have their deposit returned.

## WHEN CAN YOU START PACKING?

- While we have not had many deals go south in the past couple years, it happens most often when emotions take over.
- Part of our job is to make sure that we do everything we can to ensure that the contract goes to closing. When trouble arises, Mia will handle it.
- Given that, we still do not recommend that you pack, sign a lease, hire a mover, or contract for another property (without it being contingent on the sale of this property) until all of the contingencies have cleared, the buyer has made their 2<sup>nd</sup> deposit and obtained their loan commitment.



- If you have a mortgage the attorney will contact your lender for a payoff amount good through the closing date.
- If your property is a condominium then the attorney or closing agent will request an estoppel (cost to seller @\$350) to make sure that the maintenance, assessments and any/all fees will be paid through closing so that the buyer has a zero balance with the Condo association as of the closing date.

## 7 DAYS PRIOR TO CLOSING –UTILITIES

- At least 7 days before closing, call the utility companies to tell them that you are moving. The shut-off or transfer date should be the date of closing EXCEPT for the alarm system which should be turned off the day before closing.
- Besides FPL (electricity), if your property is a single family home you'll need to arrange to disconnect the water account and take it out of your name.
- If you're moving to a new home, transfer the utilities to your new home instead of canceling them.



## WEEK BEFORE CLOSING

- Remember to file your change of address with the department of motor vehicles and your auto insurance carrier.
- File your new address with your employer or make the correction at your office.
- Notify your banks, social security administration, doctor/ dentist and the IRS of your new address.
- Don't forget to fill out a USPS change of address form!



## 72 HOUR COUNTDOWN TO CLOSING.....

- Please make sure that you have arranged to be completely out of the property 72 hours before closing so that we can have the home cleaned for the walk through with the buyers.
- I will arrange to meet you to collect keys to the property, garage door openers, fob's etc.
- Within 24-48 hours of Closing, the buyers or buyers' agent may schedule a walk-through of the property to ensure that it is in the same condition as when the Contract was executed, with the exception of normal wear and tear.

## DAY OF CLOSING (OR DAY BEFORE)

- 99% of the time, Mia along with another team member will come to you at your convenience to officiate your seller docs. We know that your time is precious, moving is stressful and we are here to make your life easier.
- The "keys" will not be released, under any circumstances, until all closing documents have been signed by all parties and funds have been received into your attorney/title company account.







### **Vision:**

Change the customer experience by doing our job professionally, respectfully and authentically, with no excuses.

### **How we will do this:**

Tell the truth no matter what, and that often includes telling the customer not to buy or sell & instead to hold.

Educate our customer with facts and data; leveraging our combined 100+ years of experience as owners/investors/developers/landlords/lenders in commercial and residential real estate.

Deliver on our promise to provide a full-service transaction.

Ban the lockbox & be present at all showings

Provide all the necessary resources & facilitate the sale through closing and beyond.

Be available nights, weekends & holidays.

Ensure consistent and open communication and feedback.

### **Guarantee:**

If a client is not happy, they can cancel a listing agreement at any time for any reason.

Period. No penalties. Ever.