

Making an Offer in Today's Market.

Here are a few thoughts that may help areas that may be problematic in presenting an offer. Discuss the specifics with your Realtor.

1. Cash, no inspections, no appraisal, close quick.

Most of us cannot do that so;

2. Move quick - home likely to be shown for a couple days then offers due. May all happen within 2-3 days. Have a preapproval or proof of funds letter in hand before you make the offer

3. Make your first offer your best and highest and be very aggressive with price. Seller likely to not respond with counter. You likely will get just one chance. Let the appraisal adjust down if possible. Little or no room for negotiations

Whether cash or financed, present your best and highest offer, at the beginning.

4. Use a local lender, not an online out of state lender with teaser rates that may not understand Maine timing issues. Some lenders often use remote underwriting which is vital to the whole process working.

A local lender with inhouse under writing is vitally important. Underwriting will make or break the deal. Also, you need a lender on your team that understands an appraisal in Maine could take 3-5 weeks and the timing that's involved.

5. No contingencies or at least limit them as much as possible.

Inspections - have someone look over in advance of offer or perhaps the seller offers a pre-inspection report. We never advise a buyer to waive an inspection but we encourage Buyer(s) to seek information from professionals regarding any specific issues or concerns with regard to the condition of the property. Home for sale - selling a home contingency is almost always a definite negative and will result most often in the offer not being accepted. If you have a home to sell first, perhaps sell your home first and do a *rent back* but do not make the offer contingent upon selling your home first if you can make it work. Appraisal - are you willing to "*fill in the gap*" between the offer amount and appraisal should it come in lower than the offer amount? Example might be that your accepted offer was \$300,000 but the appraisal comes back at \$293,000. You would pay out of pocket pay the *shortage* of \$7,000. Or perhaps your offer would agree to pay an additional amount above appraisal

amount, up to the offer amount. Using the same example of \$300,000 and an appraisal of \$293,000 and your offer agrees to pay \$5,000 above appraisal if there's a shortage, which then means you would pay \$298,000.

6. **Do not ask seller for money back to pay for part or all of your closing costs**. You the buyer, will ultimately pay for it in your mortgage. The sellers have just given you back part of your own money you borrowed as a mortgage to use towards your closing. See if you have retirement funds such as a 401K and borrow it or borrow from a relative etc. Whether you ask for money from the seller or borrow it and pay yourself back, it's all the same. Asking the sellers for money back will lower their net and likely result in your offer not being accepted. Example: house appraises for 300,000 but you ask for \$5,000 back for closing. The seller before their closing costs and broker commission nets \$295,000. You then pay for it in your mortgage by borrowing \$300,000 for your mortgage. Both the seller and the buyer are negatively affected by money back for closing.

7. **Make the offer as clean** as possible.

Summary

- 1. Move quick**
- 2. Preapproval letter in hand of proof of funds**
- 3. Local lender with inhouse under writing**
- 4. Local lender with inhouse under writing**
- 5. No contingencies Pre-inspect No home for sale.**
- 6. No closing costs**
- 7. Make offer as clean as possible – make an offer the seller can't refuse.**