



Making an Offer

Be an Informed Buyer, protect yourself

The art of writing a good offer involves many elements. You don't want to pay more than is necessary, nor do you want to present the seller with an unrealistically low offer. To determine a good offer, consider the following:

Consistency – How does the house compare in price to the other houses for sale in the area?

Comparable Sales – Comparing recent sales is one of the best ways to determine market value. You can find out about comparable sales from your real estate broker or local town hall/courthouse. When looking at comparable sales, make sure you consider only similar properties and the most recent transactions. Also try to determine if any special circumstances affected the selling price.

Time on Market – A seller might be eager to sell, and therefore be willing to negotiate on your terms if the house has been on the market for a long time.

Mortgage Pre-qualification – You have a good negotiating tool if you've been pre-qualified for a mortgage. A seller might be willing to meet your terms if he or she knows that you have a high probability of obtaining the necessary financing.

Condition – Consider the cost of what you'll want to do to the house to suit your needs and tastes.

New Home – Is the building cost per square foot reasonable? When figuring this, you can determine the local costs per square foot by consulting other builders in the area. Remember, the price of the lot (location) will also contribute to the final selling price.

How to Make the Offer

You've found a suitable house and have determined how much you want

to offer the seller. Before you make the offer, be very sure that you want the house. You will be required to pay an earnest money deposit and in certain circumstances, that deposit may not be refundable.

At this point, you should review local real estate practices with your broker. Be specific – leave no doubt as to the terms and conditions of the offer. Make sure you include:

1. The amount of the offer
2. The proposed closing date
3. Contingencies that must be met, such as getting a satisfactory home inspection or receiving a mortgage commitment within a specified time frame.
4. Items to be included in the sale. Only those items physically attached to or built into the house are considered part of the property (such as wall-to-wall carpeting or light fixtures). When in doubt, specify all extras in writing. (Check local customs regarding whether certain kitchen appliances remain, since it varies in different parts of the country.)

Earnest Money Deposit – When you submit your offer, you will be required to make an earnest money or "good faith" deposit to show the seller that you are serious about buying the property. A typical amount is one percent of the offer price. In some parts of the country, you have to increase the deposit to five or 10 percent of the sale price once the seller accepts your offer. Be sure you really want the house, because your deposit may not be refundable if you withdraw your offer.

Broker's Responsibility – It's your broker's responsibility to negotiate the terms of the sale for you. He/she should:

1. Present your offer to the seller and conduct the negotiations.
2. Remain unemotional throughout the negotiating process.
3. Follow your instructions and remain in close contact with you.



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