

# Doron F. Eghbali Residential Real Estate

## How to Handle Multiple Offers on a Home Purchase

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Housing market is still bleeding and suffering. Nonetheless, there are myriad opportunities to take advantage of relatively depressing real estate prices and wait for the market to slowly yet steadily and appreciably improve. Thus, it behooves investors and others alike to know how to handle bargain real estate properties with multiple offers. Let us review some of the basics that could help us make prudent decisions.

### **SOME GUIDELINES**

#### **1. Know Your Price Limit**

This is very important to know how much you are intelligently prepared to pay for the property. Given different offers for the property, you should not overspend and later regret over what you did. In fact, you should carefully and prudently assess why you like the property and why a particular purchase price makes sense to you. You should know what price you can afford and you should not go beyond it under any reasonable circumstances.

#### **2. Know Your Lender's Limits**

Your lender is key in every negotiation. If you up the ante and increase the price, ensure your lender is on board. Know that with every price increase, commensurately, monthly payments, down payments, closing costs and taxes will increase. Thus, sincerely ask yourselves if you can afford it and whether your lender will approve you for such increase.

#### **3. Know Your Contract's Contingencies**

Most home purchase contracts contain contingencies for inspections, appraisals and financing the loan. Such appraisals allow the buyer to get out of the contract, if a certain problem occurs - for instance, with inspection. In CA, most contingencies have a 17-day default period. This could be important to let the seller know you would shorten the 17 days to 10 days or so. The seller would appreciate this and consider you less risk compared to others.

#### **4. Know Your Seller's Likes In the Property**

Most sellers like something in the property. They might have spent years maintaining and beautifying their garden or the facade of the building. You should point out to the seller you appreciate such features and will work hard to preserve and maintain such tradition. The seller might get to like you more knowing the property will be in better hands.

## **5. Know Your Lender Calls the Seller**

If the seller receives a call from your lender vouching for your financial preparedness and capability, the seller will feel better about you. In fact, the seller might think you have everything prepared and the transaction with you will move forward more smoothly with lender on board than other potential buyers.

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