When you find the house that you like, how do you make an offer? Deciding how much to offer will depend on several factors:

**Market value of the house.** How does the asking price compare with the market price of the house, based on recent sales of comparable houses in the area? To find out, review prices of comparable homes that are currently on the market.

**Condition of the house.** Before making an offer, you should be aware of any major problem areas in the house. You should have inspected the house, as well as questioned the seller and the owner about the structural soundness and condition. Seller and real estate agents can be held liable if they fail to tell the buyer of any defects they know of in the house.

**Circumstances regarding the sale.** The more information you know about the seller and the reason for selling the house, the better position you will have in negotiating the purchase.

**The prices you can afford dictate your offer.** Before making an offer on a house, you should need to know how much house you can afford, which can be estimated using one of the charts indicating how much house you can afford based on income and interest rate. This requires knowing the annual cost of utilities, taxes, homeowners insurance, any special assessment on the house, as well as the current fixed-rate 30 year mortgages.

**Financing terms.** Remember that there are two aspects of an offer--the price and the financing terms. The terms may actually be more important to you than the price. For example, if the seller is willing to offer attractive financing terms, including paying for title costs, a home inspection, and other settlement costs, you may not want to quibble over a small increase in the price.

**NEGOTIATING THE PRICE**

**Making your first offer...**

- Your first offer should be well below your limit. (If there is a broker involved, he or she should tell you if your offer is way out of line).
The seller should respond within a short period of time (two or three days). This prevents the seller from keeping you in suspense while waiting for a better offer.

If the seller rejects your offer, he may make a “counter-offer” -- that is, indicate a price (less than the asking price) he would accept.

Based on this new price range (between what you offer and what the seller will accept), refigure your housing costs. Can you still afford the house?

Making your final offer....

Be sure you don’t go beyond your limits. (If you do, you may run into trouble later on).

If the seller still refuses, BE PATIENT. He may come down in price later on. Most agreements are reached after several rounds of offers and counter-offers. And there are other houses you will like and can afford.

If the seller accepts your price, GET IT INTO WRITING AS SOON AS POSSIBLE.

ITEMS TO INCLUDE IN THE SALES CONTRACT

Non-fixture items. List the items you want to be included in the house’s sale. These non-fixtures may include window coverings, appliances, fixtures, lawn equipment, and workbenches. Items that are physically and permanently attached are usually automatically included in the house’s sale except when the seller specifically indicates these exclusions in the sales contract. It is best to specify any items you want in the sales contract to make sure there is no misunderstanding.

Closing dates. Your offer to purchase should also include your proposed closing date. On this date, you will meet with the seller and formally purchase and pay for the house.

ADDITIONAL NEGOTIATING TIPS

Watch what you say within earshot of either a real estate agent or a seller. Everything you say can, and will, be used in the bargaining process. For example, if you submit a contract with a figure lower than the asking price, don’t let the seller’s real estate agent know that you are willing to pay more. Never confide your negotiating strategy. A real estate agent is legally bound to the seller. The alternative is to use a buyer’s agent who will represent you, the buyer.

Don’t respond to any suggestions on counter-offers unless they are presented in writing. For example, if a seller or his agent tells you that your offer is too low, insist on a written counter proposal indicating the price (or other changes) that would make your offer acceptable. Don’t feel pressured into raising your price on the spot.

If the seller agrees to make repairs (based on negotiations following a home inspection report), insist that they be done by contractors that you and the buyer select and under your supervision. Otherwise, the work could be poorly done with incompetent labor and/or inferior materials.

Never submit a contract to buy a house after seeing it only once. Return for another look the following day or weekend, and again, if necessary. Visit the house immediately after a rain or heavy snow, if the weather cooperates, to see if there are visible water problems. Don’t be embarrassed to revisit the house you like the most. Remember, you don’t really see a house on the first visit, but find yourself focusing on features such as wallpaper, a great master bathroom, or garage space. You may have little or no memory or even an adequate impression of the rest of
the house. Returning to the house several times will also give you an opportunity to engage the sellers in conversation about the neighborhood.

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