



# How Much Should You Offer on a House?

There are three keys to putting a together a winning offer: valuation, market price, and house-specific issues.

When you finally find your dream home after weeks, months, or even years of searching, the first step you must take to make it your own is to make the seller an offer, but keep in mind the offer must also be something the seller will actually consider.

Unless you're a real estate professional, chances are it's not every day that you make an offer for hundreds of thousands of dollars that you will be repaying over the next 30 years. As you might expect, there's more to putting together the right offer than throwing darts at a target.

So, how do you go about making a fair offer that won't be a dollar higher than necessary to get the seller to say yes? There are three keys to putting a together a winning offer: **valuation, market price, and house-specific issues.**

## Valuation:

First, you need to Value, sometimes called fair market value, is the house's actual worth. It changes slowly over time or to reflect improvements.

It's in your best interest to come up with the most accurate valuation you can early in the process of making an offer. If you are taking out a mortgage to buy a home, your lender will order an appraisal after your offer is accepted. Its valuation will determine how much you will actually be able to borrow. If you and the seller have agreed on a price that is way over the home's valuation, you won't be able to get the loan unless you are willing to pay the difference of the agreed price with the seller and what the appraised amount actually is.

Appraisers look at three comparable homes—homes that are the same size and that are located within one-half mile to a mile from the property you're purchasing—that have sold within the past six months. You can obtain that information yourself to do your own analysis before making an offer. (Remember to look at the price for which the home sold, not the price at which it was listed.)

You can find this information online, or your real estate agent can obtain it for you. Better still, your agent can do a competitive market analysis (CMA), which also looks at properties in escrow and properties listed on your local multiple listing service (MLS). The CMA will give you an idea of what price to offer on the home.

Be mindful of "Sentimental Equity" on behalf of the seller; this is a perceived value the seller may have for various reasons and discuss those objectively. Sometimes there is just no way to negotiate with emotions and make sure you have the expectation you will walk away.

## Market trends:

Do you live in a buyer's market, a seller's market, or a market that is balanced? These terms describe how supply and demand impact home prices. In late spring of 2013, for example, home prices in California markets such as Oakland, Sacramento, and Stockton soared as much as 30 percent to 40 percent higher than the previous year simply because inventories were very low and buyers were eager to purchase homes before interest rates rose.

Taking the temperature of your market is relatively easy. Your real estate agent can give you information on trends in sales, price changes, inventory levels, absorption rates, and market time. You can also find some of this information right here. Keep in mind that home prices and market times are seasonal, and can also vary drastically within ZIP codes, or more importantly, in specific school boundaries.

## House-specific issues:

Every house is unique, and every house has features that appeal to buyers—and some features that don't. The negative features of your dream home might be making it hard to sell, especially if there are lots of other, similar homes for sale in the neighborhood. The more comparable houses for sale, the more anxious a seller may be to get an offer, and he or she may be open to your below-list price offer.

This is especially true if the home has been on the market for a while. The longer the seller waits to accept an offer, the more it might be costing them to own the home—particularly if the seller has purchased a new home already or has taken a job in another city.

## Making a winning offer:

Once you've done your homework on value, market trends, and the house itself, you're ready to make the offer. Approach the process as if your first offer will be your best offer. Don't assume the seller will make a counter offer; most offers receive a yes, no, or sometimes no response at all. Stay within the price range for which you are pre-approved, and remember that if you offer much above the real value of the home, your lender's appraisal will probably come in under that figure and you may lose the house.

Keep the asking price in mind. If, through your research, you have determined it is unjustifiably high, or if you've discovered that the house has been lingering on the market for several months, justify the lower offer in an objective and simple way.

Be careful of making a "lowball offer" as sellers will most likely counter, if at all, at asking price. You are much more likely to get closer to the price you want by leaving a little piece of cake on the table rather than taking the whole thing.

Don't forget that you can sweeten your bid with the terms you offer. Find out where the seller itches and scratch it: Does the seller want to delay or speed up closing for some reason? Does he or she want to rent the home from you for several months after closing? Are you willing to pay for any repairs that surfaced in your inspection? Do you promise to take loving care of the seller's beautiful garden? These are some of the ways that you can add value to your offer, at little or no expense to yourself.

Remember, even though the sellers are moving, they loved the house for many years and will sleep better knowing it sold to someone who will take good care of it.

# Your Referrals Help Save Children from Cancer

## REFER A FRIEND

<http://bit.ly/ReferAFriendSaveLives>

\*\*Every referral helps children fight cancer! With every referral we donate a large amount of our commission to Children's Hospital Cancer Research so every child has a fighting chance at life. What's even better is there is a cure for the most common childhood cancer in which we help sponsor through Callie's Coffee. Who do you know that is looking to buy or sell a home that would love to receive award winning customer service and help children fight cancer at the same time?

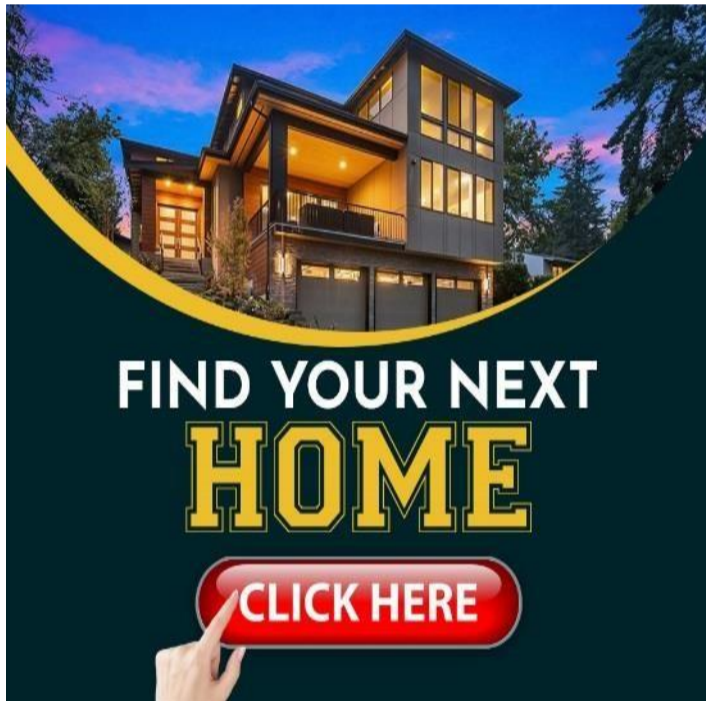


CLICK HERE

<http://bit.ly/BPgivingbackVideo>



[www.bpgivingback.com](http://www.bpgivingback.com)



## FIND YOUR NEXT HOME

CLICK HERE

[https://www.georgemoorhead.com/gc\\_bestbuys](https://www.georgemoorhead.com/gc_bestbuys)



## FREE RESOURCES For Home Buyers

WATCH NOW!

<http://bit.ly/HomebuyersResources>



## HOW TO SAVE FOR A Down Payment

CLICK HERE

<http://bit.ly/SaveForDownPayment>



## 5 Interior Design Tricks

CLICK HERE

<http://bit.ly/5InteriorDesignTricks>



## FEES and CHARGES

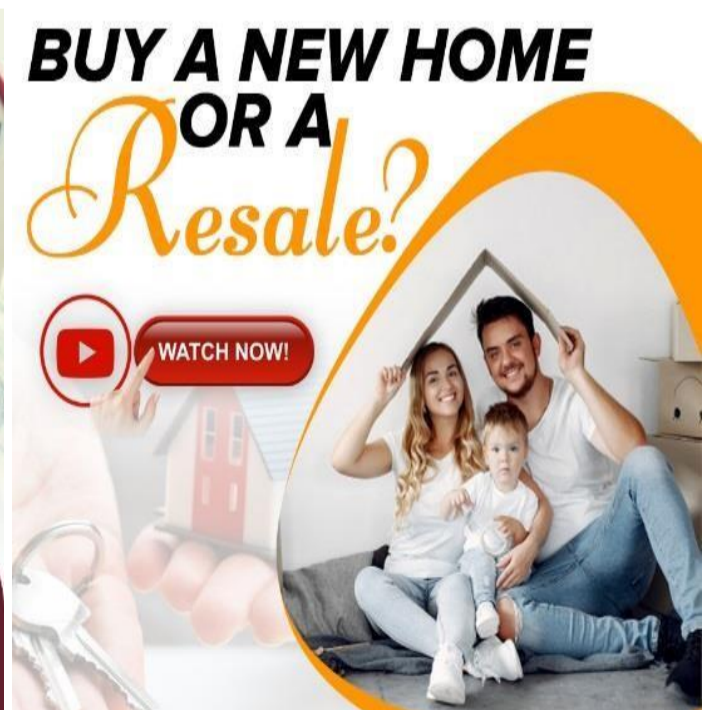
# 13

### Extra Costs to Be Aware of BEFORE

## BUYING A HOME

CLICK HERE

<http://bit.ly/13ExtraCostsToBeAwareBeforeBuying>



## BUY A NEW HOME OR A Resale?

WATCH NOW!

<http://bit.ly/10SecretsHomebuyerShouldKnow>