

MAKING AN OFFER ON A HOME

...and how it all happens.



Going into negotiation for your new property can sometimes seem a little daunting so making sure you have good understanding of the process is vital. You want to feel comfortable with the negotiation and what price you are offering for the home.

Having a good understanding of the market in the area you are looking in is very important. It is a good start if you feel the home is competitively priced with similar, local properties on the market. You can achieve this by looking through current sold properties online or through a local real estate agent.

There are two ways to begin the negotiation process; verbal or written. Different states may proceed with things differently although the selling agent will advise which is best. The advantage of a written offer however is, it eliminates any confusion concerning the offer or its conditions. The seller is also more likely to take the offer more seriously as it seems more tangible.

When you first meet the selling agent they will ask you a series of questions. This will help them understand your situation, budget and needs. You may also require them to allow you to have a couple of viewings of the property. It is also a good idea to have seen a financial adviser or mortgage broker prior to making any offer. This will give you a good understanding of your financial position.

Make sure you ask the selling agent how they intend to take offers on the property. Remember that this is a negotiation, so go into it knowing what the maximum price you're willing to pay for a property is. A valuation of the property probably isn't necessary as this is generally part of your loan process.

Making an offer on a property with a price can be done when you feel comfortable with your decision; however an auction property is quite different. If you are interested in an auction property, you may find it beneficial to attend a few auctions before the one you want to bid at. This may help you check out strategies used by other buyers and get a feel for the whole process.

Prior to buying at auction ensure you have done all your inspections and make sure all your terms and conditions have been checked out by your solicitor. Auction contracts are unconditional upon signing unlike a private treaty contract where you meet your conditions along the way. Deposits on auction properties are generally 10% of the purchase price, so make sure your funds are available.

If you have purchased through a private treaty contract, you will have a certain amount of time in which to satisfy the terms and conditions. This is something you can work out with the selling agent. They will also have an understanding of the best terms and conditions for the vendor. Generally they work in increments of 7 days, 14 days or 21 days to complete your pest & building reports and obtain satisfactory finance.

Once these dates have been decided on, a settlement date will need to be supplied. Generally this may be 30 days, 45 days or 60 days, but again the selling agent will advise if certain dates are better for the seller.

You will also be required to pay a deposit. This is generally an initial deposit upon signing the contract and then a balance deposit once the contract has gone unconditional (all terms and conditions have been satisfied). This deposit can be no more than 10% of the total sale price.

Having terms and conditions that work in well for the seller will create a strong contract for you to put forward and one that is likely to be accepted. Good luck!

