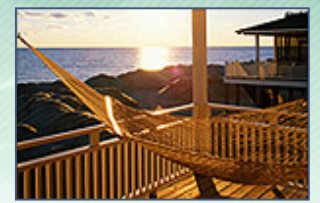




David Williams  
Phone: 251-979-9999  
PO BOX 190  
ORANGE BEACH, AL 36561



## Buying Your Home - Making an Offer

### Can you buy homes below market?

While a typical buyer may look at five to 10 homes before making an offer, an investor who makes bargain buys usually goes through many more. Most experts agree it takes a lot of determination to find a real "bargain." There are a number of ways to buy a bargain property:

- \* Buy a fixer-upper in a transitional neighborhood, improve it and keep it or resell at a higher price.
- \* Buy a foreclosure property (after doing your research carefully).
- \* Buy a house due to be torn down and move it to a new lot.
- \* Buy a partial interest in a piece of real estate, such as part of a tenants- in-common partnership.
- \* Buy a leftover house in a new-home development.

### What is the difference between list and sales prices?

The list price is how much a house is advertised for and is usually only an estimate of what a seller would like to get for the property. The sales price is the amount a property actually sells for. It may be the same as the listing price, or higher or lower, depending on how accurately the property was originally priced and on market conditions. If you are a seller, you may need to adjust the listing price if there have been no offers within the first few months of the property's listing period.

### Are low-ball offers advisable?

A low-ball offer is a term used to describe an offer on a house that is substantially less than the asking price. While any offer can be presented, a low-ball offer can sour a prospective sale and discourage the seller from negotiating at all. Unless the house is very overpriced, the offer will probably be rejected. You should always do your homework about comparable prices in the neighborhood before making an offer. It also pays to know something about the seller's motivation. A lower price with a speedy escrow, for example, may motivate a seller who must move, has another house under contract or must sell quickly for other reasons.

### What is the difference between list price, sales price and appraised value?

The list price is a seller's advertised price, a figure that usually is only a rough estimate of what the seller wants to get. Sellers can price high, low or close to what they hope to get. To judge whether the list price is a fair one, be sure to consult comparable sales prices in the area. The sales price is the amount of money you as a buyer would pay for a property. The appraisal value is a certified appraiser's estimate of the worth of a property, and is based on comparable sales, the condition of the property and numerous other factors.

### Is a low offer a good idea?

While your low offer in a normal market might be rejected immediately, in a buyer's market a motivated seller will either accept or make a counteroffer. Full-price offers or above are more likely to be accepted by the seller. But there are other considerations involved:

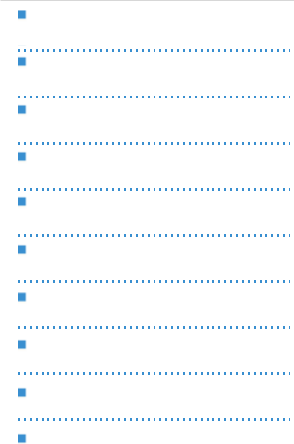
- \* Is the offer contingent upon anything, such as the sale of the buyer's current house? If so, a low offer, even at full price, may not be as attractive as an offer without that condition.
- \* Is the offer made on the house as is, or does the buyer want the seller to make some repairs or lower the price instead?
- \* Is the offer all cash, meaning the buyer has waived the financing contingency? If so, then an offer at less than the asking price may be more attractive to the seller than a full-price offer with a financing contingency.

### What contingencies should be put in an offer?

Most offers include two standard contingencies: a financing contingency, which makes the sale dependent on the buyers' ability to obtain a loan commitment from a lender, and an inspection contingency, which allows buyers to have professionals inspect the property to their satisfaction. A buyer could forfeit his or her deposit under certain circumstances, such as backing out of the deal for a reason not stipulated in the contract. The purchase contract must include the sellers responsibilities, such things as passing clear title, maintaining the property in its present condition until closing and making any agreed-upon repairs to the property.

### Who gets the furnishings when a home is sold?

It depends. Fixtures, any kind of personal property that is permanently attached to a house (such as drapery rods, built-in bookcases, tacked-down carpeting or a furnace) automatically stay with the house unless specified otherwise in the sales contract. But anything that is not nailed down is negotiable. This most often involves appliances that are not built in (washer, dryer,



refrigerator, for example), although some sellers will be interested in negotiating for other items, such as a piano.

### Whose obligation is it to disclose pertinent information about a property?

In most states, it is the seller, but obligations to disclose information about a property vary. Under the strictest laws, you and your agent, if you have one, are required to disclose all facts materially affecting the value or desirability of the property which are known or accessible only to you. This might include: homeowners association dues; whether or not work done on the house meets local building codes and permits requirements; the presence of any neighborhood nuisances or noises which a prospective buyer might not notice, such as a dog that barks every night or poor TV reception; any death within three years on the property; and any restrictions on the use of the property, such as zoning ordinances or association rules. It is wise to check your state's disclosure rules prior to a home purchase.

### How do you determine the value of a troubled property?

Buyers considering a foreclosure property should obtain as much information as possible from the lender, including the range of bids expected. It also is important to examine the property. If you are unable to get into a foreclosure property, check with surrounding neighbors about the property's condition. It also is possible to do your own cost comparison through researching comparable properties recorded at local county recorder's and assessor's offices, or through Internet sites specializing in property records.

### What are some tips on negotiation?

The more you know about a seller's motivation, the stronger a negotiating position you are in. For example, seller who must move quickly due to a job transfer may be amenable to a lower price with a speedy escrow. Other so-called "motivated sellers" include people going through a divorce or who have already purchased another home.

Remember, that the listing price is what the seller would like to receive but is not necessarily what they will settle for. Before making an offer, check the recent sales prices of comparable homes in the neighborhood to see how the seller's asking price stacks up. Some experts discourage making deliberate low-ball offers. While such an offer can be presented, it can also sour the sale and discourage the seller from negotiating at all.

### Do I need an attorney when I buy a house?

In some states, you do need an attorney to complete a real estate transaction, but in others you do not. Most home buyers are capable of handling routine real estate purchase contracts as long as they make certain they read the fine print and understand all the terms of the contract. In particular, you should be clear on the terms of any contingency clauses that will allow them to back out of the contract. If you have any questions at all, it may be advisable to consult an attorney to avoid future legal hassles. In looking for an attorney, ask friends for recommendations or ask your real estate agent to recommend several. Call to inquire about fees and to check on their experience. In general, more experienced attorneys will cost more, but real estate fees as a rule are small relative to the cost of the property you are buying.

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