

Home Sellers - Things to look out for when you receive an offer on your home

Contributed by Marc Rasmussen
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You are selling your home and just received an offer from a prospective buyer. It is time to read over the purchase agreement presented to you. The agreement is a very important document because it is a legally binding contract between you, the home seller, and the home buyer. It spells out all of the details of the sale of your property. It is best to get a real estate attorney or Realtor to help you with this.

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Besides the obvious price, financing terms and closing date here are a few things to look out for:

Financing Contingency

{bot_wrgoogle}How long does your buyer have to get financing? This is very important to know because you don't want to take your property off the market for a long period of time only to find out later that the buyer could not get a mortgage. Typically, 30 days is plenty of time in a normal residential real estate transaction.

Time Periods

Real estate contracts contain a lot of calculations in days - 30 days for financing, 10 days for an inspection, etc. How are the time periods computed? Some contracts state that days are business days only, some contracts state that time is calculated by calendar days. This can make a big difference. Make sure you know how time is calculated in your contract.

Repairs

Who is going to pay for repairs? Are you, the seller, obligating yourself to make repairs? Some contracts require the seller to repair items up to a certain dollar amount. This amount is typically quoted in terms of percentages of the purchase price. If you are obligating yourself to a 1.5% repair limit on a \$1,000,000 home that can be a lot of money. Make sure you know what that figure is.

Be aware of how the buyer can cancel the contract if the repairs are too much. If the contract states that the buyer can cancel the agreement if repairs exceed \$100 then this allows the buyer to pretty much cancel for any reason. Just about any house can have repairs of more than \$100.

In a nutshell, make sure the repair limit is high enough to prevent a buyer from canceling the agreement on tiny repair items and low enough so that you are not obligating yourself to too much money.

Inspectors

Make sure the contract spells out who can do the home inspection. Do you really want the buyer's brother in law doing the home inspection? Most contracts state that the inspector has to have some sort of occupational license.

Title/Attorney Fees

Who is going to pay for title or attorney fees to close the transaction. Here in Sarasota county (Florida) the buyer customarily pays for title insurance. Know the customs in your area. These fees can add up.

Escrow Money

How much money should the buyer put in escrow? This amount depends alot on how far off the closing date is. You would obviously want more money for a buyer who plans to close in 90 days than one that wants to close in 2 weeks. Try to make it a painful enough amount of money for the buyer to lose in the event he does not show up at closing.

Can you imagine packing all of your belongings, getting a moving truck, cleaning your property and then find out at the last second the buyer is not going to buy your home? What a pain in the neck. Try to get as much money in escrow as possible.

There is much more to a typical real estate contract than this but these are a few items to definitely look out for.

About the Author

Marc Rasmussen is a Realtor in Sarasota, Florida.

Sarasota Real Estate
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