



## Everything Is Negotiable

In the United States, we're not used to negotiating a price for our every day purchases. But when you're buying a home, not negotiating the sellers' asking price may mean paying more than the home's fair market value. To avoid feeling that you paid too much, you must learn the art of give and take for a successful purchase price.

For example, you may find your dream house with an asking price of \$112,000. Your real estate agent tells you that comparable homes in the area sold in the last six months for \$100,000 to \$110,000, so you make an offer of \$100,000. Before formally presenting the offer to the sellers, your real estate attorney or agent prepares a contract, writing in the appropriate contingencies, including the condition that all appliances and light fixtures remain in the home.

Within a few days, you receive a counter-offer of \$110,000 with the seller's contingency that you submit a pre-approval letter from your lender. After a few more rounds, the seller finally agrees to come down to \$105,000 if you move the closing day from four weeks to six weeks to allow their kids to finish school.

Because you need to close in four weeks, you offer to let the sellers rent the house from you for two weeks after closing. The sellers accept. Finally, you have a deal!

Remember, the goal is not to crush the seller by getting everything your way. It is about getting your dream house at a fair price. And negotiations always involve a little compromise and give and take.

### NEGOTIATING TIPS:

- Whoever made the most recent offer is legally bound to that offer until it's either withdrawn by that party or the other party answers.
  - \* Get it in writing! That includes all counter-offers and contingencies to the purchase offer, initialed by both parties. Your real estate attorney can make sure all amendments are legal and clear to both sides.
  - \* EVERYTHING IS NEGOTIABLE: From the price, to the closing date, to the chandelier in the dining room.
  - \* The bigger the gap between the asking price and the offering price, the more time you should allow to reach a mutually satisfactory price.
  - \* Be aware of how long the home has been on the market. If it's been a few months, you might have a slight edge when negotiating.
  - \* Ask your attorney to include a contingency about home inspection. A home inspection typically isn't done until after a purchase offer is made, so often the negotiating phase begins without a thorough picture of the home. Once you learn the home's physical problems, if any, you can ask the seller to make the repairs or lower the price, or you may choose to walk away if you think the problems are too extensive, AS LONG AS your attorney has included a contingency! If the contract says you must buy the home at a particular price "as is" or with narrow limitations, you don't have much bargaining power.
  - \* If you're not the only buyer bidding on a home, remember that the seller is looking for the best offer in terms of price, terms (who's paying for closing, repairs, etc.), and contingencies. Too many conditions and the seller may very well go with less-demanding buyer.
  - \* Pick your battles. Know ahead of time what's really non-negotiable to you, and be willing to compromise on the lesser issues.
  - \* Last, but not least, keep emotions out your finances. If you can only afford to pay \$150,000 for a home, don't go far above that number in a panic that you might lose this house. Be willing to walk away.