

Path to a Signed Contract...Hopefully

This is the step of the home-buying process where you want to be sure you have a strong agent who understand the market and has strong relationships with other agents in the area.

Step 1: Decide How Much to Offer for the House

There are six considerations for you to take into account when you are deciding how much to offer when purchasing a house.

- Your budget
- The length of time the house has been on the market.
- How much homes that are comparable in size, location, etc. are either listed for or the price they were sold for.
- Competition for the home
- Necessary repairs or renovations
- The current market

Step 2: Contingencies

Contingencies are safety guards put into place that allow you to walk away from the sale with your earnest money if the terms are not met. These contingencies are most often home inspections, appraisals, financing, and title searches

Step 3: Earnest Money

Earnest money is a good faith deposit and is typically 1-2% of the total home price. The money is held until your house closes and will be applied to your mortgage down payment.

Step 4: Concessions

Concessions are things you're asking from the seller, such as covering or splitting closing costs, repairs desired, items you'd like to be included in the sale, etc.

Step 5: Write an Offer

Once the above information is determined, your agent will write an offer to the seller that includes the amount you are offering, the contingencies, concessions, earnest money deposit, the mortgage approval letter, the date you hope to move into the home, and the deadline they have to respond to your offer.

Thankfully, your real estate agent will handle this portion of the process for you and will be in contact with the seller's agent.

Step 6: Negotiate the Terms and Price of the Sale

The seller will either accept your offer as requested, make a counteroffer, or reject it. If accepted, you will sign a contract and begin the financing and legal process. If a counteroffer is made, you can accept, renegotiate the purchase price, or reject the offer. If the seller rejects your offer, you will resume your house hunting to find the dream home.

Once a contract is signed by both parties, it is a legally binding document so be confident about the purchase and the terms before you sign!