

The Offer

By David M. Barry

Jenny's and Tim's agent prepares an offer on the home they feel in love with, but she should first determine their financial ability to make this commitment before she goes any further, if she has not already done so. Then she will calculate an offering price that reflects the selling price of similar homes in the community (comparables), the advantages and disadvantages of the particular home, and recommend an escrow amount which is usually determined by local custom or as a strategy to get the sellers' attention to overcome competing offers.

The agent will also include a mortgage contingency clause which describes the type, amount, and the rate of the mortgage that the buyer will accept. If buyer does not qualify, then the buyer may cancel the contract and reclaim their escrow monies. Before a buyer submits an offer, I recommend that buyers spend time at Professor Jack M. Guttentag's website: <http://www.mtgprofessor.com> so they will understand the mortgage process and make use of the excellent calculators at his website: <http://www.mtgprofessor.com/calculators.htm>.

The agent also includes an attorney review clause where the attorneys for the buyer and seller review the contract before the contract becomes final. In addition, the agent will include a home inspection clause so the buyers may have a professional inspect the property and prepare a report of any defects. Jenny and Time may wish to cancel the contract if the report reveals any major defects, have the seller correct the defects prior to the closing, or obtain a repair credit.

The sheet thrust into Jennifer's hand was the listing or the MLS (multiple listing service) sheet, a valuable piece of information in the home buying process. In the Chicago area, the sheet would contain the property's unique MLS number, the real estate agency, the asking price, the type of house, its size, school district, and the last year's real estate taxes. There may be additional information as well. This information will come in useful when you make an offer,

Instead of keeping your listing sheets in a folder, the author of this article has some good ideas. Check it out: <http://www.latimes.com>.

About The Author

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