

MAKING AN OFFER AND ISSUES RELATING TO PRICE

Do I need a lawyer for making an offer?

You certainly need to be advised by a lawyer throughout the purchasing procedure. Buying property in Spain is not a straight forward task for the newcomer, given the special complexities of the national, regional and municipal regulations. For a reasonable fee they ensure legalities are complied with and that there are no adverse occurrences which the value of the property. An offer accepted by the vendor is as binding as any other private purchase contract, hence a mistake or omission will not be easy to undo insofar as the law will protect the vendor. Your deposit would then be at risk.

What contingencies should be put in the offer?

The following have to borne in mind:

- Check price of property.
- Check completion date.
- Check offer subject to mortgage availability, as the case may be.
- Check if the property is being purchased furnished, list the items included, or even better, obtain an inventory list and attach it to the offer.
- Check who pays the costs of the transaction (Notary fees and plusvalia tax).

Generally for all offers

Most purchase 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.

As a buyer, you could forfeit your 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 seller's 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.

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 neighbourhood 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.

Is there a secret to good negotiating?

There are several cardinal rules to negotiating effectively. One is do your homework, and learn as much about the seller or the buyer as you can. Another is to play your cards close to your vest and not reveal much information to the other party or their agent. Don't let yourself get rushed into any decision, no matter how tempting it may be. Finally, if you have doubts about your negotiating skill, hire someone to help.

Can you negotiate the price on new homes?

It can be difficult to negotiate the sales price with a developer because they may claim their prices are based on fixed construction costs. But it doesn't hurt to try. Experts say builders more likely to be flexible on price at the very beginning and the very end of a development project. Early on, most developers want to move people in quickly so the project picks up momentum. Later, developers may be more inclined to accept lower offers when only a few units remain.

If negotiating the price doesn't work, buyers commonly negotiate for better amenities (upgrade carpet, light fixtures, etc.) or lot location. Experts say a developer will rarely pass up a deal over a couple hundred dollars' worth of carpeting, for example.

How is the price set?

It's very important to price your home according to current market conditions. Because the real estate market is continually changing, and market fluctuations have an effect on property values, it's imperative to select your list price based on the most recent comparable sales in your neighborhood.

A so-called comparative market analysis provides the background data upon which to base your list-price decision. When you prepare to sell and are interviewing agents, study each agent's comparable sales report (the data should be no more than three months old).

If all agents agree on a price range for your home, go with the consensus. Watch out for an agent whose opinion of value is considerably higher than the others.

What is the difference between list price, sales price and professional valuation 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 professional valuation value is a certified valuer or chartered surveyor estimate of the worth of a property, and is based on comparable sales, the condition of the property and numerous other factors.

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What are the pros and cons of adding on or buying new?

Before making a choice between adding on to an existing home or buying a larger one, consider these questions:

- How much money is available, either from cash reserves or through a home improvement loan, to remodel your current house?
- How much additional space is required? Would the foundation support a second floor or does the lot have room to expand on the ground level?
- What do local zoning and building ordinances permit?
- How much equity already exists in the property?
- Are there affordable properties for sale that would satisfy your changing housing needs?
- Ultimately, the decision should be based on individual needs, the extent of work involved and what will add the most value.

What do you think of get-rich-quick real estate schemes?

Most real estate experts say there is no such thing as getting rich quick in real estate. But there are no end of get-rich-quick programs presented to the public as alternative methods of buying real estate. Some are reputable while others depend on your financial circumstances to work. A handful are simply scams. Many get-rich-on-real-estate programs offer advice on how to buy government foreclosure properties and participate in other government programs. Most of this information can be obtained by calling the government offices involved directly. Anyone interested in real estate investments would be wise to explore a variety of sources. Most investors view real estate as a long-term investment. Deals that sound too good to be true often are.