I Love Wellfleet

A NEWSLETTER PROVIDING USEFUL NEWS AND INFORMATION TO THOSE WHO LIVE IN OR LOVE THE TOWN OF WELLFLEET, MA - ISSUE #11

Seven Factors to Consider when Evaluating Offers for your Home

Great news! There has never been a better time to sell your Wellfleet home. Demand is extremely high. There are very few homes for sale. Interest rates remain very low and sellers who put their homes on the market these days usually receive multiple offers.

Selecting the best offer, however, can be daunting. Offers differ in many ways (not just the purchase price). They often include conditions that must be met such as mortgage, home inspection, appraisal, and home sale contingencies as well as escalation clauses.

But fear not. As your Realtor®, I will help you navigate these complicated issues:

1) Cash – Great for sellers, a cash offer means that the buyer has the funds to write a check to pay for the home. This is attractive because you won't have to worry about whether or not the buyer can obtain a mortgage and you may be able to sell your home more quickly.

2) Mortgage Contingency – This can be problematic for sellers. It means that the sale of your home will be delayed by the buyer having to obtain a mortgage and possibly upended if they do not receive a commitment at all. Here are some of the issues to consider when evaluating multiple offers for your home, each containing a mortgage contingency:

- *How much is the buyer going to borrow (the less the better)?* For example, an offer that is half cash and half a mortgage is probably a stronger offer than one in which the buyer is going to borrow 80 percent.
- *Has the buyer been pre-approved for the loan (the more the better)?* An offer from a buyer who has been pre-approved for $600,000 to buy your $600,000 home is generally stronger than an offer with a pre-approval of only $480,000.
- *What type of loan are they seeking?* For example, conventional loans have less restrictive underwriting requirements than government insured loans such as FHA and VA loans. For sellers, the fewer requirements the better.
- *What information did the loan officer consider when issuing the pre-approval?* Some lenders do a more thorough job of checking the financial history of buyers than others (e.g., credit history, tax returns, bank accounts, etc.). A good Realtor® will contact the lender for you to ask what information was considered.
- *Does the lender have experience on Cape Cod?* Lenders with very little experience on the Cape may not know many appraisers in the area and may not be familiar with current home values or the local zoning, septic, and water regulations.
- *Does the lender have a history of delivering commitments in a timely manner?* Some lenders have notorious reputations for delays in providing mortgage commitments.

3) Appraisal Contingency – If the buyer is seeking a mortgage, their lender will require a licensed appraiser to assess the value of the property to make certain the buyer is not overpaying. For example, I had buyers offer $625,000 with a mortgage contingency for a home that was listed at $599,000. Their offer was accepted, beating out more than 10 other offers. The lender's appraisal, however, came in much lower than the asking price. My buyers had to walk away from the deal. To make their offers more attractive to sellers, some buyers waive this appraisal contingency and state that if the appraisal falls short, they will pay the difference with cash.

4) Escalation Clause – An offer with an escalation clause is good for a seller especially if it is a cash offer. For example, let's say a house is listed at $600,000. A buyer using an escalation clause could submit an offer for $600,000 escalating by $2,000 over any other offer received up to $650,000. If the next best offer was $615,000, their offer would escalate automatically to $617,000.

5) Home Inspection Contingency – A buyer has a right to thoroughly inspect the construction and condition of the home, including checks for pests, radon, lead paint, and energy usage/efficiency, septic/sewer, water quality, and water damage. If problems are identified, the buyer may ask for the purchase price to be reduced or walk away from the deal. To the delight of many sellers, some buyers are taking the risk of waiving all inspections in order for their offers to prevail.

6) Home Sale Contingency – Buyers include this in their offer when they have a home to sell before they can buy your home. This contingency is fraught with risks for the seller. The buyer's home may never sell or the sale may take a long time, valuable time when your home will be off the market.

7) Dates – Before you put your home on the market, you will likely have a good idea of your preferred timetable. Here are some of the dates and deadlines to consider.

(continued on back)

Bruce Katcher, Realtor®,
Broker Associate
Helping People Move on With Their Lives

BERKSHIRE HATHAWAY
HomeServices
Cape Shores Real Estate

a) Duration of the offer – the time you have to accept, reject, or counter the offer (often 24 hours but sometimes less).
b) Home Inspection Contingency – the date the buyer has to complete all of their inspections (typically 10 days).
c) Purchase and Sale Agreement – the date you and the buyer will sign the legal document binding the parties (often one or 2 weeks after the home inspection).
d) Mortgage Commitment – the date the buyer has to obtain a firm commitment from their lender (often set 30 days or more after the purchase and sale agreement date).
e) Closing Date – when all of the documents are signed by both parties and the deed is delivered to the Barnstable County Registry of Deeds (typically set one or 2 weeks after the loan commitment).

Again, the purchase price is not the only issue to consider when evaluating offers for your home. As your Realtor®, representing you and your best interests, I will help you evaluate the relative merits of the many offers you may receive.

What My Clients are Saying.

My mother passed away this year and I needed to sell her Cape Cod home. I live in Delaware and was not looking forward to all of the work, hassle, and trips back and forth to the Cape that would be required in order to sell the home.

My plumber referred me to Bruce Katcher of Berkshire Hathaway Cape Shores Real Estate. When I met with him, he said, "No worries, I will take care of everything. You won't need to come back to the Cape."

In addition to pricing the home, marketing it, holding many Open Houses, and negotiating the sale, Bruce found vendors for work that was needed, provided me with several quotes, and coordinated the installation of a new septic system, new oil tank, connection to the town waterline in the street, and a smoke/CO detector. He also took care of managing the many inspections, repairs, and servicing that were needed (i.e., the furnace, plumbing, chimney, electrical, and termites.) He recommended a good real estate attorney to whom I gave power of attorney so that I would not have to attend the closing.

Bruce kept me informed throughout the process and, just like he said, I never needed to come back to the Cape. If you are looking for a full-service Realtor®, not just someone who will put a sign in the ground, place the listing on the multiple listing service, and pray, Bruce is the person you should choose to list your home. He helped me move on with my life. I recommend him whole-heartedly and without reservation.

Georgia Brereton
Wilmington, Delaware

Great job Bruce! Thank you for helping to go the extra mile! I wish all Realtors® were this professional, and not order takers.

– Steve Rice, Wellfleet, MA and Enfield, CT

It was an absolute pleasure to work with Bruce. Not only did Bruce provide my family with excellent professional service, he also showed care and thoughtfulness during the entire process. I really appreciate how Bruce went above and beyond to help us out. Bruce is an outstanding Realtor® and I would definitely recommend him without question.

– Robert Lapid, Ocean, New Jersey

I have found Bruce Katcher to be knowledgeable and helpful in every aspect of the selling process of my house. He has surpassed my expectations with written statistics and a variety of subcontractors to meet all my goals. I would recommend him to anyone and if I ever need to sell my house again, I will call on Bruce Katcher.

– Sincerely, Peter A. Smith, Dennis, Mass.

- If you know of others who would like to receive this newsletter, just email me their name and address or email address.
- If you would like to receive this newsletter via email, please email me your name and email address.
- If you no longer wish to receive this newsletter simply contact me and I will sadly take you off this mail list.
- If you have a brokerage relationship with another agency, please disregard this newsletter.

ABOUT ME

BRUCE L. KATCHER, Ph.D.
Broker Associate, Realtor®
Helping People Move on With Their Lives
Serving all of Cape Cod
Mobile: 781-424-2347 **Office**: 508-349-0477
BKatcher@CapeShores.com
www.bhhscapeshores.com

BERKSHIRE HATHAWAY HomeServices
Cape Shores Real Estate