Tips for Cape Cod Home Buyers

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Helping People Move on With Their Lives

How to Submit an Offer that Will Prevail in Today's Challenging Cape Cod Housing Market: 5 Case Studies

In this frenzied seller's market, multiple offers to purchase a property are now commonplace. Open houses are swarming with buyers, and some listing agents, overwhelmed with interest from buyers, are limiting the number of showings. It is not unusual for 10 or more offers to be submitted for a well-priced property. The challenge of submitting an offer that will prevail has changed from merely impressing the seller with a high price to out-maneuvering other buyers. The case studies below show how several of my buyers have done just that.

1) Make your offer as soon as possible to avoid competition.

My sellers put their second home on the market. I listed the home in the Multiple Listing Service on a Tuesday and scheduled Open Houses for the upcoming long weekend. Within a few hours of the home first coming on the market, they received an offer for the list price. My sellers had a day to respond. They couldn't be certain they would receive any other offers, let alone ones above list price, so they accepted the offer. The buyer did not have to compete with other buyers.

2) Waiving the appraisal is risky but can work.

Many homes are selling for above asking price but then the appraiser determines that the property is not worth as much as the prevailing buyer is willing to pay for the home. This kills many deals and forces sellers to start from scratch to find another buyer

I was working with one couple who found a property they liked. They made a strong offer with a mortgage contingency but waived the appraisal. Their offer said, *"If the property is appraised for less than the purchase price to which we have already agreed, we will pay the difference with cash."* Their offer prevailed and indeed the appraisal came in low and they were able to make up the difference.

3) Waiving the home inspection contingency is also risky, but might be necessary.

The home inspection contingency often scares sellers. Usually scheduled within 10 days of an accepted offer, buyers can use the home inspection to negotiate a price reduction or to simply walk away from the deal. Sellers will sometimes accept a lower priced offer if the home inspection contingency is waived.

I always advise my buyers to include a home inspection contingency in case there are any major problems with the property (e.g., structural or safety issues, leaks, faulty appliances, mold, or pests). However, in today's market an offer with a home inspection often puts buyers at a disadvantage. I have had the several buyers succeed because they waived the home inspection. In one case the buyer had lots of construction experience and did not feel he needed a home inspector to look at the property. In another case, my buyers had a friend in construction look at the home for them. And in yet another case, my buyers were just so determined for their offer to prevail, they were willing to accept the risk of not conducting the home inspection. *(This puts the deposit money at risk and is not recommended unless the buyers feel confident about the condition of the property. A clause that lists obvious repair items and excludes them from the inspection can give buyers an advantage and so can a dollar cap on the repair amount the buyer would be willing to assume.)*

4) Cash is king. If at all possible, make a cash offer.

Sellers prefer cash offers to those containing a mortgage continency. The dangers for the sellers are that the deal could fall apart because the buyers will not receive a mortgage or that the home will not appraise for the agreed upon price. In both these cases, the home will have been off the market for several weeks and the seller will have to start anew to find a buyer.

I was working with buyers who discovered during the pandemic that they could successfully work from home. They wanted to move from their home in the congested suburbs to the outer Cape full time. They submitted many offers, many over list price and sometimes even waived the home inspection and appraisal contingencies, but they needed to keep the mortgage contingency because they did not have enough cash. After losing several houses to cash offers, they decided to move ahead and sell their off-Cape home and rent while they kept looking. They eventually used the proceeds from the sale of their home to make a cash offer and are now happily living in their dream home on the Cape.

5) Escalation clauses can save you money.

I have had many buyers willing to pay well over the asking price for a property so that their offer would prevail, but they are often in a quandary as to how much more than the listing price to offer to get the house.

I recently had a couple looking to purchase a home that listed for $450,000. They really wanted the house and asked me how much they should offer. I asked them how high they were willing to go. They said, *"Let's offer $475,000, but we are willing to go up to $490,000."* As their buyers' agent, I suggested offering the list price of $450,000 but adding an Escalation Addendum that stipulated they would beat any competing offer by $3,000 "escalating" up to a maximum of $490,000. It turned out that their offer prevailed at a purchase price of only $453,000. (The next highest other offer was for the list price of $450,000.) I saved them $22,000 (the $475,000 they were going to offer minus the $453,000 price they paid). Needless to say, they were thrilled.

I would welcome the opportunity help you. It would be my honor and privilege to help you ***move on with your life*** by buying a home here on the Cape. Just reach out to me and I will be glad to help. See below for what my buyer clients have been saying about me.

WHAT MY BUYER CLIENTS HAVE BEEN SAYING ABOUT ME

"Bruce is a wonderful Realtor®. He was well organized, conscientious, and extremely helpful throughout the process of buying our home. He guided us to several excellent choices of professionals needed to complete the purchase. The whole experience was smooth and seamless. We have recommended Bruce to a friend looking to purchase a home. We recommend him without reservation."

– Dr. Michele Reichner, Mount Vernon, NY

"Bruce worked hard to guide us through the process of buying our 1st home. Despite seemingly unending small hurdles, Bruce helped us surmount them. We had financial limits that left very few options, but he found listings that met our requirements."

– Mary Schmidt, Wellfleet, MA

"We were thrilled with personal touch and effective advice that Bruce provided us with throughout our entire purchasing process. In fact, this is the third home we have purchased and he by far provided the most support, was the most proactive in predicting our needs, and generally made us the most comfortable that all of our concerns were addressed. I would recommend him highly to anyone looking for a home on the Cape or looking to part ways with their existing home. He even followed up multiple times post-closing to make sure we had all the help we needed."

-Dr. Scott and Meredith Lipnick, Boston, MA

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