

Learn the Rules to the Counteroffer Game

By Charles Scutt
CTW Features

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Indeed, like a gambler in a high-stakes round of poker, winning in the real estate game requires a careful strategy, an awareness of your own limitations, an ability to ante up if you can, and the patience of waiting for your turn to come around. It's called the game of offer and counteroffer, and while it may be an art, it's far from an exact science.

Counteroffers in home sale transactions "are very common," says Zachary D. Schorr, real estate attorney for Schorr Law, a real estate litigation firm in West Los Angeles, Calif. "Generally, an initial offer made by a potential buyer is the starting point for negotiations. If the seller is interested, he or she will usually submit a counteroffer to try to get more favorable terms for the sale."

Silva Mirzoian, founder of Mirzo International, Inc., a full-service real estate company in Beverly Hills, says that it is common to finalize a transaction with two counteroffers, which could take anywhere from a day to a

couple weeks, depending on how far apart the parties are on price. Working with professional real estate agents who can relay the verbal negotiations to each other can help reduce the number of counteroffers and maintain some distance between the parties.

"The process begins with the buyer initially making an offer to purchase a property for a price that he or she is willing to pay for that property," Mirzoian says. "This offer also will include their terms, such as closing days, financing, down payment and what items are to be included in the purchase price. The seller then has the option to accept the entire offer or to counteroffer to the buyer within his or her own terms, including price, items and closing period. The seller also may accept most terms of the original offer and only counteroffer with one item."

Next, the buyer has the option to either accept or reject the entire counteroffer or just a few of the items and make his or her own counteroffer in writing, says Mirzoian. "The more items listed in the offer, the longer it could take to settle."

Counteroffers list within their terms a period in which the party is required to respond, says Dale Rainey, a broker in Olympia,

Wash. This time period can vary by region, "however it is typically three days. It is not advised for a buyer to wait too long before responding, because the seller is allowed to accept other offers during this period and you may lose the property you are trying to purchase."

Multiple counteroffers are, in fact, not uncommon, says Mirzoian. "If two or more offers are presented on a property, the seller will often respond back with a multiple counteroffer to the buyers, meaning that despite the fact that both buyers accept the terms of the given multiple counteroffers, the seller has the option to choose which one of the buyers to sell to. In cases like this, one of the buyers often responds back with a higher or better-terms counteroffer to entice the seller into accepting their offer."

Most experts say that for a residential contract negotiation to progress through several counteroffers, a fair amount of budgeting and compromise occurs, usually leading to the parties ultimately splitting the difference when it comes to desired price and other terms.

Rainey described a transaction he was recently involved in. "There was an initial full-

price offer, but the buyer wanted a credit of \$15,000 in escrow for closing costs," he says. "My seller client was willing to give \$10,000 and we countered as such. The buyer needed a minimum of \$12,000 to close the deal and submitted a counteroffer to the seller. The seller accepted. This is fairly common back-and-forth. However, some negotiations can get mired in minutia, like who gets the fish in the koi pond, or 'Can you fix that cracked light switch cover?'"

When a counteroffer is received, the buyer or seller "should pay close attention to its details and wording," Schorr says. "You cannot rely on the terms of the initial offer if they are from the terms stated in the counteroffer. Therefore, it is important to take the time to read the entire counteroffer before agreeing to the terms therein."

If a buyer or seller is unsure of the terms of a counteroffer, they should consult with a real estate attorney or other expert, Rainey says. The sale or purchase of a home is one of the largest financial transactions you will ever encounter, he says, so working with experienced specialists is the best way to go.

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By Richard Grunder

Landlord inspections are a valuable tool used to understand the condition of rental properties. A complete physical inspection is performed in the same manner as when the inspection is performed for a home seller or buyer.

In many cases, landlords are unaware of the physical condition of their properties. This may be due to the inconvenience of an out-of-town rental property or possibly

the rental property has been occupied by a tenant for a number of years and few or no visits to the property have been made.

In addition to understanding the current physical condition of the property, a landlord inspection may be used to learn if the tenant is in compliance with the rental agreement. Are pets being kept on the property? Is a business being operated on the premises? Is the occupancy number in accordance with the agreement? Are the tenants maintaining or neglecting the property? These are all questions that can be answered in a landlord inspection.

The landlord inspection includes evaluation of all of the building's systems and components with ratings and comments to explain the conditions found. Life expectancies and

estimated ages are included. This information can be used by the landlord to determine where maintenance monies should be spent now or for budgeting purposes.

In many cases a tenant will not inform the landlord of needed repairs. They may be thinking that by not bothering the landlord they will be considered ideal tenants. This is flawed thinking. Preventative and ongoing maintenance is much more cost effective than deferred maintenance and the additional repair costs that inevitably occur.

Specific concerns should be discussed with the inspector to assist in satisfying the goals of the inspection. If the inspection is intended to document the condition of a recently vacated property or prior to a new tenant's occupancy, specific photos may be required

for comparison purposes.

The goal of landlord inspections is to provide the owner with the information needed to better understand the condition of their property and maintain their investment for maximum appreciation as well as providing suitable living conditions for their tenants.

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