

<p>Step 3: As your agent, I will negotiate an agreement on all issues of price and terms... (and I promise to be a ferocious negotiator on your behalf...).</p>	<p><i>Some people think it is wrong to ever buy at less than a big discount. But that thinking can trip you up.</i> HOT property, for instance, never sells at a huge discount. Here are some different examples:</p> <ul style="list-style-type: none"> • For new listings there is often a feeding frenzy week one. If it's hot, no smart seller will sign for less than list price until week 2. • If there are <u>no</u> good comps AND the property has been on the market a <u>long time</u>, there is good reason to take a low-priced shot. <p><i>In many cases, the strategy may be to 'double the difference'.</i> If a property is at 299,000 and we think 290,000 is the right price, we might offer 281,000. That way, no matter what the counteroffer, we can keep 290,000 in the middle (e.g., if 294, we go to 286).</p> <p>A key principle to remember: <i>In bidding, we won't know where we stand until the seller responds.</i> They may sign our offer or make a <u>generous</u> counteroffer—or they may make a '<u>stingy</u>' response.</p> <p>Finally, when the bidding starts, remember what we said earlier: <i>the size of the brush strokes is large.</i> The investor who buys the <u>right</u> property at 310K almost always beats the one who quibbles too much, loses the deal, and buys the <u>wrong</u> property at 300K instead.</p>	<p>YOUR offer/counteroffers:</p> <p>1. _____ (Initial offer)</p> <p>2. _____</p> <p>3. _____</p> <p>4. _____</p> <div style="border: 1px dashed black; padding: 5px; text-align: center;"> <p>Meeting in the Middle: FINAL AGREED PRICE:</p> <p>_____</p> </div> <p>SELLER'S asking price/counters:</p> <p>4. _____</p> <p>3. _____</p> <p>2. _____</p> <p>1. _____ (Asking price)</p>
--	---	---

Before we go on, we must issue a warning: this where the Fear Factor can set in (and it can do you in, and cause you to cancel the sale, no matter how good an investment the property might turn out to have been!!!)

<p>Step 4: Now that a deal has been made, you engage the resources you need to review and finalize the purchase.</p> <p>Week one of the contract is the most critical of all.</p>	<p>There are MANY things you must deal with in Week One:</p>	
	<p>1. Loan Application: Day ONE, call your lender—they will activate your application and order an appraisal.</p>	
	<p>2. Attorney Review: In this market, we NEVER recommend anything less than an higher-priced attorney who specializes in the multi-unit market. Attorneys we recommend include Deanna Deming (office: 312-993-003; cell: 630-330-4017; fax: 312-993-0040) and Donald Hodgkinson (phone: 312-236-3360; fax: 312-236-2834).</p>	
	<p>3. Property Inspection: A week is normal to check the property and accept it, negotiate credits or repairs, or void the contract. Inspectors we like include Steve Hier (773-342-4722), Rich Handshuh (773-561-3363) and Robb Packer or Steve Kroeckel of Metrospect (847-808-8488). <i>We will want you to have a complete inspection, but with this warning: in this market, large credits for repair (\$10,000 or more) normally are given only if the listing sheet overstated the property condition.</i> And we caution you against quibbling too much or bargaining too hard—remember that either side can kill the deal during attorney review. We have seen this happen more than once!!!</p>	

<p>Step 5: The lender and attorneys get things ready to close.</p>	<p>From your perspective, things may seem quiet, but a lot's happening for the lender and attorneys:</p> <ol style="list-style-type: none"> 1. Closing costs / Good Faith Estimate: Your final closing statement of costs may not be known until the day of closing!!! And that's because the lender, the title company, and the seller's attorney all must contribute information. Federal law requires your lender to give you a good faith estimate—but you can't hold them accountable for any of the final numbers other than their own. And, at least in this market, the seller's numbers are typically known until 24 hours or less before closing. 2. Walk-Through and Closing: Just before closing, we'll do a walk-through together to verify property conditions—and then complete the sale at the closing table.
---	---



CHICAGOLAND2to4FLATS.info



Provided by **Bill Bein**, Realtor® and Buyer's Agent
KELLER WILLIAMS REALTY, 2106 N Clark, Chicago, IL 60614
Phone: 773-704-8381; Fax: 773-342-1506; Email: BBein@CL24F.info

Contract to Close—What Happens When

Our goal here is to overview what happens from first contemplating an offer to the day of closing. You will see that this write-up is set up as a worksheet that you fill as you go.

*But, before we begin, we should discuss what we call the **Size of the Brush Strokes**. Most real estate in Chicago is, we believe, is properly measured in brush strokes of \$5,000 or more—and most multi-units in brush strokes of 10,000 or more. Consider buying a 2-flat at 310,000 vs. 300,000 and selling it six years later for 600,000—is there really a difference? Another way to put it is that, at least in this market, *it is almost always the quibbler who loses!!!* You're the investor—and we will always follow your direction, but the fact remains: rarely does it make sense to buy the wrong property instead of the right one because of a 5,000 gap between you and the seller.*

<p>Step 1: You and I work together to determine what we think the fair market value of the property is.</p>	<p>The first step is for us to make a guess how soon and at what price the property will sell. Sometimes, we will think it may sell soon for full or near full price, but not always. We'll study:</p> <ol style="list-style-type: none"> 1. Similar, nearby, recent sales: The greater the number of good comp's, the more precisely fair market value can be determined. Conversely, if there aren't many (or any) good comp's, this is a 'unique' property, and price becomes more of a guess (not just for us, both for the seller and even the appraiser as well). 2. Property history: It's worth knowing that, for the first 18-24 months or so you own property, your own purchase price will be used in any appraisal (or sale) that follows. 3. DOM (Days on Market): Anything less than 60 days in this market is normal, but anything over 100 may mean the market has judged this property substantially overpriced. <p>And then you'll need a Pre-approval letter: While not legally required, few sellers will seriously consider an offer without it.</p>	<p>Checklist/Notes:</p> <p>1. What price do similar, nearby, recent sales suggest?</p> <hr/> <p>2. What did we learn from history?</p> <hr/> <p>3. What are the days on market?</p>
<p>Step 2: We write an offer... and I then present it on your behalf.</p>	<p>When we're finished, ask your attorney to review the contract to make sure it accomplishes your intent as to:</p> <ol style="list-style-type: none"> 1. Price offered: This is of course the #1 thing we negotiate. And we may ask for a <i>credit at closing from the seller to you</i>. 2. Closing date: You will also suggest a closing date (30 days is normal—60 days is usually the most). 3. Possession: Possession at closing is normal. 4. Fixtures/Appliances: Stoves/frig's are the most important. 5. Initial Earnest Money: A \$1,000.00 is check is standard, which can't be deposited until a final deal is agreed on. <i>All earnest money counts toward down payment/closing costs</i>. 6. Increase in Earnest Money: You pledge to increase earnest money (3% to 5% total is normal) if the contract makes it through attorney review and property inspection. 7. Inspection / attorney review: 5 business days is standard. 	<p>1. The price to be offered:</p> <hr/> <p>2..Closing date</p> <hr/> <p>3. Possession:</p> <hr/> <p>4. Fixtures / Personal Properties:</p> <hr/> <p>5. Initial Earnest Money:</p> <hr/> <p>6. Increase in Earnest Money:</p> <hr/> <p>7. Inspection / attorney review:</p>