



Real Estate Talk: Qualifying the buyer and seller

Description

Neglecting to vet buyers and sellers can lead to much frustration

By **Joseph Marovitch**

You receive an offer for your home. The conditions include an inspection and financing. The inspection will take place within seven days of the accepted promise to purchase and the financing is for a \$350,000.00 mortgage. The buyer has twenty days to provide proof of the loan. There is no deposit. The offer is more than you expected and now you are all excited.

You have not received proof of the loan and the deadline is approaching. Two days before the deadline, the selling broker requests an extension of the finance dead line by one more week. You think why not since you have waited this far. During the time of the accepted offer, you're still showing the property, but the visitors are being informed there is an offer on the house. No other offers are coming, and the buyers are passing by.

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Finally, as the end of the week approaches, you receive a letter from the selling broker indicating that the buyer has been refused a loan and the offer is cancelled. You do have the option to bring the buyer to another financial institution, however, usually if a buyer is refused at a bank, bringing them elsewhere will not help.

One time I was selling a property and a buyer, without a broker, called me and requested I meet her to prepare an offer. At the meeting I asked the buyer if she had a pre-approval and if not, I was prepared to drive her to my bank to get one. She told me the pre-approval was not required and not my business. Then she told me to just write the offer. I stood up, closed my brief case and insisted she get herself another broker to assist in the purchase. I had no intention of making my client the seller go through all the steps only to find out this person did not have the funds.



'If the buyer is going to acquire a mortgage, the seller can insist on a copy of the buyer's pre-approval from the financial institution.'

All these scenarios are avoidable.

If a buyer intends to pay cash, the seller can insist on a proof of cash in the form of a letter from the buyer's financial institution, stating that the buyer has been with the institution for a period, that they are in good standing and that they have sufficient funds to purchase the property.

If the buyer is going to acquire a mortgage, the seller can insist on a copy of the buyer's pre-approval from the financial institution. A pre-approval is a document the financial institution provides, indicating the maximum amount of money the financial institution is prepared to loan the buyer and at what interest rate.

'Always insist on a deposit... it is a show of good faith and an indication that the buyer is serious and has the funds.'

Always insist on a deposit. The deposit is refundable under certain conditions if the sale does not finalize, however, it is a show of good faith and an indication that the buyer is serious and has the funds.

Next topic: **Multiple offers. What to do and how to get them.**

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Have a great week!

State of the market

It is September and we are back in the thick of it. The kids are back to school and adults are back to work. Everyone is in the city. There is an audience of thousands as the real estate market revs up for another round of buying and selling. This is my favourite time of year. The past year has been a hot market and it does not appear that it will slow down except for the economy. The economy has been running smoothly and prices have risen. The climate may lend to further interest rate hikes which can slightly slow down the market, thereby creating a buyer's market as prices come down a little.

The other factor that may affect the market is politics. We are heading to a provincial election. Domestic and foreign investors love stability in the market. They will go where stable markets are. They will leave unstable markets. We have enjoyed a stable and growing economy in Quebec for the past several years. There are four political parties running in the election. One will not consider separation. The other three parties do not have the separation issue off the table.

Should any of the three parties, who would consider separation win and then talk about separation, there would be an opportunity in Quebec for real estate investors, if the belief is that the province will not separate. Talk of separation leads to the belief that the economy will destabilize causing companies and individuals to leave the province. In turn, the price of property will drop. The remaining investors may have the opportunity to purchase



Quebec property at a discount. When the political climate turns around, the real estate investments will rise significantly. The cycle seems to occur every few years since 1979.

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Joseph Marovitch has worked in the service industry for over 30 years. His first career was working with families from Westmount and surrounding areas, hosting children between the ages of 6 to 16 as the owner and director of Camp Maromac, a sports and arts sleep away summer camp established in 1968. Using the same strengths caring for the families, such as reliability, integrity, honesty and a deep sense of protecting the interests of those he is responsible to, Joseph applies this to his present real estate broker career. Should you have questions please feel free to contact Joseph Marovitch at 514 825-8771, or josephmarovitch@gmail.com



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