



Real Estate Talk: Prime conditions

Description

What are prime conditions in an offer for sellers?

By **Joseph Marovitch**

Two offers are received for a home for sale. The property is asking \$800,000 and has been on the market for eight months. One offer is \$770,000 and the other offer is \$790,000.

The offer of \$790,000 includes conditions of inspection and financing. The buyers have given themselves 10 days for inspection and 20 days for financing to acquire a \$650,000 mortgage at 3.5% interest or less, amortized over 25 years. They have not provided a pre-approval from their financial institution.

The offer of \$770,000 has no conditions. The offer is cash, no financing and the buyers do not require an inspection since they intend to fully renovate the property with additions, a pool, an extra garage, new kitchens and bathrooms. They have provided a completed proof of cash document.

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Which offer should the seller accept? The one with more money but with several out-clause conditions or the lower offer which appears to be a sure thing. If a buyer is purchasing a property with the intention of extensive renovation, the advantage of providing an offer without conditions is to acquire a better purchase price. The advantage to the seller is the sale is more secure with less chance of failing due to inspection or a refusal from the bank.

More often than not, buyers tend to request a price reduction after inspection. Sometimes the buyer offers a greater amount, with every intention of getting the price reduced after an inspection. It is a strategy that tends to work if the price reduction is not too large and the inspection report is justified. It can also work because the seller has been so excited about selling that they started to make plans for their next property. They, therefore, accept the price



reduction just to keep the plans moving forward.

There are several other factors to consider when answering the questions of which offer to accept. To be safe and ensure the sale comes to fruition, take the offer with no conditions.

If you are prepared to accept the risk for greater reward, take the offer with conditions but get a pre-approval, know the buyer as much as possible and know the broker. Some brokers have better reputations than other brokers. Some brokers will strategize to get a reduced price via inspection.

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I am writing from the point of view of a listing broker, meaning the broker who is selling the house. As a selling broker and in general, I advise to always have an inspection of the property, even new construction. The buyers may be planning to extensively renovate a house but if they come across a foundation issue or a crack in the garage of a new house or condo, their expense budget can significantly increase.

Should you have questions or comments, please refer to the comments section at the bottom of the page. As well, to view past articles, go to the search link and type in **Joseph Marovitch**.

Have a great week!

State of the market

According to a recent study by Royal LePage, interest in a country home or second residence purchases are on the rise. Lakefront properties are most in demand as can be seen by the number of Centris purchases between January 2019 and July 2019. Some argue that prices are rising for second homes in the Laurentians. This is possibly true, especially during the summer months. Another factor leading to increasing prices in the countryside is that prices in the city have significantly risen. Many buyers are opting for country living to reduce costs and have a healthier lifestyle. This means buyers are purchasing country homes to live in as a primary residence. In this situation, the buyer should consider locations that are not too far from towns and other services such as hospitals and grocery stores.

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There has been a rise in demand for country home lakeside rentals and there are many lakefront properties for sale under \$300,000. For investors, it may be a consideration to search out and purchase these properties in order to rent them out. There are many factors to consider when renting a country home such as municipal by-laws. Some municipalities do not allow short-term rentals. Another factor is Quebec licensing. To rent country homes as a business requires permits and inspection by the Quebec board of tourism. Then there is the set-up for payment and agreements. These are not complicated issues, however, the set-up and operation of country homes for rent is a full-time occupation that can, however, be very profitable.



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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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