

## Making a Bid

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Once you've found a house you like, you must decide how much to offer. In putting together your actual offer, consider the following seven factors:

The advertised price of the house - Treat this as only a rough estimate of what the seller would like to receive, and recognize that different sellers price houses very differently. Some sellers deliberately overprice, others ask for pretty close to what they hope to get and a few (often the cleverest) underprice their houses in the hope that potential buyers will compete and overbid.

What you can afford -

What you can pay for a house will probably depend on how much you already have in cash and how much you can reasonably borrow in a mortgage. When figuring out the cost of the house, be sure to factor in your share of the closing costs, which will be about 2%-5% of the purchase price.

### Prices

for comparable houses - Before making an offer to purchase, you should know the selling prices of nearby houses similar to the one you're interested in buying. For reliable comparable prices keep the following guidelines in mind:

- A comparable sale should have occurred within six months (the more recent, however, the better). In a market where prices fluctuate fairly fast, comps should be on sale within the last month or so.

- A comparable sale should be for a house quite similar to the one you're interested in -- in terms of age, size, and type and number of rooms.

- A comparable sale should be within six to ten blocks of the house you want to buy -- or less, if a freeway or other dividing line splits the neighborhood.

### Hot

Market - In competitive areas, homes sell quickly -- often for 10%, 30% or more above the asking price -- as bidding wars erupt among frenzied buyers. You'll want to arrive at a bid adielajos that will beat out the competition -- but only just. Then again, some buyers deliberately bid sky-high in order to stop the madness and find a home, reasoning that by the time they would have otherwise had a bid accepted, prices would have risen anyway. In a cold market, however, you'll have more room to negotiate with the seller, and you may get a bargain.

### The

seller's needs - Remember that price alone is not the only consideration for sellers. Your ability to close the deal quickly -- for example, by getting loan approval or lining up inspections in advance of presenting your offer -- is often crucial, especially in hot markets. Finally, your flexibility and sensitivity to the seller's needs -- whether it's extending the closing date for a seller who can't move for a few months or paying for repairs -- may make or break your offer.

### Your

Dream Home? - A modest house listed at a reasonable price may be a bargain if you have three kids, the house is in an excellent school district and the lot is large enough to add on a few rooms. The same house may be overpriced, however, for a couple not planning to have children. Don't get so carried away with judging objective market considerations that you forget your personal needs.

### How

much you're willing to pay - While tactical considerations -- the temperature of the market, the seller's needs -- are important, nothing should outweigh your own honest assessment of how much you are willing to fork over.