

The Offer

Oral promises are not legally enforceable in real estate sales. Therefore, the buyer and seller need to enter into a written contract, which normally starts with the buyer's offer. The purchase offer or contract must conform to state and local laws. This is one reason that it is a good idea to work with a REALTOR®, since they have access to a variety of standard forms that are kept up to date with the changing laws.

In addition to addressing legal requirements, the offer will specify price and all other terms and conditions of the purchase.

What is included in an offer?

The purchase offer, if accepted as it stands, will become a binding sales contract - also known as a purchase agreement. It is important that the offer contain every element needed to serve as a blueprint for the final sale. The purchase offer includes:

- Address and legal description of the property
- Sale Price
- If the purchase will be all cash or financed
- Seller's promise to provide clear title (ownership)
- Target closing date
- Amount of earnest money deposit
- Provisions about who will pay for title insurance, survey, termite inspections and the like
- Possible disclosures, time limits, and contingencies

Buyers: The seller's response to your offer

You will have a binding contract if the seller, upon receiving your written offer, sign an acceptance just as it stands. The offer becomes a firm contract as soon as the contract is executed. If the offer is rejected, the seller cannot change their mind later and hold you to the deal. If the seller likes most of the contract, but wants to make a few modifications, for example price or closing date, you may receive a written counteroffer with the preferred changes. You can accept or reject them, or make your own counteroffer. Each time either party makes any change in the terms, the other side is free to accept or reject the offer, or counter again.

Sellers: Counteroffers

When you receive a purchase offer from a buyer, remember that unless you accept it exactly as it stands, the buyer will be free to walk away. Any change that you make to the initial purchase offer can be reviewed and either accepted or rejected by the buyer.