

Is there a difference between offers?

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It is not uncommon for sellers to receive more than one Offer to Purchase (OTP) on their property at a time, especially if the home is situated in a sought-after area. While it might be tempting to simply accept the highest offer, this isn't always the best offer and it is important to look at all offers in their own merits, paying particular attention to the clauses of each contract.



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The seller's real estate agent will be able to provide some valuable insight when going through each offer to determine which one is the most beneficial. In terms of the mandate given to the agent, the agent must act in the best interest of the homeowner to ensure that the optimum outcome is achieved during the property transaction. The highest value offer might seem as though it is the obvious choice from the outset and achieving the highest possible sales price is ultimately the end goal, however, there are other aspects that need to be considered before making a final decision.

Before sellers think about accepting an offer, the following should be in place:

Copies of any council-approved plans on the property, as well as checking all other documentation is up-to-date and correct. This will expedite the time it takes for the property to be transferred, ensuring the process goes more smoothly.

Ensure that the contract is easy to understand and covers all aspects that are to be agreed upon by both parties. This should include factors such as which items will be regarded as fixtures and fittings. Having these aspects in a written document will reduce any chance of a misunderstanding or disagreement in the future.

When a seller is reviewing each OTP there are a few critical elements that they should pay particular attention to, as this will help them to differentiate between the various offers. Here are a few basic points to consider:

Is the offer conditional?

The majority of offers in today's market are subject to certain suspensive conditions that need to be satisfied before the transaction can come to fruition. These could include the buyer first having to sell their current home before they can purchase the seller's property.

While not entirely out of the ordinary for an OTP to be void of any suspensive conditions, it is important for the seller to

consider that the property will be off the market while the terms and conditions are waiting to be met, should they choose to accept the offer.

Does the buyer have a deposit?

Most buyers will be required by the bank to have at least 10% of the purchase price of the property as a deposit, however, in certain instances, a buyer may be asked to provide as much as 30% of the purchase price. The more money the buyer has available to put down as a deposit, the greater the chance the buyer will have of obtaining the required finance to purchase the home. Often deposit is also a good indication of the buyer's financial position and how serious they are about buying the home.

Is it a cash deal or financed?

Ideally, the fewer complications involved in the financing of the purchase, the better, as it means that less can go wrong further down the line. Cash is king, but only a small percentage of transactions are completely cash deals. The majority of buyers will require a bond, but banks are far more willing to approve a bond if the buyer requires less than 80% of the purchase price of the home. Although generally not an issue, it is advisable to be cautious of buyers that require third parties to sign a surety on their behalf.

The date of occupation

In the perfect scenario the occupational date and the transfer date would coincide. To a large degree, this will mitigate the amount of stress and complications in the event that the deal does not materialise. If the offer contains any suspensive conditions, the seller should not allow occupation of the home until these conditions are met and all documentation has been signed by both the buyer and seller at the conveyancing attorney.

Once a seller has perused all aspects of each offer and is satisfied, then they can consider the price that the buyer is offering. There are instances where the seller could find that the lower offer is actually the right one for them, depending on their needs and the conditions of the offer.

ABOUT ADRIAN GOSLETT

Adrian Goslett is CEO and regional director of RE/MAX Southern Africa. He joined RE/MAX Southern Africa in 2005 as a franchise development consultant, supporting various regions and offices. Throughout his career at RE/MAX he has held various positions. In 2010, after successfully leading 160 offices and over 1500 agents in six countries through the worst years real estate has ever seen in South Africa in 30 years, Goslett was appointed as CEO of RE/MAX Southern Africa.

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