

First offer may be final

Counteroffer may backfire

With the frenetic pace of the current residential real estate market, some buyers are not appreciative of offers presented on their respective residences.

Most veteran real estate agents have numerous examples of sellers who rejected offers early in the listing period only to sell the house for a lesser amount later.

The lesser amount is usually accepted with a different listing agent, as the agent that brought the better offer has been released due to his perceived incompetence.

Karl Haury, co-founder of Haury and Smith Builders, a man with more than 40 years of real estate, has often preached the importance of negotiating the first offer into contract status.

For those unfamiliar with real estate jargon, an agreement for the purchase of real estate is only an offer until both sides agree on all conditions at which time it becomes a contract. That contract can contain numerous contingencies that must be satisfied in order for the transaction to be completed, but it is a binding contract.

Reaching for the stars

At the time of the listing many homeowners have unrealistic expectations, and that is to be expected. To add Nashville flair to the example, if songwriters did not have unrealistic expectations, no songs would ever be written, for the chances of having a song recorded and that song become a single, and that single to chart are astronomical. To expect a hit is unrealistic.

However, at the time the song was completed, the songwriter often feels it will be the next mega hit and that recording artists will be in a queue around the roundabout in hopes of being selected as the person to record that song.

REALTY CHECK



Richard Courtney

As in real estate offer rejection stories, there are numerous examples of songwriters that would not allow new artists to put their songs "on hold," meaning no one else can record them. One of those new artists was Garth Brooks. Others have tried to save their songs for just the right person, and that person might hate the song.

And, at times the song stinks. It happens in houses, too.

Words on paper

Just as many buyers are hesitant to purchase the first home they see, many sellers refuse to sell their house to the first person to make an offer. If the offer is reasonably close to asking price, they feel they priced the house too low, a sentiment shared with every human to list a house. If however, the offer is low, they are irritated to the point of insanity.

To save sanitariums from overcrowding, sellers should consider a low-ball offer merely a few drops of ink smeared over a sheet of paper. It takes sticks and stones to break bones; the words should never hurt them.

In the case of early offers, some feel cheated that more potential buyers were not able to be dazzled during the viewings. Others feel the whole thing is a conspiracy, that the agents colluded to have the house sell at a price substantially below the market. They also are aware that Neil Armstrong never set foot on the moon. They feel Armstrong's step

was from onto the sandy floor of a movie set.

Take some advice from a football legend

However, the most prevalent mistake sellers make is in their determination that all buyers expect a counter. Gen. Robert Neyland, a successful football coach at the University of Tennessee from 1926 through 1952, once said that when you attempt a forward pass in football, only three things can happen ... and two of them are bad.

Neyland's wisdom transcends football and can be used in real estate. When a seller counters a buyer's offer, only three things can happen, and one of them could be catastrophic. The buyer could accept the counteroffer, the buyer could counter the counter, or the buyer could reject the counter and walk.

This is certainly not to say that the initial offer should always be accepted, not even in most cases, but in the case of a strong first offer, the chance of rejection is most likely. Contrary to popular belief, most buyers do not make offers to initiate a protracted, emotionally draining negotiation.

Rather, when a buyer presents a reasonable offer that should be accepted and it is countered, it insults him. Every buyer does not expect a counter offer. In the word of Edwin Starr, "I'll say it again", every buyer does not expect a counteroffer. Counteroffers can be counterproductive.

The wise will work the offer to death. On numerous occasions, the offer that seems to have no hope eventually reaches contract status. Then the real fun begins — inspections, appraisals, title issues, boundary disputes. What the heck.

Richard Courtney is a Realtor with Fridrich and Clark Realty and can be reached through his Web site www.RichardCourtney.com. We worry about him at times.