

Winning a Bidding War

If you're looking to buy a house right now, you understand that it's a seller's market. Inventory is low and prices are high, higher than ever, in fact. So if you find your dream home, chances are you'll encounter a bidding war. Here's how to win.

BE PREPARED

Unless you're offering all cash, most agents won't even consider a bid unless you're preapproved by your lender, preferably one familiar with the local market.

Get preapproved for a mortgage before you start shopping for a home, say the experts at Rocket Mortgage. Your lender will provide you with a guaranteed approval up to a certain number, allowing you to bid up to that maximum.

Preapproval letters show sellers you're a serious bidder and that you won't have trouble getting a mortgage to purchase the home. Without one, a seller might pass by any offer you might make.



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REAL ESTATE 101

The Art of Negotiation

Negotiating a home price requires a lot of patience and organization, and sometimes compromise. One crucial element is using a local real estate agent or Realtor to assist in negotiations. But there are other things to consider before sitting down at the negotiating table. The experts at Rocket Mortgage put together this "how-to" primer at bit.ly/3xnk66b.

MAKING THE OFFER

In today's market, houses are selling for as much as 25% over asking price, or more — sometimes with dozens of

bidders driving the price ever higher.

It's important to go in with your best offer — even if it's less than what you're approved for. Traditionally,

say the experts, the best way to win is to offer the most money. But don't bid above what you're comfortable with. Going into a bidding war with your best offer takes

some of the emotion out of the process. You'll know you can walk away having offered the highest price you can afford.

Here are some other ways to ensure you win a bidding war, according to Rocket Mortgage:

- **Add an escalation clause:** If you think you'll face competition, but can't be sure how much others will pay, your real estate agent can write an escalation clause into your offer that says you'll pay a certain dollar amount above any offer up to your budget limit.

- **Drop contingencies:** Contingencies are specific conditions that must be met before a sale can be completed. If you remove any contingency, you're making it easier for the seller to accept your offer.

- **Skip the inspection:** It's risky, because great-looking homes can hide a wealth of problems. But bypassing the inspection is one way to entice the seller if you can afford the risk.

- **Offer all-cash:** Many people don't have the wherewithal to make an all-cash offer, but if you can, experts say your offer can quickly jump to the top of the pile. Cash saves both parties time by skipping underwriting and shows the seller you won't have problems with financing.



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HOMEWISSE GLOSSARY

Underwriters: Trained individuals that make the final decision of whether each loan is approved, approved with conditions or denied. SOURCE: MLS.com

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