

The Contract

A valid real estate contract must be in writing and be freely offered by the buyer and accepted by the seller. All parties to the contract must be legally competent to do business. Money or other valuable consideration needs to be exchanged for title to the property.

Keep in mind that if things go wrong, the buyer could require you to sell your home to him/her or pay damages. Be familiar with the terms of any contract you give to a would-be purchaser.

Consider the contract as a whole. Is it slanted in favor of the buyer? If so, consult an attorney about making changes. Analyze the document as a series of paragraphs or clauses, each written to benefit one party or the other.

Key Elements of the Sales Contract

Price and terms

If a low offer comes your way, remain cool until you've examined the terms. Nothing evokes a more emotional response than a low bid. Be realistic and objective because many properties don't bring full price. Don't use price alone as a reason not to counter or negotiate. A first offer may reveal what's most important – price or terms – to this particular buyer, giving you the key to begin bargaining.

Condition of home and inspection

The purchaser should have your home inspected for soundness of construction and state of repair. Include all mandatory and voluntary disclosure statements concerning the property's condition, such as known defects in the contract.

Be careful what you guarantee. You cannot be sure the roof won't leak, the heating system won't go out or any other number of such assurances. Once the property is sold, you are no longer responsible for it.

Response deadline

You'll be asked to respond to an offer within a specified timeframe. Try to get as long a response time as possible. Other offers may come up and you'll want to buy time to review them and perhaps use one offer to increase another.

Settlement date and occupancy

If you have another home under contract, ask for a settlement date that will enable you to take your sales profits to the next closing. Be realistic; the buyer of your home probably will need at least 30 to 50 days to arrange financing and close.

Finalizing

Everything in the offering contract is negotiable. When everyone has agreed to the terms, initialed the changes and signed the contracts, you've got an agreement binding on all parties. All that remains is removing contingency clauses, arranging financing and clearing title.

