



**Anthony
NEWMAN**

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How to Handle Low Ball Offers

by M. Anthony Carr

If your house has been on the market for quite a while (3 to 6 months), you may have already dropped your price and now you're waiting for the buyers to rush in and make wonderful offers on this now-priced right property. And then it happens.

The lone buyer does appear, like a bandit in the night and offers you even less than what you just agreed to. Quite a bit less - about 10 percent less. So on your \$350,000 house, that you just dropped to \$324,000, you now have an offer for \$299,000. With a seller subsidy request of \$5,000. At this point, your net is \$294,000.

So how do you handle such a low-ball offer. Well, first of all - don't panic, get angry or lose sleep. Especially, don't reject the offer right off the bat and tell them to come back when they're serious. Remember, it's now a negotiation game and the buyer IS serious or he or she would not have made an offer.

Several things have happened before this offer came in. The buyer, with his agent, has researched the market, walked through as many as 30 or 50 properties, conducted a study on the value of the property and written an offer for your house. Remember, you just won the lottery. They could have written on any other house, but they selected yours. So let's get busy.

First of all, do an analysis of your own goals and needs. How much do you really need to come out of this house to meet your goals of moving to your next home? What could you really live with and what amount are you going to counter. Remember this last point - what are you going to counter? This is assuming that you're not rolling over and that you're going to stay in the game.

Next, conduct a comparative market analysis of the house once again. What's happened in the market to get this buyer to offer such an offer (notice I didn't say 'low'). It might be that your house is now worth that amount. And if it is - that's okay, because it probably means the house you wanted to buy up into is also worth less. At the worse, you're going to take away less money. The best thing to look at, however, is that now you're going to buy up with a smaller down payment because the buy-up property is also less.

Now, let's start the negotiation. Keep in mind, this is for the long haul. Keep it alive as long as the buyer will keep it alive. Give up a little bit at a time. If you reduced the house to \$324,000, expecting an offer of \$319,999 with closing costs of \$10,000 - then start there. You're already willing to accept a net of \$309,999, so you're not really that far off. Understand you're not going to get top dollar with no seller subsidy. So come down to \$320,000 and give them their closing costs. So now, your net has come up to \$315,000.

Hey - you're actually ahead of the game if they accept. Oops - they don't. Now they've countered to \$309,000

and still want the \$5,000 in closing. (Now our net's at \$304,000). Great. Just think. When you started, you were \$324,000 apart (remember, you had NO offer at all). Now, you're only \$5,999 away from the net you were willing to accept in the first place.

We're almost there. Now, before I go much further, here's a negotiation tip - keep this civil. Use a lot of complements about the offer, the buyers and the agent. "What a great offer. Thanks so much for writing. We are very excited about selling this house to you."

You want the buyer agent and his/her clients to know you're wanting to work with them. You've been waiting six months for this day (negotiation day) and you want to keep everyone engaged in the process to get your goals met - sold and on your way to your new home in the country.

Now offer your final counter (or maybe next to final). You definitely want to use the complements at this point: "We are so close." "I can't wait till we wrap this up, then we can all celebrate."

At this point, you know the buyers want to buy and your sellers are ready to start packing, so emphasize that you're very close. Use a dialogue like this: "We are so close. We have some goals to meet, just like you do. And I hope we can bring this together to get us both where we want to be."

This is when you make the final offer and stick with it. If you offer \$314,000, they definitely get what they need and you get closer to your final net - which at this point would be \$309,000 - just \$999 off of your initial goal. Then you know if it goes forward or you're back on the market. However, don't be so stubborn that you lose the lone buyer because of \$2,000 or so.

If the buyer is stretching and this won't work, this is when the honesty comes out. The agent may tell you, "If we can't do \$309,000, it's just not going to work. It goes too far beyond their qualification." Then you can decide whether to keep it on the market (hoping you don't have to drop the price again), or you cut the loss and move forward with settlement.

Be patient with the process. Don't get upset, remember, they're trying to meet goals just like you are. By working together, both can get what they want.



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Anthony@neirealty.com

When Your Neighbor's Trees are on Your Property

by Stuart Lieberman

Do you know where your property line is located? If your property was surveyed correctly and you have markers in the ground, you probably know.

But if you don't have the property lines marked ~ how do you really know?

If your neighbor has a fence, don't assume that the fence is on the property line. It may be on the line. It may also be a few inches into your neighbor's property.

Or your neighbor's fence may be partially or entirely located on your property.

The same applies to trees and landscaping at the end of your property. What if they are on your neighbor's property, but have grown onto your property? What if the tree that you thought was on your neighbor's property, is half on your property and half on his or her property? And what if it is diseased, or needs pruning, or needs to be cut back?

These issues re-occur all of the time. Property lines exist on maps, not in real life. So people often make innocent mistakes in placing landscaping and fencing. These overlaps are called encroachments.

What should you do about the encroachment? First and foremost, you generally should take some action.

In some states, the neighbor can actually secure real title to your property if he can prove you knew about the overlap for a specified period of time (often around 21 years) and took no action. A neighbor's successor (the next owner) may also have this legal right.

So at a minimum, you may need to take some kind of action to demonstrate that you are not foregoing ownership and that your kind attitude should not be confused with acquiescence or not caring.

Very often, there are cooperative ways of addressing these issues. For example, in the case of tree encroachments, you may not have to cut or move the tree.

Trees are usually good things and cooperative arrangements can be simply made to secure the well being of the tree. This includes maintaining the tree and pruning, etc. It's a kind of tree joint custody arrangement.

The same applies to fencing and to areas of over pavement. While the ownership problem must be acknowledged, and while the parties should agree on actual ownership, the resolution does not have to be destructive.

In certain instances, when appropriate, an easement can be prepared which allows one neighbor to continue to use and benefit from the encroached property. Sometimes money is exchanged for the easement (perhaps enough for taxes, maintenance and insurance).

In certain instances, lot lines can be changed to eliminate the problem altogether.

This is an area where you should consult with a local lawyer, one that understands property law in your state.

Often solutions are easy and inexpensive. Sometimes they are more involved.

Almost always, a peaceful solution is available that does not have to be destructive. And it does not have to turn a good neighbor relationship into something less than desirable.

However, where amicable solutions are not apparent, courts will entertain and resolve these issues. From a personal standpoint, I believe that neighbor to neighbor court disputes should always be avoided.

But if that is not feasible, courts will provide finality in these areas.

Thinking of buying or selling a home in the near future, please call

ANTHONY NEWMAN

for a personal interview and property assessment with no obligation.

310-338-1245

E-mail:

Anthony@neirealty.com

NEIRealty.com



Anthony NEWMAN



Newman's Enterprises, Incorporated
6820 La Tijera Blvd. #109
Los Angeles, California 90045

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