



Sunday Column

By Grant Lopez, 2019 Chairman

11/24/19

Counteroffers and contracts: Tips to get through unscathed

Many real estate transactions would never come to pass if not for counteroffers. Sure, some deals get done with an acceptance of the original offer, but the fact is that many offers to buy are met with a counteroffer – even when the price is right.

There's often a lot of back-and-forth before buyers and sellers close a deal. But you can get through the counteroffer phase with your sanity intact. You just need to know what to expect.

What's involved in a counteroffer?

At its most basic, the buyer submits an offer with specifics on the purchase price, downpayment amount, financing, timing, and other business details. After receiving the buyer's offer, the seller sends it back with changes to one or more terms. Counteroffers are simply responses to original offers - whether it's a change to the purchase price or a refusal to leave an appliance.

Once a counteroffer has been made, the proverbial ball is in the other party's court; they can accept the counter, make another counteroffer, or not respond at all. And so it goes.

So how do you know if a counteroffer is a good thing? Much depends on what you want. For example, if you're selling and you get an offer with an acceptable price but a closing date that isn't, you can counter with a closing date that suits you.

By the same token, if the offer is lower than you'd like, you can make a counteroffer with an amount that would make you happy. Once everyone agrees, you're on your way to closing day.

Of course, this is a gross oversimplification of only one part of a real estate transaction; there are still plenty of details to take care of between an accepted offer and closing.

Problems with counteroffers

Sounds easy enough, but what if there are problems? Many people don't realize that any change to a contract that results in a counteroffer – even if it's as minor as asking to keep the refrigerator – automatically voids previous offers, and the buyer (or seller) can completely ignore the new offer if he desires. In other words, if you submit an offer to purchase a home, the seller comes back with a counteroffer, you counter his counteroffer, and he rejects it, the deal is off. You can't officially go back to his first counteroffer and accept it.

So, before you make one last counteroffer to try to keep the refrigerator, make sure that appliance is worth potentially losing the deal, because a counteroffer gives the other party the power over whether the transaction moves forward or comes to an end.

Some sellers will respond to a buyer's offer not with a counteroffer but with an invitation for the buyer to submit a new offer. The invitation to submit a new offer typically spells out what terms will make a more favorable impression on the seller. This approach keeps the seller's options open to continue to receive offers from other potential buyers.

If you find yourself in the offer-counteroffer stage, make sure you are reachable, so you don't miss out on a house you want or, if you're the seller, on a potential sale.

Get it in writing

Finally, get everything in writing. Verbal offers and contracts aren't binding, and, despite our increasing dependence on it, the same goes for e-mail. A contract must be signed to be enforceable.

Your San Antonio area REALTOR® is obliged to convey a verbal offer or counteroffer or verbal acceptance to the other party, but a contract is not enforceable until it is in writing and signed by all parties. Once a deal is signed, it is much more difficult for either party to pull out without being penalized.

The bottom line is to communicate with your REALTOR® and revisit all considerations before making or accepting any counteroffers.

For more information on buying, selling, or leasing your home visit SABOR.com and use a San Antonio area REALTOR®.

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