

## Conditional Offers

If you're a new player in the housing market, everything about the buying and selling process can be confusing. Purchasing or selling real estate is not the same as most other transactions. When you see a pair of shoes you want to purchase, you try them on. If they fit, and you like the way they look, you buy them and take them home. But with home purchases, it's rare that a buyer will say to their REALTOR®: "It's perfect as it is: we'll take it." There are many other factors that come into play, and sometimes, it makes good sense for you and your REALTOR® to place conditions on the offer you make to the home sellers. Conditions exist to try and protect you, the buyer, from potentially costly and/or frustrating situations.

Conditions are added to the Agreement of Purchase and Sale form that your REALTOR® uses to write your offer. Some of the most common conditions used in real estate sales are financing, insurance, and a home inspection. The Agreement states that your offer is not binding until all of those conditions are met.

If, for example, you've just begun your home search, and haven't yet secured your mortgage financing, you may want to make your offer conditional on obtaining that mortgage approval, or you could end up legally contracted to buy a home you don't have the money to pay for. A pre-approval is a good idea, but it's always a good idea to confirm that financing before you make your offer final.

The ability to obtain home insurance on your prospective new home is another condition that your REALTOR® may suggest you attach to your offer. Your mortgage lender will require proof that your home is insurable before they hand over the cash, so this one's pretty essential. Reasons a home might fail your insurance company's criteria include things like the presence of vermiculite (asbestos) insulation, knob-and-tube wiring, **former grow-op property**, or other structural and safety issues.

Whether you're purchasing a new home or a resale home, it's always a good idea to hire an accredited home inspector to conduct a thorough inspection of the property, inside and out. An inspection can save you a lot of money and hassle later on, once you own the home, if there are structural or other defects that need repairing or replacing. Problems such as a leaky roof or basement, outdated or faulty wiring or plumbing, or a cracked foundation can cost a bundle to repair. A home inspection can also give you a very good idea of how efficient the home is at holding energy based on an examination of the current windows, doors, heating and cooling systems.

Of course, you can place conditions on your offer, and the sellers may counter your offer and ask for the conditions to be removed. Whether or not you agree to do so depends on many things, including the state of the current real estate market and how comfortable you are with your ability to obtain your financing or insurance, for example. Every home is different, and every buyer's situation is unique. Your REALTOR® is a great resource, and can provide you with well-informed advice about conditional and unconditional offers.

***Readers are encouraged to send questions or request topics to be discussed in this column. Please send your requests to [info@thenewsemc.ca](mailto:info@thenewsemc.ca)***