

Offer Writing For Investors

Mogul Mastermind Jan 7, 2016

Terms vs. Conditions

- ▶ Terms:
 - Part of mechanics of executing contract
- ▶ Conditions
 - Must happen before contract is Firm

Condition 1: Financing

- ▶ Typical Maximum 10 business days
 - ▶ Must get written bank approval
 - ▶ Order appraisal ASAP
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Condition 2: Inspection

- ▶ Ensure to “Buyer’s Satisfaction” – OUT CLAUSE
- ▶ Anything counts as inspection
- ▶ Inspector will give assessment, not “pass/fail”
- ▶ Other Extra Diligence
 - Sewer line, foundation, attic/roof, mold

Inspection Renegotiation

- ▶ Good possibility of success: Hidden / Dangerous
 - Electrical issues, foundation, items at end of life vs. middle, behind walls, attic, ventilation
- ▶ Low possibility of success: Obvious / disclosed
 - Grading, wear and tear, maintenance, “old house” stuff
- ▶ **RENEGOTIATION DEPENDS ON THE DEAL**

Term: Potential Tenants

- ▶ “Buyer may show property to potential tenants prior to closing”
- ▶ Book showings well ahead of time, do group showings, coordinate with your realtor

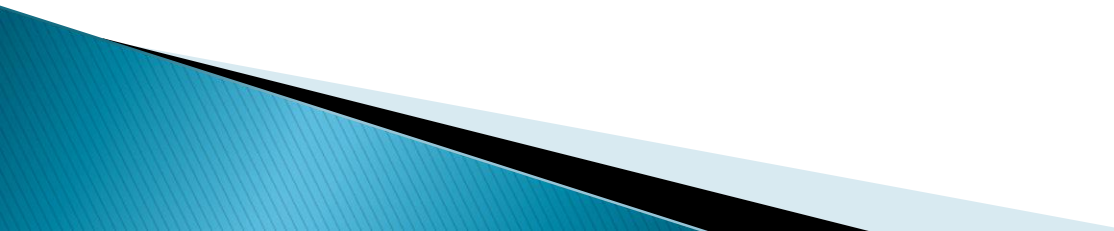
Term: Vacant Possession

- ▶ Offer Default: Vacant possession on closing
 - Best to clarify in terms
- ▶ Can leverage this with inexperienced selling agent

Term: Assuming Tenants

- ▶ Due diligence
 - Leases
 - Move in reports
 - Payment History
 - Application
 - Meet & Greet
- ▶ “Seller to provide to buyer prior to condition waiver”

Term: RPR

- ▶ “Seller to provide buyer copy of RPR prior to condition waiver”
 - ▶ Contract default is to have current at closing
 - ▶ Have your lawyer review
 - ▶ Best to avoid issues before closing
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Term: Utilities

- ▶ “Seller to provide buyer with copy of utilities bills prior to closing”

Term: Repairing Issues

- ▶ BEST: Go for price reduction
- ▶ Second: “seller to repair XYZ prior to closing”
 - “To buyer’s satisfaction”
 - “By specific time”
 - “If incomplete buyer to hold back \$\$\$ from seller”
 - “Buyer to have access to property to inspect work”

Terms: Final Tips

- ▶ Be very specific
 - ▶ Give timelines
 - ▶ Give consequences for not adhering
 - ▶ Get them in writing before condition waiver
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