

Making an Offer

You've found the perfect home, you have your deposit, and you want to make an offer. Before you do, there are a few things you and your real estate professional should do to ensure it is really is the perfect home for you:

Review the Real Property Report: a Real Property Report (RPR) is a legal document prepared by an Alberta Land Surveyor that shows property boundaries and improvements (structures) relative to boundaries. You want to ensure an RPR has evidence of municipal compliance, which confirms property improvements comply with municipal Bylaws and Regulations. If there is no RPR available, discuss your options with your real estate professional and your lawyer.

Search the address: Search the address of the property or, in the case of a condominium, the name of the condominium building/complex. An internet search can uncover quite a bit.

Conduct a Historical listing search: A historical listing search will show you the listing history of the property.

Look into warranties and representations: Alberta has an online public registry of homes covered by a new home warranty.

Writing the Offer

Offer price

Your real estate agent will provide you with information to help you make an informed decision on what to offer. That information will include looking at comparables (recent sales of similar properties in the same neighbourhood), and discussing your preferences. It's your choice what to offer.

Deposits

A deposit can be a sign of how serious you are about the purchase. You need to have the deposit ready at the time of your offer.

Terms

A term is a detail in the purchase contract that the buyer and seller agree to. Terms include:

Possession date: The date on which you will take possession of the property.

Inclusions and exclusions: Inclusions are items you want included in your purchase, typically appliances, security systems, etc., and exclusions are items excluded from the purchase, for example if the sellers are taking the curtain rods or TV wall mount with them. Inclusions and exclusions can be negotiated between the parties.

Attached goods are items you cannot remove from the property without causing damage.

Unattached goods are movable items. In the absence of specific inclusions or exclusions in the offer to purchase, attached goods are typically included in a sale while unattached goods are not.

Time for acceptance/expiry of offer: You want to include an expiry date/time that:

- creates a sense of immediacy for the seller
- may encourage the seller to review your offer before others
- removes the need for you to formally withdraw the offer at some point in the future

Pre-possession inspection: A pre-possession inspection term gives you the opportunity to view the property, with your real estate professional, prior to possession. Such an inspection can help you confirm the property is in substantially the same condition as it was when you viewed it and made your offer.

Conditions

Buyers often place conditions in their Offers to Purchase to protect their interests. When you write a conditional Offer to Purchase, it means you want to buy the property but before making it a firm sale, you want the ability and time to review or confirm information. Some common conditions include home inspection, financing, and a review of condominium documents (if buying a condominium).

The conditions you may want to include will differ depending on the type of property, for example:

- if you're buying a single-family home, you may want a home inspection
- if you're buying a condominium, you may want condominium document review condition
- if you're buying a country residential property, you may want satisfactory results of a water or soil test as a condition

All conditions need to have an expiry date. Make sure the expiry dates you include will provide you with enough time to satisfy the conditions. If you don't waive your conditions in writing by their expiry date, the contract ends, and you and the seller have no further obligations to each other. If you are ready to waive your conditions, your real estate professional will provide you with the required waiver, and the purchase contract becomes final and binding.

Counter Offers

There will likely be some negotiation between you and the seller after you submit an Offer to Purchase. Sellers can outright accept or reject your offer, make a counter offer, or ignore your offer completely.

- if the seller accepts your offer, congratulations! If your Offer to Purchase contained conditions, your real estate professional will help you do what needs to be done in order to satisfy those conditions
 - if the seller rejects your offer, you can either submit a new Offer to Purchase or look elsewhere
 - if the sellers provide a counter offer, carefully review it and any terms and conditions. A counter offer likely contains a different selling price, but the sellers may also counter on possession date, inclusions/exclusions, terms, or conditions. If you want to accept their counter offer, make sure you review everything in it. If you want to change anything, you are essentially providing the sellers with a counter offer rather than simply accepting their counter offer
 - if the seller ignores your Offer to Purchase, it's essentially the same as rejecting it. It's up to you how you want to proceed. Do you want to write a new Offer to Purchase or look for a different property?
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Multiple Offers

A multiple offer situation is when multiple buyers submit an Offer to Purchase on the same property, at the same time. It's the seller who determines the process, including whether they want to disclose the multiple offer situation to potential buyers. If the seller discloses a multiple offer situation, your real estate agent will:

- tell you of the multiple offer situation
 - advise you of the seller's options
 - attempt to personally attend the offer presentations
 - advise you of YOUR options, including:
 - increasing your offer prior to its presentation to the seller
 - leaving the offer as it is
 - withdrawing the offer
 - reconsidering the fixtures, chattels, terms and conditions of the offer
 - advise on other considerations that could improve your position including:
 - a term or condition that will compel the seller to deal with the offer at the time of presentation or face withdrawal
 - a requirement that the seller not disclose the price and terms to any other buyer or face withdrawal
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Expiry Dates on Offers

When you make an offer to purchase a property you need to decide whether to include a date and time when your offer will expire. Expired offers are automatically withdrawn, whether the other party has considered it or not.

Your real estate agent can tell you advantages and disadvantages of the inclusion of an expiry date, but it is up to you to make a decision about how you wish to proceed.

Including an expiry date

Advantages

- creates a sense of immediacy
- offers with expiry dates may be considered before other offers
- removes the need to withdraw the offer

Disadvantages

- may not allow sellers enough time to consider the offer

If you do include an expiry date, and you're worried that the other party may not have enough time to fully consider your offer, ask your real estate representative to advise the other party that the expiry date is extendable.

Your real estate professional will help you decide the best date and time for an expiry.

Not including an expiry date

Advantages

- allows the other party time to consider the offer

Disadvantages

- allows the acceptance of the offer and/or counter at any time, even after you've moved on to another property
- allows the other party the opportunity to receive and consider other offers

If you don't want to include an expiry date, ask your real estate professional about a follow-up system that would allow the offer and counter to be formally withdrawn.

These same advantages and disadvantages also apply to offers/counter offers to lease.

Offering on a conditionally sold property

Sellers often accept conditional offers that set out the terms of the proposed sale (purchase price, the closing date, etc.), and any conditions that must be met within a specified period of time (financing, home inspection, etc). Accepted conditional offers do not always become binding contracts as the buyer may be unable to satisfy conditions.

When a seller accepts a conditional offer, they have to decide if they want to disclose the existence of the accepted conditional offer to other potential buyers. Buyers have to decide if they wish to view properties even though they may not be able to determine if the seller has accepted a conditional offer.

There are implications as a buyer. Discuss your options with your real estate professional before proceeding.

- When you find a property you want to view, your real estate professional should ask the seller's representative about the status of the property – they should ask a direct question: is there an accepted conditional offer on this property?
- Seller's real estate representatives can't lie to you or your real estate professional, however they must follow the lawful instructions of the seller
 - The seller's agent may say yes, there is an accepted conditional offer on this property.
 - The seller's agent may say no, there is no accepted conditional offer on this property. Remember that the seller's agent cannot lie. If they indicate there is no accepted conditional offer on the property, then there isn't one. However, that answer only applies at the time you ask the question. If you come back and draft an offer later, the seller's representative is under no obligation to advise you or your representative that the status of the property has changed unless the seller has instructed them to do so – in a brisk market that status may change quickly; often in a matter of minutes or hours.
 - The seller's representative may say, my seller has instructed me to neither confirm nor deny the existence of an accepted conditional offer. In this case, you have to decide if you're willing to view a property that may be the subject already of an accepted conditional offer.
 - The seller's representative may simply not respond to your representative's inquiry about the property's status. Again, in this case, you must decide if you're willing to view the property in the absence of a response.