

MARKETWATCH**How and When to Bid Low on a Home**
 By **AMY HOAK**
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With stagnant prices and elevated inventory in many markets, home sellers are no longer automatically turning up their noses at offers that come in far below their asking price.

But buyers who do ask for deep discounts still risk offending sellers to the point where they quash any deal. So before making an aggressive offer, some homework is in order, real-estate professionals say. And buyers will need to effectively explain why the price of a home should be lower.

Pat O'Heron was able to negotiate a steep discount with a seller who relocated for a job, in a neighborhood in Ann Arbor, Mich., that had two year's worth of inventory on the market.

Mr. O'Heron says before he even made an offer, the asking price had already dropped by about \$80,000. He eventually bought the home for \$270,400, with about \$11,000 in other credits. The price ended up being \$115,000 below the initial asking price.

Mr. O'Heron was able to take advantage of a market in which buyers decidedly hold the upper hand, with its excessive for-sale inventory due, in large part, to job losses in the area.

But even though housing is in a slump in many parts of the U.S., those tactics won't work in markets that remain healthy. And there's always an inherent danger in going *too* low. A low offer could insult the seller to the

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point that they'll refuse to counter, Realtors say. And the seller could easily make the assumption that the buyer isn't committed to making a deal.

"When you're making the offer," says Jon Boyd, Mr. O'Heron's agent and president of the National Association of Exclusive Buyer Agents, "if you justify that offer with outside data, then it's much less likely to be perceived as being an insult or [the buyer] not as serious."

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Here are three guidelines on how -- and when -- to make an aggressive bid:

1. Learn how motivated the seller is to make a deal.

Certain sellers are going to be more willing than others to negotiate a low offer -- several giveaways that might indicate more leeway on price.

For instance, if the sellers have already purchased another home and that sale has they're likely to be more willing to make a deal, says Dick Gaylord, president elec National Association of Realtors and a broker with Re/Max Real Estate Specialist Beach, Calif.

If the property has been on the market for a long time, sellers will be interested in any offers, he adds.

Mr. Gaylord says he talks to the seller's agent to get as many details as possible ab motivated the seller is.

Overall local market conditions also play a role. The housing market in which Mr. bought, for example, was sluggish. The home he purchased had been on the marke year.

Because of the job relocation, the seller needed to move and wasn't in the position home off the market until conditions were more favorable, Mr. O'Heron says.

2. Make your case with hard facts.

When putting together an aggressive offer for a client, Mr. Boyd doesn't just hand purchase agreement with the price the buyer is willing to pay -- he creates a cover explaining exactly where that number came from.

In addition to citing comparable sales in making the offer, it also could be importa details regarding the amount of inventory in the immediate surrounding area, he s

"If we just looked at the relative values of the houses that sold, we would end up p much for that house because we know that the values are going to fall," Mr. Boyd see two years' worth of inventory, we should be buying 5%, potentially 10% less t

houses have sold for in the past year in the neighborhood."

Buyers may even personally write a letter to the sellers to make their point, as they the market was hot and they aimed to stand out from the crowd, Mr. Gaylord says they can detail what they like about the house but express their fear of future drop

3. Prepare for the possibility of rejection or negotiation.

Ultimately, a real-estate agent working on behalf of a buyer needs to honor and fa offer that the buyer wishes to make -- even if it seems to be too low.

Mr. Gaylord warns buyers making very low offers that the seller might refuse to n a "super aggressive offer," Mr. Boyd says he might tell a client "there's a one in fi there will be a positive response."

Still, there's that potential for a seller to make a counteroffer, especially if there ha many other bids.

Danielle Kennedy, a real-estate sales coach and author based in Pacific Palisades, advises sellers not to think of a low offer as an insult but as "a sign of interest."

It "begins the dialogue regarding the purchase of your house," she says.

Not all hope is lost even if a seller doesn't bite immediately.

Sometimes after time elapses, the seller comes around and decides to negotiate, M New information -- such as the sale of a comparable home at a lower price -- also seller to give an aggressive offer a second look and open the negotiation process.

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