

# Inside the Mind of a Smart Homebuyer

- OFFER, NEGOTIATING & CLOSING -





# The Questions That Matter

Buying a home is a major life decision. Home buying may take 6 months or more, so you need to make sure this decision fits in with your personal plans and goals.

*Recently, we have provided you with a list of key areas for you to think about as you start your homebuying journey, and some answers.*

*Our last publication examined inspections and due diligence and outlined the key questions every buyer should consider before making final homebuying decisions.*

*As you enter the final stage of the process, we are also sharing additional questions to guide your approach to making an offer, negotiating, and closing.*

## What contingencies should I include?

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Contingencies are conditions written into your offer that must be satisfied for the purchase to move forward. They are designed to protect you by giving you the ability to renegotiate or walk away without penalty if certain issues arise. The mix of contingencies you include should reflect both the property you are buying and how competitive the market is.

Common contingencies to consider:

- **Inspection contingency**  
Allows you to hire a professional to evaluate the home's condition. If significant issues are found, you can request repairs, negotiate a credit, or choose not to proceed.
- **Appraisal contingency**  
Ensures the home's value supports your offer price. If the appraisal comes in lower, you may renegotiate the price or exit the contract.
- **Financing contingency**  
Protects you if your mortgage is not approved. This is especially important if your loan is not fully underwritten at the time of the offer.
- **Sale of current home (if applicable)**  
Gives you the option to proceed only if your existing home sells, which helps avoid carrying two mortgages.

In more competitive markets, buyers sometimes shorten contingency timelines or waive certain protections to strengthen their offer. This can make an offer more appealing to a seller, but it also increases risk, so it is important to understand exactly what protections you are giving up.

## What happens if multiple offers are submitted?

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When a home receives multiple offers, the seller has the advantage and can choose how to proceed. In some cases, the seller will accept the strongest offer immediately. In others, they may ask all interested buyers to submit their *“highest and best”* offer, which means improving price, terms, or both.

What typically happens:

- The seller reviews all offers and compares not just price, but also terms such as contingencies, financing strength, and closing timeline
- The seller may issue a counteroffer to one or more buyers
- Buyers may increase their offer price or adjust terms to become more competitive
- The final decision often balances certainty of closing with overall value

How buyers strengthen their position:

- Submitting a strong initial offer that reflects market conditions
- Limiting contingencies or shortening timelines where appropriate
- Providing a solid pre-approval or proof of funds to demonstrate reliability
- Being flexible on closing dates or seller preferences

In these situations, the winning offer is often the one that gives the seller the greatest confidence that the transaction will close smoothly, not just the one with the highest price.

## How should I negotiate in a competitive market?

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In a competitive market, negotiation is less about getting a lower price and more about making your offer as strong and reliable as possible. Sellers are often comparing multiple offers at once, so they tend to favor buyers who create the least risk and friction.

What to focus on:

- **Come in strong from the start**

In fast-moving markets, there may not be much back-and-forth. A well-informed, competitive initial offer is often more effective than starting low.

- **Limit uncertainty for the seller**

Shorter contingency timelines or fewer contingencies can make your offer more appealing, as long as you are comfortable with the added risk.

- **Show financial strength**

A solid pre-approval, proof of funds, and a meaningful earnest money deposit signal that you are serious and capable of closing.

- **Be flexible on terms**

Aligning with the seller's preferred closing date or offering flexibility can make a meaningful difference.

- **Move quickly and stay responsive**

Delays can weaken your position. Being prepared and responsive helps keep your offer competitive.

In these situations, negotiation is often about reducing the seller's concerns rather than pushing for concessions.

## What repairs should I negotiate after the inspection?

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Focus on meaningful issues, not cosmetic fixes, especially anything that impacts safety, structure, or costly systems.

### **Prioritize:**

- **Safety hazards:** electrical problems, gas leaks, mold, fire risks
- **Structural issues:** foundation cracks, roof damage, framing concerns
- **Major systems:** HVAC, plumbing, electrical—especially if not working or near end of life
- **Water problems:** leaks, poor drainage, signs of past or ongoing damage
- **Exterior risks:** roof, siding, or anything that could lead to weather damage
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### **How to approach it:**

1. Prioritize a short list of high-impact repairs
2. Use the inspection report to support each request
3. Ask for credits when possible (more control, fewer delays)

Negotiating repairs is about addressing real risks and costs, not trying to make the home perfect. Remember to schedule a final walk-through before closing to ensure the seller has delivered what they promised.

## How much cash do I need at closing?

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The amount of cash you need at closing is often referred to as your “cash to close.” It includes your down payment plus various fees and prepaid costs required to finalize the purchase. The exact amount will be outlined in your Closing Disclosure, which you receive a few days before closing.

What is typically included:

- **Down payment**  
The largest portion, based on your loan type and purchase price.
- **Closing costs**  
Fees for the lender, title company, escrow services, and other transaction-related expenses.
- **Prepaid expenses**  
Items like property taxes, homeowners insurance, and interest that must be paid upfront.
- **Adjustments and prorations**  
Reimbursements to the seller for items like property taxes or HOA dues that have already been paid.

What to expect:

- You will usually need to bring funds via wire transfer or cashier’s check
- The final amount may change slightly before closing, so review your Closing Disclosure carefully
- Any earnest money you already paid is typically credited toward your total

Being prepared for this total ahead of time helps avoid delays and ensures a smooth closing process.

## What documents will I sign at closing?

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At closing, you will sign a series of legal and financial documents that officially transfer ownership of the home and finalize your mortgage.

While the exact documents can vary, most closings follow a similar structure.

Common documents include:

- **Closing Disclosure**  
A detailed summary of your loan terms, monthly payments, and final closing costs.
- **Promissory Note**  
Your agreement to repay the loan, including the interest rate and payment terms.
- **Deed of Trust or Mortgage**  
Secures the loan by using the home as collateral.
- **Deed**  
Transfers ownership of the property from the seller to you.
- **Loan and escrow documents**  
Various forms related to taxes, insurance, and how payments will be handled.

What to expect during signing:

- You will review and sign multiple documents, often with a notary present
- The process can take 30 minutes to over an hour depending on the transaction
- You will have an opportunity to ask questions before signing

Once all documents are signed and funds are received, the transaction is recorded and the home officially becomes yours.

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