
It’s easy to assume that the main (or only) negotiation in the sale or purchase of a home is the contract price, but it turns out that there’s a lot more negotiation — both before and after going under contract.

Most contracts are or should be countered, and not accepted as written. For example, there are 39 different deadlines in the standard contract — everything from when the earnest money check is delivered to when the buyer gets to take possession.

If the seller is given extended possession after closing, will it be free, and who pays the utilities? It’s all negotiated.

If a contract falls, it’s usually because of inspection issues, so the seller will want that inspection deadline to be as early as possible — preferably within 5 to 7 days. And there are other deadlines which allow a buyer to terminate and get his earnest money back, so a good listing agent will make sure they are reasonable. For example, I have seen contracts in which the deadline for terminating based on the acceptability of insurance costs is a week prior to closing. That’s ridiculous, because it takes only a couple days to get that quote.

The second big negotiation in any transaction is over inspection issues. Some buyers will want to have the seller fix every single problem identified by their inspector. (Once my seller received an inspection objection notice that didn’t even itemize the problems but said, “Seller shall fix everything listed in the attached inspection report.”)

Negotiating what the seller will and will not fix and what the seller might give as a credit in lieu of certain repairs is different in every transaction, and your agent’s experience in handling that process can be critical in obtaining a favorable outcome, whether you’re the buyer or the seller.

As I have written before, I advise my sellers not to fix many of the known problems prior to putting their house on the market, but to save some of them as bargaining chips during the negotiation over inspection issues. Getting a back-up contract in place also helps with negotiating inspection issues. If the buyer is asking for an unreasonable number of repairs, I’ll provide those demands and the buyer’s inspection report to the back-up buyer. Often that back-up buyer will agree not to ask for any of those repairs, giving the seller the ability to tell buyer #1 that he won’t fix anything. This can be an effective technique.

Having multiple offers presents a great opportunity for negotiating matters that are important to the seller. For example, a downsizing seller may have lots of furniture he’d like to sell. Rather than have an estate sale, I recommend making a list, with prices, of the items “for sale outside of closing,” and leaving it on the kitchen counter for every visiting buyer to see. Many times I have been able to have the winning bidder include in their contract that they will purchase everything on that list at the prices shown. In a recent case, the buyer asked that all the purchased furniture be moved to the garage prior to closing — a sure sign that they bought the furniture only so they would win the winning war for the house!

If the home doesn’t appraise for the contract price, the buyer can demand a price reduction on threat of terminating the contract. Since the appraisal deadline is usually very close to the closing date, the seller may feel compelled to accept the price reduction rather than lose the contract. But a good listing agent knows that the same reluctance exists for the buyer, so often times the seller can negotiate little or no price reduction.