REAL ESTATE EDUCATION SERIES

RE/MAX Properties

Mastering the Home Buying Process in a Seller's Market

Prepare early. Compete thoughtfully. Protect your budget.

Doug Petersen, Broker Associate
RE/MAX Properties | Colorado Springs

In a seller's market, buyer demand outpaces the supply of suitable homes, often increasing competition. Conditions vary by neighborhood and price range. A clear plan can help you respond quickly without making commitments you cannot comfortably keep.

1 Set your limits before touring

Choose a comfortable monthly housing budget and maximum purchase price. Include taxes, insurance, HOA charges, maintenance, closing costs, and moving expenses. Keep emergency reserves separate. Decide how much cash, if any, you can risk on an appraisal shortfall before entering a bidding contest.

2 Get financing ready early

Obtain a current lender preapproval and ask which documents and underwriting steps remain. Preapproval is conditional, not a loan guarantee. Compare lenders, understand your cash-to-close needs, and confirm a realistic closing schedule. Avoid new debt or major financial changes without consulting your lender.

3 Use local evidence and an experienced broker

Review comparable sales, competing listings, days on market, and price reductions with Doug Petersen. Ask how competition differs for the specific property. An asking price is a starting point, not proof of value. Doug's Colorado brokerage and homebuilding experience can help you evaluate both the market and the home's condition.

4 Be ready to act, with a clear checklist

Separate must-haves from preferences, arrange listing alerts, and plan prompt showings. Keep your lender reachable and allow time to review the contract. Confirm offer deadlines with your broker; an arbitrary rush should not replace informed judgment. Read available disclosures and identify concerns before deciding.

5 Make the whole offer credible

A strong offer combines a supported price, documented financing or funds, manageable deadlines, and terms you can perform. Ask which closing date or other practical terms matter to the seller. A higher earnest-money deposit ties up more cash and may increase exposure; it does not automatically make an offer better.

Decide what you can change - and what you cannot

Be flexible on cosmetic finishes, layout preferences, or timing when practical. Keep firm limits on affordability, major condition concerns, and essential location needs. A successful offer should still be a home and obligation you are comfortable owning.

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Negotiate with confidence and keep important safeguards.

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Winning a bidding contest is only one step. The purchase must also work through financing, inspections, title review, and closing. Discuss the consequences of each proposed term before signing, especially when competition encourages extra risk.

6 Understand appraisal gaps and escalation clauses

A low appraisal may reduce the amount your lender will lend. An appraisal-gap promise can require extra cash beyond your planned down payment. If considering an escalation clause, define a firm price cap and how a qualifying competing offer is verified. Have your broker and lender review the terms; use an attorney when needed.

7 Preserve meaningful due diligence

Discuss inspection, financing, appraisal, title, and document-review protections before changing or waiving them. An appraisal does not replace a home inspection. Allow time for specialist checks such as sewer or radon testing when appropriate. An as-is purchase still deserves careful review; your actual contract determines your rights.

8 Negotiate practical solutions

A seller may value certainty and timing as well as price. Consider a workable closing date, clearly defined inclusions, or a focused repair request. If post-closing seller occupancy is proposed, address possession, insurance, deposits, and responsibility in a written agreement reviewed by the appropriate professionals.

9 Broaden the search and learn from rejection

Consider nearby areas, different property types, or homes needing manageable cosmetic work. Recheck commute, ownership costs, insurance, and any HOA restrictions. After a rejection, ask what feedback is available and whether a written backup offer makes sense. Do not raise your limit simply to recover from disappointment.

10 Stay organized after acceptance

Track earnest money, inspections, objections, loan conditions, title review, and closing deadlines with your broker and lender. Deliver documents promptly and verify funds-transfer instructions through a trusted phone number. If an issue appears, discuss a timely written solution; do not assume deadlines extend automatically.

Before you submit: five questions to answer

Can I afford the full payment and cash needed? What happens if the appraisal is low? Which protections remain? Can my team meet every deadline? Am I prepared to walk away if the price or risk exceeds my limits?

Discuss your buying strategy with Doug Petersen. Adapted from the supplied outline. Resources: CFPB preapproval; home inspections; low appraisals. Educational overview; contract terms, lender requirements, and circumstances vary.

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