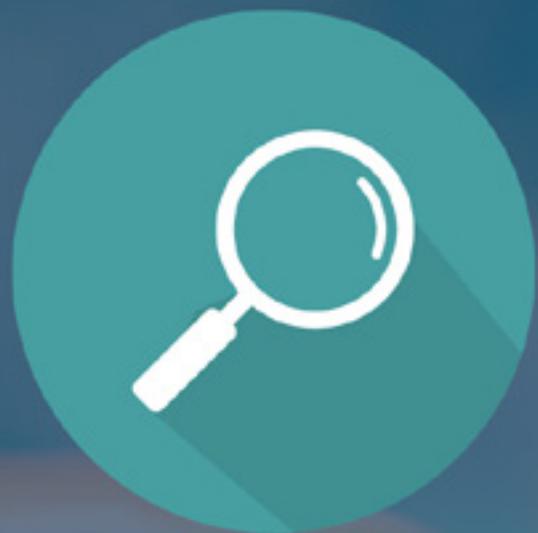


Under Offer



Property
Wealth System

a-z
OF PROPERTY
INVESTING

‘U’ for ‘Under Offer’

‘Under offer’ refers to a marketing term commonly applied by estate agents. It simply means that an offer has been put to the seller and accepted. Under offer is also used by some estate agents to indicate that an offer has been made, but not yet accepted.

You may also come across the term ‘sold subject to contract’ which essentially means the same thing, that an offer has been accepted by the seller, but the paperwork has yet to be completed. You can still inquire about a ‘sold subject to contract’ or ‘under offer’ property, as the sale is not complete until the signed contracts are exchanged. Technically the property is still available and at this stage of the process, the only thing that the buyer has done is to accept an offer.

Other interested buyers are as such welcome to continue making inquiries about the property. A sale will only be considered complete when all parties involved come together and sign the contracts. The contracts will then still need to be exchanged.

According to current property statistics, close to 15 percent of all properties sold ‘subject to contract’, will at some point come back to market.

The reason for why this happens is that the seller and the buyer are unable to agree on the sale terms and failure to agree will likely see the property relisted on the market. There are a number of reasons why this could happen, but to mention a few: the buyer could be dissatisfied with the information that pops up in local searches or a survey conducted by the buyer returns data and information that complicates a mortgage application.

But the most common reason for this is that a mortgage application fails to go through, forcing the buyer to pull out of the deal. There is a term that you should be aware of known as ‘gazumping’. This is where you’re in the process of buying a property and another party enters the frame and makes a higher offer than yours.

This subsequently is accepted by the seller, therefore forcing you out of the purchase. ‘Gazumping’ is legal and since the exchange of contracts comes fairly late in the sales process, the seller may be looking to maximize the amount they obtain from the property.



This Property Life Podcast is Available at:



However sometimes timing could be an issue, for example if you're taking too long to carry out a survey or if your solicitor is dragging their feet, the seller may decide to reject your offer in favour of someone who's in a better position to move quickly.

According to research, 31 percent of UK homeowners have previously lost out on a property purchase, as a result of being 'gazumped' in the last decade.

Here are three tips to help prevent gazumping happening to you, firstly, preparation: before you make an offer on any house, make sure you have a mortgage agreement in principle in place; a solicitor lined up and all the necessary documentation to hand. This will help avoid any unnecessary delays.

Secondly, move quickly: it is also helpful to move the process along as quickly as possible once contracts are exchanged, the agreement is legally binding, so you want to get to that point fast. Keep in contact with your mortgage broker and conveyancing solicitor to keep the pressure on and ensure your case doesn't fall to the back. Always respond quickly to any requests for information.

Lastly, ask for the property to be taken off the market. Sellers are not always keen to do this, but it's worth asking. If the property is no longer being advertised, there's much less chance of a higher offer being made, and you being 'gazumped' at the last minute.

One thing to note though is that the system used in Scotland, is quite different. Any formal purchase offer made by a prospective buyer, immediately becomes legally binding as soon as it has been received.

So, remember to always track your offers and keep building good relationships with estate agents, because often the deal is in the follow-up.



This Property Life Podcast is Available at:

