

Unconditional Offers in a Hot Market

House after house, you strike out. Each time you find a suitable place, there are multiple offers and they sell on the offering date. Sometimes your offer is thousands of dollars less than the winning bid. On one occasion you were beat out by an identically priced offer, only you had home inspection and financing conditions. Finally, you find a house that is just perfect; an A+ Cape Cod by the Beach. The bank has already given you a pre-approval certificate for your financing, and it has just the right location, and good bones. Your partner is just itching to begin renovations.

Before viewing the perspective home, your agent has the offer drafted. Your palms are clammy as you wait outside for the agent to arrive for the second showing. She suggests that you offer full asking price and go in firm as the house is priced on the money. "What do you mean by that?" you ask. "Well you have the financing approved", she replies, "All that is left is the home inspection, and this place exudes pride of ownership." You know the furnace and roof were done last year yet you still feel uneasy. "Remember how you lost the last one?" she reminds you. You call your mom and she says that houses are like buses, if you miss one, another will arrive at the station shortly. Hey, isn't that the advice she gave you about finding a spouse? Enough of that, you make your offer firm and unconditional.

Two weeks after closing you realize your mistake, water is leaking in the basement and you need to install a \$30,000 weeping tile system. Its only money you tell yourself. What will mom say?

Recently I have had several agreements arrive from purchasers that are unconditional. An unconditional offer is not necessarily bad if you had an expert look over the house with you or if you know what you are doing and are sophisticated in respect to construction. After all 15+ years ago most homes were bought without home inspections.

On one occasion, the sellers had disclosed a major defect to the buyers prior to accepting offers and the buyers were still willing to make an unconditional offer without investigating the magnitude of this problem, this house had multiple offers. Another buyer bought a house that was advertised as a great starter, only to

find out that the house had major structural flaws. This buyer made a firm offer to beat out the competition; he thought the house was a terrific deal only to learn later that the house would cost less to demolish and build a new one, than to remedy the defect. Not such a deal after all. Similarly not having a status certificate review condition on a condo purchase may expose you to unexpected and costly surprises.

A hot market may cause many to throw caution to the wind. Obviously, you can try to have the house inspected before making your offer, but this can be costly especially if you don't buy the house. In some circumstances sellers will provide a detailed home inspection report available from a reputable home inspection company. I always insist on an inspector, or at least a contractor to view the house before going in with a firm offer. A registered home inspector will be able to identify many problems that even your contractor will not be able to identify, they are trained to do this and use through checklist. Going firm without an inspection or any due diligence may result in the purchase of a termite infested house or one that has major structural problems. Unless you are a relatively sophisticated buyer I would not recommend this.

Warranties regarding the physical condition of the property can be a substitute for an inspection condition if they are detailed enough, but good luck enforcing them after closing. If inserting a warranty in the offer to cover something that is important, I would suggest investigating the areas of concern before closing the deal.

If you are thinking of buying firm without any home inspection condition or are in doubt about any aspect of your offer do not hesitate to consult your lawyer.

For more information about this or any other real estate law related topics please do not hesitate to contact

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