

In Greater Boston's competitive home market, cash isn't the only way to make an offer stand out



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June 22, 2015 10:17 AM

Bidding wars are getting out of control, with buyers in some of the hottest zip codes in Greater Boston forced to effectively gamble with deposit money and skip home inspections in order to land a house or condo, brokers say.

The highest offer still trumps all when you are competing for a house. But buyers, especially in Cambridge and some of the most coveted Boston and Somerville neighborhoods, also must waive financing and inspection contingencies, put down hefty deposits, and write heartfelt letters pleading their case to the seller in order to have a chance.

In fact, tactics once used by some buyers to get ahead are now being used by just about everyone else, in effect neutralizing them.

“It used to be that only a few people used these tactics and now everyone uses the same tactics,” said Gary Vrotsos of Coldwell Banker Residential Mortgage. “All the offers that appear on our desk on Monday or Tuesday morning are free and clear of any contingencies.”

Still, not everything is about either waiving risk or offering more cash. A buyer might be able to sweeten an offer by giving the seller more time to move out, such as by agreeing to lease the house back for 60 days, Vrotsos said.

That said, it's a tough world out there for buyers right now. Here are some of the things buyers might do to win if they are faced with a bidding war for a condo in Davis Square or the Back Bay or some other hot neighborhood, brokers say.

- **Drop mortgage contingency:** Basically, by doing this, you agree to forfeit your deposit if you aren't able to get a mortgage or otherwise close on the deal. That can be serious money, with some buyers now putting down \$5,000 or even \$10,000 to sweeten the deal, up from the traditional \$1,000.

- **Waive the home inspection:** This may be the trickiest and most controversial contingency to drop. After all, we live in New England, the land of old homes, not all of them in very good shape. The inspection contingency is meant to protect buyers by allowing them to back out, deposit intact, if problems are discovered later.

Ilene Solomon, a top selling Newton broker at Coldwell Banker Residential Brokerage, suggests a modified version of this, asking the seller to allow an inspection before you make an offer and put down a deposit. The upside is you protect yourself. "You now know everything about the house," Solomon said. The downside is you have spent several hundred dollars before you even know whether you truly have a shot at the house.

- **Write a letter:** The good news is that writing a letter gives you a chance to connect in a way that might pay off when the seller sits down to go over the bids. Especially in Cambridge, collegiate connections can be big, with lots of Harvard and MIT grads out there, Vrotsos said. Talking about how much you will enjoy the property – and how you would love for your children to grow up there – probably can't hurt either. The bad news is that all the other bidders are doing the same thing, so whatever you write, make it sing. "You never know what's going to trigger someone to move in one direction or another," Vrotsos said.

- **If you have cash, use it:** If you are able to make a cash offer, you will have a big advantage over bidders stuck with the more cumbersome process of obtaining a mortgage. This means you can speed things up and wrap up a deal in a matter of weeks that otherwise would take two or three months, Vrotsos said. That could be a big draw for the seller, as well as the certainty that comes with an all cash offer. Some buyers are also starting to put down hefty payments when they sign the purchase and sales agreement – that's escalated to as much as 20 percent of the purchase price in some cases, he said.

Of course, there are various wrinkles on these major themes, with some brokers saying they won't disclose their full bag of tricks for fear of tipping off their competitors.

But in the end, the offers that succeed have some common characteristics.

"Obviously, the cleaner the deal (i.e. fewer contingencies) and the stronger the buyer, the better the odds of having an accepted offer, in most cases," writes Sam Schneiderman, president of the Massachusetts Association of Buyer Agents.