



Buying and Selling in a Hot Market

ATTORNEY WILLIAM R. BRONEILL



WBRONEILL@KKC-LAW.COM

45 HARTFORD TURNPIKE
VERNON CT, 06066

(860)-646-1974

Anyone looking to buy or sell a home these days? If so, you know that homes are selling quickly. As a seller, or a buyer, what should you be thinking about?

One of the primary explanations for the recent surge in prices is a lack of inventory, i.e., “supply and demand.” Houses are going under contract within days of being listed (sometimes the same day), bidding wars have returned, and some homes are selling for tens of thousands above the asking price. Giddy prospective sellers are in a rush to put their homes on the market to take advantage of the “hot” market by seeking to get top dollar for their home. However, there is a second half to the equation.

In most cases sellers are looking for a house to buy to replace their current home. Those sellers then face the same dilemma as their prospective buyers: low inventory and high prices. Faced with not being able to find any suitable existing homes, sellers are exploring the option of new construction. However, because of Covid-related supply issues, the cost of materials for builders has risen dramatically over the past year. As a result, sellers are experiencing significant “sticker shock” when looking at the cost of new construction.

Most buyers finance the purchase of a home by obtaining a mortgage from a bank, mortgage company/broker, or credit union.

One of the major factors in obtaining a loan from a lender is the appraised value of the home. A conventional mortgage is oftentimes for 80% of the appraised value. In an over-heated real estate market, it is not uncommon for the appraised value to be less than the contract purchase price, and, as a result, the buyer is unable to obtain a loan for 80% of the purchase price. This gap between the contract purchase price and the appraised value can cause a transaction to fall apart.

In this type of market, buyers want to make an offer which is as attractive as possible to a seller by waiving home inspections and other contingencies that would ordinarily be part of a contract to protect the buyer. It can be very risky waiving such contingencies.

As exciting as this real estate market may seem, it can also be perilous. It is important to remember that the specific terms of the written contract are what determine the buyer's and seller's legal rights. Therefore, it is important that you engage the services of an attorney before you sign a contract. At Kahan Kerensky Capossela we can advise you regarding your contractual rights and help you navigate your way through the current real estate market.

If you're buying or selling a home, or refinancing your mortgage, contact me at 860-812-1764 or **Wbroneill@kkc-law.com**.

Attorney William Broneill joined KKC in 2022 after 20 years in private practice in Manchester, Connecticut. He focuses his practice on Residential and Commercial Real Estate while also helping clients with their Estate Planning or Business needs. He can be reached at (860) 812-1764 or by email at wbroneill@kkc-law.com.