



“Ask the Pink Realtor”
Hollywood
Real Estate
Q&A

BY ROCHELLE LE CAVALIER | Ask@pinkpalm.com

Dear Pink Realtor,

After searching and searching for a great deal on a house in decent shape and losing out to other buyers “bidding” on a property three different times, I finally got an offer accepted on a foreclosure after submitting a “highest and best” offer \$10,000 over the asking price. Although I wondered if there really were other buyers or not, I anted up and paid what I think is a fair price. Not an excellent price, not a steal, but fair. Is the “highest and best” bidding thing real or just a ploy by the Realtors (no offense) and banks to get more money?

Sincerely,
Is “Highest and Best” Bologna?

Dear Bologna,

The “highest and best” offer is requested by the listing agent when there are multiple offers on a property. These are most commonly seen in bank-owned properties but can also be found in non-REO deals as well. Every party who made an offer has a second chance to come back with the highest and best – this includes all aspects of an offer such as closing timeframe, cash deal versus financing, and offer price.

As a Realtor representing many investors and savvy buyers looking for a great deal, I can assure you that I have also wondered on a few occasions about these other buyers being asked for the “highest and best

offer” in a situation where there are multiple offers on a property. Having lost a few myself, I assure you, the market conditions of today are indeed causing several folks to jump on the best deals and compete for them. The advice I give my buyers: Offer a price that is consistent with what the market has recently shown is reasonable AND that you will feel satisfied with having paid.

Any good Realtor will be able to do a Comparative Market Analysis (CMA) and show you what has recently sold that is comparable to what you are buying. It is essential that the comparables being used are SOLD properties having closed no longer than 90 days before. Properties in pending status and active/available listings are in no way a reliable indicator of anything. I can offer my pink Toyota Camry for sale for \$80,000, but it is unlikely to sell at that price.

I also make it a point to remind my clients that although everyone wants to feel that they have gotten a good deal, the difference of a couple thousand dollars will make very little difference on any level. For example, if you would be willing to pay \$95,000, but not \$100,000, you may consider that this would be almost the same mortgage payment, taxes, and other expenses that over time will make even less difference as the home appreciates. Taking a pass over small dollars is often regretted.

Dear Pink Realtor,

About a week before my closing on a great house in East Hollywood, I was told that there were open permits and that the seller did not have to make any of it right and that I would be responsible for the expense of this mess. Isn't it in my contract that the seller has to pay off all the liens before closing? I got spooked and walked away. Now, my real estate agent says I am not entitled to my earnest money back! What gives? Do I close and take the chance or walk away from \$1,000?

Sincerely,
Stuck Between a Rock and a Hard Place!

Dear Stuck,

Ouch... I feel your pain.

Just this afternoon, I wrote a contract with some buyers where there were open permits on the property. I added a specific clause to address the potential financial burden to my clients and they will not be stuck in that place.

While it is a little late for you, this could have been avoided altogether.

First, the protection that you believed you had (I assume here that your agent used a standard contract with fill-in-the-blanks called a FAR/BAR) was against liens. Liens are not the same as open permits. For the property to change hands all liens must be satisfied. Permits, however, are not addressed in the standard contract we use.

If you knew going into contract that there were open permits (or so suspected), then you could have gone to the city permits department and asked them. Yes, it is that simple. The good folks there are happy to assist home buyers in this way, especially friendly homebuyers who say please and thank you.

Once you review open permits, you can quickly calculate approximately how much it would cost to remedy the issue(s) and close the permits. This is your best bet if you are buying a bank-owned foreclosure (REO), especially one that is clearly a “fixer upper” as the banks are not too keen on making repairs or concessions. Frankly, houses

in need of major repair are generally priced to compensate for that.

On the other hand, if you are going into contract on what appears to be a perfectly fine house being sold by a very friendly elderly couple with the most adorable little dog, who have owned the house since it was new in 1958, and the lady of the house is baking cookies when you arrive...OK, I went a little too far on that one, but you get the idea. All appears normal about the house. This house may indeed also have permits that were never closed!

In either case, your real estate agent can add a clause to the contract specifically protecting you against open permits and other encumbrances. In this market, we are seeing more and more of this cropping up and causing buyers unexpected expense.

Broken record alert: When hiring a real estate agent to represent your interests, ask for references and check them. Then ask them every question you have so that you feel confident that he/she is ready, willing and able to represent you. 🌟

LeCavalier has an extensive background in land development, construction, mortgage banking, and real estate sales, marketing and management with more than 15 years experience in the industry. She is known as the “Pink Realtor” around South Florida where she and her team cheerfully serve the real estate needs of many clients. In addition, LeCavalier serves as Fund Manager for SISCO Limited Partners, a private equity fund that rehabilitates foreclosed properties and rents them via affordable housing programs in Broward County, and she is a licensed Real Estate Agent and an Accredited Residential Manager (IREM, ARM).

For more information, visit www.pinkpalm.com.