

# How Can You Beat a Cash Bidder?

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Cash buyers are flooding the real estate market in record numbers to take advantage of bargain housing prices. But these buyers may put consumers who need financing at a disadvantage.

Sellers often prefer cash deals because it can mean faster closings and transactions that are less likely to fall through. Some sellers are even accepting lower offers because they are from cash buyers than higher offers from a financing buyer just because they view it as a more solid deal that will be quicker to the closing table.

So how can your financed buyers compete? Experts offer a few tips.

Get pre-approved or pre-qualified for a mortgage.

Show you're in good standing. You'll improve your chances of getting a seller to accept your bid by having more cash that you're willing to put down, showing you have a stable job, and good credit. Also, a well-prepared, typed-out contract that includes a cover page summary of the contract deals is another way to show you're a serious buyer.

Offer more earnest money. Offering a high down payment and high deposit can also help improve your chances of beating out a cash bidder.

Act quickly. Cash buyers act quickly, so you do, too.

Realize, however, that while some sellers may be highly motivated to accept a cash buyers offer, even if it's lower than others, sellers with more equity in their homes may be less wooed by lowball cash offers. Instead, sellers who still have equity in their homes likely will be more motivated by the best and highest offer, since closing quickly may not be as critical to them.

Source: "How to Beat a Cash Bidder in the Housing Market," MarketWatch (April 13, 2011)