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REAL ESTATE SETTLEMENTS

THE ABC'S OF ALL-CASH OFFERS

An all-cash offer can be attractive to a seller because they stand a better chance of closing on time and with fewer conditions that could cause complications.

But some buyers who offer cash in order to beat out competitors - and perhaps at a discounted price - will seek financing after the fact.

While there is nothing illegal about that practice, agents who are writing an all-cash offer can protect themselves, the sale, and even the seller by being aware of these specifics:

Proof of cash

Proof of cash must be authenticated, either with a bank statement from the buyer or with documented liquid stocks. (A buyer who plans to get funds for closing by selling another property or with funds coming from overseas, or a possible FIRPTA refinance, may run into complications.) Typically, verification of the buyer's cash availability must be attached to the offer or submitted within a certain number of days.

No contingency

The contract must contain no financial contingency.

No delays or seller costs

Section 13 of the VA contract allows the buyer to change the type of financing at any time, as long as it does not delay the closing or cost the seller any money.

No release of obligation

If the buyer seeks alternative funding, the seller is not obligated to cooperate in that effort. A buyer who is unable to secure the necessary financing is not excused from the obligation to purchase the property and close as specified in the purchase agreement.

Closing/settlement

When closing day arrives, the seller won't care if the buyer brings their own cash from a lender. But if there's a glitch and cash is not forthcoming, the buyer may be held in default.

Ali Newkirk
Settlement Agent
Cell: (540) 360-5104
Office: (540) 372-4100
104 Westwood Office Park
Fredericksburg, VA 22401
ali@RGStitle.com