

- Santa Clarita h...: [00:00](#) Good to everybody. Connor Mac Iver May 11th, 2021.
- Santa Clarita h...: [00:05](#) When is it okay to pay more
- Santa Clarita h...: [00:09](#) Than asking price for a property or what is it okay to waive your appraisal contingency that your loan is dependent upon when buying real estate? And again, when is it okay to pay 80, 90, a hundred, \$120,000 over what fair market value would be on a property in
- Santa Clarita h...: [00:36](#) Well, anywhere, anywhere.
- Santa Clarita h...: [00:39](#) When is that? Okay. I'm Connor MacGyver, ladies and gentlemen, Santa create a home experts.com with Remax here in Santa Clarita Valley, California. We share where we are within the same County as Los Angeles. And of course within Los Angeles County, I've been selling real estate since 1998. And I do have some questions. This particular market is very exciting. Every listing we take and put on the market within three or four days, it has been overrun by real estate buyers. And there used to be kind of a top end of that scenario. And that top end used to be six 50 to seven 50. Now that drop dead top end is over a million dollars. So anything that gets put on the market, single family residence in nature in all of the Santa Clara Valley cities. So Casta, Kenya country, new hall, sagas Stevenson, ranch, and Valencia is going to get a multitude of showings within the first, well, within the first several hours when it does come onto the market, if it is coming soon, that's going to only add to the interest because that's going to give people a lot of time to view this particular listing online.
- Santa Clarita h...: [01:53](#) Some of the questions come in, especially from sellers, you know, especially when they're watching their neighbors houses get priced way outside of the realm, wondering if maybe they should increase their price. And it always comes down to the market and especially the buyers, when your prices, where the market is in any market, you are actually rolling the best dice possible. Not that real estate is a gamble, but let me explain it like this. If you have a property that's worth \$750,000 on paper, that's what it pencils out at. You look at comps, you look at 180 days of value. You look at doing your subtractions and additions with regard to the property. For example, if your property is a three bedroom, two bath, and there are at least three closings, a three bedroom, two bath properties within the last three to six months, you're pretty much golden additions and subtractions are going to have to deal with what the property that you're comparing the subject property with happens to have.

- Santa Clarita h...: [03:01](#) So let's say the subject property has a pool. Let's say the comparables all have pools while you're golden. You would pretty much leave that alone in less. You have a property that sold that had a pool that was so over the top, you had to give additions for that, not your regular run of the mill of garden, variety, swimming pool, but I'm talking to one that was dialed into the nines. You might want to give some additions to that when you're looking at the comparables. Also let's say the subject property has a regular tile type kitchen. It's very well done. It's not in bad shape. And it in fact is up to date. As far as you know, the world is concerned. It's not an outdated kitchen, but let's say you're looking at other properties that happen to have courts or custom concrete kitchens or granted full Brock travertine type backsplashes redone cabinets would relief, antique, uh, all of those sorts of things.
- Santa Clarita h...: [03:57](#) Those are all additions. Well, when all said and done, let's say this property pencils out at seven 50, the subject property, some agents in this current market are taking that seven 50 number. And they're saying, you know what? I think we could probably get eight 50 and that's where they put that list price. Well, the problem with that is now everybody eight 50 and below. Isn't going to see that property, the agent as well within his guidelines to price that property and put her on the market for what the actual value is and pencils out to be on that date. Don't panic because you will still get the best possible offer. And in this case, you're going to have 30 or 40 offers to compete against one another. And you'll be able to select the top five in those. And that's also more information for the other buyers that are in the game.
- Santa Clarita h...: [04:47](#) So instead of having 10 offers or 12 offers or 15, you're now encompassing the multitude of offers. And in a lot of cases, the people that are qualified for residential real estate have backup plans. So it might not be that the only thing that they're going to be able to purchase is going to be up to seven 50. It might be in a way that they might be able to get a loan or borrow from family or friends or relatives, or get a gift that qualifies them for more eight 58, 75. But at the end of the day, in order to really make these offers sweet in this particular market in Santa Clarita Valley buyers are doing things that buyers normally don't do. And I believe it's because of instruction from their real estate agent. Maybe they've read online, maybe they're watching a particular podcast about real estate, but these are the things that they're doing first off, right out of the shoot.
- Santa Clarita h...: [05:42](#) When they make that offer, they're going considerably above fair market value on the property. And that's fine if there's

going to be that much competition, I understand that. But then they're giving up particular rights. Some of them are giving up the right to do any inspections whatsoever. How dangerous would that be? I don't believe our market in Santa Clarita Valley is to a point where a buyer needs to give up their rights to have inspectors. Come look at the property to have time to do their due diligence. And six days isn't enough. Four days is definitely not enough. And waving them altogether is definitely dangerous. As far as I'm concerned, having bought and sold real estate with clients representing them since 1998, which is what 22 years, 23 years. That's very dangerous to me. And I believe that sellers understand that as a buyer going to have the right to do some inspections.

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Now, if a buyer wants to give up their right to ask for any repairs or credits as it moves on, well, that's another thing. And in addition, at least you do have your inspections done. So, you know, what's wrong. If there's mold contained in some leak, that's been a pinhole leak that's been happening for the last 20 years and inside of a particular wall inside of a, a bedroom where you're going to house a child happened to have black mold inside that wall, growing all throughout the infrastructure of the home, there could definitely be a problem and that could cost a huge amount of money, but without those inspections, you're not going to see it. Especially if the sellers aren't aware that kind of brings us back to the appraisal contingency. Now, in some cases, for example, from my understanding having been in this business awhile, if you're a veteran buyer using a VA home loan, I don't believe you have the right.

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And again, you're going to ask your lender or your real estate, your real estate professional that you're using, or your attorney or whomever is involved in your process. But I don't believe you're able to remove that appraisal contingency because the veterans administration is going to require. And of course, it's still going to get appraised by removing their appraisal contingency. I don't mean that, uh, you as a buyer are telling them that you don't want an appraisal appraiser to go to the property and all you have to, you're just basically stating that your offer on this property is not dependent on what the appraiser says. That's what you're saying. And then there's another little clause that's put in there cleverly by most real estate buyers that basically state that no matter what the property appraises for, I don't care. I will still pay the pay the difference between the properties appraised value.

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And I will pay that difference between that appraised value and the amount that I offered for this particular home. That's what

waving the appraisal usually means. Now, a lot of sellers get excited and say, well, this is, this is from heaven. This is the most the bestest thing in the world. But at the end of the day, don't forget it. There are other contingencies that a buyer can escape the purchase with another one of those contingencies happens as be inspections, or what about the loan? Maybe they can't get a loan at the end of the day, but right out of there, shoot on real estate. Now in Santa Clarita Valley with a lot of these offers on these hot properties. And like I said, just about everything that come on them comes on. The market is completely hot. They're getting rid of everything right out of the shoot, no contingencies, no, uh, nothing that the buyer can fall back on.

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Basically locking that buyer in and their deposit into becoming the property of the seller, no matter what happens throughout the escrow process. And if the buyer chooses to cancel his deposits already finished. The thing that I haven't seen, and I think this is probably coming is basically buyers removing contingencies right out of the shoot. So instead of waiting for the contractual 17 days to remove contingencies, or instead of the buyer waiting the 21 days to remove their loan contingency, maybe in this particular market soon, not too far in the future, the buyers are going to come right out and they say, listen, we're gonna waive the contention. [inaudible] immediately right away. We're not going to wait. Our contingencies are going to be removed upon offer acceptance. Well, then let's say something happens in escrow. Let's say the buyer still does their due diligence to have the inspections performed by licensed and bonded people, home inspectors and such.

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And let's say a lot of things are discovered, well, the buyer can still of course get out, but their deposit now belongs to the seller. Plus there could be penalties imposed from the seller to the buyer. This all jumps into a legal forum and create, can create big issues. So when you're about to embark on a journey into real estate purchasing in Santa Clarita Valley cities, make sure your agent explains to you how the whole process works from beginning to end and how you waiving particular contingencies or giving up contingencies all over them, right out of the shoot might not be in your best interest as a home buyer. Now, I haven't seen it get there yet. I have seen some offers that have these clauses that agents put in on properties that they're offering, that we have listed for sale. And they are basically increased clauses at a particular percentage.

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They say that we will increase our offering amount up to a certain amount or above 10% above the highest verified offer

that you're holding yet when it comes to appraisal. And then this is in the same clause, basically informing us that they're not going to pay any more than \$20,000 higher than appraised value. So there there's some other cleverness going on within the real estate market realm. Now we are not attorneys as real estate agents and we shouldn't even act. I like them all. I do try to protect my client. If there's something within contract, that's completely confusing. We have attorney resources. We get to go to and ask those questions on behalf of ourselves, our brokerage and our clients. That's important to know, especially, that's why it's very important to use an actual realtor and not somebody who doesn't have that access. And that has me fall back on to new housing.

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That's why you want your own agent because your own agent is going to be a realtor or should be so ask them if they're a member of the board of realtors. So they have that legal access. So they're able to actually explain to you the process. And if there is some curve ball thrown, they're able to get that question answered lickety split, and you can potentially be a party to that answer. So you understand exactly what's going on. That's incredibly important. So hence, it'd be very important for you to have a different agent than the listing agent use a different agent that rep that's representing the seller, not the seller's agent. And also when you go to new housing, use your own agent as well. It doesn't cost you anything. The real estate agent that you're using to be on your side throughout the entire process gets compensated by the seller, whoever the seller is.

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So if the seller happens to be at a new home builder, Pardee, try point, KB, Lenore, you name it, toll brothers. They offer a commission to the agent, bringing the buyer. I'm going out to Rosemont Thursday with a sheriff, deputy friend of mine. We bought him a, we helped them buy a new house out there. And again, I will go sit with him and we're going to go over contracts with the builder. Again, I'm sure on his team, I'm part of his process. I was able to look at the spreadsheets as original lender sent over, explaining his loan and the home, the new home builders, lender, his spreadsheets as well, explain the loan, the variable to get my client with all the discounts and the fancy stuff involved. And I was able to sit there with my client, why my client made a sound decision, because now he has all the information in which to formulate the best decision possible instead of trying to wing it or take somebody's word for it.

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And I will tell you this, we have a client now, great guy. He trusts me, but I'm never going to take advantage of that. Trust, trust, isn't easy. And to get it back after you screw it up, it's, it's

doubly hard. So my suggestion to all of you that appear to have your client's trust out of the shoot, never hinge your actions on that trust, continue to validate and verify what you believe and the things that you say, whatever you're saying, makes sure you back it up. If you're telling them this is the way it is this is what the list price should be. Explain that to them. And at the end of the day, if you're talking to them about comparable value and values of real estate, as you're pricing their home, you're going to want to send them that verifiable information that they themselves can cross verify if they want to, what a great spot to be in, right? Because not only are you trusted, but you didn't have to leverage any of that trust at that point, you still gave them the factual information and you know what, at the end of the day, they respect that. So follow it up and be good to each other. That's the market in Santa Clarita. As of now may of 2021. It's really exciting. The questions that I posed at the beginning, is it okay for a buyer? Is it okay for an agent to tell their buyer too?

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These are definitely big, big adult decisions that have to be made if you're competing on real estate, right? And it looks like you're going to be paying 70, 80, a hundred thousand dollars more, and it's really putting an itch or a Crick in your giddy up. You might want to step back and wait for a while before you purchase real estate. So don't panic. There's always going to be homes for sale. And as far as this market, this market, the way it's going up, it was the last foreclosure cycle. All in with this, the last foreclosure cycle back in 2006, 2007. So the appraisers were doing their job and properties were continuing to go up month, over month, over month. And in some cases by quite a large amount. So since that last market there's been a management company put over appraisers, there's been other entities that are involved in the lending process and the evaluation process that are now trained in loans, excuse me, trained in appraisal.

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So now really it's not a big secret. And appraisers are questioned all the time. Where back in the day, I don't recall appraisers being questioned very much at all, but kind of a double-edged sword because whenever they were questioned, it was by agents wanting them to increase the price and the value of the home, which again, we have an ethical standard being violated there. And this is rumor. These are things that I heard about happening move forward to today. It's not the appraisers. It's now the buyers willing to make all these fancy movements in order to get the house. If you don't have to buy, maybe now isn't the time to buy, but properties are going up because of buyers efforts, not appraisers efforts. And if you look

at appraise value, it's cute. We seem to be leveled. If not coming down in particular areas.

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When you compare past solds with current appraised value, it seems like the appraisers are well doing their best, fast to try to keep a handle on the market without getting too far out of bed bounds. But it's too late for that. It's now too far out of bounds because what happens? Well, the buyers record, excuse me, recent price. Are you getting recorded when that property is recorded with the County at that particular sales price. And for those of you that live next to a home, that's on the market and are astounded the price that was put on the market and you're concerned or want to know what it actually sold for that real number that actual sold number cannot be let out until that property officially records with the County. Now, may you get somebody telling you stuff outside of school? Sure. You might, but in essence, it's not supposed to be known.

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So when you're looking online, you see that property listed at eight 99. Now in escrow, or you see a price change and it's eight 79 now in escrow, there's no meaning for that number. Some agents might change that particular price to reflect the one there in escrow, that particular number, but they could change it for a multitude of reasons as well. I'm Connor MacGyver when you're ready, Santa Creta home experts.com. Again, my phone number is all over the way website, when you're ready, let's talk when you do it, but over the telephone, we can do it over zoom. We can do it FaceTime. We can do it any way you want. I'll sit down and I'll explain you my process. We'll get to the bottom as to whether you should buy an hour. Wait, because that's a very personal decision. I have a lot of people that are waiting and I have two or three that want to buy right now, now because they have their own reasons.

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So that's going to be totally up to you, but to buy now and not have real estate become a game where there's going to be a lot of back and forth. A lot of countering, a lot of effort on the other side of the equation to try to get the most squeeze, the most money out of you and get you to give up the most right. It's possible. Well, that's the way it is. That's how it is right now. So if you're expecting to get into it and have it eat through without a problem, more than likely that's not going to happen. But I will say we represented some veteran buyers, maybe three, four months ago now. And the funny thing is it was as if that property didn't actually get seen by anyone except us. We walked in, they liked it. We wrote the offer, the seller, the offer, I mean, signed off on the offer.

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Didn't counter signed off on it, which in real estate jargon, that's completely rare. I can't remember the last time an offer came in and we actually just signed on it. So the seller signed off on it and the buyers went into escrow, found a few issues with the house, hired additional inspectors, like a mold inspector, roof inspector, but it was done closed escrow and they're happy. And now that house is worth well. According to comps, almost \$150,000 more than we sold it just three months ago because other people are offering a lot higher than the fair market value on these residences. I'm Connor MacGyver. When you're ready, let's talk. I would love that Santa create a home experts.com be safe. Everybody. If you believe somebody out there can use this particular podcast, broadcast YouTube video, please shoot it over to them. I would love to be their agent as well as yours. If I'm not already. Thanks again, Connor MacGyver over and out.