WHAT HAPPENS IF A SELLER RECEIVES Multiple Offers?

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Questions to Ponder…

- Will disclosing the existence of one offer make a second potential purchaser more likely to sign a full price purchase offer—or to pursue a different opportunity?
- Will telling several potential purchasers that each will be given a final opportunity to make their best offer result in spirited competition for the seller's property—or in a table devoid of offers?

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I submitted an offer for a buyer client that was near the full listing price and asked the listing broker if any other offers existed.
The listing broker said no.
The next day the broker called me and told me the property sold to a different buyer. Shouldn't the broker have told us that there were multiple offers when the other offer came in and given my client the opportunity to modify the offer?

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- Standard of Practice 1-15

REALTORS®, in response to inquiries from buyers or cooperating brokers shall, with the sellers' approval, disclose the existence of offers on the property. Where disclosure is authorized, REALTORS® shall also disclose, if asked, whether offers were obtained by the listing licensee, another licensee in the listing firm, or by a cooperating broker. *(Adopted 1/03, Amended 1/09)*

TRUTH...

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REMEMBER

- Remember that the decisions about how offers will be presented, how offers will be negotiated, whether counter-offers will be made and ultimately which offer, if any, will be accepted, are made by the seller—not by the listing broker.

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ALWAYS...

- When taking listings, explain to sellers that receiving multiple, competing offers is a possibility.
- Explain the various ways they may be dealt with (e.g., acceptance of the "best" offer; informing all potential purchasers that other offers are on the table and inviting them to make their best offer; countering one offer while putting the others to the side; countering one offer while rejecting the other offers, etc.).

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What About The Buyers…

- Explain the pluses and minuses of various negotiating strategies
  - A "low" initial offer may result in the buyer purchasing the desired property at less than the listed price.
  - Or another, higher offer from another buyer may be accepted.
  - A full price offer may result in the buyer purchasing the desired property while paying more than the seller might have taken for the property.
  - Explain to the buyer that sellers are not bound by the Code of Ethics. Sellers, in multiple offer situations, are not prohibited from "shopping" offers.

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What About The REALTOR®…

- Real estate brokers may, unless prohibited by law or regulation, "shop" offers.
- You should advise buyers it is possible that the existence, terms, and conditions of any offer they make may be disclosed to other purchasers by sellers or by sellers' representatives except where such disclosure is prohibited by law or regulation.
- Remind the buyer—that the decisions are theirs to make—not yours, and that you are bound by their lawful and ethical instructions.

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- If the possibility of multiple offers—and the various ways they might be dealt with—were not discussed with the seller when their property was listed and it becomes apparent that multiple offers may be (or have been) made, immediately explain the options and alternatives available to the sellers—and get direction from them.

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MULTIPLE OFFER DISCLOSURE AND NOTIFICATION

1 Seller hereby gives Notice to any Buyer that has submitted a Purchase and Sale Offer or Counter-Offer for the purchase of
2 the property located at:
3 _____ (Address)
4 _____ (City), Tennessee _____ (Zip) ("Property") as of the date and
5 time of this notification as follows:

6   1. Interested Buyer is hereby notified that Seller has received multiple offers on the Property.

7   2. Any Counter Offer previously submitted by Seller is hereby **WITHDRAWN**.

8   3. All offers to be considered by Seller must be received by the Seller's authorized representative no later than
9   _____ □ am/ □ pm on _____, _____. Any previously submitted offer that is
10   scheduled to expire prior to this date should be resubmitted or the offer date extended via an Addendum or written
11   equivalent.

12   4. Seller shall review all offers received and may negotiate any offer at Seller's discretion.

13 _____   _____
14 **Seller**   **Seller**
15 _____ at _____ o'clock □ am/ □ pm   _____ at _____ o'clock □ am/ □ pm
16 **Date**   **Date**

14

- Standard of Practice 1-7

When acting as listing brokers, REALTORS® shall continue to submit to the seller/landlord all offers and counter-offers until closing or execution of a lease unless the seller/landlord has waived this obligation in writing. Upon the written request of a cooperating broker who submits an offer to the listing broker, the listing broker shall provide, as soon as practical, a written affirmation to the cooperating broker stating that the offer has been submitted to the seller/landlord, or a written notification that the seller/ landlord has waived the obligation to have the offer presented. REALTORS® shall not be obligated to continue to market the property after an offer has been accepted by the seller/landlord. REALTORS® shall recommend that sellers/landlords obtain the advice of legal counsel prior to acceptance of a subsequent offer except where the acceptance is contingent on the termination of the pre-existing purchase contract or lease. *(Amended 1/20)*

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ALWAYS

- …REALTORS®, therefore, are zealous to maintain and improve the standards of their calling and share with their fellow REALTORS® a common responsibility for its **integrity and honor**.

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Role Play Scenario #1 – Sammy The Seller

Sammy the seller wants to list his house with you.

You are in a market with low inventory and average days on the market of 45.

The absorption rate in the area of Sammy's house is 1.2.

It is common for properly priced houses to have multiple offers.

Your CMA shows a sold price range of $291,000 and $296,000. You have agreed on a list price of $295,000.

You are explaining the process of selling the house to Sammy so he is prepared for the current real estate market.

Go…

Role Play Scenario #2 – Bill The Buyer

Bill wants you to represent him in purchasing a house in the $295,000 price range.

You are in a market with low inventory and average days on the market of 45.

The absorption rate in the MLS is 1.2.

It is common for properly priced houses to have multiple offers.

Bill likes Sammy's house and it is priced right at $295,000. Your CMA shows a sold price range of $291,000 and $296,000.

You are explaining the process of buying the house to Bill so he is prepared for the current real estate market.

Go…

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