



TRAINING TIP OF THE WEEK

Staying Mum on Multiple Offers

A Seller's market brings with it some unique challenges and considerations, one of which being multiple offers on a listing. Let's discuss a common situation:

QUESTION:

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?

ANSWER:

This is one of many misconceptions about handling multiple offers. The primary provision in the Code of Ethics related to multiple offers is Standard of Practice 1-15, which says "REALTORS®, in response to inquiries from buyers or cooperating brokers, shall, with the sellers' approval, disclose the existence of offers on the property." You asked if there were any existing offers at the time you submitted and the answer was, apparently, no. Nothing in Standard of Practice 1-15 or any other part of the Code requires the listing broker to go back to any or all other buyers who made an offer should one or more additional offers come in after your offer was submitted.

While it might seem that listing brokers should be required to go back to all those other buyers if other offers come in, a seller may choose not to take that action and may choose another direction to negotiate a sale. It may also seem that going back to previous offers would always be in the best interest of a seller. But, from the seller's perspective, there might be both price and non-price terms of the other offers that are more attractive. The seller might not want to risk that the later, better offer may be withdrawn in the time it could take to re-inform the other buyers and allow them to change their offers.

One tip for cooperating brokers in multiple-offer situations is to ask the listing broker about other offers on more than one occasion during the negotiations. It's no guarantee that you will hit the right time, but it might give you more information for your buyer client in the negotiation on high-demand properties.

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