

## TIPS FOR MULTIPLE OFFER NEGOTIATIONS



### Information for Sellers

**Multiple Purchase Offers:** It's possible you may be faced with multiple competing offers to purchase your property. Your listing broker can explain various negotiating strategies for you to consider. For example: (1) you can accept the "best" offer (2) you can inform all potential purchasers that other offers are "on the table" and invite them to make their "best" offer (3) you can "counter" one offer while putting the other offers to the side awaiting a decision on your counter-offer (4) or you can "counter" one offer and reject the others.

**Advantages/Disadvantages:** Realize that each of these approaches has advantages and disadvantages. Patience may result in an even better offer being received; inviting buyers to make their "best" offers may produce an offer (or offers) better than those "on the table" – or may discourage buyers who feel they've already made a fair offer resulting in them breaking off negotiations to pursue other properties. Your listing broker will explain the pros and cons of these strategies (and possibly other) negotiating strategies. The decisions, however, are yours to make. If you have questions about the possibility of multiple offers and the way they can be dealt with, ask your broker to explain your options and alternatives.

**More Information:** Should you have questions about the possibility of multiple offers and the way they can be dealt with, ask your broker to explain your options and alternatives. Appreciate that your listing broker's advice is based on past experience and is not a guarantee about how any particular buyer will act (or react) in a specific situation.

### Information for Buyers

**Multiple Purchase Offers:** In some situations, sellers will have several competing purchase offers to consider. Sellers have several ways to deal with multiple offers. Sellers can: (1) accept the "best" offer (2) inform all potential purchasers that other offers are "on the table" (3) "Counter" one offer while putting the other offers to the side awaiting a decision on the counter-offer (4) "Counter" one offer and reject the others.

**Advantages/Disadvantages:** There are advantages and disadvantages to the various negotiating strategies you can employ in multiple offer negotiations. A low initial offer may result in buying the property you desire for less than the listed price – or it may result in another buyer's higher offer being accepted. On the other hand, a full price offer may result in paying more than the seller might have required. In some cases, there can be several full price offers competing for the seller's attention – and acceptance.

**More information:** Your buyer-representative will explain the advantages and disadvantages of these (and possibly other) negotiating strategies. The decisions, however, are for you to ultimately make. Appreciate that your buyer representative's advice is based on past experience and is no guarantee as to how any particular seller will act (or react) in a specific situation. While the listing broker can offer suggestions and advice, decisions about how offers will be presented – and dealt with – are made by the seller – not by the listing broker.

**Offer Disclosure:** Keep in mind that purchase offers generally aren't confidential. In some cases, sellers may make other buyers aware that your offer is in hand, or even disclose details about your offer to another buyer in hope of convincing that buyer to make a "better" offer. In some cases, sellers will instruct their listing broker to disclose an offer to other buyers on their behalf.

You may want to discuss with your buyer-representative the possibility of making your offer confidential, or of establishing a confidentiality agreement between yourself and the seller prior to commencing negotiations. Realize that as a represented buyer, your broker likely has other buyer-clients, some of whom may be interested in the same properties as you are. Ask your broker how offers and counter-offers will be presented and negotiated if more than one of her buyer-clients are trying to buy the same property.

**Code of Ethics for Parties Involved:** Listing brokers are required to follow lawful, ethical instructions from their clients in the same way that buyer representatives must follow lawful, ethical instructions from their buyer-clients. While some realtors may be reluctant to disclose terms of offers, even at the direction of their seller-clients, the Code of Ethics does not prohibit such disclosure. In some cases, state law or real estate regulations may limit the ability of brokers to disclose the existence or terms of offers to third parties.

## Information for Sellers and Buyers

- **Issues and Dynamics to Consider:** Perhaps no situation facing sellers or buyers is more frustrating, can lead to potential misunderstandings or allow for missed opportunities than presenting and negotiating multiple, competing offers to purchase the same property. Consider the following:
  - Sellers want to get the highest price and best terms for their property
  - Buyers want to buy the lowest price and on the most favorable terms
  - Listing broker – acting on behalf of sellers – represent sellers' interests
  - Buyer representatives represent the interests of their buyer-clients
  - Will a seller disclosing information about one buyer's offer make a second buyer more likely to make a full price offer? Or will that second buyer pursue a different property?
  - Will telling several buyers that each is being given a chance to make their "best offer" result in spirited competition for the seller's property? Or will it result in the buyers looking elsewhere?
  - What's fair? What's honest? Why isn't there a single, simple way to deal with multiple competing offers?
- Knowledgeable buyers and sellers realize there are rarely simple answers to complex situations. But some fundamental principle can make negotiating multiple offers a little simpler.
- Realize the listing broker represents the seller – and the seller's interests, and the buyer-representative represents the buyer – and the buyer's interests. Real estate professionals are subject to state real estate regulation and, if they are realtors, to the Code of Ethics of the National Association of Realtors.

### OUR OFFICE LOCATION

4400 Post Oak Parkway, Suite 150  
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