



Multiple Offers - Seller's Paradise

The current level of inventory versus buyer demand is leading to multiple offers on real estate. The question arises, "How should a buyer behave in a multiple offer situation?" The seller's paradise is the buyer's challenge.

First and foremost is to put your best foot forward. Minimum full price offer, strong pre-qualification, an attractive loan package that does not require seller to pitch in to your closing costs, impressive earnest money (safe in a trust account anyway), no home warranty requested, (buy it for \$400 yourself), earliest possible closing. These are some basics but, alone, do not guarantee you win.

The trick with winning a multiple offer situation is strategy coordinated with your Realtor. Even your Realtor's standing with the listing licensee impacts your success rate. Experienced Realtors have been down this road before and, like General Patton, if you let them lead the troops, your odds improve significantly.

Your initial offer, like the military push into enemy territory, is just the first step. The outcome is somewhat determined by how the seller responds. Some sellers look

at all the offers and choose the one they like the best. Sometimes your 'Profile' letter, written by you or your Realtor, is an ace in the deck. Sellers vary in every way and some respond for reasons other than the cold hard net cash calculation.

Sellers, with their licensee's counsel, are definitely going to consider which buyer is the most likely to close and least likely to cause trouble, especially following the home inspection. Maybe you want to suggest 'Health and Safety' repairs only - i.e. that which is the minimum required for financing.

However, if it's cold hard net cash the seller is interested in, you and all offerors will receive the "Multiple Offer Notification" and given a time, often 48 hours, to write your offer again - the seller wants more money!

How a buyer responds to the battlefield pressure largely depends on the buyer's motivation. Some buyers prefer a temporary retreat to fight another day but there are other items to consider also. Naturally, an all-cash offer outguns a financed offer because financing can have all kinds of hiccups. "As-is" also crushes alternate combatants on the multiple-offer battlefield. Offering to help the seller by paying for the Appraisal is an added inducement.

Then there is the "Escalation Clause", becoming more common as a bidding weapon - You offer to pay \$1,000 (or other sum) more than any competing offer but not to exceed \$xxx (your max). This clause may cause surrender by all other buyers.

In a Seller's market you need a strong and available Realtor who, like yourself, must pounce on the new listing before multiple offers arrive, and put in a powerful, hard to resist offer.

Dave
Wilson

