

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?

Knowledgeable buyers and sellers realize there are rarely simple answers to complex situations. But some fundamental principles can make negotiating multiple offers a little simpler.



Realize the listing broker represents the seller and the seller's interests, a buyer-representative represents the buyer and his or her interests, and Transactional Brokers

are obligated to treat all parties honestly and fairly.

REALTORS® are subject to state real estate regulation and to the Code of Ethics of the National Association of REALTORS®. The Code of Ethics obligates REALTORS® to be honest with all parties; to present offers and counter-offers quickly and objectively; and to cooperate with other brokers. Cooperation involves sharing of relevant information.

Frequently frustration and misunderstanding results from cooperating brokers being unaware of the status of offers they have presented on behalf of their buyer-clients. Listing brokers should make reasonable efforts to keep buyer-representatives up-to-date on the status of offers. Similarly, buyer-representatives should keep listing brokers informed about the status of counter-offers their seller-clients have made.

## ***Practical, time-tested advice on how to deal with multiple offers - whether you are a buyer or a seller!***

Buyers and sellers need to appreciate that in multiple offer situations only one offer will result in a sale, and the other buyers will often be disappointed their offers were not accepted.

While little can be done to relieve that disappointment, fair and honest treatment throughout the offer and negotiation process, coupled with prompt, ongoing and open communication, can enhance the chances that all buyers – successful or not – will feel they were treated fairly and honestly.

This Guide is intended for general information that is believed to be accurate but not warranted, and cannot be construed as legal advice. Consumers with legal questions are advised to consult with an attorney.



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# ***Consumer's Guide to Multiple Offers in a Real Estate Transaction***



## for Buyers

Sometimes, Sellers will have several competing purchase offers to consider. In this “multiple offer” situation, there is a great deal of misconception about what Sellers can and cannot do. The first misconception is that Sellers have to deal with offers in the order in which they are received. Not true! Another common misconception is that Sellers are obligated to take the offer with the highest price. Also not true.



In fact, Sellers have several ways to deal with multiple offers. Sellers can accept the “best” offer; they can inform all potential purchasers that

other offers are “on the table”; they can “counter” one offer while putting the other offers to the side awaiting a decision on the counter-offer; or they can “counter” one offer and reject the others.

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.

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.

REALTORS® can explain the pros and cons of these (and possibly other) negotiating

strategies. The decisions, however, are yours to make.

Yet another common misconception is that purchase offers are confidential. Not true! 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, and listing brokers are required to follow lawful, ethical instructions from their clients.

Realize that your REALTOR® may have other customers who may be interested in the same properties as you are. Ask how offers and counter-offers will be presented and negotiated if more than one customer is trying to buy the same property.

Appreciate that your REALTOR®’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.

## for Sellers



It’s possible you may be fortunate enough to have multiple competing offers to purchase your property. Your listing broker can explain various negotiating strategies for you to consider. For example, you

can accept the “best” offer; you can inform all potential purchasers that other offers are “on the table” and invite them to make their “best” offer; you can “counter” one offer while putting the other offers to the side awaiting a decision on your counter-offer; or you can “counter” one offer and reject the others.

You should not counter more than one offer at the same time, though, because if both buyers accept, you would be obligated to sell your property to two different buyers!

If you have questions about the possibility of multiple offers and the way they can be dealt with, ask your listing broker to explain your options and alternatives.

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.

Appreciate that your listing broker’s advice is based on past experience and is no guarantee about how any particular buyer will act (or react) in a specific situation.

## for Buyers and Sellers

Perhaps no situation facing buyers or sellers is more potentially frustrating or fraught with potential for misunderstanding and for missed opportunity than presenting and negotiating multiple, competing offers to purchase the same property. Consider the following issues and dynamics:



Sellers want to get the highest price and best terms for their property.

Buyers want to buy at the lowest price and on the most favorable terms.

Listing brokers – acting on behalf of sellers – represent sellers’ interests.

If an exclusive Buyer Agency Agreement has been signed, buyer representatives represent the interests of their buyer-clients.  
**(Continued on next panel)**