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## **Best Practices for Multiple Offer Situations**



Scott Newman

*By Scott Newman*

Real estate is back in 2012 in a big way. Many markets are seeing price increases in response to dwindling inventories as more and more buyers getting off the fence every day. With that in mind — especially since it's been so long since we've had the opportunity to use the phrase "multiple offer" — I felt it would be pertinent and relevant to go through some best practices for handling multiple offer situations to make sure you're in line with ethical and fair business practices.

**Don't Forget Your Loyalties:** This is a big one, and it's obvious, but many agents forget that you can't disclose information that your client doesn't authorize. Nowhere is it written that you must disclose whether or not you have other offers on the table. Unless your seller has specifically directed you to do so, you should not automatically answer that question if asked by a buyer's agent or buyer.

I have seen situations where a buyer will pull out of a deal because they think there is too much competition, and you can be legally liable for any negative consequence that results from your disclosing information you shouldn't have.

To summarize, don't ever forget that your ultimate loyalties lie with your seller, and just because you're asked a question doesn't mean you have to answer.

**Treat Everyone the Same:** This is another obvious one, but it's important and bears repeating. To avoid accusations, legal action, and overall negative impact to your reputation as a professional, it's imperative that you treat everyone the same way.

If you're sending out a request for highest and best, send the exact same e-mail, forms, etc., to all interested parties who have seen the property so there is absolutely no doubt that everyone was informed of the status and had a chance to make an offer if they wanted. It's better to e-mail an agent that showed the place six months ago along with everyone else; than it is to have your deal blown up by a lawsuit from a buyer who feels they were unfairly kept from knowing the latest update and opportunity to place an offer.

**Keep Unbelievably Good Records:** This is a great general piece of advice for all REALTORS®, but in the current market — where multiple offers are commonplace again — it's essential.

My office handles a lot of REO and short sales that have always, and continue to, generate an extraordinary amount of offers. We routinely have deals where we get 15 offers, which mean that 14 buyers and their agent are ultimately upset, and may be prone to making complaints about how the process was handled.

Be prepared for this and be proactive. Keep an accurate log of the date and time each offer came in, and make sure to create a strong paper trail whereby you confirm receipt of all offers as they come in and immediately forwarded them to your client for review. If you're going to list a property, you're going to deal with an upset buyer and their agent at some point. It's imperative that you get organized now, so if you're accused of not handling a file correctly, you have ample evidence to help defend yourself.

Nothing makes me happier than seeing some normalcy return to the real estate market, but as with all change it brings with it new responsibilities and

concerns. Stay ahead of the pack by learning how to successfully deal with multiple offer situations. You will find that the lack of headaches and benefit to your reputation will be well worth the effort.

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