



SCOTT LYLE REALTORS

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How To Win The Bidding War

Knowing a few tricks of the trade can make the difference between walking away disappointed and purchasing the home of your dreams at a fair price.

By Marcie Geffner

In many of today's strong real estate markets, home buyers can expect to face multiple offer situations. Multiple offers are a classic example of economic realities because they appear when the supply of homes for sale is limited and the demand for good-condition homes is strong. Buyers hate multiple offers because they push up home prices and create an extremely stressful home-buying experience. Knowing a few tricks of the trade can make the difference between walking away disappointed and purchasing the home of your dreams at a fair price.

How can I make my offer more attractive to the sellers?

Offer the highest price you can. Get preapproved, not just prequalified, for your mortgage and attach a copy of the preapproval letter to your offer. Make as large a down payment as you can and provide documentation showing the source of your down payment (e.g., a bank statement). If your current home is in escrow, provide information about that transaction. Avoid unnecessary contingencies. (Waiving your inspection or financing contingency can make your offer attractive, but it's foolish.)

Tip: If the equity in your current home is the source of your down payment, make your offer contingent on obtaining financing, but not on the sale of your home. If your home doesn't sell, you won't have the down payment and you'll get out under the financing contingency. Finally, include a personal note about why you want to buy the home. All else being equal, some sellers are influenced by these communiqués.

My offer didn't prevail in a multiple offer situation. Can I find out why?

Neither the sellers nor their agent is obligated to reveal any information about the decision. As a courtesy, agents frequently will point out shortcomings of a rejected offer, but without disclosing details of the accepted offer. "Until a transaction is closed, it's crucial that everything remain unknown in case that property has to come back on the market," explains Carole Geronsin, a Realtor-associate with Prudential California Realty in Anaheim Hills, California. "I sold a property where [the buyer was making] a relocation transfer. A week and a half later, the company decided they were not going to transfer that executive. What would have happened if I had gone around saying, 'It sold for this amount?' You can't do that."

Can I submit an offer on a home in escrow?

Yes, but agents say you would be wiser to move on to another home, particularly if there are formal back-up offers. Even if your offer tops the accepted agreement, the sellers would have great difficulty canceling the escrow.

My agent says the sellers are getting multiple offers and accepting them only by fax. How can we be certain my offer was considered?

The temptation to suppress a buyer's offer arises when an in-house offer (one from a buyer who is represented by the seller's agent or another agent from the same brokerage company) is competing with an outside offer (one from a buyer represented by a different brokerage company). Even though





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an in-house offer nets a double commission for the brokerage (and sometimes the agent), the agent must present all outside offers to the seller as well. Failure to present an offer is a very serious ethics violation. The only exception occurs when the seller specifically declines to consider an offer, perhaps because a good offer is being negotiated or the home is already in escrow. If you suspect your offer hasn't been presented, your agent can request a written statement from the seller acknowledging your offer. If the written statement is not provided, your agent can call the seller's agent's broker or manager.

Can I knock on the sellers' front door and tell them personally why they should accept my offer instead of the other offers they received?

If you happen to meet the sellers during a scheduled showing, go ahead and compliment whatever you like about their home. Resist that urge to pound on the front door, however. This tactic works occasionally, but many sellers strongly dislike having their privacy invaded. REALTOR® Judy Sheller of The Bizzy Blondes team with RE/MAX Westside Properties in Culver City, California, recalls one instance when an infuriated seller actually ripped up an offer from an intrusive buyer. The agents won't be too thrilled with your behavior either.

Should I wait outside the home in my car while my offer is being presented, so I will be able to respond right away?

Years ago, when a seller countered more than one offer, the buyers' agents would rush the counteroffers to the buyers, get their signature, then race back to the seller's home or the seller's agent's office. Whoever returned first with a signed document would win the race and open escrow. To improve their chances of purchasing the home, buyers would wait in their cars outside the home while the offers were being presented to the seller. That way, they could sign any counteroffer and be the first to return it. New provisions in most counteroffer forms have eliminated this silliness by stating that no counteroffer is in effect until it is signed by the buyer and accepted by the seller. This practice allows the seller to wait until all the counteroffers have been returned before making a decision.

I have lost seven homes in multiple offer situations. Should I blame my agent?

The answer depends on why your offers weren't accepted. "Buyers always jump to the conclusion that it's the agent's fault. If you're writing offers on houses in the \$350,000 range, and all your offers are for \$300,000, you're not going to get those houses. You need to be realistic," says Sheller. On the other hand, your agent needs to know how to operate in this market. "I have been in transactions where had an agent been more savvy and more aggressive, the client would have got the property," says Geronsin. She recalls one situation when a buyer's agent called her after the seller had accepted another offer and said his buyer wanted to bid higher. "I said, 'I told you we had multiple offers and you had to come in with your best price. You didn't do it. Now it's too late.' That is the fault of the agent," she says.

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