

Mississippi REALTORS® Institute Presents

# Multiple Offer Madness





# Meet Matt Difanis

- ❑ 2018 President of the 48,000 member Illinois REALTORS®
- ❑ Graduate of the University of Illinois College of Law
- ❑ ABR, GRI, and CIPS designations
- ❑ Multi-office broker-owner
- ❑ Team leader
- ❑ Boots-on-the-ground producer who works with both buyers and sellers
- ❑ Production of more than 200 units per year
- ❑ From a small metro market with about 500 REALTORS®

# Objectives

- § Learn to set client expectations
- § Learn to educate clients on all possible outcomes to avoid negative surprises
- § Understand that there is no single play book that guides the process
- § Understand what is and is not permitted under the NAR Code of Ethics



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# Educating Buyers on the Landscape

If multiple offers are a common occurrence in your local market, you must prepare buyer clients for that possibility.

If you don't, your unprepared buyers may miss out on multiple homes, and by the time the buyers learn how to navigate multiple offer situations, they may have replaced their agent!

# Buyer personality considerations

Some, but certainly not most, buyers will be comfortable making snap decisions with your input *if they trust you!*

Most, whether they trust you or not, are simply not wired to make major decisions under pressure in a hurry.

For slower decision makers and/or those who are highly analytical, you absolutely must educate early, giving them constant data.



# Buyer personality considerations (continued)



Failure to be sensitive to your buyer's decision making process can make you come across as

- a hard-sell pushy salesperson just trying to make a quick sale to a deliberate, analytical buyer; or
- a slow moving agent who cost the buyer the purchase to a decisive, fast moving competitor

If you err in either direction, you will be confronted by an Inescapable Real Estate Truth: **It's your fault!**



# Buyer personality considerations (continued)



Avoid being the driver. That is, let your client drive the process, while you assist with information and decision making.

Rather than telling your Buyer how much to offer (or being on record telling the Buyer to waive an inspection contingency), help your client frame the analysis with some key questions.



# Buyer personality considerations (continued)



**“What’s the highest price at which you’d be genuinely thrilled if I called back to tell you that you got the house, without immediately thinking you overpaid?”**

**“If the house were to sell for any higher amount, would you think ‘Good for them; I’d never pay that much,’ or would you be thinking, ‘I’d have paid *that* to avoid losing the house’?”**

The right questions help your client make the right decision, while giving you some cover.



# Seller personality considerations

If your Seller is willing to take some risk to get a higher selling price, your recommendations should be different than if your client is highly risk averse.

Some Sellers may care more about connecting with the right buyer for their home than about the numbers. They want it to “feel right” more than any particular financial metric.

With the touchy-feely Seller, be mindful of fair housing considerations.



# When your clients think they know more than you

Both Buyers and Sellers may legitimately have information you don't:

- Creeping on social media
- Obsessing over Zillow closed sale info
- Information through informal networks, such as mutual friends or neighbors

As the right questions to see what (potentially erroneous) conclusions they're reaching.

Re-educate as needed to prepare the client for a multiple offer situation



# Timing is everything

You don't want your client to feel that you've rushed them, but you don't want the clients' foot-dragging to cost them the house.

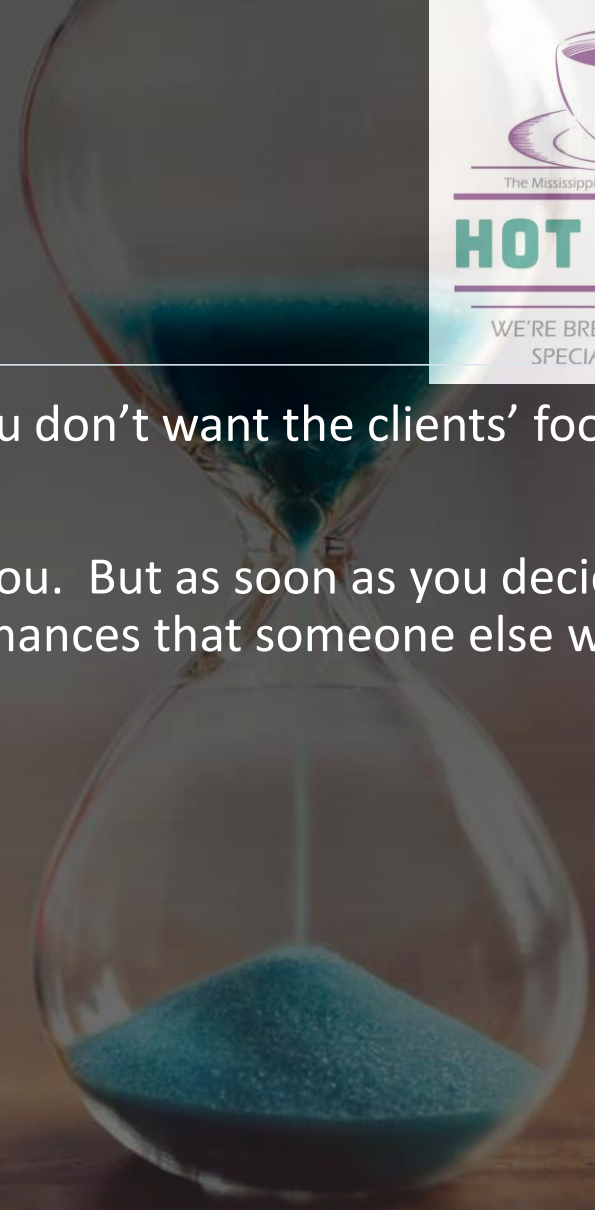
“Take as much time as you need to decide if this is the house for you. But as soon as you decide, move forward immediately, since any delay simply increases the chances that someone else will get it after you've determined that you want it.”



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# The Multiple Offer Play Book



# There is no standard play book!

REALTORS® tend to operate from a single play book, thinking this is *always* the best way:

- Notify all offerors of the existence of multiple offers
- Solicit “highest and best” by a stated deadline
- While this may be appropriate, this is not the only way
- Seller gets to make the call



# How the “standard” play book can fail

What if all offerors, in response to learning that there are multiple offers, decide they don’t want to participate in a bidding war?

If you are the listing agent, and you turn multiple offers into no offers, whom do you suppose the Sellers will blame?

What if the multiple offers include one with a distinct advantage—that may not be price—that makes it the preferred offer to negotiate?



code of ethics

# NAR Code of Ethics Standard of Practice 1-15



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REALTORS<sup>®</sup>, in response to inquiries from buyers or cooperating brokers shall, **with the sellers' approval**, disclose the existence of offers on the property. Where disclosure is authorized, REALTORS<sup>®</sup> shall also disclose, if asked, whether offers were obtained by the listing licensee, another licensee in the listing firm, or by a cooperating broker. *(Adopted 1/03, Amended 1/09)*



So what  
might the  
*non-*  
standard  
play book  
look like?

# Alternative Scenarios

Disclose multiple offers to some, but not all—*at the Seller's direction*

Don't disclose at all—*at the Seller's direction*

Pick one offer—the one that appears best/lowest risk/most credible—to work with, while setting the others aside.

If you negotiate with one, and things don't quickly work out, head to the next best choice.



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# Feeling Dirty?

You may feel like you're being unfair if you don't give all offerors or buyer agents the same information.

Ethically, you are not obligated to do so *if that's the direction of your Seller*.

A colleague who loses out in a multiple offer situation, without ever knowing there were multiple offers, may be looking to file an ethics complaint. Your best insurance is to have a written record (email will do) that makes clear that your Seller chose not to disclose the existence of multiple offers.







March 22, 2018

Feel free to contact me  
with questions or  
feedback!

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