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When someone else wants the house you want: how multiple offers work

The following article appeared in the February 21 issue of the EMC community newspapers. President Heather Skuce is using the President's Pen column offered to the Board by EMC to provide information to the public about the real estate market and to showcase the benefits of working with a member.

Many things are easy to buy: a pair of shoes; a trunk full of groceries; a plane ticket. You pay with cash or a credit card; the salesperson gives you the goods, and you're free to take your purchase home to enjoy it.

Buying a home, on the other hand, can be quite a bit more complicated, especially since, unlike retailers selling consumer goods, home owners are not obligated to sell you their property even if you offer them the full asking price and show up before anyone else does. There may be more than one offer competing for a seller's attention, and unfortunately, there's no way to guarantee that yours will be the successful one.

Real estate brokers and sales people in Ontario are governed by the Real Estate and Business Brokers Act (REBBA), 2002. This legislation states that a real estate registrant must convey any written offer of purchase that he or she receives to his or her client (the seller) at the earliest practicable opportunity, and must disclose the number of competing offers to everyone who makes an offer. However, the "substance" (i.e. the amount or conditions, if any) of any of the offers cannot be disclosed.

Multiple offer situations tend to happen when a home is particularly attractive to buyers – it may be in a really great location, be in excellent condition, or be priced very competitively. If it has all of these things going for it, competition can be even greater. In these situations, simply offering the owners their asking price may not be enough to buy the house. Sellers may consider offers one at a time as they come in, or they may anticipate multiple offers and choose to set a date and time after which they will then consider all offers that have been submitted.

A multiple offer situation shouldn't scare you away from a potential home purchase. However, once you become aware that another offer is on the table, your approach may change. You need to remember that your offer will be compared with others – in all respects, not just price. The highest offer will not necessarily be the one accepted by the seller. The conditions (or lack thereof) attached to an offer may also influence the seller's decision.

Your buyer's agent is your best resource to educate you about the steps you can take to make your offer the most attractive it can be while helping you remain comfortable about what you're putting on the table. You may end up paying a bit more for a property when multiple offers are in play. However, what you offer will depend on your budget and comfort level. Remember, if you're not comfortable competing with an offer whose details cannot be made known to you, there's no harm in walking away to find something else.

There's a home out there with your name on it, and when it's the right house, your REALTOR® can help you put together the best possible offer. Good luck!

Members are invited to reprint the President's Pen Column in their own communications provided the column is reprinted in its entirety and the following statement is inserted at the end of the column:

The President's Pen column was prepared by the Ottawa Real Estate Board and first appeared in the February 21 issue of the EMC community newspapers.