

Negotiating Multiple Offers Can & Probably Should Resemble an Auction

There's an unwritten and largely unspoken protocol when it comes to revealing the specifics of competing offers when more than one offer is received on a listing. I'm not sure why this is, but maybe some of my colleagues who are regular readers of this column can help me understand why they believe a listing agent should or should not reveal the specifics of offers received.

When functioning as an "agent" instead of a "transaction broker," it is clear to me that it's in my clients' best interest to maximize the price they get for their home. In that effort, it seems only right that I should do what I can to play buyers against each other — with my client's knowledge and approval.

This subject is on my mind right now because in the past few weeks I have been successful in engineering higher sale prices for two of my listings by working effectively with agents who submitted competing offers.

One of the keys to successfully working with competing offers is to tell the truth about them. The question in listing agents' minds is how much of that truth to reveal. Sometimes I will say exactly what the existing offers are when a third or fourth agent asks me "what it will take" to win the bidding. Let's look at a typical scenario and how I chose to play it.

Agent #1 submits a below-full-price offer with \$2,500 in concessions. A second agent calls and asks (as every buyer's agent should) whether I have

any offers. I say, "Yes, but it's below full price." The agent asks if a particular purchase price would exceed that purchase price, and I say "yes." The agent submits an offer \$2,000 below that amount but with an escalation clause stating that they will beat any competing offer by \$1,000 up to full price. I inform the first agent that their offer has been exceeded *and* that it includes the escalation clause up to full price. That agent consults her client and informs me that they don't want to go that high.

A third agent calls and asks the question about existing offers and I give the same information. That agent then submits an offer slightly above full price, all cash, waiving appraisal, and closing in two weeks. I recommend to my seller that he accept that offer and we go under contract. I didn't ask the 2nd agent if they would like to beat that offer, because their buyer

was borrowing 95% (albeit with a strong lender letter) and requiring 45 days to close.

Many agents are more coy about revealing details of existing offers and simply ask each agent for "highest and best" offers. What would *you* do, and what do you think is "right"?

When you're under contract, there's still more that an experienced agent can do as other would-be buyers show up, disappointed that they didn't get an offer in on time. With an attractive back-up contract in place, the seller is put in a stronger negotiating position regarding inspection demands. If for any reason the buyer chooses to terminate over inspection issues, a seller doesn't have to put his home back on the market. Only buyers can terminate a contract, so the only way a seller can get out of a contract is to inspire a buyer to terminate. This can happen when the seller won't make repairs.

REAL ESTATE TODAY



By JIM SMITH, Realtor®

This Week's New Listing



5-Bedroom Lakeridge Tri-Level in California Contemporary Style

Lakeridge is a quiet 1960's subdivision created around a private lake north of Yale Ave. and east of Sheridan Blvd. For a voluntary \$250 per year, homeowners gain access not only to the lake but to tennis courts, basketball court, playground, walking paths and a pavilion which can be reserved for private get-togethers. The house itself is beautifully updated with hot water heat, central A/C, granite, hardwoods and a vaulted pine ceiling in the family room. The backyard features a heated aviary which could be repurposed as a playhouse if you don't have birds. There's also a large greenhouse frame. The basement has a home theater with Bose sound system, which is included, along with the screen, DVD player and projector. Open Saturday 1-4pm.

How Much Does Landscaping Help to Sell a Home?

We all know about curb appeal, and it is very real, even in a seller's market. Water features, such as the one at right are particularly nice, especially when the sound of running water can mask other environmental sounds such as a nearby highway.

A healthy-looking lawn can make a big difference, too. I have recommended hiring Lawn Doctor a few weeks before putting a home on the market, because it's impressive how quickly a lawn can look better after it has been treated correctly.

A yard can be "staged" too, much as the interior of a house can be staged to be more inviting. A bench or swing is a way to "vignette" a yard, suggesting to the visitor the idea of sitting and listening to that water feature or enjoying that mountain view.

I recently replaced my Kentucky Bluegrass lawn with Bella Bluegrass, a new breed of grass available through On the Green, LLC (Chris Huxtable, 720-217-2587) which uses 75% less water and grows



only to 3 or 4 inches tall, eliminating the need for weekly lawn mowing. I suspect it will need less attention from Lawn Doctor, too! Think of it as buffalo grass but prettier. This could help my home sell.



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