

Navigating Multiple Offers

A Guide for Manitoba Homebuyers and Sellers

When you find the home you want, it's time to consider making an offer. However, in a hot seller's market, it can often be difficult to buy the home you want when faced with competing offers from other home buyers.

In these high-pressure situations, buyers may be tempted to offer more for the property than they planned or remove conditions from offers. These conditions are generally included in offers to protect buyers. Sellers also need to consider how they want to proceed in the event of receiving multiple offers.

Understanding your consumer rights, responsibilities and options beforehand can help both buyers and sellers navigate the complicated scenario of multiple offers. No matter what role you play in the transaction – buyer or seller – you need to consider how to respond when presented with this scenario. Real estate, legal and financial professionals can help guide you through the process.

What should I know if I am the buyer?

In Manitoba, a real estate agent is required to advise a buyer if they are in a multiple offer situation, and can guide you through the available options. If you are in a multiple offer situation, you generally have four choices:

- Increase your offer.
- Leave your offer as is.
- Withdraw your offer.
- Reconsider the terms, conditions and items included or excluded from your offer.



Whether you are the buyer or the seller, *always* be sure to read and understand all documents before signing. Seek help from qualified and licenced real estate, legal and financial professionals when needed.

What is a seller's market?

A sellers' market occurs when demand exceeds supply. It means more buyers are seeking to purchase homes than available houses on the market. As a result, you can have more than one buyer interested in a single property, which can result in multiple offers (sometimes known as bidding wars).

Before participating in a multiple offer situation, and even before making any offer in a seller's market, it is important to consider the following:

OFFER PRICE

How much can you realistically afford to offer for the property and how much is the property worth? While a high offer could enhance your chances of successfully buying your dream home, it may not be the best long-term financial decision. Also consider that an offer that meets or exceeds the asking price will not necessarily guarantee your offer is accepted.

PROPERTY DISCLOSURE and HOME INSPECTION

A buyer may request a Property Disclosure Statement (PDS) from the seller in their offer. The PDS gives a buyer an opportunity to obtain more information about a property concerning lesser defects (e.g. roof replacement), which the seller is aware of but does not need to disclose without a PDS. In multiple offer situations, it can be tempting forego a PDS and the requirement for a home inspection before closure. While it may make your offer more attractive by expediting the closing process, there can be risks involved. After taking possession, you may discover defects, repairs, or upgrades you weren't aware of. While these will not make a home unsafe to live in, they may require immediate attention

leading to more costs and inconveniences—which you may wish you had considered before making the decision to purchase.

FINANCING

Pre-qualifying for a mortgage does not eliminate the need for a financing condition in your offer. A financing condition protects the buyer by providing you an out if you are unable to secure financing. It lets the seller know that your offer to buy their property is conditional on you obtaining financing satisfactory to you (interest rate, payments, etc.) and your lender. If you proceed without a financing condition and then cannot secure satisfactory financing, then you can lose your deposit and potentially be sued. However, it is important to also realize that if your offer is conditional on financing, you have a duty to seek financing in good faith.

CLOSING DATE

To make your offer more attractive, you may also offer a faster possession date. Depending on your present housing situation, this could have financial implications for you.

What should I know if I am the seller?

As a seller dealing with multiple offers, you should be aware that prospective buyers will have to decide such things as whether or not to:

- Increase their offer.
- Leave their offer as is.
- Withdraw their offer and move onto a different property.
- Reconsider the terms, conditions and items included or excluded from their offer.

When faced with multiple offers, you also have several choices, such as:

- Accept one.
- Reject all.
- Counter offer.

If you are working with a real estate professional, they can help you work through these options.