



ROYAL LEPAGE

Lakes of Muskoka Realty
Brokerage, Independently Owned & Operated

COMPETING OFFERS

Risk, Reward and Requirements



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Competing Offers

The term **Competing Offers** means simply that two or more Buyers are formally competing for the same property. Typically this involves each offer being presented in the order in which they are registered. Competing offer scenarios are often emotionally charged. **One of the best ways of lowering stress levels is to understand the competing offer process in Ontario** and the associated obligations and rights of the Seller, Buyer and REALTOR. Your REALTOR is obligated to provide sound advice and counsel.



REALTORS[®]

As REALTORS we must ensure that the Competing Offer process is fair, transparent and handled in a professional manner.

We are also bound by law and our Code of Ethics to ensure that:



All offers are conveyed to the Seller as quickly as practicably possible or according to Seller's written instructions.



We abide by the legal instructions of our client(s) and promote & protect their interests.



Treat all parties with fairness and professionalism.



If we are representing the Seller we must disclose the number of competing offers to every person making the competing offers but shall not disclose the contents of the competing offers.

The best approach to the possibilities, benefits and risks of Competing Offers is to discuss the process with your Royal LePage professional. At Royal LePage Lakes of Muskoka Realty we pride ourselves in helping you make good real estate decisions. Helping you is what we do.

Sellers

For Sellers, competing offers can seem like a dream scenario. Who wouldn't want 2 or more Buyers bidding for your home? Having said that, it's important that Sellers, with the help of their real estate professional, understand the potential risks and rewards of their actions.

Signing offers back, rejecting offers or focusing only on a specific term, such as price, may lead to undesirable outcomes. While no one can predict the outcome of a specific action, making sound, well thought-out decisions will go a long way in securing good results.

Once all the offers are presented the Seller has six options:

1 Accept one offer and reject the others.	2 Sign back one offer and reject the others.	3 Reject all the offers and send them back to the bidders for improvement.
4 Hold on to copies of all the offers and provide an opportunity for the Buyers to improve their offers.	5 Hold on to one or more offers while sending the others back to the bidders for improvement.	6 Sign back one offer and hold back on the others pending a response from the bidder that received the sign back.

Buyers

As a Buyer, understanding the rights of the Seller can help you make sense of the process.

A Seller often looks to more than just the price when making a decision whether to accept an offer. The highest initial bid does not always get the property. Conditions, size of deposit and closing date are just some of the components of an offer that may influence a Seller. Ultimately it is the Seller's decision.

Although the Seller initially decides the course of the negotiations the Buyer has certain rights. They are:

1 Being made aware that you are in a competing offer situation.	2 Being informed of the number of competing offers.	3 The right to not compete in a multiple offer situation.	4 The right of not having the contents of your offer disclosed to any other Buyer.	5 The right to know if any commission arrangements have been made between the Listing Brokerage and the Seller.
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Bill 55

As of July 1, 2015, brokerages across Ontario acting on behalf of Sellers must meet new requirements for handling offers.

These changes were designed to increase transparency in the offer process.

The amendments also included:



REALTORS representing the Sellers cannot indicate they have received an offer unless it's a written, signed offer.



All unsuccessful offers (or Offer Summary Document) must be retained by the Listing Brokerage for one year.



REALTORS representing the Buyers cannot indicate they have an offer unless it's a written, signed offer.



Buyers or REALTORS acting on behalf of Buyers can request that the Real Estate Council of Ontario (RECO) confirm how many written offers the Listing Brokerage received for that property.

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FAQ

1. The Seller wants to wait a few days before looking at offers. Is this ok?

This is permissible providing that the Seller gives written notice to the Listing Brokerage. In the event that a Seller wishes to look at an offer before the agreed upon presentation date, the Listing Brokerage is obligated to inform any party that has expressed interest in the property. Any changes to the Seller's direction must be in writing and reflected in the notes of the listing.

2. As a Buyer how do I know if I'm really in a competitive offer situation?

It is unlawful for the Listing Sales Representative to state that they have an offer(s) unless they have either received a written and signed offer(s) or they have received notice from the Buyer Representative that the Buyer Representative has in their possession a written and signed offer. In a multiple offer situation it is not uncommon for the Buyer Representative to present the offer personally to the Seller. Furthermore, the Buyer or Buyer Representative can request that RECO conduct an inquiry to determine the number of offers but this is done after the presentation of offers.

3. If the Listing Sales Representative is also representing a Buyer do other Buyers have a right to know?

Yes. The Listing Sales Representative must disclose this fact to all Buyers.

4. I'm one of three Buyers in a multiple offer scenario and the Seller has yet to make a decision. Can I resubmit an improved offer?

Yes you can resubmit. But this option may not be successful if the Seller is quick to decide. Due to time constraints Buyers will often only have one opportunity to bid on the property.



Rick Wearing
Broker

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Sales Representative

Any questions or concerns about Competing Offers?
Feel free to contact us:

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