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How to WIN in Multiple Offers

Here are some concrete ways to improve the odds of getting an offer accepted:

1. Buyer should pay their own closing costs. This works better than increasing your offer and wrapping the closing costs into your loan. It also protects against a low appraisal.
2. Strengthen the Earnest Money
 1. Providing a higher amount for earnest money can increase the strength of your offer.
 2. As an alternative to refunding the EM to the buyer, you can have the buyer check box 2 on line 74 of the financing EM section forfeiting the earnest money. Checking box 1, with earnest money back to the buyer is not good at all for the seller. This weakens your buyer's offer and their chance to get the home.
 3. Give the seller more confidence in your buyer and check the box on line 77 and put the final approval letter date say 7-14 days before close.
3. Down Payment – can the buyer strengthen their down payment amount. Higher down payments indicate a stronger buyer.
2. Check with seller what type of close date they want. Is it a bank, they usually want to close quicker? Is it a traditional seller who needs time to move? Encourage your client to be flexible with them to allow them time to find a home.
3. Contingencies – does the client want an inspection contingency? ***We never discourage a client from having an inspection.*** Some clients will prefer to have the inspection but not make the sale contingent on the inspection, to add a clause saying you won't ask for anything based on inspection or to have no inspection at all. Not having an inspection contingency strengthens your clients offer dramatically.
 1. Let the seller know your buyer will not “nickel and dime” the seller with several minor inspection request fixes. Edit the dollar amount to a number you are comfortable with. Here is some verbiage to use in line 195 of the purchase agreement: *The buyer has the right to cancel or renegotiate this purchase agreement only if serious material defect (s) totaling more than \$XXXX are discovered during the inspection period. Serious material defect (s) are defined as*



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defective, repair needed, or replacement items. Any and all defects with a total value lower than \$XXXX are to be accepted by the buyer as their responsibility fully.

2. Last option (weakest), having it contingent upon a home inspection. If your buyer is insistent on this, reduce the number of days for the contingency. Change line 185 to a shorter time period. The shorter the number of days, the stronger the offer. Maybe 3-days. However, check with your inspector to be sure the timeline works ok.

4. Offer the best price the buyer is comfortable with on the 1st offer your client makes – Remember, it is the net price to seller. For example, \$250,000 with seller paying \$5000 in closing costs is a \$245,000 net offer to the seller. As we know, all the seller cares about is the NET.
 1. Multiple offers usually mean the buyer should NOT be asking for closing costs.
 2. If a buyer is struggling with closing costs, they may need to increase the offer (thus increasing their loan/payment) and then asking the seller to pay closing costs.
 3. Buyers can check with their lender to see if they can decrease closing costs by increasing the loan percentage rate.

5. Use the * clause (acceleration clause?) How does it work?

On page 1 of PA, next to the purchase price, put an * after it. Then include a one-page addendum to the PA stating:

Buyer will pay \$X,XXX over any other offer not contingent on the sale of another property, not to exceed \$XXX,XXX. Upon acceptance, seller to provide proof of other offer demonstrating this offer exceeds the NET price of the other offer.

Fill in the top price the buyer is willing to pay.

6. Include a personal letter/video to the seller and a photo of the buyer (s) as well. Have the letter be handwritten by the buyer and include it in the offer PDF you send to the other agent. This even works for banks. I encourage your buyers to do this. What to put in letter? How much buyer loves home, a little about the buyer, their family, how they will take care of the home and neighborhood, etc...



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8. Can they go conventional versus FHA? Usually conventional financing is preferred over FHA and there are many 3-5% conventional programs now.
9. Timing the offer – Including in the PA: “Seller to accept, reject or counter this purchase agreement by 5 PM on January 25, 2018.” Many agents push this time frame out say 6-8 business hours. If 4 PM offer time on Monday, then reply by 12 noon on Tuesday. To create a little urgency with the offer itself.
10. If a condo or townhome, the Common Interest Community Modification/Waiver of Buyer’s Right of Rescission document can be included with the offer – this reduces from 10 days to a 3-day time period.
11. In regard to financing: work with a local lender who will do an underwrite ahead of time for full approval, versus quick approval. Have the lender reach out and call listing agent after an offer is submitted. Have them talk up the buyer and their financial ability to perform on the offer and help answer any questions the listing agent may have. Working with a reputable lender (local is preferred) is often a very strong factor in determining which offer is chosen. Lenders proactively will call the listing agent for you and your buyer.
12. Financing – is there anyway the buyer can lean on someone else to make the offer look like a cash offer. i.e. borrow the money from a parent, sibling or a friend with an agreement to refinance immediately after closing to pay them back. This makes your offer look much stronger and allows you to close much sooner.
13. Give the seller extra time to move out. Checking box 271 of the PA (instead of asking for immediate possession) and giving the seller an extra day or two to move out is an option some agents have used to get offers accepted. We have seen this work as well for an elderly seller who may need a little time after closing to get all moved out.
14. Have the buyer offer the seller a “sellers home warranty.” This is a home warranty that costs \$75-\$125 from the various home warranty companies. It covers the home for the sellers while the home is on the market (even after an offer is accepted, up until the closing date.) It gives a sense of security for the seller to know that during hot months the AC is covered, or during the winter the furnace is covered, etc. Your buyer can purchase the warranty for the sellers and then they are “home free” with not having to worry about any mishaps during the transaction period.



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15. Appraisal Language – there are two ways we can affect the strength of an offer related to appraisal:
 1. Some buyers have had good success with removing the appraisal clause altogether. This means. If the home is sold at \$300,000 and it appraises at \$293,000 the buyer would need to either request another appraisal be completed or bring an extra \$7,000 to closing.
 2. Use an *Appraisal Gap*. Keep the appraisal language in the PA but state the “Buyer is willing to bring \$XXX,XXX of dollars extra to closing. In this way you can limit the exposure a bit. i.e. the property sells at \$300,000 but appraises at \$293,000 but, the appraisal clause states buyer is only willing to bring an extra \$3,000 to closing it saves you \$4,000.
 1. “In the event of a low appraisal, the buyer agrees to pay up to \$_____ above the appraised value not to exceed the agreed upon sale price. In the event of a difference greater than \$_____, buyer and seller shall have the ability to renegotiate. If no agreement can be reached, buyer and seller shall sign a cancellation with earnest money refunded to the buyer.”
16. With your buyer’s offer, include an “As Is Addendum.” This as is addendum can give the seller confidence that once the closing is complete, the sale will be final. Please know however, there is risk of course for you to do this. It does limit your ability to sue the seller post-closing for any disclosure issues at all. Read the As Is addendum closely and consult with an attorney as needed. Some buyers are willing to use this approach. Lastly, with the As Is addendum, the seller must use the seller’s disclosure alternative document (and not the full seller’s disclosure.)
17. Offer to pay some or all of the seller’s closing costs. For a \$350,000 home, a seller has approximately \$2000 in state deed tax, settlement fee, recording fee, etc. Not to mention the commission amounts owed. This language can be added to the “other” blank lines of the PA. For example: Buyer to pay for \$XXX of the seller’s closing costs at closing.
18. If the buyer has the cash, have them pay the XXX% seller commission so the seller doesn’t have to. This way the net stays up for the seller and the buyer likely won’t have to worry as much about appraisal.