

Chapter 10



Offers & Counteroffers

Chapter 10 Goals:

- The process of selling
- Sales strategies
- How to overcome initial objections
- What to do after an offer has been received
- Keeping clients comfortable throughout the sales process

Chapter 10: Offers & Counteroffers

Key Terms

acceptance	fair offer	Presentation
buyer's remorse	fear of loss	rejection
closing	multiple offers	seller objection
counteroffer	Option (To Buy) Agreement	seller's remorse

Chapter Overview

This chapter will teach readers all about offers and counteroffers, including:

- How to prepare a buyer offer
- Best practices for presenting a buyer offer to a seller
- How to manage seller expectations and objections
- What is fair offer
- How and when to submit a counteroffer
- Dealing with multiple buyer offers
- How to successfully close a deal

The Offer

Once a buyer agrees to close on a particular property, he or she must put in an offer.

Preparing an Offer

A buyer's offer should reflect the buyer's interests while also compelling a seller to accept. A buyer's agent should advise a buyer to submit a "clean" offer with simple, straightforward terms.

A buyer's offer will be treated more seriously if:

- The buyer is already pre-approved for a loan
- It includes a short closing period
- It offers a reasonable price

Recently sold comparables should be the basis for determining an appropriate offer price. The average price per square foot, number of stories, year built, condition, and amenities significantly can affect the value of the price.

If a buyer makes an unreasonably low offer, it has almost no chance of being accepted by the seller.

A buyer should avoid submitting offers with specific contingencies, such as “purchase includes furniture and television”. Such provisions can be difficult for a seller and decrease the likelihood of an offer being accepted. If a buyer is determined to include certain contingencies or provisions, an agent should provide them to the seller and seller’s agent after an offer has been accepted.

A buyer’s agent should submit an offer to the seller’s agent as soon as it is prepared.



CALIFORNIA
ASSOCIATION
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OPTION (TO BUY) AGREEMENT

(Must be used with a Purchase Agreement. May also be used with a Lease.)
(C.A.R. Form OA, Revised 12/16)

Date _____, at _____

_____, ("Optionor"), grants to _____ ("Optionee"),
on the following terms and conditions, an option ("Option") to purchase the real property and improvements situated in
City of _____, County of _____,
California, described as _____ ("Property")
on the terms and conditions specified in the attached: ☐ Real Estate Purchase Agreement ☐ Other _____
dated _____ ("Purchase Agreement"), which is incorporated by
reference as a part of this Option.

1. SEPARATE CONSIDERATION FOR OPTION:

- A. _____ Dollars (\$ _____),
payable upon acceptance of this Option, or, if checked, ☐
by cash, ☐ cashier's check, ☐ personal check, or
made payable to _____.
- OR B. ☐ (If checked) Mutual execution of the attached Lease specified in paragraph 2A.
- OR C. ☐ (If checked) Both 1A and 1B.

2. LEASE (If checked):

- A. The attached Lease Agreement, dated _____, between Optionee as Tenant and Optionor, as Landlord,
("Lease") is incorporated by reference as part of this Option.
- B. If the Option is exercised, the Lease shall terminate on the earliest of (i) the date scheduled for Close Of Escrow under the
Purchase Agreement, or as extended in writing, (ii) the Close Of Escrow of the Purchase Agreement, or (iii) mutual cancellation
of the Purchase Agreement.
- C. If the Option is not exercised, the Lease shall remain in full force and effect.

3. **OPTION PERIOD:** The Option shall begin on (date) _____, and shall end at 11:59 p.m.
(or at _____), on (date) _____.

4. **MANNER OF EXERCISE:** Optionee may exercise the Option only by delivering a written unconditional notice of exercise, signed
by Optionee, to Optionor, or to _____, who is authorized to receive it. A copy of the
unconditional notice of exercise shall be delivered to the Brokers identified in this Agreement.

5. **NON-EXERCISE:** If the Option is not exercised in the manner specified, within the option period or any written extension thereof,
or if it is terminated under any provision of this Option, then:

- A. The Option and all rights of Optionee to purchase the Property shall immediately terminate without notice; and
- B. All Option Consideration paid, rent paid, services rendered to Optionor, and improvements made to the Property, if
any, by Optionee, shall be retained by Optionor in consideration of the granting of the Option; and
- C. Optionee shall execute, acknowledge, and deliver to Optionor, within 5 (or _____) calendar Days of Optionor's
request, a release, quitclaim deed, or any other document reasonably required by Optionor or a title insurance
company to verify the termination of the Option.

6. EFFECT OF DEFAULT ON OPTION:

- A. Optionee shall have no right to exercise this Option if Optionee has not performed any obligation imposed by, or is in default of,
any obligation of this Option, any addenda, or any document incorporated by reference.
- B. In addition, if a lease is incorporated by reference in paragraph 2A, Optionee shall have no right to exercise this Option if
Optionor, as Landlord, has given to Optionee, as Tenant, two or more notices to cure any default or non-performance under
that lease.

7. OPTIONOR DISCLOSURE:

- A. Unless exempt, if the Property contains one-to-four residential dwelling units,
(1) Optionor shall within 7 (or _____) Days After entering into this Option provide to Optionee (i) a Real Estate Transfer
Disclosure Statement, a Natural Hazard Disclosure Statement, a Notice of Private Transfer Fee and other disclosures required
by Civil Code §§1102 and 1103 et seq., (ii) a preliminary title report, and (iii) _____.
- OR (2) Optionee has already been provided all of the information specified in 7A(1) Except: _____

Optionee and Optionor acknowledge receipt of copy of this page.

Optionee's Initials () () Optionor's Initials () ()

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OPTION AGREEMENT (OA PAGE 1 OF 3)



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Property Address: _____

Date: _____

- B. If any disclosure or notice specified in 7A (i) is delivered to Optionee after the Option is Signed, Optionee shall have the right to cancel this Option within **3 Days After** delivery in person or **5 Days After** delivery by deposit in the mail by giving written notice of cancellation to Optionor or Optionor's agent.

8. PURCHASE AGREEMENT:

- A. All of the time limits contained in the attached Purchase Agreement, which begin on the date of Acceptance of the Purchase Agreement, shall instead begin to run on the date the Option is exercised.
- B. If this Option is exercised and Optionee cancels pursuant to any contingency in the attached Purchase Agreement, including but not limited to any right of inspection or financing, all option consideration paid, rent paid, services rendered to Optionor, and improvements to the Property, if any, by Optionee, shall be retained by Optionor in consideration of the granting of the Option.
- C. If this Option is exercised, upon close of escrow of the attached Purchase Agreement, ☐ all, or ☐ \$ _____, of the Option Consideration, and ☐ (if checked) \$ _____ per month of rent actually paid by Optionee, shall be applied toward Optionee's down payment obligations under that Agreement. Optionee is advised that the full amount of the option consideration applied toward any down payment may not be counted by a lender for financing purposes.

9. **DISPUTE RESOLUTION:** Optionee and Optionor agree that any dispute or claim arising between them out of this Agreement shall be decided by the same method agreed to for resolving disputes in the attached Purchase Agreement.

10. **DAMAGE OR DESTRUCTION:** If, prior to exercise of this Option, by no fault of Optionee, the Property is totally or partially damaged or destroyed by fire, earthquake, accident or other casualty, Optionee may cancel this Agreement by giving written notice to Optionor, and is entitled to the return of all Option Consideration paid. However, if, prior to Optionee giving notice of cancellation to Optionor, the Property has been repaired or replaced so that it is in substantially the same condition as of the date of acceptance of this Agreement, Optionee shall not have the right to cancel this Agreement.

11. **OPTIONEE INSPECTION:** Optionee ☐ has, ☐ has not conducted inspections, investigations, tests, surveys and other studies of the Property prior to entering into this Option.

12. **RECORDING:** Optionor or Optionee shall, upon request, execute, acknowledge, and deliver to the other a memorandum of this Option for recording purposes. All resulting fees and taxes shall be paid by the party requesting recordation.

13. **OTHER TERMS AND CONDITIONS,** including attached supplements:

14. **ATTORNEY FEES:** In any action, proceeding, or arbitration between Optionee and Optionor arising out of this Option, the prevailing Optionee or Optionor shall be entitled to reasonable attorney fees and costs from the non-prevailing Optionee or Optionor.

15. **BROKER COMPENSATION FROM OPTIONEE:** If applicable, Optionee agrees to pay compensation to Broker as specified in a separate written agreement between Optionee and Broker.

16. **TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the parties are incorporated in this Option. Its terms are intended by the parties as a final, complete, and exclusive expression of their agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. **This Agreement may not be extended, amended, modified, altered, or changed, except in writing signed by Optionee and Optionor.**

17. **TERMS AND CONDITIONS OF OFFER:** This is an offer for an option to purchase Property on the above terms and conditions. This Option and any supplement, addendum, or modification, including any photocopy or facsimile, may be signed in two or more counterparts, all of which shall constitute one and the same writing. Optionee has read and acknowledges receipt of a copy of this offer.

Optionee and Optionor acknowledge receipt of copy of this page.

Optionee's Initials () () Optionor's Initials () ()



Property Address: _____

Date: _____

18. EXPIRATION OF OFFER: Unless Acceptance of Option is signed by Optionor, and a signed copy delivered in person, by mail, or facsimile, and personally received by Optionee, or by _____, at _____ AM _____ PM, the Option shall be deemed revoked.

OPTIONEE

OPTIONEE

Address _____

Telephone _____

Fax _____

Email _____

19. BROKER COMPENSATION FROM OPTIONOR: If applicable, Optionor agrees to pay compensation to Broker as specified in a separate written agreement between Optionor and Broker.

20. ACCEPTANCE OF OPTION: Optionor warrants that Optionor is the owner of the Property or has the authority to execute this Option Agreement. Optionor accepts and agrees to grant an Option to purchase the Property on the above terms and conditions.

If checked: SUBJECT TO ATTACHED COUNTER OFFER, DATED _____

OPTIONOR

OPTIONOR

Address _____

Telephone _____

Fax _____

Email _____

REAL ESTATE BROKERS:

A. Real Estate Brokers are not parties to the Option or Purchase Agreement between Buyer and Seller.

B. Agency relationships are confirmed as stated in the attached Purchase Agreement.

C. COOPERATING BROKER COMPENSATION: Listing Broker agrees to pay Cooperating Broker (**Selling Firm**) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow: (i) the amount specified in the MLS, provided Cooperating Broker is a Participant of the MLS in which the Property is offered for sale or a reciprocal MLS; or (ii) (if checked) the amount specified in a separate written agreement (C.A.R. Form CBC) between Listing Broker and Cooperating Broker. Declaration of License and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be required or that an exemption exists.

Real Estate Broker (Selling Firm)

By _____

Address _____

Telephone _____

Fax _____

City _____

E-mail _____

CalBRE Lic. # _____

CalBRE Lic. # _____

State _____

Date _____

Zip _____

Real Estate Broker (Listing Firm)

By _____

Address _____

Telephone _____

Fax _____

City _____

E-mail _____

CalBRE Lic. # _____

CalBRE Lic. # _____

State _____

Date _____

Zip _____

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OPTION AGREEMENT (OA PAGE 3 OF 3)

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Receiving an Offer

Verify Offer Contents

After a seller's agent receives a buyer's offer, the agent should verify that he or she understands all of its contents before presenting it to the seller.

An agent's primary responsibility is to protect a seller's interests. Most sellers will have provided their agent with a set of terms for the transaction beforehand, such as the minimum price he or she will consider. An agent should verify whether a buyer's offer meets a seller's terms. If it does not, the agent should prepare for how to present it to the seller.

An agent must also have a clear understanding of a transaction's terms and conditions, including:

- What is included with the purchase
- Specific contingencies or provisions
- Occupancy date
- Escrow company name and contact
- Type of buyer financing and terms
- Who is responsible for closing costs
- Appraisal reports
- Tax proration
- Disclosure statements

If there is confusion regarding the terms of a purchase agreement, an agent should review the terms with his or her broker, speak directly to the buyer/buyer's agent, or have the seller consult a lawyer.

If a buyer's agent submits an unfamiliar purchase agreement, an agent should ask him or her to resubmit the offer using a standard purchase agreement.

Screen the Buyer

An agent should beware of buyers who:

- *Ask for lengthy escrow periods.* This is typically a sign that the buyer is not yet qualified for a loan or is waiting to borrow money from a friend or family member. This increases the likelihood that the buyer may ultimately be unable to purchase the seller's home.

- *Put little to no money down.* Although many buyers purchase homes without putting any cash down, it is usually an indicator that a buyer does not have the credit to obtain a loan. This increases the likelihood that a transaction will not close.
- *Make specific, abnormal requests.* If a buyer makes a request that falls outside of the norm of a standard transaction, an agent should advise a seller to do a background check.

The world of real estate attracts many ruthless individuals who are willing to engage in criminal activity in order to make money. Special requests may suggest that a buyer has ulterior motives in a transaction. An agent should lookout for buyers who propose irregular terms or schemes that may be aimed at taking advantage of a seller.

- *Pay using expensive assets.* After the 2008 real estate collapse, few buyers could obtain traditional lender loans to purchase property. Consequently, some sellers began accepting expensive personal assets (i.e. gold or diamond jewelry) as payment from buyers.

However, while buyers and sellers have the legal right to engage in such a transaction, it is a risky proposition. Unlike cash, which has definitive monetary value, the value of jewelry and other assets vary. Unless the seller is an expert in the particular asset being offered, or has an experienced appraiser who can attest to the asset's value, there is no way to know whether a seller is getting a fair value for his or her property.

This type of transaction also leaves a seller susceptible to fraud.

Presenting an Offer to the Seller

When an agent has verified the terms of a buyer's offer and the quality of the buyer, he or she is in a position to offer the best advice to the seller.

An agent should present every offer to a seller, even if he or she believes the seller will not accept it. An agent must present the entirety of an offer to a seller. This includes if a buyer offers a much lower price than the listing price.

In Person

Ideally, a seller's agent should present all offers to the seller in person.

As previous chapters have made clear, buying and selling real estate is an emotional process. Presenting offers over the phone leaves more room for miscommunication or misunderstanding between an agent and the seller. A seller may be running errands or distracted by a family matter that prevents them from being in the proper frame of mind to hear an offer.

Presenting an offer in person allows an agent to create a situation where he or she has the seller's full attention. This allows the agent to convey an offer's full terms.

It also allows a seller to prepare him- or herself to be in the proper state of mind to discuss the offer and ask questions. This allows a seller to make the most informed decision.

If a seller is out of town or unavailable, or simply insists on an agent telling him or her a buyer's offering price over the phone, the agent can counter by saying:

- *"The buyer expressed interest, but a two minute phone conversation doesn't give justice to his offer. I want to be sure that you understand the full scope of the offer and how we can turn the buyer's interest into a sale. When can you meet?"*
- *"The buyer wants to pay a little less than the listing price. However, we can turn his interest into a purchase at a price we're comfortable with. Let's meet and we can talk over the offer and go over a plan of attack for our counteroffer."*

If a seller does not relent, an agent can send the offer to the seller's email and they can review it together over the phone. Talking through an offer with the agent engages the seller to consider the entire offer, rather than just the price.

Set The Mood

The best location to present an offer is at an agent's office or the seller's home. If there are multiple offers over the course of the transaction, an agent should set up a few meetings at his or her office and a few at the seller's home.

An agent can set an appropriate tone for presenting an offer by:

- *Choosing a non-threatening location.* If an agent comes to a seller's home, he or she should try to have the meeting in the kitchen or the living room.
- *Sitting down.* Attention and focus stays on the transaction when both parties are seated.
- *Speaking positively.* This assures sellers that everything is going as planned.
- *Maintaining strong eye contact.* This projects confidence.

The Presentation

A seller's number one concern is getting the highest price possible for the sale of his or her home. Sellers typically "check out" of a conversation as soon as they hear a buyer's offering price, particularly if it is below the listing price. Therefore, an agent should not lead with a buyer's offering price. This causes sellers to develop opinions or expectations of a deal before the transaction even has a chance to move forward. The **presentation** is a crucial step to convince a seller to accept a buyer's offer.

Instead, an agent should present an offer to a seller using the following steps:

1. Explain the steps the agent has taken to sell the property.

An agent should include information that he or she has heard from buyers, other agents, and people who have viewed the property.

For example:

- *The other agent told me that their client loves the home. I think it's because of your expansive high ceiling and large windows that allows natural lighting."*

2. Sell the Buyer.

A seller must be comfortable with the prospect of selling his or her home and going into escrow for an extended period of time with a buyer.

If the buyer is qualified to purchase the property and has made a fair offer, an agent should sell the merits of the buyer. An agent can do this by providing a little background about the prospective buyer.

For example:

- *"Sally and Dick Whitfield have a young family with two children. They seem to love the house and have viewed it two times already. Dick even brought his brother and his dad to see it and they all seem to approve. Mrs. Whitfield is a teacher at Oakwood Elementary and Dick is CEO of Abraham Fabrics."*
- *"It seems like the home is what they're looking for. Mrs. Whitfield just became a teacher at nearby Oakwood Elementary and the home is much closer to Dick's business. If you accept the terms of their offer, I think the Whitfields are the perfect buyers for your home."*

3. Present the offer.

An agent should present the buyer's offering price and terms. An agent should use selling points such as an all cash offer, a buyer with high credit, or a short closing period to enhance a seller's opinion of the offer.

Evaluating the Offer

One of an agent's main responsibilities is to tell a seller whether he or she should accept or decline an offer. An agent should give a seller an honest assessment of the buyer's offer.

A **fair offer** is one that meets the current market prices of the local real estate market, even if it is slightly below the listing price. If a buyer has submitted a fair offer, an agent should encourage a seller to accept the deal.

For example:

- *"It looks like Mr. and Mrs. Franco are your new buyers. They have the necessary down payment and loan qualification, and they love the house. Let's get this paperwork signed and sent over so we can get your home sold."*

The highest offer might not always be the best offer. Other factors – such as length of the closing period or buyer financing – contribute to the likelihood of a transaction closing successfully. For example, a lower offer with an all-cash offer may be better than a higher offer from a buyer who has not been pre-approved for a loan.

An agent should advise a seller to only accept offers that come from pre-approved buyers. Accepting an offer only to discover that a buyer cannot obtain the necessary funds to close wastes time and an opportunity at a solid offer.

If a buyer's offer is not a fair offer, an agent should advise a seller to send a counteroffer with more agreeable terms or to walk away from the deal.

Managing Seller Expectations

An agent must manage a transaction on all sides – including the seller, the buyer, the buyer agent, competing offers, and uncontrollable circumstances – in order for it to successfully close. An agent must convince a buyer/buyer's agent to respect a seller's terms, while also managing the seller's expectations.

Most sellers are balancing multiple situations at once, such as having to sell their home and buying a new one. The final sales price of the home greatly affects their future plans and receiving an offer that is lower than anticipated will surely be an unfortunate

surprise. This pressure can cause a seller to make questionable decisions or use wrong judgment.

Some sellers will not give an inch when it comes to an offer. They will stubbornly refuse to give any leverage to the buyer in order to get the price and terms they want. This kind of behavior may prevent a seller from ever selling his or her home.

In other instances, a seller may get last minute **seller's remorse**. When reality sets in that a buyer is ready and willing to purchase his or her property, the seller starts questioning whether he or she should even sell the home.

It is an agent's responsibility to guide a seller through this stressful time and to the best decision. An agent must be understanding of a seller's fears and objections, but also respectfully inform the seller if his or her assessment of an offer is unrealistic.

Handling Seller Objections

A **seller objection** refers to any aspect of a buyer's offer that is opposed by the seller.

The most common objection a seller will have with a buyer's offer is that the offering price is too low. Many sellers will be reluctant to accept an offer for less than the listing price.

If an agent believes that a buyer's offer is fair, the agent should advise the seller not to send a counteroffer. Counteroffering a fair offer can put off a buyer and put a transaction at risk.

An agent can respond to seller objections in a few different ways.

Talk Percentages

If a buyer has submitted an offer lower than the listing price, an agent should not express the difference to a seller in terms of dollars, but rather, in terms of a percentage.

An agent should not say:

- *"I understand that the offer is \$65,000 less than you had originally hoped for, Mr. Raks. However, this is a great offer considering that the buyer is already pre-approved for a loan and will close within 15 business days."*

Instead, the agent should say:

- *"I understand that the offer is 5% less than you had originally hoped for, Mr. Raks. However, this is a great offer considering that the buyer is already pre-approved for a loan and will close within 15 business days."*

Expressing price in terms of percentages, rather than dollars, reduces the enormity of the amount being talked about. This helps a seller consider the transaction more rationally.

Use Comparables

When presenting a fair offer to a reluctant seller, an agent should have a copy of three to five recently sold comparables handy. These can be used as data to convince clients that an offer is fair in the current market.

For example:

- *“Your former neighbors down the block, Jan and Barry, had a similar home. It was 300 square feet larger and in better condition than your home, but they only sold it for the same amount the buyer is offering you now. I would recommend that you take the offer.”*
- *“The buyer is willing to pay 95% of your listing price in cash and with a ten-day close. Even if we were able to get a higher offer, very few of them would offer terms as favorable as that. Your property has been listed for seven weeks and this is by far the best offer we have received. I think you should take the offer.”*

Fear of Loss

An agent can also use the fear of loss closing technique to help a seller understand what might happen if the seller sends a counteroffer on a fair offer.

For example:

- *“I understand the offer is a few thousand dollars less than your asking price. However, the buyer wants to pay in all cash, meaning the deal would close in a few days. Why would you risk potentially losing out on a buyer when you said you wanted to close as soon as possible? If we send a counteroffer, the buyer may not budge and may ultimately walk away from the deal. Even if we get another buyer offer tomorrow, it will likely not be in all cash. This would lead to a lengthy escrow process while the buyer obtains a loan. So I have to ask: is this something you really want to do?”*

An agent can also fear of loss by reminding a seller that that a buyer is likely looking at other houses. Oftentimes, buyers submit offers on multiple properties at the same time. Sellers must be aware that their home is competing with other listings.

Furthermore, **buyer's remorse** can set in after a buyer submits an offer. It involves the buyer suddenly thinking that he or she should have spent more time looking at other houses. A seller who sends a counteroffer on a fair purchase agreement risks alienating the buyer and giving him or her an opportunity to back out of a deal.

Terms

The terms offered by a buyer greatly affect whether a seller will accept the offer. If a seller does not initially accept an offer, an agent should find out which terms the seller wants amended.

Counteroffer

A **counteroffer** is a form of negotiation in which the offered party responds to an original offer's terms with additional changes or provisions. Essentially, the offered party rejects the offering party's terms and submits a new offer with different terms.

Common seller counteroffers to a buyer's offer include:

- Change in pricing
- Loan terms
- Period for buyer to retain financing
- Seller's legal right to accept other offers
- Inspections
- Who is responsible for closing costs
- What is included in the sale
- Closing date

A seller should only submit a counteroffer when a buyer's offer is not fair.

If a buyer's offer is too low, an agent should use comparables to negotiate a higher price. For example, if a buyer offers \$40,000 less than a seller's listing price, an agent might reference that a neighbor's comparable home recently sold for \$10,000 more than the seller's listing price and submit a counteroffer for a higher price.

Before countering a buyer's offer, an agent should be fully aware of a seller's ultimate goal. Is it to sell the property for the highest price or in the shortest amount of time? A seller's goals will impact an agent's strategy during negotiations.

When preparing a counteroffer on behalf of a seller, an agent should do the following:

- Make simple changes; do not change the entire transaction
- Express new terms in clear, written language

- Articulate the main points in both paragraph and bullet point format so that the buyer/buyer's agent can easily understand them
- Have the seller sign and date all changes
- Send the counteroffer to the buyer/buyer's agent and provide a copy to the seller

When sending a counteroffer to a buyer/buyer's agent, a seller's agent should keep a copy of both the old and new offers and notate each small change. This helps keep track of the changes.

Buyers and sellers will naturally have things they do agree upon and may be stubborn with their positions. An agent should not let a small difference between what a buyer and a seller want ruin a transaction. Each counteroffer should be aimed at moving both parties closer to the middle and towards a sale.

1	COUNTEROFFER	
2	<i>THIS IS A LEGALLY BINDING CONTRACT BETWEEN THE BUYER AND SELLER, IF NOT UNDERSTOOD,</i>	
3	<i>SEEK LEGAL ADVICE.</i>	
4		
5	ALL PARTIES UNDERSTAND: Seller reserves the right to accept any other offer prior to the buyer's acceptance	
6	of this counteroffer and written acceptance is delivered to seller or seller's agent.	
7		
8	Counteroffer Number _____	Dated: _____ Time: _____ [] a.m. [] p.m.
9		
10	In response to the Offer to Purchase dated _____ for the real property described as:	
11	_____	
12	_____	
13	Between _____,	Seller(s) and
14	_____,	Buyer(s) the
15	following counteroffer is hereby submitted:	
16	_____	
17	_____	
18	_____	
19	_____	
20		
21	ALL OTHER TERMS REMAIN THE SAME.	
22		
23	Expiration: This counteroffer is withdrawn immediately upon Seller's written acceptance of any other offer as stated	
24	above and otherwise shall expire unless written acceptance is delivered to seller or seller's agent by	
25		
26	(date) _____,	at (time) _____ [] a.m. [] p.m.
27		
28	Seller _____	Seller _____
29	Dated: _____	Time: _____ [] a.m. [] p.m.
30	_____	
31		
32	The Undersigned Buyer	<input type="checkbox"/> accepts the above counteroffer. (No further seller's signature required.)
33		<input type="checkbox"/> rejects the above counter offer.
34		<input type="checkbox"/> partially accepts the above counter offer, subject to the following change(s) and
35		expiring within _____ days from the date and time shown directly above.
36	_____	
37	_____	
38	_____	
39	Buyer: _____	Buyer: _____
40	Dated: _____	Time: _____
41	_____	
42		
43	The Undersigned Seller <input type="checkbox"/> accepts the above change(s) to the counteroffer.	
44		<input type="checkbox"/> rejects the above counteroffer.
45		<input type="checkbox"/> submits counter offer # _____ see attached
46	Seller: _____	Seller: _____
47	Dated: _____	Time: _____ [] a.m. [] p.m.



SELLER MULTIPLE COUNTER OFFER No.
(C.A.R. Form SMCO, Revised 12/15)

This is a counter offer to the: ☐ Purchase Agreement, ☐ Other _____
dated _____, on property known as _____
between _____
and _____

Date _____
("Offer"),
("Property"),
("Buyer"),
("Seller").

1. **TERMS:** The terms and conditions of the above referenced document are accepted subject to the following:
- A. Paragraphs in the Offer that require initials by all parties, but are not initialed by all parties, are excluded from the final agreement unless specifically referenced for inclusion in paragraph 1C of this or another Counter Offer.
 - B. Unless otherwise agreed in writing, down payment and loan amount(s) will be adjusted in the same proportion as in the original Offer.
 - C. **OTHER TERMS:**

D. The following attached addenda are incorporated into this Multiple Counter Offer: Addendum No. _____

2. **BINDING EFFECT:** Seller is making Multiple Counter Offers to other prospective Buyers on terms that may or may not be the same as in this Multiple Counter Offer. This Multiple Counter Offer does not bind Seller and Buyer unless all of the following occur in the times specified below: Seller signs in paragraph 5, Buyer signs in paragraph 7, Seller signs in paragraph 8, and Buyer receives a copy of the Multiple Counter Offer with all of the signatures. (Note: Prior to the completion of all of the foregoing, Buyer and Seller shall have no duties or obligations for the purchase or sale of the Property.)
3. **EXPIRATION OF SELLER MULTIPLE COUNTER OFFER:** This Multiple Counter Offer shall be deemed revoked and the deposits, if any, shall be returned to Buyer unless by 5:00PM on the third Day After the date Seller signs in paragraph 5 (if more than one Seller, then the last date) (or by _____ AM _____ PM on _____ (Date)), (i) it is signed in paragraph 7 by Buyer, and (ii) a copy of the Multiple Counter Offer signed by Buyer is personally received by Seller or _____, who is authorized to receive it;
4. **MARKETING TO OTHER BUYERS:** Seller has the right to continue to offer the Property for sale. Seller has the right to accept any other offer received, prior to Seller selection of this Multiple Counter Offer.
5. **SELLER MAKES THIS MULTIPLE COUNTER OFFER ON THE TERMS ABOVE AND ACKNOWLEDGES RECEIPT OF A COPY.**

Date _____

Date _____

6. **ACCEPTANCE OF SELLER MULTIPLE COUNTER OFFER:** Buyer's acceptance of this Seller Multiple Counter Offer shall be deemed revoked and the deposit, if any, shall be returned to Buyer unless by 5:00PM on the fourth Day After the date Seller signs in paragraph 5 (if more than one Seller, then the last date) (or by _____ AM _____ PM on _____ (Date)) (i) it is signed in paragraph 8 by Seller, and (ii) a copy of this Seller Multiple Counter Offer signed by Seller in paragraph 8 is personally received by Buyer or _____ who is authorized to receive it.

7. **ACCEPTANCE:** Buyer accepts the above Multiple Counter Offer (If checked ☐ SUBJECT TO THE ATTACHED COUNTER OFFER # _____) and acknowledges receipt of a Copy.

Date _____	Time _____	AM	PM
Date _____	Time _____	AM	PM

8. **SELECTION OF ACCEPTED MULTIPLE COUNTER OFFER:** By signing below, Seller accepts this Multiple Counter Offer. NOTE TO SELLER: Do NOT sign in this box until after Buyer signs in paragraph 7.

Date _____	Time _____	AM	PM
Date _____	Time _____	AM	PM

(_____/_____/_____) (Initials) Confirmation of Acceptance: A Copy of the Signed Seller Selection was personally received by Buyer or Buyer's authorized agent on (date) _____ at _____ AM _____ PM. A binding Agreement is created when a Copy of the Signed Seller Selection is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document.

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portion thereof, by photocopy machine or any other means, including facsimile or computerized formats.

THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ACCURACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.



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SELLER MULTIPLE COUNTER OFFER (SMCO PAGE 1 OF 1)

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Phone _____ Fax _____

Managing Multiple Offers

An agent should present every offer as it comes to his or her attention. An agent should encourage a seller to wait until he or she has received a few fair offers before making a decision.

Multiple buyer offers invite competition. Competition allows an agent to leverage buyers and get the best terms for a seller, including the highest final sale price for the property.

An agent should inform all buyers' agents that there are competing offers to drum up higher interest.

An agent can also send out counteroffers as competing bids come in. A motivated buyer may increase his or her original offering price or concede to additional seller terms in order to maximize the appeal of his or her offer.

An agent should wait for the price and terms of all buyers' offers to "settle" before a seller compares them.

However, too much time or too high of competition may make buyers think they don't have a chance at getting the property or that it will take too long to buy the house. Therefore, an agent should set a deadline for each buyer offer to keep interest levels high.

Rejection

A **rejection** is when one party in a transaction refuses the other party's offer. A seller could reject a buyer's initial offer, or a buyer may reject a seller's counteroffer.

Acceptance

Acceptance is when one party in a transaction accepts the other party's terms, such as when a seller accepts a buyer's offer or a buyer accepts a seller's counteroffer.



Acceptance takes place immediately upon receipt or confirmation by the offered party. There must be a clear affirmation of acceptance, the date, and the offered party's signature. Acceptance can be provided through email, fax, direct mail, or in person. An agent is advised to keep records of all confirmations.

An offer can be revoked anytime prior to it being officially accepted by the offering party. If both parties in the transaction no longer agree to the deal, they can be mutually

released from the contract.

Closing

Closing refers to the last step in a real estate transaction where all documents and funds are signed, dated, and executed.

It is an agent's responsibility to manage a transaction until the close of escrow. An agent should stay on top of all aspects of a transaction in order to maximize the chances that it will result in a sale. A closing checklist includes:

- *Communication.* An agent should stay in constant communication with the seller, the buyer, and the buyer's agent. The agent must verify that everyone is on the same page and has met their duties
- *Escrow.* An agent should keep in contact with escrow throughout the transaction and provide them with the purchase contract so they can create escrow instructions. The agent should inform all parties of changes as they occur.
- *Inspections.* An agent should complete all inspections as soon as possible and avoid delays.
- *Reports.* If a buyer requests a specific report about the property (i.e. soil report, mold report), an agent should set up a time and date immediately.
- *Finance.* Financing affects nearly 90% of buyers. If a buyer is applying for a loan in order to purchase the home in the transaction, an agent should actively check the status of that loan.
- *Disclosures.* An agent should provide all disclosures.
- *Final Inspection.* An agent should go to the final inspection to response to any last-minute buyer questions or reservations.

An agent should avoid delays as much as possible, as these can make a buyer or seller second-guess the transaction and substantially increases the likelihood that a transaction will not close.

Oftentimes, the buyer or opposing agent may make the closing process more difficult. An agent may have to do those other parties' jobs in order to close the transaction successfully. An agent should be prepared to do more than he or she thinks is necessary to close the deal.