



## Book aims to forearm buyers for bidding wars

September 09, 2009

ELLEN ROSEMAN

If you're in the market to buy a home, you may find yourself in a bidding war.

Last month, one in every six houses sold in greater Toronto was getting multiple offers.

The local real estate market has come back from a slump earlier this year.

Sales were up 2 per cent and average prices up 0.5 per cent year-to-date compared with the first eight months of 2008, the Toronto Real Estate Board says.



IAN WILLMS/TORONTO STAR

Lawyer and real estate instructor Mark Weisleder, posing at a home in Toronto, has written a book for home buyers and sellers called 'Put The Pen Down.'

In fact, the resale housing market posted record sales in June, July and August.

But the big news hasn't reached sellers yet.

There is a shortage of properties for sale, with listings down 38 per cent in August from a year ago.

In a bidding war, you may have to submit "clean" offers without conditions and pay well above the listing price.

How can you protect yourself from paying too much?

Mark Weisleder, a lawyer and real estate instructor, has written a cautionary book for home buyers and sellers, *Put The Pen Down*, to be published next month by ECW Press.

Here's his advice on how to stay safe if you get into a bidding war.

### **Q: What if you suspect the seller hasn't seen your offer?**

A: Ask sellers to provide a signed acknowledgement that they have, in fact, looked at every offer.

This is information they should provide to those who submitted a bid, along with the names of all real estate firms involved in the process – though it's not required by law.

### **Q: What if you suspect there were "phantom offers," used to raise the selling price?**

A: Ask your agent to prepare two offers for the property at two different prices.

Then, stick around to see what happens.

By waiting to present your offer until you see another offer come in you have a chance to go with the lower price.

**Q: Can you put a bidding war clause in your offer?**

A: Yes, you can say you're making an offer on the basis that there will be multiple offers.

If you succeed, you want names of the brokerage firms involved for verification. And if no other offers actually came in, you have one hour to change your offer or withdraw it.

**Q: What if the seller asks for offers on a certain date? Can someone else put in an offer ahead of you?**

A: Yes, this is known as a pre-emptive offer or "bully offer."

If a buyer makes a bid before the deadline, the agent must bring this offer to the seller's attention under requirements of the law.

If the seller accepts, the property will be shown as sold on the multiple listing service database.

You can ask your agent to call you when things change, so you don't waste your time.

**Q: What about getting a home inspection?**

A: If you fear losing out with a conditional offer, try to do a home inspection before you bid – though you may spend \$300 and still lose the house.

Some sellers do their own pre-listing home inspection, which gives some comfort.

You can call to ask questions or pay the firm to walk you through the house (cheaper than a new inspection).

**Q: What else can I do to protect myself?**

A: Do research in advance on neighbourhoods you like. Know the prices, so you don't pay too much.

Find an agent who can tell you if the listing price is realistic.

If the asking price is below the actual market value, try to stay calm.

Don't bid more than the property is worth or more than you can afford to pay.

[eroseman@thestar.ca](mailto:eroseman@thestar.ca)