A GUIDE FOR ONTARIO HOME BUYERS

What the listed price isn't telling you

Before You Bid

What to Ask Before Offer Night

Underlisting, bully offers, deposits, waived conditions,
and who your agent actually works for, before the pressure starts.

Explained simply — the way I'd tell a friend.

JAY PATEL

REAL ESTATE · GREATER TORONTO AREA

@jayp.realestate

What's inside this guide

Read this before you fall in love with a listing, not during the bidding.

01 Read this first

A listing price feels like information. It looks like a number someone calculated. In a competitive market, it's often something closer to a hook, a figure chosen specifically to get you excited enough to show up, not a considered estimate of what the home is worth. This guide exists to walk you through everything that happens between seeing that number and actually writing an offer, so the excitement stays yours to control, not something the process does to you.

It covers pricing strategy, the specific legal rules around delayed offers and bully offers, deposits, what you're actually giving up when you waive a condition, and who your own agent is legally required to represent. All of it sourced from RECO's own bulletins and rules, not summarized secondhand.

> **HOW TO USE THIS GUIDE**
>
> Sections 02 through 04 cover pricing psychology and how to see past it. Section 05 is the one most buyers have genuinely never heard explained correctly. Section 11 turns the whole guide into a question list for your own agent.

> **IMPORTANT**
>
> I'm a realtor, this guide reflects RECO's rules and bulletins as general education, not legal advice specific to any offer you're considering. Your own agent, reviewing your specific situation, is who should guide any actual offer strategy.

IF YOU REMEMBER NOTHING ELSE

The 3 things that matter most

- A low listing price is a strategy, not a promise. Ask your agent for actual comparable sales before you decide what a home is worth to you.
- If a seller is willing to consider a bully offer, their agent is legally required to notify everyone who's already expressed interest, in writing. A vague listing note doesn't satisfy that.
- Waiving a condition to compete is a real, specific trade, not a formality. Know exactly what you're exposed to before you do it.

02 How pricing strategy actually works

Before getting into any specific tactic, it helps to see what a listing price actually is, and just as importantly, what it isn't.

> **IN SIMPLE WORDS**
>
> A listing price is a number the seller and their agent choose, deliberately, to produce a specific outcome, maximum interest, a bidding war, a fast sale, a slow test of the market. It is not an appraisal, not a legal statement of value, and not required to reflect what recent comparable sales suggest the home is actually worth. Two agents can look at the exact same house and recommend two very different listing prices, both defensible, aimed at two different strategies.

None of this makes a low price dishonest. It makes it a choice, one made in the seller's interest, and understanding the choice is what lets you respond to the number with strategy of your own instead of pure emotion.

03 Underlisting, plainly

Underlisting is the deliberate practice of pricing a home below where comparable sales suggest it will actually sell, and it's built on a specific, three-part psychology.

- **1. A lower price attracts attention.** More people click, more people book a showing, simply because the number looks reachable.
- **2. More buyers come through the door.** A wider pool of interested buyers than a realistically priced listing would draw.
- **3. An offer deadline creates urgency.** A specific date forces every interested buyer to decide and commit on the same timeline, rather than negotiating individually at their own pace.

> Once you hear "there are 10 other offers," the question in your head can quietly shift from "what is this home actually worth" to "what do I need to offer so I don't lose it." That shift is exactly what the strategy is designed to produce.

WHY THIS MATTERS

Emotional pressure, in that moment, can turn into a rushed financial decision made under a deadline someone else set. None of this means underlisting is unfair or that you shouldn't bid on an underlisted home. It means the number on the listing should be the start of your research, not the end of it.

04 Finding out what a home is actually worth

The direct answer to pricing psychology is your own information, gathered before the emotional pressure of offer night, not during it.

- **Comparable sales,** genuinely similar homes that have actually sold recently nearby, not homes currently listed and still hoping for a buyer.
- **Listing history,** has this property been listed before, at what price, and did it sell or expire? A home relisted at a lower number can be a strategy on its own.
- **Days on market,** both for this listing and for comparable homes, gives a sense of how hot the specific micro-market actually is right now, not just this listing.
- **The offer strategy itself,** ask your agent directly whether this looks like genuine underlisting, and what they'd recommend as a realistic value range based on the comparables, before you get emotionally invested.

With that in hand, decide your value range and your walk-away number before you're in the room, covered fully in section 10.

05 Delayed offer dates and bully offers

Many underlisted homes are also marketed with a delayed offer date, a specific date and time before which the seller has decided not to review any offers. This has an official name, a delayed offer presentation process, and it exists specifically to build anticipation and bring more buyers to the table at once rather than a first-come, first-served scramble.

IN SIMPLE WORDS

In an active market, a delayed offer date sometimes draws a pre-emptive offer, commonly called a bully offer: a strong offer submitted before the scheduled date, often with a short irrevocable window, specifically to end the process early before competition builds.

Here is what most buyers never hear: a seller cannot simply accept a bully offer on a whim. Their agent needs specific written instructions in advance covering exactly how pre-emptive offers will be handled. And if the seller decides to consider one that comes in, their agent is required to notify, in writing, everyone who has already expressed interest, meaning anyone who booked a showing, viewed the property, or told the agent they intend to submit an offer, so those buyers get the chance to submit their own offer before the seller moves forward.

THE PART MOST LISTING NOTES DON'T SATISFY

A listing note that just says the seller reserves the right to view pre-emptive offers without notice does not satisfy this requirement on its own. RECO has specifically called that kind of blanket language insufficient, and agents have been fined over exactly this failure. The obligation is a real, individual notification, not a general disclaimer buried in the listing.

> The practical takeaway: if you're seriously interested in a home with a delayed offer date, make sure your interest is actually on record. Book the showing, view the property, tell the listing agent you intend to submit. That's what puts you on the list to be notified if a bully offer changes the timeline on you.

06 Deposits as a competitive lever

In a competitive offer, buyers sometimes raise their deposit to look more serious. Before doing that, it's worth understanding what a deposit actually is, and how it's protected.

IN SIMPLE WORDS

Your deposit is the good-faith payment made shortly after your offer is accepted, commonly cited in the range of 5 to 10 percent of the purchase price, though this varies by market and negotiation. It's held in a brokerage's trust account while the deal progresses, and is almost always counted toward your down payment at closing, but held separately from it until then.

RECO, Ontario's real estate regulator, requires every brokerage and agent to participate in a mandatory Consumer Deposit Insurance Program. It covers up to $200,000 per claimant, with a $4 million cap per triggering event, at no cost to the buyer, funded entirely through premiums paid by brokerages and agents. There's no deductible. It responds to brokerage fraud, theft, insolvency, or misappropriation of trust funds, though it does not resolve a dispute between a buyer and seller over who a deposit belongs to after a deal falls apart, that's a separate legal question.

WHY THIS ISN'T JUST THEORY

When a major Ontario brokerage collapsed in 2025 with millions in consumer deposits and commissions unaccounted for in its trust accounts, this exact insurance program is what stood behind affected buyers. RECO froze the brokerage's trust accounts, allowed active transactions to continue closing under regulatory oversight, and confirmed that consumer deposits were protected. The program exists precisely for the rare event most buyers assume could never actually happen.

07 What waiving financing actually exposes you to

An unconditional offer, one with no financing or inspection condition, is far more appealing to a seller than one that could still fall through. It works for exactly that reason. It's worth understanding precisely what you're giving up to get there.

IN SIMPLE WORDS

A financing condition gives you a window to confirm your mortgage is actually approved for this specific property, not just that you're pre-approved in general. Pre-approval tells a lender what you can likely borrow. It doesn't guarantee approval on this exact property, and it doesn't protect you if the bank's own appraisal comes in under your offer price, a real risk once bidding rises above recent comparable sales.

> On an unconditional offer, an appraisal shortfall means covering the difference in cash yourself, or risking default on a deal you're now legally committed to.

08 What waiving inspection actually exposes you to

An inspection condition gives you a window to have the property professionally inspected before you're committed. Waiving it doesn't have to mean skipping due diligence altogether.

THE MIDDLE PATH MOST BUYERS DON'T KNOW EXISTS

Many buyers in competitive markets arrange a pre-offer inspection, paying an inspector to look at the property before writing an unconditional offer, so they still get an informed look at its condition without needing a formal condition written into the contract. It costs money upfront, on a property you might not win, but it converts an unknown into something you actually assessed before committing.

None of this means conditions should never be waived. It means the decision should be made with a clear picture of what you're exposed to, not in the moment, under pressure, because everyone else at the property seems to be doing it.

09 Who your agent actually represents

If the home you're bidding on is listed by the same brokerage as your own agent, this is worth asking directly: are we in multiple representation, or designated representation?

- **Multiple representation** means one agent, or the brokerage as a whole depending on the model in use, represents both you and the seller in the same deal. Loyalty is legally required to be divided between both sides, and specific written disclosure and consent are mandatory before it can happen.
- **Designated representation** works differently. Two separate agents at the same brokerage each represent one side only, you get your own advocate, the seller gets theirs, and neither has to divide their loyalty. This isn't automatic, it depends on your brokerage's model and has to be set up deliberately.

> **A SECOND VERSION WORTH ASKING ABOUT**
>
> If the listing agent has their own buyer client also competing for the same property, the listing brokerage is required to disclose that to you as one of the other competing buyers. It's a related but distinct disclosure from the multiple or designated representation question, and worth asking about separately.

10 Your walk-away number

Everything in this guide, pricing psychology, bully offers, waived conditions, points toward one practical decision, made at the right time.

> **IN SIMPLE WORDS**
>
> Before you write an offer, not during the bidding, decide two numbers: the value range you believe the home is genuinely worth based on real comparables, and the highest number you're actually willing to pay, your walk-away number. Write both down. The entire pressure of offer night is designed to make you decide in the room, under a deadline, surrounded by competing bids. A number decided in advance is far harder to talk yourself past than one you're inventing on the spot.

So before thinking about your offer, have your agent help you review comparable sales, previous listing history, days on market, and the pricing strategy actually in play. Then decide your value range and your walk-away number, before the deadline decides it for you.

11 Questions to ask before you write an offer

Copy these into a message to your agent as soon as a home you're serious about goes up.

- What do genuinely comparable recent sales suggest this home is actually worth?
- Has this property been listed before, and at what price?
- Does this look like a delayed offer date, and if so, is there a written pre-emptive offer policy in place?
- Have I actually expressed interest in a way that puts me on the list to be notified of a bully offer?
- What deposit amount is typical for a property like this, and where exactly is it held?
- If I waive financing, what's my actual exposure if the appraisal comes in under my offer?
- Would a pre-offer inspection make sense here instead of waiving the condition outright?
- Are we in multiple representation or designated representation on this specific property?

12 Glossary

Every term in this guide that can sound intimidating, in everyday language.

Underlisting
Deliberately pricing a home below what comparable sales suggest it will sell for, to attract more buyers and create urgency.

Comparable sales (comps)
Recently sold, genuinely similar properties used to estimate a home's realistic market value.

Delayed offer presentation
A marketing strategy where a seller sets a specific future date before which no offers will be reviewed.

Pre-emptive offer (bully offer)
A strong offer submitted before a scheduled offer date, often with a short irrevocable window, to end the process early.

Deposit
The good-faith payment made shortly after an offer is accepted, held in trust and later applied toward the down payment.

Consumer Deposit Insurance Program
RECO's mandatory insurance protecting buyer deposits up to $200,000 per claimant against brokerage fraud, theft, insolvency, or misappropriation.

Financing condition
A clause giving a buyer time to confirm mortgage approval on the specific property before the deal becomes firm.

Appraisal gap
The shortfall when a lender's appraisal values a property below the agreed purchase price, which the buyer must cover in cash on an unconditional offer.

Inspection condition
A clause giving a buyer time to have a property professionally inspected before the deal becomes firm.

Pre-offer inspection
A professional inspection arranged before writing an offer, used as an alternative to a formal inspection condition.

Multiple representation
One agent or brokerage representing both buyer and seller in the same transaction, with loyalty legally divided between both.

Designated representation
A brokerage model where two separate agents each represent only one side of the same transaction.

Walk-away number
The maximum price a buyer decides in advance they're willing to pay, set before negotiations begin.

The listing price started the conversation.
Your own numbers should finish it.

Found a home and offer night is coming up?

Send me your questions, happy to point you in the right direction. Reach out on Instagram **@jayp.realestate**.

JAY PATEL

Real Estate · @jayp.realestate

This guide is general education based on RECO's rules and bulletins and is not legal advice. Every transaction is different. Confirm your specific offer strategy with your own real estate agent and lawyer.