



The Negotiation Playbook



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You Will Be Able To:

- Understand the importance of becoming a good negotiator and use this knowledge to maximize your profit and build your business.

Introduction

Becoming a successful real estate investor relies on developing good negotiation skills. Negotiating is involved at every stage of investing, no matter how big or small the deal. Your ability to effectively negotiate with a seller can determine whether or not your offer is accepted – ultimately resulting in the overall profitability and success of your business.

Often times, fear inhibits new investors from initiating a negotiation and prevents more experienced investors from achieving their ultimate goals. But the truth is - we've all actually been negotiators since birth. As infants, we cried to get our way; then it became hand signals, and eventually it became words. We become experts in our teenage years, evaluating our parents and figuring out what leverage we could use and when to use it. So, although it can be scary, think of yourself as a seasoned negotiator – because in a way, you are. You negotiate daily with your spouse, children, friends, and family. And fortunately, this is a skill that can get only better by learning the right techniques and putting them to practice.

As a real estate investor, your job is to reassure motivated sellers that you can provide a solution to their needs. The Negotiation Playbook will help you gain the skills necessary to become a great negotiator and prepare you for your initial meeting with a seller. In this system, you will learn key strategies used to instill confidence and trust in the sellers with whom you do business. We will focus on developing your ability to read and understand people, and then show how to utilize that knowledge to build rapport and ultimately negotiate your way to a win-win deal. By strategically following these tips and tricks, you will begin to not only notice a difference in your confidence level, but in your bank account as well.



Making Connections

Negotiations don't have to be about playing games or setting traps. It should be focused on building relationships, speaking honestly, and coming to an agreement. From the initial phone call, you should always try to evaluate your seller and their personality. Your first task is to immediately begin building rapport with your seller. If there isn't a connection between you and the other party, it can be quite difficult to have a good outcome. Knowing and understanding what your seller wants and needs and structuring your offers around those needs gives you a distinct advantage while negotiating. Understanding those wants and needs and addressing them directly will allow you to be more successful at getting what you want out of the deal.



Creating a Good Relationship

From your very first interaction with the seller, be mindful of how you are presenting yourself. People tend to quickly like and connect with those who have **charisma**. If you're not naturally witty or charismatic, just figure out a couple techniques to use; and once they work, stick with them. Consider these tips:

- The first thing you want to do is **relax**. No one wants to be around someone who is uptight and stressed out.
- Remember that **laughter** is connected to trust. Practice making people laugh. It may sound silly, but it's the only way to get better. This could be anywhere from an opening line to a joke you tell while walking around the property.
- Have **confidence** in yourself. This can show in your posture; it can show in your handshake; it can show in how you direct your eyes when you speak to someone. Sellers want to do business with people who are confident.

If you have a business partner, make sure you both take the time to think about who might be better suited for this role. If you are flying solo, then you have all the more reason to practice, practice, practice. When you are working at how you present yourself and using your techniques, try having a third party observe and provide feedback on how you did and how you can improve.



Remember!

Not only do you have to think about how you are presenting yourself, you also have to think about the seller whom you are presenting yourself to. Remember to treat the seller as an equal. You don't want to talk down to them; but on the other hand, you don't want to put them on a pedestal either. It's important to find a balance, because you both have something to gain from your relationship.

Find out if anyone else has been talking with your seller so that you can know the objections you may face. Does the seller have a Realtor? Are there other family members involved in the deal? The person with the most information is always the most successful.

Know Your Competition!

It's important to not only understand your seller, but your competition as well. Most sellers who you come in contact with will also be meeting with other investors. If there are other investors interested, find out how many. If the seller has plans to meeting with someone else, try to have your meeting first. If you can't, advise the seller to make sure that no matter what, they hear what you have to offer before they make their decision. You will have to step up to the plate and prove yourself to gain a competitive edge.

Understanding Personality Types

Whether dealing with buyers, sellers, contractors, Realtors, attorneys, or even your own business partners, you are going to come across a wide variety of people and personalities. When it comes to negotiating, you must develop a deep desire to master the principles of human relations and learn how to deal with each personality type.

Everyone communicates differently. There are those who only want the hard details - the facts and figures, and the end result. On the other hand, others may want more detail and explanation of the process and the reason behind each step. The same thing goes for negotiating: some people negotiate quickly and take risks, while others may take their time and try to avoid risk. It's your job to figure out the difference and understand their personality type.

Generally speaking, there are two types of personalities: the **assertive** personality types, and the **responsive** personality types. Assertive individuals tend to know what they want and when they want it. These types of sellers are not afraid of conflict and are more than happy to put up a fight. You can pick up on this quickly as they generally tend to be really aggressive with their approach. However, the responsive types are a little more reserved. Sellers with this type of personality are usually more interested in ideas and concepts, and really need to think things through. Some people perceive this type of personality to be difficult and hard to work with, because they may be unwilling or unable to respond quickly. But, that isn't the end of the road. Just remember



that some people prefer to collect information rather than make a decision. It's your job to assist them in doing both.

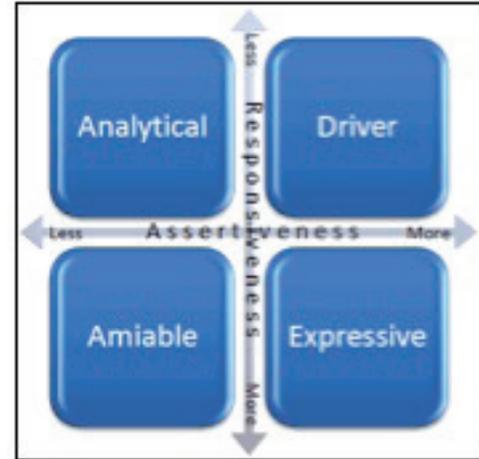
Let's break down these personality types even more, into four categories: **analytical**, **driver**, **amiable**, and **expressive** personalities. You should be able to quickly put someone into one of these four categories. Where on the scale of responsive and assertive is your seller?

Analytical: logical, detailed, serious, systematic & prudent

Driver: assertive, independent, candid, decisive & strong-willed

Amiable: loyal, passive, non-risk taker, supportive & patient

Expressive: passionate, sociable, relationship-oriented, fun loving & impulsive



If your seller wants facts and figures, are precise about time and they are interested in the “how” of the process, they are categorized as analytical. If they are more strong-willed, fast acting risk takers who make decisions quickly, they are the “what” and can be put in the driver category. Is your seller indecisive and slow acting? Do they fail to cooperate and seem to be less verbal? Then they are the “why” people in the amiable quadrant. Finally, there are the “who” people in the expressive category. These people are social butterflies, and tend to be highly persuasive.



Once you know your personality type, you can act based on whom you're dealing with. If you discover that you have a more responsive individual who needs a lot of information and time to think, then come prepared to your next meeting with all preempted questions answered for them. The details will help to justify your position, as they are naturally inclined to focus on the specifics. On the other side, the more assertive types may not pay enough attention to the details. They can be so forward-moving that they can't concentrate on the specifics. Solutions for these individuals come from general concerns rather than specific details – primarily working to maximize their gain quickly. So be ready to provide the big picture.



Helpful Tip

Make sure you take the time to also understand yourself. It is difficult to try and interact with someone else if you don't know yourself. Make a list of things that your friends tell you about you all the time (i.e. if you cut people off all the time, or speak too loudly). Knowing your own strengths and weaknesses will make you a more powerful negotiator.

Is Your Seller Visual, Auditory, or Kinesthetic?

When you want to dig a littler deeper, dig into the linguistics. Something as simple as predicate phrases can actually allow you to understand how the person across from you learns. Are they visual? Are they auditory? Or are they kinesthetic? You can pick up on these things from a few key phrases:

Visual	Auditory	Kinesthetic
<ul style="list-style-type: none"> • <i>Appears to be</i> • <i>Clear Cut</i> • <i>Paint a Picture</i> • <i>Short Sighted</i> • <i>Looks Like</i> • <i>Tunnel Vision</i> 	<ul style="list-style-type: none"> • <i>Clear as a Bell</i> • <i>Earful</i> • <i>Loud and Clear</i> • <i>Tongue-tied</i> • <i>Manner of Speaking</i> • <i>To Tell the Truth</i> 	<ul style="list-style-type: none"> • <i>Boils Down to</i> • <i>Firm Foundations</i> • <i>Hang in There</i> • <i>Hothead</i> • <i>Hold it</i> • <i>Hold on</i>

If you find yourself hearing a good amount of one of these categories, make sure you adjust your communication style with them. Here are a few examples of how to mirror the predicates:

Visual: "Assuming everything **LOOKS** right to you, I'll just need your signature here."

Auditory: "Assuming everything **SOUNDS** right to you, I'll just need your signature here."

Kinesthetic: "Assuming everything **FEELS** right to you, I'll just need your signature here."

This very simple change should be incorporated immediately because if you can uncover this, you've increased your listening skills tenfold.

Your Initial Meeting

Although every meeting will be different, the following list should serve as an outline for your typical approach to evaluating a property and using the details of that evaluation to drive the actual meeting with the seller. This will prepare you for every case of negotiation and client interaction.

- Drive to the property, and pay attention to your initial thoughts about the neighborhood.
- As you are walking to the house, check the roof and the exterior.
- When the seller greets you at the door, make sure to smile and have a business card in hand.
- Look the seller in the eye and introduce yourself with a handshake (and your company name if applicable).
- Ask where the best place to sit and talk would be. This is your chance to rehash the seller's needs and build your company credibility.
- Have the seller show you around so you can get a better idea of the condition of the property.
- Make sure to take notice of the repairs the property needs so you can use that information to formulate an offer. However, don't act like an inspector; check only the important items needed, and use this time to evaluate the seller and develop rapport.
- In instances where you're dealing with a property in need of significant repairs, you may want to begin your initial negotiations during this stage. You will want to subtly inform the seller of the costs to repair the items in the house.
- After you have finished inspecting the interior of the house, you and the seller should begin the final stage of negotiation.

Eight Key Steps to Successful Negotiations

If you fail to plan, you plan to fail. Go into negotiation with a system. By having a successful strategy, you create a pattern that you can use every single time.

Here is a breakdown of your key steps to having a successful negotiation.



Step #1: Understand The Seller's Needs

Before you begin negotiating with any seller, you must first understand and address all of the seller's personal motivations to sell. The better you can understand their motivations for selling, the better you will be able to meet that seller's needs and the more likely the possibility that you will land the deal.

Eight Key Steps to Successful Negotiations

Researching The Seller

When you are approaching making a deal with a seller for the first time, you must do your research beforehand. In this day in age, information is at our fingertips. Finding out basic information about the seller can be as simple as entering their name on an online search engine. Get a feel for what their interests are. This can do a lot to help you understand the seller or agent before even meeting them. See if you can find something that you can form a bond over. People tend to like people who are like themselves. You should be ready to find a commonality so that you can relate right away. Taking a quick look at their social media profile will give you indications as to what he or she is interested in as well.



Uncover The Seller's "Hot Buttons"

Every once and so often you will find you are dealing with some difficult people. There are individuals who refuse to cooperate, refusing to budge. If you come across this person, figure out how to uncover their "hot buttons." What is it that is so important to this person to make them stay in the negotiation and not walk away? What are their emotional triggers? For instance, the stress may be the pain of moving. They may have to move because they live in a two-story house and it's not ideal for them anymore.

Be An Active Listener

Listening is an art. Become an active listener and try to understand the seller's deepest motivations and find out their needs. Too many people blow a negotiation because they rushed in and tried to reach a conclusion without really understanding the other party's point of view. A good listener will concentrate completely on the other party. In your conversation with the seller, make sure that you listen more than you talk. As a result, you will more than likely uncover the seller's needs and concerns.



Be a Problem Solver

Typically, a seller calls upon you because they need your help, especially if they are contacting you from one of your marketing methods. In most cases, there is a problem and they need someone to fix it. It's in your best interest to immediately find out what exactly that problem is. Here are a few questions you should have answered right away:

- *Why are you selling?*
- *Where are you going next?*
- *When do you need to close?*
- *Have you made an offer on another home?*
- *Have you missed any mortgage payments?*

By asking these questions, you can understand whether or not your seller is pressed for time, or pressed for money. If they have children, you should figure out what the deadline is for getting their kids into a new school district if needed. Make sure to keep an ear open to understand how attached to the home the family is.



Helpful Tip!

Your seller lead interview sheet should provide some insight to the sellers' motivations. Questions such as, "Is there a particular reason you are looking to sell at this time?" are important questions that should have been answered well before you visit the property.

Occasionally, sellers may not divulge all information and may have issues that they aren't exactly being honest about. Although a seller can tell you they have one specific problem, you may uncover other skeletons in the closet as you continue on through the process. For instance, they may not only be behind on their mortgage payments; but they could also be going through a divorce, have recently gone through bankruptcy, or a variety of other things.

In addition to finding the seller's motivation to sell, you should also find their reasons for choosing to call you versus a Realtor, or trying to sell For Sale By Owner. These details are important to have in your negotiation process. The more you know about the seller, the better prepared you are to enter into negotiations!

Step #2: Know Your Offer

Evaluate the deal and know what you are able to open with, as well as where you can cut your offer. What is your walkway point? Make sure you stick to your guns. Don't let a competitor influence what you're going to pay.

Step #3: Build Rapport

Now that you know what your offer will be, you need to work on building rapport with the seller. Rapport is the foundation of a good negotiation. It's all about building trust, being sincere, and putting the seller at ease. Keep in mind that unless you've done business with them in the past, the seller is inviting a complete stranger into their home. If they had previous bad experiences with agents or other investors, they are likely to be distrustful right off the bat – so, it's crucial that you build trust and rapport.

After you've found any surface level information that you can open up and speak about, try and dig deeper into the person to find out what you have in common. In order to build a strong relationship, most people relate to topics such as family, occupation, or things they do for fun. Ask questions based off of these topics, such as, "What do you do for a living, if you don't mind me asking?" Asking these kinds of questions allow the sellers to open up and talk about themselves. Finding common ground allows the parties to openly communicate as people rather than as positions.



Helpful Tip!

When the seller takes you on a tour of the house, take notice of the pictures on the wall and other miscellaneous items throughout the house. Is the seller a sports fan? Is she a Cub Scout leader? Does he like fishing? IF the seller asks you to take notice of a particular item in the house, or perhaps speaks about something specific that has significance to the sale or condition of the property, you can use that to your advantage when negotiating the deal.

Mirroring The Seller

When you are establishing rapport, it's important to pace the seller for a while and see how he or she is reacting. Be very mindful of the difference between understanding how the seller likes to be sold and selling the way that you like to sell. Remember that your words, tone, and body language all play a part. If you notice that a certain comfortable selling technique for you is making your seller uncomfortable – then try again! Try to subtly match your personality and body language to that of the seller. If they sit, you sit. If they stand, you stand. If the seller is excited, be excited! If you notice he or she is more passive and soft spoken, don't be so overly aggressive that you cause them to retreat into a shell - lower your voice and connect with them a bit differently. But on the other hand, if a seller is outwardly aggressive – don't be too passive or quiet, causing them to think twice about your ability to follow through on any assertions you make. The key here is to make your seller feel comfortable. You are trying to send an unconscious message that you are on an equal level and you are generally in agreement with them.



Remember!

IF the seller begins to aggressively disagree with you, feel free to drop the mirror technique. Send different gestures to try and calm the other side down. IF they've raised their voice, for instance, you want to keep your tone cool and composed.

Another way to effectively mirror your seller and build rapport is to regularly **repeat what they've said**. Repeating the last words or main idea of a person's message indicates interest and understanding. As previously mentioned, people have a natural affinity for those who are similar to us.

To help you even more, here are some key tips that will help you build rapport:

1. **Get to know your seller.** Find out what you have in common, and engage in a conversation focusing on those points.

2. **Be Passionate.** Find out what motivates your seller and share their passions with them. Talk about how exciting it must be that they're moving, or what a relief it must be to downsize.
3. **Be Natural-** If you're nervous, they're nervous. Keep confidence high and act as if you've been doing this for years, even if it's your first time.
4. **Understand Your Seller** – Become a pro at reading people and knowing how to deal with different personality traits. Get to know how each seller and how they like to be sold. Try using a selling technique that will make the seller comfortable.
5. **Match Their Personality** - Mirror your personality, speech and body language to that of the seller.
6. **Be Engaging** – Refer to the seller's name; use it over and over. This can help to make them feel special.
7. **Practice** – You don't want to wait to practice on a \$30,000 profit deal. Practice having charisma. Buy the seller a coffee; make them laugh. Every time you get a seller to laugh, you get one step closer to your goal.

Step #4: Ask Open-Ended Questions

Make sure to ask open-ended questions to find out why they are selling the property. The objective is for you to get the seller to open up a bit and to allow them an opportunity to do as much talking as possible. Listen intently and remember this conversation so you can take notes and quote as needed later. By showing the seller you are listening intently and generally interested in what they have to say, you will develop an instant rapport. During this conversation, listen closely for hints and suggestions of information that will help you later when you are negotiating terms and sale price.



For example, you can ask questions like:

"What brought you to the point of selling this house?"

"What are some things that worry you about this process?"

Make sure to use assumptive questions as well. These questions usually seek a specific piece of information. You are assuming that something is either true or false, yes or no. This is your opportunity to lead the conversation.

For example:

"If I am willing to move the close date up by five days, it's safe to assume you will be willing to accept my last offer of \$155,000, right?"

Another example is a better way to phrase a certain term of the offer to help you flip a deal and control the situation:

"I assume you are going to need 45-50 days to get everything all packed up, your family organized, and the number of other things completed before you move, right?"

vs.

"How long do you need before we close?"

Step #5: Explain How You Can Help

After you've identified what brought the seller to the table, make sure to be authentic and show that you care. Remember your purpose is to help them and find a solution to their problem. Once you know the problem, try and understand the desired outcome. A way to elicit this outcome is to find out what it is that they value. Is it time, money, health, or future security? For instance, if your seller is getting a divorce, they more than likely want the process to move quickly. Once you figure this out, you begin to plug in your role of how you can help them to get there. It's your job to remind them of this throughout the negotiation process as you're trying to move forward. Creating value in your negotiation is what gets you to closing.

If you have worked with a seller in the past who had a similar property or issue, find a way to mention it in your conversation. Providing an example of a similar situation that may alleviate some of the seller's concerns. This shows your credibility as a "solution provider", and can give the seller a tangible reason to continue negotiations and consider your offer.

What Can You Offer The Seller?

Although money may be the first thing that comes to mind when thinking about what the seller is looking for, that isn't always the case. This means that buyers with the biggest offers don't always win. Concentrate on a few intangibles when negotiating, and realize the success of truly understanding the needs of your seller. The hidden needs of a seller could involve a variety of things and it is your job to communicate effectively to understand objections, and preempt those needs.

One of the biggest keys in making a good offer is getting your seller to make small commitments. You can do this by offering them the little things such as:

- **Figuring out a closing date and move-out date**- by doing this, you are offering your seller time. When you find out that the seller wants to move quickly, they will be grateful to save a mortgage payment, storage costs, or rent on interim storage or accommodations.
- **Offering to find moving assistance**- moving can cause a lot of stress to a family. Help them figure out what to do with appliances, schedule a moving truck, obtain boxes, etc.
- **Assisting with finding them an apartment/house**- If the move is unexpected for the sellers, they may not have had time to find a new place to live. Remind your sellers of your expertise and lend a hand in their search.
- **Debt Negotiation**- If the seller is in financial trouble, you can offer to help by setting them up with a credit repair program. Tell them that they are a "client for life" and have a positive result conversation. Advise them that after they establish credit, you can help them buy another home.

These are just examples of ways you can help that don't cost a lot of money or time – but they can help you get commitments. When you go above and beyond, you stand out from the competition. When you are attempting to persuade a seller in a deal, you need to inspire them to make their move.



Helpful Tip!

Exchange "I" for "we" whenever possible as a way of engaging the other party. This involves them in the negotiation and the overall outcome you desire. Statements like, "We can close on the deal", or "We can help you get you into your new home" can go a long way to a closed deal.

Step #6: Present Your Offer

After asking leading "yes" questions and explaining how you can help, it's time to make the offer that can lead to the big "yes." When you are going into a negotiation, you should never shoot in the dark. You have to know your terms and be crystal clear in knowing exactly what you are going to give up and what you are willing to take. What is your bailout number? Where are you going to start? Never use the term "between" in a negotiation point. When you don't have exact benchmarks, your targets are always moving, making it almost impossible to accept or deny offers.



Helpful Tip!

Make sure you know whether or not you are dealing with the seller directly, or with another party. Is there an agent involved? Make sure all necessary parties are present at the time of the presentation. Typically, if there is an agent involved, will be doing your negotiating with them.

Step #7: Handle Objections Effectively

When most new investors hear the word "objections", they become fearful, not knowing what to do. But it's important to realize that objections from a seller are typically only a lack of understanding. When you encounter seller objections, it's important to validate their objection, and answer the question in a well-delivered manner. Support your answer again, and move on. The more objections they express, the more value you can add to your deal. You are doing this so that you can eliminate the fear of action that is inevitably there. This is a very important step in the negotiation process, so we'll talk about this more in depth later on.

Step #8: Close the Deal

Reach a mutual agreement and complete the process. The goal is to bring the buyer and seller to a fair agreement. This is where we fill out the purchase and sale agreement and answer any additional questions or concerns from the seller.

Example Seller Meetings & Negotiations

Seller Meeting #1

In this example, a seller from one of our bandit signs contacted us and was interested in selling the property at a price not too far from where we needed. We showed up at the property and determined that our post-repair value would be \$250,000. The seller wanted \$185,000 for the property.

We quickly determined the property did not need a roof as it was in great condition. We were then greeted by one of the sellers and invited into the house. After some small talk, we asked him to show us the rest of the property. We continued with small talk and as he talked about the property, we let him go nuts. As he was showing us around the house we noticed a few key items.

What Looks Good	What Needs Work
Great hardwood floors that can be restored	Kitchen
The property had a great flow for showing	Bath
	Interior paint
	Possibly needs a new furnace
	Asbestos-insulated pipes in the basement

The one thing we had pointed out to the seller was the asbestos-insulated pipes in the basement. The seller didn't fully understand the potential ramifications for asbestos removal, but we sure played the 'asbestos' card to the hilt.

The other thing we noticed about the property was that they didn't have anything in it – it was empty. Through our initial phone lead interview we found out they had an underlying debt of only \$77,000 on the property worth more than twice that. However, because it was obvious they didn't live there, they were either paying rent or another mortgage.

The negotiations went as follows:

Buyer (us) - "So when are you folks looking to close?"

Seller - "Well, really as soon as possible."

Buyer - "That is fine with us. We have a large bank line of credit available and can close in cash as soon as you like. All we have to do is order a title search and as soon as it comes back clear, we can close. We have closed a similar deal in as little as five days."

Seller – “Well that is good to hear.”

Buyer – “And to tell you the truth we are not too far off on this deal. We came here thinking we would be able to offer you the \$185,000 that you wanted for the property but unfortunately the property needs a little more work than I had anticipated. The house is old and there isn't too much that can be overlooked. On top of all the work, we'll have to remediate the asbestos in the basement, because we have tried to sell a house with asbestos insulated pipes and everything went fine until the home inspection. The second the inspector mentioned asbestos to the buyer the deal was off and we ended up sitting on the property for an additional three months.” (That was the line that got 'em!)

Seller – “We certainly can't afford to wait even another month. How far are we off on price?”

Buyer – “We know you are looking to get as much as you can for the property and ideally we'd pay \$165,000. But it's understandable that you need as much as you can get out of the property so we won't waste your time. The best we can do is \$170,000.”

Seller – “Wow. I don't know about that!”

Buyer – “Sir, rest assured that we will close as soon as the title comes back clear.”

Seller – “\$172,000 and we have a deal.”

Instead of losing the deal over \$2,000, we accepted.

Buyer – “Well I guess I can do it but it will be real tight for me.”

Notice once we accepted the deal we made sure we didn't seem too eager to accept. This allows us more room when structuring the offer and more leeway if anything comes up in the closing process.

Seller Meeting #2

Let's use the same example as above but with a slightly different ending:

Buyer – “Alright, that's great we were able to come to an agreement.”

As we are filing out the paperwork (contract) the seller says...

Seller – “Actually we would prefer to think it over for a few days.”

Buyer – “Well Mr. Seller here is the situation. We manage four full-time construction crews and are responsible for making sure they have continuous work. As a result, we put about three to four offers out on properties a week and in fact, we have a couple outstanding right now. We'd prefer to work on your property as it is close to our office and would be great for one of our crews who are finishing up a job right now. If we can get this paperwork done and get this started today, we can pull those other offers off the table. This will allow us to close on your timeline.”
After a little hemming and hawing the seller followed with...

Seller – “Well ok lets get this done and move forward.”

This objection that the seller wants to think it over for a day or two is very common and if you can handle it effectively you will definitely separate yourself from your competition.

Seller Meeting #3

This example is the same intro as the first (we handle the entrance and introduction the same every time). In this example the seller was clearly overleveraged, he owed \$250,000 and the property was worth approximately \$160,000 as it was. We had the seller show us around the property and because we knew the seller was overleveraged, we made it a point to be a bit more aggressive, pointing out all the work the property needed.

The seller initially wanted to sell the property for his debt level. We needed to remove the notion that the seller had any ability to sell the property for more than what they owed. As we walked around the property, we could sense the seller simply wanted to avoid a pending foreclosure and used that vital piece of information when negotiations began.

Buyer – “As we indicated before, you owe quite a bit more than your property is worth. It needs a lot of work, and frankly after all that work is complete it may still not be worth as much as you owe.”

Seller – “I understand your point.”

Buyer – “That being said we are not eliminated from doing business. We still can avoid this foreclosure. What we need to do is negotiate a short sale with your lender. We’ve worked with your lender in the past and they are completely open to accepting short sales. The bank isn’t in the business of owning real estate. They want to get out of bad loans as soon as possible and that is why they are so receptive to short sales.”

Seller – “Well how exactly does the process work?”

At this point , you have the seller committed and you will need to go through the entire short sale process with the seller.



Handling Objections Effectively

*"To be prepared against surprise is to be trained. To be prepared for surprise is to be educated."
– James Carse*

Understanding Objections

As mentioned previously, an objection is anything that the other party says or does that is an obstacle to a smooth closing. You'll know you've encountered an objection from a seller by a number of factors. It could be body language, eye contact, or a flat out interruption while you're speaking. It is very important to maintain control, and still have the same rapport with the person across from you.

As long as you keep the right attitude, there is no reason to be terrified when objections come up. Remember, an objection shows that a seller is at least considering your offer. It also gives you more ways to add value. Objections are a natural part of negotiation and can occur at any stage of the game. Typically, they tend to seem a little confrontational because they can usually occur when an offer has been put on the table – which means that the offer needs to be defended.



The first step in handling an objection is to understand what an objection truly is. Is it really an objection? Or is it just an excuse? Most often, objections come from an overall lack of understanding by the seller. If your offer is fair and holds value, an objection is likely based off of this.

There are six key steps for handling a seller's objections:

- **Recognize** the objection
- **Compliment** the validity of the objection
- **Answer** the question contained in the objection
- **Support** the answer
- **Move on**

Recognize The Objection: You want to uncover what is going on underneath the objection before confronting the issue. You can do this by repeating the objection back to make sure you got it right. You also want to make sure you are recognizing the question by following this with a statement such as:

- *"I understand your concern."*
- *"I totally hear you."*

Compliment The Validity Of The Objection: You can also recognize the objection in a way that validates the objection and also compliments the person:

- *“That’s a really good point that you bring up. Let’s take some time to address that.”*
- *“That’s a very good question that you have, in fact it’s the most common question that I get.”*

Answer The Question Contained In The Objection: You then have to answer the question that was outlined. The way you approach this is very important. You want to make sure you are consulting with the person and not just putting on a sales hat. Keep your tone of voice positive and don’t act as if you’ve taken it personally. When you are answering the question, make sure not to talk too much – be precise and only talk enough to answer the question.

Support The Answer: When you provide an answer, you may still get some resistance. In order to keep things moving, make sure you are able to validate and support your answer as well. This should be natural for you since you’ve done your research beforehand. Try getting the seller to see things from your point of view. Make sure you are supporting your answer, and not arguing their rebuttal.



Helpful Tip!

IF you get too many Follow-up objections, it is usually an indication that you aren’t dealing with a very motivated person. IF a person is too combative, don’t be afraid to just let the deal go.

Move On: Finally, you need to quickly and effortlessly move on with the process. You can do this by ending your answer, and then asking a question such as, “So, where is you’re re-locating to again?” You aren’t avoiding the objection, because you’ve answered it – you’re avoiding dwelling on that objection.

Now that you understand how you should handle objections you encounter, here are a few examples of common seller objections and the answers that we’ve found most effective to overcome them:

Top Seller Objections

Seller: I don't see why you should be making a profit on my house.

Investor: That's understandable. This is your home, not just a piece of property. However, I have to make a conservative profit on each deal. Without a conservative profit, I wouldn't have the capital to offer you cash for this property as-is. Can you show me the yard, please?

Seller: A real estate agent told me I could get a lot more for this house.

Investor: You already spoke to an agent - that's pretty smart on your part. The price may seem low if you're comparing this property to other homes in the area that are selling at market value. As we discussed earlier, this house needs some work. The number I gave you is a very reasonable cash offer and you won't have to do any of the work. Where is the master bedroom?

Seller: I think I'd be more comfortable selling the house through a real estate agent.

Investor: I understand what you're saying, and I can see you've given this decision some thought. A lot of people think that a real estate agent is the fastest and easiest way to sell a house. I know your neighborhood pretty well, and there are three other properties currently for sale. If you go through an agent, your property may sit on the market for a long time. That house across the street has been on the market for six months already.

Seller: I'd like to take a few days to think about all of this before I can consider an offer.

Investor: No problem! Let's get the paperwork going and you can take all the time you need to think about it. To be fair, I want to let you know that I am currently waiting to hear about some other offers. I don't have unlimited capital. If my other deals go through first, I won't be able to follow through with this one.

These are just some of the common objections you may run into when you meet sellers and prepare to make them an offer. The objection can come in anger, disbelief, or timidity; but most often, it amounts to the same thing – a seller asking you for a bit more information. Keep this frame of mind when approaching the situation, and remember these three things:

1. Avoid being confrontational and putting yourself in a hostile position with the seller. You're trying to put them at ease and resolve their concern, not start an argument.
2. Keep a notebook handy and write down objections you hear from different sellers. Also make a note of the predetermined objection blockers you used in response.
3. Practice! Sit down with a partner or friend and practice overcoming objections. The more comfortable you are, the more comfortable your seller.

Useful Negotiation Tactics

If you're a new investor, you aren't quite sure what works just yet. Luckily, we've been doing this a while and have developed a few tips and tricks of our own. Knowing how to effectively negotiate may not come to you naturally, so it's important that you develop a system and practice it a lot. Practice makes perfect!

Do Your Homework

When negotiating with sellers, you will find that the first request will often be to "make an offer". Always remember to be patient because you don't want to give an offer before completing your due diligence on the property and knowing exactly what it's worth. Sometimes, sellers may lie about the condition of the property and the amount of repairs needed. If you do make an offer that you regret, your seller will have a planted dollar amount in mind and that will be hard to work with. Attempting to explain a new lower offer will only ruin your credibility.

To avoid this situation, gracefully deflect a request to make an offer, and change the subject. By patiently resisting the urge to throw out offers you may be unwilling to pay, you can keep yourself in the negotiation and build your credibility as a good investor.

Always Play Fair

The name of the game is inspiration NOT manipulation. People are able to spot the difference and will put a wall up right away. Make sure you are always being sincere. This is the foundation that you are building for the future. You need to build this foundation on real trust and reduce resistance. There are always going to be ways to back someone into a negotiation, but don't go that way. Remember, to always be ethical with those who you come in contact with. Never burn bridges and always keep a desire to have a future relationship.

Be Willing To Walk Away

When negotiating a deal, it's important to always position your conversation in a way that gives you an exit if needed. Never bring your emotions to the table, take deep breaths, and if you have to walk outside to think about things, make sure to do so. If your negotiations aren't going as planned, you can always walk away at any time. Let the seller know that you would love to do business, but the deal is simply unworkable for you. However, you should always leave the conversation open to future negotiations if circumstances change later down the road.

Take Action

Many investors are afraid to engage in seller negotiations, and therefore fail to break the ice enough to actually make things happen. Not going for it can hurt both parties. Remember, there are no failures – only feedback. If you know there is a large difference between your offer and what your seller is asking, you should start your negotiation below the offer you have in your head and make sure that you can still make a reasonable counteroffer. This can convince the seller to come closer to where you are. If all goes well, you can arrive in the middle.

Change Strategies

Determining a seller's level of motivation will require different strategies and tactics depending on the seller's specific set of circumstances. Every situation and every seller is unique; the same goes for their motivations to sell. So you can't take the same approach with everyone. Always be flexible and willing to switch your negotiation strategy to suit the specific situation.

Get Small Agreements

As mentioned earlier, getting many small agreements from the seller will help you move up the ladder. Speak in a way that enables you to get more and more "yes" statements. Small agreements will lead to your reaching a much larger agreement. The "yes" questions will empower you to do so.

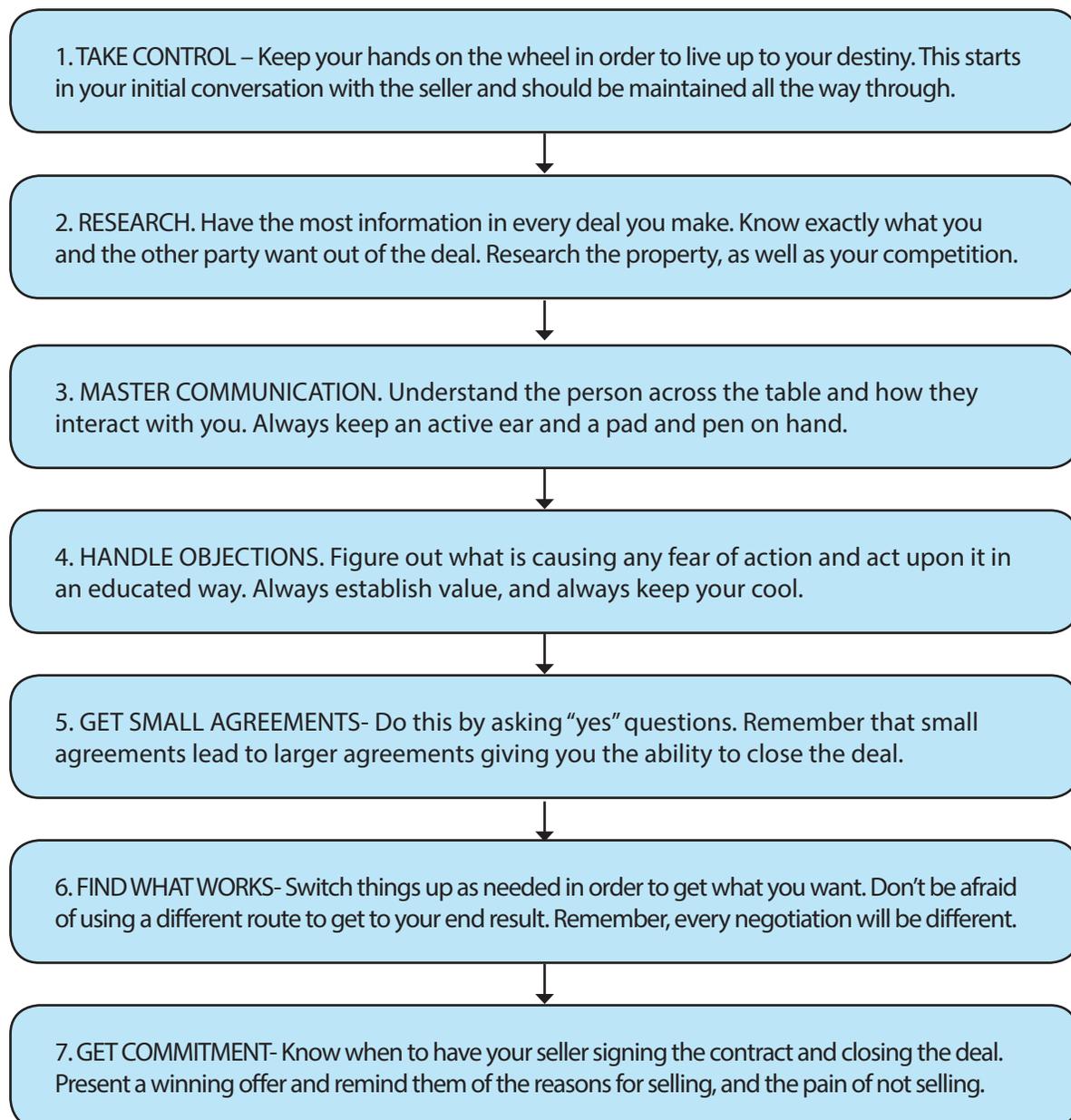
Know When To Close

When the buzzer is going off, you have to listen to it. If you're a natural negotiator, then you can feel it. Those who aren't as seasoned can sometimes keep negotiating and ruin their progress. You can often tell by words, body language, change in excuses and objections. If you can sense this, you've done your job.

By conducting a well-prepared and successful seller meeting, you will be able to consistently separate yourself from the competition. Most of the sellers you come in contact with will be meeting with other investors; and you will have to go above and beyond and prove yourself to gain a competitive edge. Successfully meeting and negotiating with sellers is not something you want to leave to chance. Here is a recap of the steps you should take to negotiate like a pro.

Wrap Up

SUCCESSFUL NEGOTIATION PROCESS



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