



NEGOTIATING WITH SELLERS OVER THE PHONE



How to Successfully Negotiate with Home Sellers by Phone

8 Steps to Closing Great House Deals on the Phone

- 1 Know Your Goals
- 2 Be Prepared
- 3 Warm the Seller Up
- 4 Test the Seller's Motivation
- 5 Get the Property Details
- 6 Determine the Cash Flow Potential
- 7 Get the Financial Details
- 8 Move into the Close

8 STEPS TO CLOSING GREAT HOUSE DEALS ON THE PHONE

1 Know Your Goals

Know your goal before getting on the phone. Is this a fast cash play? A long-term cash flow property? Or will you use the property yourself?

2 Be Prepared

Be ready to take notes, and have a calculator handy.

3 Warm the Seller Up

Start the call with general conversation to build rapport and trust. Get to know them, and let them get to know you.

4 Test the Seller's Motivation

Find out how motivated they are and how serious they are about taking action, while finding key leverage points to use in your negotiation. Ask why they are considering selling, where they will move, what their plans are, etc.

5 Get the Property Details

Ask about repairs that need to be made, and how much they estimate those costs will be. Confirm the property details; often the reality may be different than what is online. Check the square footage. Ask about additions or updates and the number of bedrooms and bathrooms.

6 Determine the Cash Flow Potential

If this will be a rental property, ask how much they think it will rent for, and what they are basing that number on. If there is a current tenant, find out the details of the lease, deposit amounts, and how well they've been performing.

7 Get the Financial Details

If the seller appears motivated and the numbers look as if they may work for you – start collecting key financial information. Ask how much they think they want for the property, if there are existing mortgages, liens, or past due taxes. Get details of existing debt, such as mortgage payments, balances, number of payments behind, whether it is a fixed or ARM loan, and when it is due.

8 Move into the Close

Move directly into the close. While you have them on the phone is the best moment to get a commitment, and setup the next step. This is true even if you still need some time to work the numbers and strategize the right offer. Ask, "So, if I can get you ____ and close by _____ date, is that something we can do?" If they need to speak to a spouse or partner, ask "When is the best time to call back and reach you both?" or "What is their number? I can conference them in now, so that we can get this done for you." Get an agreement on how fast they can get a signed contract back to you: "If I can get you this offer by this evening, can you email it back tonight?" or "Will you be able to sign and have it ready for my courier to pick up by lunch time, or by 4pm tomorrow?" Do not get off the phone until you have agreed on some type of next step, with a specific time and date.



How to Ace Common Seller Responses



If The Seller Tells You:

"I can no longer afford the property."



Your Response:

"I can give you a quick solution, so you don't have to worry about that debt or expense anymore."



If The Seller Tells You:
"I Just Want All My Money At Closing."



Your Response:

"Remember that each day your holding costs, and the risk of the property going down in value, are costing you. That can all mean actually netting less money later. It is currently taking ___ number of days for good properties to sell in this area, and there are ___ other properties competing with yours. What if I can show you how to actually get more money for your property by minimizing the taxes you'd pay, stopping the expenses and risk now, and still help you achieve what you really want? Would you be interested in that?"



If The Seller Tells You:

"I might consider seller financing if you put 50% down."



Your Response:

"That wouldn't be smart for anyone to do right now. There are so many properties which require less down. Banks are making loans with low down payments now. I could use that amount of money to go buy half a dozen other properties. Though I may be able to help you sell all or part of the note at closing, and make even more money, how would you like that?"



If The Seller Tells You:

"I'm not sure I trust you enough to give you seller financing. Why don't you just get a loan from the bank?"



Your Response:

- "I could go to the bank, but I don't want to hurt my good credit with more inquiries on it. Plus, I would have to lower the price I could give you by the thousands in fees banks charge, and the bank may not be able to close for a few months. Between now and then you are having to pay all the costs, and if something happened to your home, or a neighbor sells out cheaper, your home will go down in value."
- "I can show you how seller financing will reduce your risk, reduce your taxes, and actually make you 2-3x more money."



CONTINUED...

- "What if I was willing to pre-pay 6 months of mortgage payments to you? Would that make you feel more comfortable?"
- "We can choose a 3rd party attorney to hold the deed. If I ever wind up even 90 days late, the attorney is instructed to record the deed back in your name, without any costs or waiting for a foreclosure."

How to Structure the Deal – Cheat Sheet

Use this cheat sheet to find the right way to structure the deal and offer, depending on the seller's top concern.

- ✓ **Needs cash at closing**
 - **Make a low cash offer**
- ✓ **Can't afford the monthly payment**
 - **Seller financing, lease option, or subject-to**
- ✓ **Doesn't have the money to maintain the property**
 - **Seller financing or subject-to**
- ✓ **Seller is moving**
 - **Seller finance, lease option, or subject-to**
- ✓ **Monthly income or avoiding taxes**
 - **Seller financing**

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