

The Must Have Guide to Getting Offers Accepted

What, When and Why

As an investor, your ability to write offers that get accepted is the key to your success. Lots of time can be wasted by tossing around offers that sellers are likely to reject because they don't meet the seller's needs or expectations. The secret to writing the best offers are asking sellers the right questions. Some will be obvious and apply to just about any situation, however, there are also questions designed to help you uncover all the information the seller doesn't want or know to give you, so you can write the best offer possible in any marketplace.

By reading this book and applying what it teaches, you will learn:

1. The common mistakes to avoid when making offers
2. The first steps towards YES
3. How to write offers that get accepted every time

Many sellers keep their true motivations for selling to themselves for many reasons. If your seller fancies themselves an "investor" you discovered a proud person that will resist fellow investors knowing they are failing or underperforming. The ego of humans is to not show our weaknesses or mistakes in fear of being judged by our peers. Never underestimate the power of a person trying to avoid embarrassment.

Some sellers will be resistant to your advances, just know, there is always a reason. Getting to the root of the WHY is the fun part and requires more questions beyond the basic information to determine if it's a good deal or not and what to offer.

Common Mistakes to Avoid

Never ever negotiate or make offers by text message, instant message or email:

These methods are cold and impersonal as well as being a huge turn off by older people. When I have my Realtor hat on, I get offers on my properties and listings on a regular basis that are sent to me via email or text message by both Realtors and Investors. Rarely do they even call or communicate with me in any way before sending the offer. When this happens, my seller can only make a decision that is based purely on price because they were provided no other alternatives. Often, this results in a counteroffer by the seller which means the buyer winds up paying more. Sometimes, these offers wind up in my spam folder, undiscovered until they finally call me days later asking why I have not responded. Instead of this, negotiate by phone or in person and come to an agreement with the seller, then send the written offer for them to sign based

on that mutual verbal agreement. Being in person, face to face, in a neutral setting or a setting that makes the seller comfortable is preferred. Older sellers prefer to look you in the eye, which is not possible unless you are face to face. If they live out of state a phone call will suffice, however, using Zoom or Skype video conference goes a long way towards getting as close to eye to eye as possible. Pro Tip: Send a local person over with a laptop to make it easy for the seller to get online without having to worry about lacking in technology skills. Do this one thing and you will quadruple your offer acceptance rate!

Never make offers that you do not intend to close or follow through on:

Wholesalers and Investors in general are some of the worst violators of this rule, which is why they are forced to work much harder than a normal retail buyer to gain trust. There are cases where unethical buyers have been charged with fraud by writing offers under false pretences because it was proven they had no intent to close. Using deception as a means to get a property under contract will likely land you in hot water eventually. Remember, reputation is everything, don't jeopardize your integrity in hopes of "getting a deal". If you make a written offer, be prepared to close, if flipping the contract, your buyer should already be secured prior to going under contract with the seller. This is simply good business.

First Steps (before the call)

Invest time in some due diligence before you get on the phone or before you make the first appointment. First and foremost, you need to make sure the contact person you're talking to is the actual owner of the property. This process may begin with you calling a number you see on a For Sale By Owner (FSBO) sign, maybe you are responding to an inbound inquiry that came from your marketing efforts. Regardless of the method of response, always try to coach the seller into a phone call instead of email or texting. The reason for this is that we need to be able to hear inflections in the seller's voice and to be able to listen to their speech patterns. Understanding who you are dealing with goes a long way towards getting to "yes" in the offer writing process.

Before making that first outbound call, get yourself in a good mood, don't be nervous, be happy because you are about to help out another human. You see, if you focus on listening to the seller and asking good questions, the offer process can become very easy for you. Also, understand that the seller is most likely more nervous or more scared than you are! This tidbit of fact means that you should relax a little because you have nothing to lose here, the seller has everything to lose (equity, cash, a home they loved, etc).

During this preliminary due diligence period, Google search the address. By searching the address online you will learn much more about the property, and hopefully the

situation. Look beyond the first page, some of the most valuable details are buried a few pages back on the search result.

During the search, I am looking for the following clues:

Damage and Drama:

Reports of crime at the address, fire, storm damage, flooding, etc all can be found by internet search. At some point during discussions with the seller, you will want to learn more about what you found during your search. When the seller has to explain these things, they begin to mentally devalue the property all on their own, while trying to explain it away to you. This is uncomfortable for the seller, be aware of this and tread lightly here. When the seller tells their side of the story, I am sure to listen closely, without interrupting them until I fully understand what they have said. Then, once they are done speaking, I will ask clarifying questions.

Previously Advertised Sale Attempts:

This information tells us a story of perceived value, I like to ask about the previous sale attempts and attempt to understand why they were attempting to sell in the past, and why the property did not sell. Again, listen intently here, there are clues to help you get your offer accepted hidden between the lines. If the sale price was higher in the past, why was that? If lower in the past and higher now, find out why that is. Some of the answers may seem obvious to you, however let the seller answer anyway. Remember, the seller having to revisit the past can be a pain point, and reliving that pain may turn up the motivation meter in their brain.

Multiple Current Offerings:

In recent years, the number of newbies wholesaling has increased dramatically. As the number of people using this strategy increases, the number of daisychain deals also increases. I have spoken with people who claimed to be the owner of the property, only to discover in a Google Search that several other people also claimed to be the seller and were offering the same property at different prices. Discovering this saved me a bunch of wasted time by being able to avoid dealing with the wrong person. many times the property is also listed on the MLS at the same time 3 or more "investors" claim to be selling the same deal. Usually, the listing agent is not aware this is happening right under their nose. When this happens and is discovered by buyers, confidence in the opportunity is reduced, and many buyers will simply look elsewhere. As you can imagine, this situation does not serve the seller well. If you can uncover who the true seller is and sit down with them, imagine how informing them of this nonsense will improve your trust level with them.

The First Call

At the time of the call, SMILE! Introduce yourself to the seller clearly and ask them after they tell you their name if its ok if you refer to them by their first name. (This is a sign of respect that goes a long way in rapport building) During that call you would ask politely if the seller is the owner of record whose name appears on the deed. It is very important that you ask the question the exact way I wrote it. This means of asking leaves for no misinterpretation. It makes it tough for the other party to conceal the truth by mincing words. Verifying that you are speaking with the sole decision maker is a very important part of the step. I have wasted countless hours of my life speaking to people not qualified to make a decision in the sale process, don't repeat my mistakes.

One of the most popular questions I get from listeners of the [Cash Flow Guys Podcast](#) is "What do I say to the seller?". First, let's take some time to get to know them, to learn about them a little. For this part you should not need a script if you are being genuine. Frankly, I despise scripts because they cause people to sound like robots instead of people, and robots don't buy real estate! Take the time to learn about how they arrived at a decision to sell the property. The more time you invest in building rapport with the seller in the beginning, the easier it will be to obtain honest answers to these questions. Don't think you are "being nosy" here, instead know that you cannot make any offers at all until you fully understand the sellers situation and pain. As the old saying goes, "No Pain- No Gain" to me this means if there is no Seller pain, there is zero chance for profit in this transaction for me, therefore an offer will never happen.

At this stage of the game, if the property is currently advertised "for sale" somewhere, you know the seller's asking price. Don't spend time talking about what we already know (the price). Instead, let's take some time to learn about why they are selling in the first place.

"Mr Seller, why would you ever consider selling such a great property like this?" The first time I heard Legendary Real Estate Investor Peter Fortunato say this I was blown away in surprise. I thought to myself, "Why would he say that? He is going to make the seller think they were sitting on a gold mine!" The opposite proved to be true. Every time I use Pete's line (or a variation of it) I always get a response from the seller. The response is not always the main reason why they are selling but it's a start!

We can't expect the seller to love and respect us instantly on the first meeting. Instead, we need to stay focused on rapport building until we are confident we have earned the seller's respect to some degree. I have spent hours building rapport with sellers before ever even discussing the home itself. Sometimes you will meet a seller and they just like to talk, or enjoy the company (especially older folks), be sure to capitalize on this opportunity. Don't rush to the finish line here, by sitting down, undistracted by

technology, focused on what they are saying, you will learn everything you need to know in order to make an offer that gets accepted.

It's important during interaction with others to feel "heard" by who you are sharing time with. This applies in both personal and professional relationships. If the seller feels you are invested in them, they are far more likely to sell you their property at terms that make sense to you both. This phenomenon occurs because you have listened intently and come to understand exactly what the seller needs from this transaction (in addition to a paycheck). When you can provide exactly what the seller needs, you get to go directly from "yes" to the closing table.

Here is the "short list" of the things you *must know* in order to make an offer:

1. The 100% #1 reason of why they are selling
2. What do they plan to do with the money
3. Why did they (or did they not) list with a broker
4. What do they like best about the property
5. What do they like least about the property
6. What made them decide to purchase the property
7. If they listed a price, what process did they use to arrive at that price
8. Have they had an appraisal? If so, can they provide you a copy? If not, why not?
9. What is one thing they would change about this property for it to be more valuable?
10. What would the cost be of that change?
11. Why didn't they make that change already?
12. If the property does not sell at their price, what will happen?
13. If the property does not sell at all, what will happen?
14. What repairs need to be done on the property right now?
15. What repairs need to be done in the next year, 5 years
16. How much do they currently pay for insurance

There are tons of questions we can ask, however the list above are the most important. The questions above cause the seller to reflect on the experience of ownership, the expense and the headaches. These questions alone can turn a lightly motivated seller into a very motivated seller if delivered properly. Proper delivery comes from first garnering their respect, yes, I said it again, because it is that important.

Why Now?

Determining why the seller chose now to sell their home helps us gauge motivation. A great question at this stage is “Mr Seller, if it takes 6-12 months to sell this property, how will that impact you?”

If the seller put out an FSBO sign, that means he’s ready to sell right now. Why? Learning why is your job.

Is there a problem(s) with the property that won’t do well on the open market? If so, what are the problems? What does that look like, and what are the costs involved in fixing the problems? You can always ask if the seller has thought about renting the property out. They may not understand how cash flow works, and for this conversation, you won’t go deep into the topic, but you need to know why right now is the time they want to sell while touching on the topic of renting. Just ask, “You know you can rent the property, right? With the market being like it is, now may not be the best time to sell.” If not then as “Why do you need to sell now?”

You also need to know how many other people the seller may be talking to, because if you responded to a sign you can bet plenty of other people have, too. Just ask. It is an easy question, “I saw your sign, and I’m just wondering, have you spoken to many people about the property?” Likely, the seller will tell you along with a short story as to the status and why the property isn’t sold yet.

If you reach the WHY NOW answer, for example, because a sibling really needs the cash now, that gives you enough information to start solving the problem.

Discuss Problems; Provide Solutions

Let’s say the following is the case. You have approached the FSBO seller and have determined the person is the actual owner and seller. You learn that the seller is the legal executor of a property that once belonged to his father and that he has siblings who want cash now. One of the siblings needs cash right now for one reason or another. You listen as the seller tells you about a few problems in his life that require money to fix and how much he thinks that’s going to take.

After the seller has disclosed this helpful information, you ask another important question, “If I had \$XXX right now to give you, and I’m not saying I have it, but if I were to give you a stack of cash right now, what will you do with it?” A lot of times, the seller will say something like he’s going to put it in the bank, which helps you, because in the bank his cash will earn very little interest. His returns will be next to nothing! Or maybe that’s when he would say he needs to pay for different things that add up to a chunk of change and that one of the siblings need a chunk of change. Here is where you’ll get to know a lot more information.

What the seller is saying is that he doesn't actually NEED all of the cash; he needs a portion of the cash (whatever number you determine after this part of your conversation). Before you get to this part, however, you want to ask lots of questions so you can solve their problem. You need to prepare the seller first, so he will be open to the process.

Say, "Hey, [NAME], it is my hope that we can do business together and I can buy the property, but I have to ask you a few questions so that I can craft a customized solution to fit your exact needs. Some of the questions may sound odd and you may not know where I'm going, but if you stick with me through them, I can find a way to give both of us what we need. I want to craft solutions to your problems, so let me ask you some questions."

The seller doesn't really need the money. What the seller really seeks is a solution to his problem. When you have all the answers and have the numbers actually needed, you will know how to craft the offer (craft your solution). It could be that you will give him a down payment to cover the sibling's needs and the expenses he listed out, and he can carry the rest. This is a great solution because it gives you the property and both of you monthly cashflow, because you will sell the property or keep it and rent it out. He will receive a check each and every month for an agreed amount of time.

Once you have your answers, you need to draft your offer, which starts with a Letter of Intent. In your offer you give three options:

1. All-cash offer – lower than the asking price and justified because it's an all-cash deal wherein the seller gets cash right now
2. Seller financing + down payment – the seller gets a down payment from you to satisfy his immediate cash issues and agrees to carry the rest for consistent cash flow over time
3. Seller financing – this would be a more aggressive seller financing deal that doesn't give the seller much or any cash up front

Most often, the seller will choose the second option, so make sure that's the one you really want. Once he agrees, you will have the Formal Purchase Agreement drafted. This reflects your offer and verbal agreement with the seller. You would need to have this created.

If the seller agrees to the down payment, that's great. If wholesaling this property, you can find a buyer quickly because all he'll need to come up with to own property is the down payment plus your fee! That applies to getting a fix-and-flipper or a buy-and-holder to buy the property. If you want to keep the property and rent it out, you will need to come up with the down payment. But to have a property for a low down payment that

you can rent out and that you don't have to finance through a bank is a good deal all around. You get a check from tenants every month for as long as you want.

Questions Bring Extra Perks

When approaching sellers, notice that you are not really asking about the sale of the property; rather you are concentrating on solving problems and asking the seller questions about his situation. You are creating a relationship and trust before making any type of offer. If you do your job right in asking good questions and providing three options in your offer, the seller may also become a referral source! When one of his friends' needs a problem solved, he is likely to recommend contacting you. You will become known as a real problem-solver and a great source for fix-and-flippers as well as buy-and-holders everywhere!

TIPS: *When you go to the property to talk to the seller and take a look at the property. Make the experience comfortable for the seller so he will share information with you. If you want to take pictures as permission before doing so. Before leaving the property (because you need to go away to think through with your offer), shake the seller's hand and tell him that you will contact him in the next 48 to 72 hours with three options. This gives you time to talk to potential buyers, which you should have in your Buyers List at this point. This helps you execute the deal more quickly.***Discussing the price and terms**

What is the best way to ask how the seller came up with this number? You can ask without being pushy by saying, "When the Realtor came by, what did she say? How much did she say the property is worth?" Have you hired a licensed appraiser to provide an opinion of value? You should follow that question up with another, "So why is it that you didn't list the property with a Realtor?"

Sometimes, I will ask a stubborn seller who is stuck on price to hire an appraiser to complete an appraisal on the property. I explain that I feel the property won't appraise for the asking price, and if that was the case, I would be wasting the money for an appraisal and a home inspection. To ease my concern, the seller can get an appraisal (comparative sales type only) and if it comes in higher than their price, I will cover the cost, if lower, they eat the cost of the appraisal or adjust the sales price to match the appraised value. This is a great way to get a stubborn seller to "put their money where their mouth is" so to speak.

The reason why I would insist on a comparative sales type appraisal is that there are several types of appraisals, but many are of no value to you. The "income method" uses gross rent multipliers to determine value and "replacement cost approach" estimates the cost to rebuild the home from scratch. Both of these will yield unfavorable results for you because they can often come in with a much higher price than you want

to pay. The income method can come in lower, however that depends on the health of the local rental market.