

Top 10 Objections and FAQs

1. Is that pretty close to your mortgage balance?

- When I say it: When the seller has told me what he wants for the property
- Why I say it: It's a gentler way of asking "What do you owe?", and tells me how much price flexibility there REALLY is, assuming the seller is motivated.

2. I can tell you right now that based on the offers I've been making in [that neighborhood], we're probably not going to be able to come close to your price. Do you want to hear an offer no matter what that offer is?

- When I say this: when the owner is clearly motivated but also asking a price that I KNOW is significantly more than I can pay for a property in that condition in that neighborhood. If asked, I will also give them a range of what I think I CAN pay.
- Why I say it: First, to soften them up for what is often an offer of 20% to 30% of what they "want". Second, to get their permission to make such a low offer.

3. Let me tell you how we work--I get 25 calls a week from people who want to sell their house. I don't have time to go back and forth with you on price, so I'm just going to make you the highest offer I can, and you can decide whether that works for you.

- When I say this: After determining that the seller is motivated and that his price is in the range of what I think I'll end up offering
- Why I say it: Most sellers are more afraid of the negotiation process than you are--it sets them at ease that they won't have to do the uncomfortable back-and-forth, where they think they're supposed to counter my offer but afraid that if they counter it too high they'll "lose" me.

4. I can tell you right now that we aren't going to be able to come close to your price if you want all cash. If you'd be willing to (let me take over your loan/take your price over time instead of all at once), I could come a lot closer. Would you like to see both a cash offer and an offer like that?

- When I say this: when it's clear that the owner owes more than I can pay for cash, or that he's flexible enough to do financing. This is ideal for seller financing or for lease options
- Why I say it: it's a very simple way of telling him that he can get more money if he'll take it over time, without getting into the details, jargon, and paperwork too early.

5. The problem is, my partner is the one in charge of looking at properties, and because he already looks at 20 properties a week, he's told me that I can't set appointments for him unless we know what price the seller is looking for.

- When I say this: When the seller "doesn't know" what he wants for the property, or doesn't want to say based on the "he who speaks first loses" theory of negotiation
- Why I say it: My experience tells me that ALL sellers know approximately what they want for their property, and that the number in their heads is always high. I don't want to waste my time looking at a property I can't buy, and blaming the "phantom partner" is better than telling the seller he's wasting my time.

6. I normally buy houses from people who have a problem because I have to get them at prices that make sense to rehab and rent or rehab and resell. You don't sound like you have a problem, so I don't think I'm your best solution. Have you tried listing it?

- When I say this: when the seller is clearly unmotivated, and has no reason to be motivated.
- Why I say it: to get them off the phone.

7. Why don't you try....and I'll give you a call back in...and we'll see how it's going?

- When I say this: When the seller has every reason to be motivated, but is early in the process of trying to sell the property and still thinks he can get his dream price. I may recommend listing the property, calling other investors, putting it in craigslist, etc.
- Why I say it: sometimes, "the market" is your best friend in letting the seller know what his property really worth and how much interest there really is in it.

8. For goodness sakes, TAKE IT!

- When I say this: When a seller tells me that he's already had an offer of significantly more than I know I'll be able to pay
- Why I say it: Most of the time, it turns out that the "other offer" he's trying to use to negotiate with me is either
 - 1) an old offer
 - 2) a verbal offer he got from another investor that never followed up
 - 3) non-existent
 - 4) becomes non-existent when the seller calls the buyer back and tries to get him to put it in writing. Most times, the seller will admit this. Other times, he has to follow up with the "other buyer" and find out he's a flake before being ready to hear my more realistic offer.

9. Can I give you some advice?

- When I say this: when the seller seems lost, confused, or needs to be educated/brought back to reality. Often, these are out of town sellers who have never, ever seen their properties
- Why I say it: it continually amazes me how often sellers are willing to accept me--a person who is clearly trying to buy their house at bottom dollar--as an advisor or mentor.

I give them good, realistic advice--ranging from "if you're not going to sell the house to me, DO pay for the vacant building maintenance license, because the fee doubles in 6 months if you don't" to "If you're not going to sell to me, get someone to put an alarm in the house and a cage around the air conditioner, because in that neighborhood I'm amazed the plumbing and AC are still there" to "Why don't you call a couple of agents and see what THEY say they'd list it for" to "It seems to me that your choices are bleed \$500 a month until you find a buyer, or just bring \$3,000 to the closing to sell it, you're going to have to decide which will ultimately be the most expensive" and generally, they literally thank me for it because I'm the only person who's bothered to talk to them about the realities of owning a vacant property. Often, these people come back to me months later when everything I've told them has come to pass, and tell me they only want to work with me.

10. I don't think you want to hear what I can offer

- When I say this: when I've viewed the property and my offer is a lot less than what I said I could pay over the phone. This generally only happens when the seller lied about the condition, or left out some major, expensive problem (like that the entire house is termite eaten), or was truly unaware of the condition (because his property manager told him it was pristine, and in fact it needs \$20,000 in deferred maintenance
- Why I say it: Because, 100% of the time, it results in the seller saying, "Yes, I do want to hear it". I follow up with something like, "No, I don't want to insult you" which makes him even more curious AND makes him give me permission to make my low, low offer while agreeing not to get angry about it.

Most of the time, the seller does NOT accept this offer immediately, but there's value in putting it out there and letting it sink in. An offer of \$500 sounds shocking when the seller wanted \$20,000 yesterday; in 3 months, it's the number in his head that he just has to get more than. When I follow up, the seller has usually sold the property for a number much closer to mine than to his, or he hasn't sold it, but wants to talk about a number much closer to mine than to his.

Depending on the type of deal you do, you will also find yourself with a set of "stock phrases" that you find useful in the negotiating process, and that you use over and over again. Try some out, see what reaction you get, and continually hone your negotiation skills--they're one of the 6 crucial skills every investor needs.