

When Buying is Selling: Negotiating with Homeowners

*The bargain that yields mutual satisfaction is the only one that is apt to be repeated.
B.C. Forbes*

When you were new in this business, what scared you the most? Many people tell me that the hardest part for them was learning to negotiate with sellers for that bargain-basement price. In this article, I'll give you some tips to make negotiations easier.

There's no real mystery to negotiating. We do it every day and in every relationship. Your family is negotiating every time you talk about what to watch on TV. You're negotiating with your spouse every time you figure out who is going to pick up the kids from school. Chances are, you're already very good at it. But for some reason, say the word "negotiation" and people get nervous. What the heck is that about?

Well, for one thing, negotiation is a form of sales. In other words, *buying is selling*. Doesn't that sound strange? But it's true, because when you make an offer on a house, you're hoping to sell your offer to the other side. And being a salesperson scares a lot of people.

It's not really so hard to get rid of those negotiating jitters. All it takes is confidence. Okay, I admit you may have to fake confidence for a while until you can develop the real thing. But it's essential that you try to convey confidence in your offer, even if you don't have much confidence in yourself right now! Here are five tips that may help:

1. **Believe in your offer.** Any salesperson will tell you that selling is a lot easier if you believe in your product. It's the same with real estate. If you believe your offer is fair, you can sell it more effectively. That, of course, assumes your offer *is* fair. But note that "fair" doesn't mean "retail price." Retail price is for sellers who can afford to wait for the price they want, and for buyers who aren't looking to make an immediate profit. Don't let your conscience tell you that offering less than retail is somehow unethical. It's not, *as long as both sides feel they have gotten something they needed*.
2. **Make sure you're meeting the seller's needs.** Of course, you're probably not going to offer what the seller *wants*. But what does he *need*? Very often, it's not about money. He may just want out fast, or maybe he needs enough for an apartment deposit. If your offer meets at least some of the seller's needs, then you'll find it much easier to convince the seller to accept your offer. But, you may be asking, how do you know what the seller needs are?

3. **Build rapport with the seller.** I've seen a lot of investors who walk in to a seller's house and start taking notes as soon as they get in the door. Not me. I don't talk business for the first 15 or 20 minutes I'm there. Instead, I just talk to the sellers, one person to another. Why? Well, first, I genuinely care about the people I meet. There's nothing worse than fake sincerity! But by listening, I also learn a lot about the seller's bargaining position. If I learn that they have to get to Florida next week or they'll lose an apartment they've found, then I know time may be the real issue for them. I've come in right behind other investors who offered more, and I've gotten the house because I took the time to find out what the seller really needs.
4. **Provide the seller with an objective basis for your offer.** This is where a spreadsheet comes in really handy. I complete a spreadsheet before I ever visit the seller to see if I can make a profit on the house, and I often show the spreadsheet to the seller to explain why I can't offer more. Comps are also helpful, because most of the time, the seller has overestimated the value of his house. If I can show the comps to the seller, it often provides a good reality check.
5. **Know how you'll overcome the seller's objections.** This is especially important if you're buying subject to an existing mortgage, because the seller may have lots of questions and concerns (on the other hand, he might not). How do you identify the possible objections to your offer? Well, ask yourself this: "What questions am I afraid the seller is going to ask me?" Those are the very questions you need to practice answering before you ever get to the seller's house. And I do mean practice – preferably in front of a mirror!

Is there anything in this list that you feel you can't do? There shouldn't be. If you do your due diligence before you get to the seller's house, you'll already have a tentative offer in mind, and objective information you can show to the seller. You'll even know how much "wiggle-room" you have in your offer – and you'll have it before you ever leave your office. Yes, buying is selling, but selling is pretty easy: Just do your homework and be nice!

Don DeRosa was recognized as one of the nation's top 21 real estate investors in the New York Times bestseller The Millionaire Real Estate Investor. Don, who is a full-time investor, trainer, and mentor, offers a complete system to build and run a thriving real estate business. For more information on Building Wealth with Real Estate, visit www.donderosa.com.

Synopsis: When you negotiate to buy a house, you're really acting as a salesperson because you're attempting to convince the seller to "buy" your offer. If negotiating seems hard for you, work on getting rid of those jitters by taking a few simple steps: believe in your offer, make sure you're meeting at least some of the seller's needs, build rapport with the seller, provide objective information to the seller, and practice overcoming objections before you visit.