

## Negotiating with Sellers (Part 2)

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Last week's column was about negotiating with sellers. Looks like it hit a nerve because we received a good many calls and emails. Everyone understood that it is important to ask a seller questions, but most folks wanted to know which questions to ask and why.

One of the biggest mistakes new investors make is not asking enough of the right questions when they meet with a seller. Instead, the investor spends an hour or more telling the seller how great he (the investor) is. Talk about a deal killer.

Someone who is trying to sell his property – especially if he needed to sell it yesterday – really doesn't care about you. He wants to know one thing, can you buy his house and solve his real estate problems?

Knowing this, your job is to figure out whether the seller's property is a deal. How do you do this? By asking questions. Do you remember the last time you went to your doctor? Did your doctor just walk into the room, write you a prescription, and then walk out without asking you where you hurt? No way! Your doctor asked you a lot of questions and listened intently to your answers. From the information you gave, your doctor was able to give you several options that would fix your problem. Whether you followed your doctor's advice, well, that was up to you.

A real estate investor works the same way. He asks questions, listens intently to the homeowner's answers, and then gives the homeowner one or more options. In the end, it's the homeowner's choice which option (if any) to take.

Below are some of the questions we regularly ask sellers. You'll notice that some of the questions are personal, questions most folks would never ask a seller. No matter, for us to give the seller the best possible advice, we must know the answers. If the seller isn't willing to answer our questions, we must move on to the next seller. Let's go back to the doctor analogy: I go to Dr. Sullivan in Adairsville. Normally I would take great offense to some of the questions he asks...and we won't even talk about the "turn your head and cough" thing! But he is there to help me, so I answer his questions...and begrudgingly turn my head and cough.

When was your house built? Knowing how old the house is helps us determine the amount of repair work that the house may need.

How long have you lived here? Helps us estimate the seller's equity.

What was your purchase price? Again, helps us determine their equity.

Do you have a recent appraisal and may I see it? Helps us determine the property's current value.

How many mortgages do you have on the property? Tells us what the seller owes on the property.

How much do you owe on your first mortgage, second mortgage, etc.? We need to know the amount owed on each mortgage.

How much are your payments and what is the interest rate on each mortgage? We need to know this information in case we decide to do a Subject To deal, a Short Sale, or try to Discount the Note.

Are your mortgages current and if not, how far behind are they? If someone is behind on their payments, they are generally more motivated to sell.

Are there any liens against the property? Helps us determine the total debt against the property.

By when do you want to sell your property? If the seller says "Right now!", we know they are motivated.

Why are you wanting to sell? This is the \$100 question and we save it for last. This is when we determine how motivated the seller is and why.

Hope our questions help you the next time you sit and talk with a seller.