

## Negotiating with Sellers

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When we first began investing in real estate, one of the questions we often asked ourselves was, “When I meet with a seller, what do I ask and say?”

The overall concept of real estate investing is pretty straightforward. You find a house worth \$100,000 then buy it for as little as possible. The concept of flying a plane is also pretty straightforward. Keep the big end in front of the little end (unless Burt Rutan designed the aircraft), keep the dirty side down, and land without bending the airplane.

So the concept of real estate investing and flying are pretty matter of fact. But as my mother often says, “The devil is in the details”. Meaning, knowing *how* to get a seller to sell you their house for pennies on the dollar or *how* to safely fly a plane is the kicker.

So what does a real estate investor *say* to a seller to get him to sell his house for pennies on the dollar?

Most new investors – especially if they have been in sales – make a common mistake. They try to “sell” the homeowner on the idea of doing the deal. When these investors meet with a seller, they start talking and don’t come up for air for an hour or more. This is not the way to get REI (Real Estate Investing) deals. There are several things all real estate investors need to know about negotiating with sellers.

First, the investor should control the negotiation to buy the property. Why? Because the investor is the buyer. The seller is the seller. (Where’s Yogie Berra when you need him?) Think of it this way, when you go to buy a car, who tries to talk whom into the deal? The car salesman does, right? But what if you don’t like the car or the price or the terms? It is always your option to walk away.

In real estate investing, because the investor (buyer) can walk away from the deal at any time, he controls the negotiation.

Second, the seller does not care about you. Their only concern is getting their real estate problems solved. Knowing this, don’t spend a lot of time trying to convince the seller what a great person you are. Stay focused on the seller and solving the seller’s real estate problems.

Third, for you to understand the seller’s real estate problems, you must ask a lot of questions. Experience has taught us that asking questions – the right questions – allows you to stay in control of the negotiation and is the key to being a successful real estate investor.

When you meet with a seller, you need to find out exactly what their real estate problems are and what options they have. Asking questions allows you to accomplish these goals.

Fourth, be careful of the seller’s monkeys. Often, when you meet with a seller, he will have several monkeys on his back. When you are sitting at the seller’s kitchen table, these monkeys

will jump onto the kitchen table and stare at you. Many sellers are much too willing to spend hours telling you all about their monkeys.

Your natural inclination will be to try and take all of the seller's monkeys and load them on to your back. Problem is, by the end of the day, not only have you been carrying around your own monkeys, you have also been carrying the seller's monkeys. This makes for a very long day, don't you think?

My point is this: You won't be able to solve all of the seller's problems. Therefore stay focused on trying to solve the seller's real estate problems. That's why you are there.

Negotiating with sellers is a learned thing. The more often you sit and talk with a seller trying to find a solution to his real estate problems, the better you will get. Think of it this way, if you only play golf four times a year, you will never play very well. However, if you play several times a month, plus spend some time practicing, and also take a few lessons, your game will improve rapidly.