

CHAPTER 6

DEALING WITH SELLERS

FROM THE BEGINNING TO THE END OF YOUR DEAL

What You'll Learn in This Chapter

1. Why sellers are your biggest source of head-slapping, and also one of the biggest resources your business has
2. Why phone is the best way to communicate with sellers
3. How to get your phone answered (when you can't do it yourself)
4. The REAL point of the phone interview
5. How to screen prospects on the phone, step by step
6. How to recognize when to get off the phone with an unmotivated seller
7. The negotiation process from first call to written offer
8. What to do when...
9. Lines to use to overcome seller objections
10. What to do about multi-deal packages

In a typical wholesale deal, you have 2 very different kinds of people to deal with.

One is your buyers, who (if you're doing it right) are fairly educated, somewhat experienced real estate investors who act mostly in rational ways, make relatively quick decisions, and largely stick to them.

The other is your sellers who, no matter what you do, are a pack of disparate characters who will always keep you on your toes.¹

Most of your sellers will be what I call ‘civilians’, meaning that they’re not very familiar with your world of formulas, repair costs, profit expectations, contracts, and negotiation. This includes amateur landlords as well as home owners trying to get rid of a property. No matter how new you are to the business, these folks will know less than you do about how a real estate deal is supposed to proceed, and require a lot of patience in explaining things you think are obvious, following up when they drag their feet, and head-slapping when they do things they think are perfectly fine (like removing all the ceiling fans in the house before closing, leaving only dangling wires) that you understand to be completely against all custom and agreement.

A small percentage will be “professional sellers”—banks, hedge funds, long-time, full-time investors looking to get rid of one or more properties from a larger portfolio. No matter how experienced you are, these sellers will try to push you around, make the rules, patronize you, pressure you, and control the

¹ I'm talking here about sellers in off-market deals, of course. This chapter on seller negotiation is practically useless if you're dealing with agents or banks; you don't actually get to talk to the sellers in those situations. Only a few of the general negotiation tips near the end will apply in those cases.

deal.

Most of your ‘sellers’—like 85%—will be not be sellers at all. They’ll be ‘suspects’ who seem to have a property and a problem, but when you actually talk to them (or, if their property is listed, make them an offer), it becomes clear that the problem isn’t big enough to motivate a sale at the price you need to see, or that their situation isn’t one that’s easily solved by a wholesaler’s offer. Sellers who want to sell but don’t need to sell fall into this category, as do those who don’t even really want to sell (but are happy to have you come make an offer anyway), and those who need to sell but owe the bank way too much to accept a low cash offer.²

A tiny percentage—1-2%, maybe—will be super-motivated, basically ready to sell at whatever price you offer from minute one.

A significant percentage—like 10%—will be in the frustrating group that has a property and a problem, but that doesn’t seem to realize the scope of the problem, or what they’ll have to do to solve it, and tells you that their property is going to tax sale at the end of the month in the same breath in which they tell you that they absolutely won’t sell unless they walk away with \$50,000 in their pocket.

Or, if they’re of the most frustrating kind of all, they’ll be terminal head-hiders: people who you can SEE are headed straight at foreclosure, or a tear-down of their property, or some other outcome where they get nothing except more bills and headaches, and to whom you’ve made, and remade, an offer that absolutely represents the best outcome for them, and they simply won’t act on it one way or another.

Yep, sellers can be a real pain in the rear.

But they’re also sort of the #1 asset in your business, so you’d better learn to love ‘em.

Why You Want Your Phone to Ring...

There are lots of ways to encourage sellers to contact you: via email, text, a web form, even mail.

A lot of those ways are attractive for the simple reason that you don’t have to have a potentially scary interaction with another human being when you’re just corresponding in writing.

Nonetheless, if you’re serious about actually making deals, the primary way in which you’ll want to interact with sellers during the initial phases of your relationship will be by phone. There are a lot of reasons for this, including:

- The communication is quicker—no days of back and forth over questions you need answered in order to decide how to proceed
- It’s easier to gauge the seller’s motivation and cooperativeness when you can hear his voice
- It’s harder to for both of you to misunderstand intentions, tone, and so on via phone; emails and

² These folks, of course, are potential targets for a subject to offer, which isn’t covered in this course, but is covered in my complete (and cheap) Fundamental of Subject To mini-course available at www.REGoddess.com.

texts are famous sources of this

- It's harder for a seller to 'go dark' in the middle of a phone call than it is in the middle of a text or email exchange; it's much easier to get immediate reactions and objections by phone than by any other method
- A seller who bothers to get past his OWN anxieties and insecurities enough to call you is more likely to be a motivated seller than one who simply texts you

So yes, you want the seller to call, or to move him from email/text/webform to the phone as soon as you can.

...And What to Do When it Does.

You've reached your first milestone: your phone is ringing.

Congratulations.

Wait, is it still ringing? Why aren't you picking it up?

Oh, you're at work?

What, are you going to let that hard-earned prospect go to...voice mail?

Guess you should have thought about that before you worked so hard to get the phone to ring.

The Important, Oft-Overlooked Question of How to Get Your Phone Answered

In a perfect world, you'd always be able to take every seller lead's call immediately, and personally.

Why?

Because NOBODY—not a highly-paid answering service, not a highly-trained VA, and certainly not your voicemail—cares as much about sussing out seller motivation and making sure that no deal is lost as you do.

You get a much clearer idea of what's really going on with a seller when YOU answer the phone than you will from an email from a hired answerer; plus, it's great experience for you to talk to hundreds of sellers before you pass this job off to someone else. You get an instinct that allows you to look at other people's work (that is, the interview forms they send you) and read between the lines to see seller motivation that they didn't catch.

Unfortunately, lots of things get in the way of you always answering your own phone, ranging from your "real" job to nap time to the fact that you might be on the phone with another seller, or a buyer, or your significant other.

Nonetheless, sending your seller calls to voicemail is the least desirable way to capture leads. It's

ALWAYS preferable to have the first contact with your seller be with a live human being, even if that human being isn't you.

Why, you ask? Because sellers don't always leave voicemails. Because when they do, they don't always remember to leave their names.³ And because when they DO leave a voicemail, they're about 90% sure no one is going to call them back, so they call the next bandit sign they see, too—and the other postcard they get, and so on.

When they get a human being who actually talks to them about their house, **even when that human being is an employee at an answering service**, they tend to believe that someone is working on it, and will get back to them, and be less likely to chase other possible buyers.

No matter which strategy you use to accomplish this, it's a good idea to start with a phone number different than your personal cell or home phone number, that can be easily forwarded to your phone or the number of your choice. You'll use this number exclusively for seller leads, and ideally, the service that you buy it from will also capture the number of incoming calls.

Google Voice is a favorite "free" way to get such a number, but I strongly discourage you from using it, because the forwarding is unreliable, and when the call doesn't forward, the caller gets a message saying "The Google voice subscriber you're trying to reach isn't available" instead of the voicemail they're supposed to get. Instead, use a service like RingCentral, Callfire, Callrail, or one of the dozens of other providers that will provide as many numbers as you'd like for under \$30 a month, and has very reliable number capturing, recording, and forwarding options.⁴

The next question is, where should your call be forwarded when you're not available to answer it?

Luckily, there are a number of options for live answering services.

- **The most expensive, but also most complete, services are companies (PatLive is the most well-known) that specialize in taking seller lead calls for investors.** These companies literally have manned phone lines 24/7, and their operators truly "interview" your sellers, asking questions about the property, the situations, and so on.

This sounds really ideal, but there are several practical problems that customers of these companies face. First and foremost, there's the cost; base fees range from \$80-\$500/mo with additional "per minute" fees of \$1 or more per minute. The quality of the operators varies from company to company and, frankly, from week to week within companies. But the most crucial problem with any service that interviews your sellers "for" you is that they don't care as much about getting the answers as you would.

³ *The fun-est voicemails ever are the ones where the seller leaves a message like, "My house isn't for sale!! Stop mailing me or I'll sue you!!" and then leaves neither an address or a name. P.S. Mailing people isn't a crime.*

⁴ *As well as text and voice blast capabilities, which will become important for contacting buyers when you have a deal for sale.*

In other words, the operators at these phone rooms don't make much effort to build rapport with your potential sellers, or to tease out the real answer to questions like, "Why are you selling?" and "What do you owe?" Often, the 'lead sheets' you get back from these services are so full of unanswered questions that you have to call the potential seller back and re-interview him, anyway. In fact, it's a good idea to do that in every case, since the operators often miss signs of motivation, because frankly they get paid the same amount whether you close a deal this week or not, and they don't care that much. So how, exactly did paying all that money save you any time?

- Less expensive, but also less reliable, is to **hire and train your own assistant to answer your calls** when you can't get to them. The advantage is that you have direct supervision over your VA, and can work with him or her extensively to help him do the job YOU want done, not the one some other company trains him to do.

As much as you'd like to pay a VA by the call (or only for the time they spend on the phone, the way you do a typical answering service), that's not a realistic option if you want a really good, reliable VA. You'll have to pay by the hour, and tell them which hours to work, which means that you might want to train them to do other work for you. The same VA might take incoming calls, make outbound calls to Craigslist ads and similar, and even do additional research on properties before sending them to you, like running comps and checking for building orders and back taxes.

The downside is that no VA will be able to answer the phone 24 hours a day, of course, and the fact that they're not there to watch them means you'll need to check the call log from your phone service against the interviews you get from your VA to assure yourself that most of the calls you're getting are being answered. You'll have to have systems for the VA to follow, and you may find yourself spending hours training someone who doesn't work out, meaning you'll have to start all over again.

- If you believe, as I do, that you'll always be more successful at building rapport with your sellers than any outside, hired service (and yet you don't want to miss calls, or deal with every joker who calls to yell at you about sending him a piece of mail), a good compromise is to use a professional answering service to answer your calls, take some basic information, and forward it to you for follow up.

I use a local, family owned service⁵ with a minimal monthly fee (about \$49 a month) and a lowish per-call charge (\$1.50 for up to 2 minutes). When I can't answer my seller lead line, it automatically rolls to them. They answer "Vena's office, how can I help you?". If the caller asks for me, they say, "Vena's not in right now, can I take some information and text her?" Then they ask:

Name

Best way to reach them day and evening

Address of the property they want to sell

⁵ It's called Hamilton Answering Service, and yes they take other clients, and their number is 800-284-1099

Asking price

Are you flexible on that?

If the seller says that he has a house in a warzone and wants \$250,000 and isn't flexible on price, he goes to the bottom of the callback list (and being on the bottom means he may NEVER be called back, if you have a lot of leads coming in).

The key to your success in ANY of these "getting the phone answered" strategies is always going to be QUICK FOLLOWUP on the real prospects. The goal of having a live person answer your phone is to identify those real prospects, so you can speak to them BEFORE your competitors do!

With That Problem Solved... Let's NOT Go See the Property

Sellers are calling; real estate agents are calling; attorneys are calling; even your competitors are calling with potential great deals. You've worked hard to generate leads, and it's working. And you're about to learn a lesson:

90% of the leads that you've worked so hard to generate will lead nowhere.

Many of your leads won't really be prospects at all; they'll be sellers (or agents) who'd like you to pay full price for their property—and all cash—and do it tomorrow.

Other "suspects" will turn out to owe too much, or be more interested in getting your opinion of what their property is worth than in selling, or their property will be 200 miles away, or a gas station, or next time you call them their number will be disconnected.

‘ In short, **you'll need to generate 10 leads to get one that's even worth making an offer on—and twice that many to get an actual deal.**

Now here's a question for you: **do you have the time, energy, or desire to get in your car, drive across town, spend half an hour more inspecting the property, get back in your car, drive home—and come back empty-handed 90% of the time?** Because that's what you'll do if you chase after every lead that crosses your desk.

I'd suggest that a better, more profitable, less frustrating way to handle leads is to make sure that they're true PROSPECTS before you even get up from your desk.

That's why your objective in the screening process is to sort the wheat from the chaff without wasting too much time on the chaff, then process the wheat as quickly as possible to find out whether or not it's likely to become bread.⁶

How to Separate the Suspects From the Prospects

⁶Bread—get it?

This process—and it is a process—is simple.

The problem is, a lot of new wholesalers (especially those who aren't generating a lot of leads yet) seem to feel it's rude to ask some of the questions that need to be asked to do this from home—and feel uncomfortable about telling a seller on the phone, without seeing the property first, what they're likely to want to pay for the property based on the seller's own evaluation of the condition

Instead, they ask only the easy questions ("How many rooms and bedrooms") and avoid the tough ones ("How much do you owe?" "What's your bottom dollar?").

In other words, they focus on the PROPERTY, not the SELLER and his situation and motivation. As a result, they end up looking at a lot of properties that they really like the looks of ("Hey! It's a 4 bedroom in a hot area and it needs work! I could totally sell this!!") they have NO chance of putting under contract at a wholesale price—and pretty soon they decide that there are no bargain properties in the whole world.

Feel free to learn this lesson the hard way—just don't say I didn't tell you so. But if you'd like to skip straight to the part where you're making money instead of wasting time, always, always follow the flowchart on the next page when you're screening leads.

Your First "Real" Interaction with a Seller: the Phone Interview

A lot of new-ish wholesalers get the purpose of the phone interview with the seller all wrong.

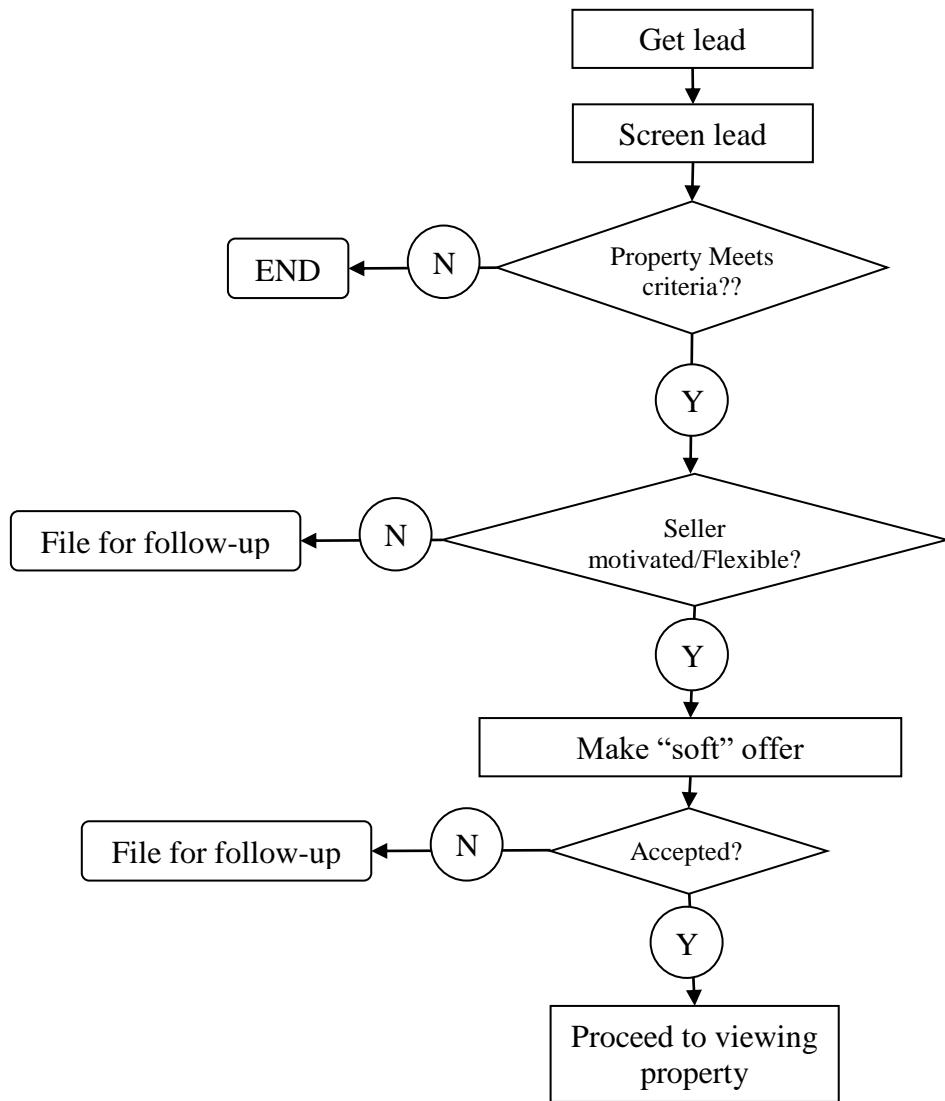
You THINK it's to talk the seller into doing business with you.

In fact, it's to find out whether the seller is someone you want to do business with.

The real goals of the initial phone interview are to:

1. Find out within a minute whether or not the property and area fit your parameters
2. Find out quickly—within 5 minutes or so—whether the seller has any real reason to be motivated, and whether he FEELS motivated
3. Get enough information about the property and its condition to make a "soft offer" to the seller of about what you'd be willing to offer, if the seller is telling the truth
4. Make that offer and get the seller's agreement to consider it (this may happen in a followup call, after you've done some research on the ARV of the property)
5. Set up an appointment to see the property as soon as possible if he agrees
6. Get off the phone as soon as possible if you don't.

phone interview flowchart



The seller interview form

The easiest way to find out quickly whether the prospective seller has the right kind of property and the right kind of motivation to bother going to see his house is to ASK. There's a series of screening questions that every seller should be run through before you take one single step toward showing up at

his door. And since you need to ask these questions of every seller, and NOT forget any (it's always embarrassing to have to call a seller back and say, "I forgot to ask, how many bathrooms does the house have?? Or worse yet, "I forgot to ask, what did you want for the property?") we're going to accomplish doing the RIGHT seller interview each time with a seller interview form.

The easiest way to make sure you get all the information you need is to keep a phone interview form with you at all times. Seriously, I have a whole folder full of them in my car (along with offer forms, inspection forms and agency disclosure forms) in case I get an emergency call from a motivated seller and need to pull over to interview him.

Some seller interview forms I've seen (or been sent by mentoring students) are much shorter than the one I've included at the end of this chapter, and I find that they're not useful for our purpose, which is to get enough information to find out whether what the seller is asking and what we can offer are even in the same ballpark. I need to know more than how many rooms and bedrooms a house has, and whether you'll take what you owe, before I run out and waste our mutual time making you an offer it turns out you can't, or won't accept.

Mine contains all the basic questions you need to ask to determine whether the seller is a prospect or a suspect. I've found that the easiest way to make sure I always have a form around is to take it to a printer and have pads made up, preferably on carbonless "NCR" paper. This way, you can fill it out and take the top copy with you to any appointments—without risking that you'll lose the seller's information when you take the form out of the house.

You'll note that my phone interview form is laid out as a series of questions. It's written this way so that anyone in my office from my acquisitions coordinator to my personal assistant can get information from sellers without having to figure out how to phrase the questions themselves.

Ideally, though, you will ask for the information in a conversational tone and in a way that feels comfortable to you—not as if you're reading questions off a script. This puts the seller more at ease about answering the more personal questions, and helps you get even more information from the seller.

How to interview the seller

You'll fairly quickly discover that MOTIVATED sellers are very willing—in fact, anxious—to give you all the info you need about their property and their situation. In fact, they often spill the whole story before you can even ask the questions. In these cases, just write as fast as you can and go back at the end of the conversation to fill in any "blanks" on the form.

A seller who's hostile or impatient about giving you the information you need, or who refuses to answer certain questions (like, "How much do you want for your house?") is probably NOT motivated, or he'd be trying to talk you into buying his house instead of resisting helping you do that.

In a moment, we'll go through the interview form step-by-step. But before we do, here are a few general tips for interviewing sellers:

- **Balance your need to get the information quickly with some emotional intelligence.** If you really want to make deals, your need to separate the prospects from the suspects quickly and effectively must be balanced by an ability to listen and really HEAR what the potential seller is

saying. Many folks who have ugly junker properties have also had ugly things happen to them. Being so anxious to get to the price that you aren't polite or sympathetic or human will engender immediate distrust in your seller. I've watched many, many deals go down because the wholesaler was unable to shift his mind away from the profit, and conversations like this resulted:

Wholesaler: "Why are you selling the property?"

Seller: "It was my son's, and he died of cancer last week"

Wholesaler: "And how much would you take for all cash and a quick closing?"

You get the picture. One other tip along the same lines—don't limit yourself to asking only the questions on the page. If the seller says something that seems important to HIM (like, "I have to sell because I got transferred out of town"), make it important to YOU and ask more questions about it (like, "Really, where are you moving? Phoenix? Wow, it gets really hot there. Are you ready for that?") Not only will it build rapport with the seller (something that a lot of investors are, unfortunately, VERY bad at doing), but you never know when the seller will reveal his "hot button" that you will be able to push to close the deal (like, "I've heard that the Phoenix market is crazy expensive. Would it help you if I could close in 7 days or so, so you'll have the cash to get into a new house there?")

- **Do what you can to build trust with the seller.** Although YOU know you're a nice person who isn't out to rip anyone off, and although YOU know how the process of buying the seller's house is going to work, the SELLER has no idea who you are or what you're going to do. And although being businesslike is good, many of your sellers will be intimidated by a very aggressive, let's-get-to-the-point attitude. Therefore, it helps to: a) exchange pleasantries and, b) explain a little about what's going to happen.

WRONG

Seller: "Yes, I'm calling about an ad I saw that says you buy houses."

You: "Ok, tell me about the house you want to sell."

RIGHT

Seller: "Yes, I'm calling about an ad I saw that says you buy houses."

You: "Yes! Thanks for calling. What can I do for you today?"

Seller: "Well, I have a house I want to sell."

You: "Great! If it's OK with you, I'm going to need to ask you some questions about the house, and if it sounds like we can work together, I'll come out to see it today or tomorrow. Does that sound good?"

- **Don't get all panicky about having to "negotiate".** One of the scariest thoughts new wholesalers have is, "I'm gonna have to become a master negotiator to do this. How else can I talk a seller into letting his property go for pennies on the dollar?"

The answer is simple: you can't talk a seller into any such thing. The seller is either motivated to sell cheap or he isn't, and there's little you can do to turn an unmotivated seller into a motivated one. Just. Have. A. Conversation. Yes, you want to emphasize the benefits of working with you throughout the conversation; comments like, "Well, luckily, the black mold all over your house doesn't scare me like it does home buyers. Of course, I'll have to work the cost of getting rid of it into my price...I assume that's OK?"

- **Make sure you're listening to what they seller is REALLY saying.** Often, you'll talk to sellers who make noises like they're motivated, but really aren't ("I really need to sell my house, but if I don't get my price, I'll just keep it"). Occasionally, you'll talk to a seller who actually IS motivated, and is trying to pretend he's not ("I really need to sell my house, but if I don't get my price, I'll just keep it").

How do you tell the difference? You listen to EVERYTHING that the seller says about his situation. You'll find that there are actually 3 kinds of sellers in the world:

1. Those who aren't motivated to sell at your price, and have no reason to be ("I want to sell my house, but if I don't get my price, I'll just keep it. I had it rented for \$1,800 a month before, and I've already contracted with the painter to turn it over, and I don't owe anything, and it makes me money, and I'd kind of like to sell it, but if not, I'll leave it to my kids").
 2. Those who aren't motivated to sell at your price, but SHOULD be ("I want to sell my house, but if I don't get my price, I'll just keep it. I guess I'll have to keep it empty and keep paying the taxes and insurance, because there's a roof leak I can't afford to fix. I wish my kids would just take it over, but they couldn't seem to care less, and my wife's on my back at the time to sell it. Good thing I don't owe anything!")
 3. Those who are motivated to sell at your price, and are just trying to get more if they can ("I want to sell my house. I want \$x for it, but I'm flexible. I have to get rid of it.")
- **Internalize this mantra: "I'm here to help."** If you really believe that, and really strive to make sure that every seller who calls you ends up better off than if he hadn't, your entire approach to "negotiation" will change. Instead of being primarily focused on how you can get the seller to accept your price, you'll be primarily focused on how to help the seller reach his goal. With unmotivated sellers, the goal is to sell for full price. Help him do that by suggesting that he list with a good agent, and then help him by ceasing to waste his time by talking to him. With motivated sellers, the primary goal is to get the property sold fast and easily. Tell him exactly—with numbers attached—how he can do that, and why he SHOULD do that.

- **In the same vein, do not ever, ever, ever hesitate to share a seller's "other options" with him.** If your goal is to help sellers do what's best for them, you won't be shy about telling the sellers in the "Should be motivated but isn't" category above, all the things they can try to do to reach their goal that doesn't involve selling to you. Sometimes they need to hear everything they've already thought of laid out for them in gruesome detail by a third party with a helpful attitude before they realize that their "ideal" offer isn't likely to come, or isn't likely to come without a lot of additional work on their part.

The lengthiest conversations I have with sellers are those in this second category, because they often go something like this:

"Mr. Seller, it sounds like for the sake of your marriage and your sanity that you really need to unload this house. At the same time, I think you might be reaching a little bit with your asking

price. I hope you get it, I really do, but I think that the market is going to tell you the same thing that I'm about to, which is that you need to consider a much lower asking price than you're telling me.

Now, I can make a couple of suggestions about how to go about trying to get a better price than I can pay you.

Have you tried listing it with an agent? A good agent can give you a lot of market exposure, but I think any agent who lists your house is going to tell you that you either need to do those repairs or list it at a lower price, and also that because the property is likely to go so cheaply that the agent will need a minimum commission of \$2000 to split with other agents so that other agents even want to show it. 6% probably isn't going to do it.

Have you tried putting it on Craigslist? That's a good way to get more exposure, but I'd be careful about putting a lot of pictures on Craigslist because the police say that metal thieves use those pictures to see which house to break into. In that neighborhood, I'd hesitate to put a sign in the yard just because that's another invitation for thieves.

Have you thought about just fixing it up and keeping it? I mean, eventually, it will absolutely sell for what you're asking.

Yeah, go ahead and try that. I'll call you in a few weeks and see how it's going. If, as I suspect, the market ends up telling you the same thing I am, maybe we can make a deal then."

You'll be amazed at how often this attitude MAKES deals for you. Sellers who are disappointed by what they hear will still thank you for the information you've shared with them. Sellers who've already thought of and tried, or discarded, these options will often just agree to take the price you can pay when they hear it all laid out for them. And still more will come back to you in a few weeks saying, "I got a bunch of other offers in the same price range as yours, but I want to work with you, because you were the most helpful person I talked to."

- **Don't play with hostile sellers.** Occasionally, you'll get a call from a seller who doesn't want to answer ANY of your questions—he just wants you to "come out and make an offer."

In fact, about twice a year, I talk to a seller who's actually HOSTILE about this—who gets mad and says something to the effect that, "I'm not gonna answer all these B___S___ questions. If you're interested, you'll come out and make me an offer."

Never, never, never fall prey to the temptation to do this. I guarantee you that a seller like this isn't motivated enough to take your offer, and will be even more angry when he hears what it is. The last thing you need in your life and your business is to deal with hostile, negative people anyway. When you get a call from someone who's awful like this, just get off the phone, assume their problem has nothing to do with you, mentally send him good vibes, let it roll off your back, and move on.

Using the phone interview form, step-by-step

Let's take a look at the questions in the phone interview form, along with the reasons we're asking

them, the information we hope to get, and some stock phrases and trial closes you can use, where appropriate. I'll also point out the places where you might get answers that cause you to get off the phone as quickly and politely as possible.

Question: My name is _____. **What's yours?** The reason for this question is obvious: so you can address the caller by his name ("The most beautiful word in the English language", according to Dale Carnegie). Giving yours first is just polite.

Question: Are you the owner? (If not, who is? Why are you calling for them?) This question is the first you'll ask that could result in your wanting to get out of the conversation as soon as possible. A surprising number of your callers will be parents or children of the actual owner...and in many of these cases, the actual owner doesn't want to sell at all. Instead, the kids want Mom out of her house and into theirs, or the parent is concerned about the neighborhood their kid lives in, or wants him/her out of the house and away from his/her awful wife/husband. In these cases, it's best to insist on speaking to the owner.

What to say: "*Mrs. X, I hear what you're saying, but before I can know whether I can do anything for your _____, I have a lot of questions I need to ask about the property and its condition. Why don't you give me your _____'s name and number, and I can just call him/her directly?*"

Other times, the problem is that the owner is not in a position to make or receive calls; for instance, he's in jail, or deployed to another country, or doesn't have a phone. The important question to ask here is whether the caller has legal or practical authority to make the decision to sell at a particular price, or whether he's just acting as an intermediary for the owner. When the owner can't be reached but is still the one who makes the decision about selling, try to arrange to talk to the owner via email, or arrange a phone appointment at a time when the owner can borrow a friend's phone or get phone privileges or whatever.

The third possibility is that the relative/friend is calling for legitimate reasons—the owner is in a nursing home, for instance, and the caller has guardianship, or the owner is out of town and gave the relative/friend power of attorney to sell the property, or the owner has died and the caller is the executor of the will. In these cases, you can continue as if you were talking to the owner, as the caller does have the authority and ability to sell.

OUT alert—if the caller is not the owner, and has no legal or personal authority to negotiate the sale of the property, get off the phone until you can talk with the person who does.

Question: In case we get cut off, what's your number? Ask this early on, so that you don't find yourself unable to contact the seller later.

Question: What's the address of the property you'd like to sell? What neighborhood is that in? What's the school district? These questions are all necessary to find comparables to establish value.

OUT alert: if the property is out of your area, or is in an area where you're unlikely to want or be able to sell the property, simply tell the caller that you're sorry, but that's not an area in which you buy properties.

Question: How did you hear about me? Always ask this question, as it allows you to track the effectiveness of your marketing. If the answer is, “I got a flyer”, and you know you’re only sending out letters and postcards, ask, “Do you mean a letter I sent you?” If the answer is, “You sent me a postcard”, and you know that you’ve sent out 10 different postcards, ask if the seller remembers what color it was.⁷

Question: Please tell me about your property. What type is it (1 fam, 2 fam, etc)? This is another potential “out” question—if the property is of a type that doesn’t lend itself to wholesaling in your area (for instance, a large multi-family, raw land, a mobile home), there’s not a lot of use in continuing the conversation. If you’ve had the foresight to make arrangements with other investors to trade leads, you’ll get out like this:

“Mr. Seller, I’m afraid I’m only looking for 1-4 family homes, but I have a couple of colleagues who buy strip malls. Is it OK if I pass your name and number on to them? I’m sure they can help you.”

Question: Is it a rental, or do you live there? If the property is a rental, it triggers an additional set of questions about size of units, rents, which units are occupied, etc. (see form). It also begs the question about how easy it will be to see and show the property, something you’ll have to deal with if the rest of the questions indicate that you should make an appointment.

Question: How many rooms, bedrooms, and baths does it have? This is a surprisingly difficult question for a lot of sellers, who want to include bathrooms and semi-finished basements in the room count, so help them out. If they can’t immediately say, “It’s a 6 room, 3 bedroom, 1 bath”, ask it another way. Say, “Does it have a living room? A dining room? I assume there’s a kitchen...how many bedrooms are on the first floor? Is there a 2nd floor? How many bedrooms are there? What about a 3rd floor? So a total of 3 bedrooms, plus a living room, dining room and kitchen, plus another bedroom in the basement, right?”

Question: Do you happen to know how old the house is? This question is phrased in this way because the owners of houses that are more than 50 years old usually have only a vague idea of when it was built, and you never want to ask a question in a way that the seller is going to feel stupid for not being able to answer. For your purposes, it’s good enough to know just the era of the construction, because it helps you get a handle on the probable condition of the property. For instance, if the seller reports that the property was built in the 70’s, and then that it has the original roof, you know that your buyers will be looking at an immediate roof replacement.

Question: What’s the construction? You’re looking for an answer like brick, brick/frame, aluminum siding, etc.

Question: Does it have a basement? What kind? This happens to be a very important question in my area, as we are: 1) tornado-prone and, 2) really, really cold-weather prone, which means that houses built on slabs or crawlspaces aren’t especially desirable, ‘cause the water pipes freeze in the winter and there’s no place to run when the twisters come. In some places, basements are rare or absent—if this is the case in your area, replace this question with whatever’s important, like “Does it have a pool?”

⁷ Don’t get too wrapped around the axle when the prospect doesn’t even know if you sent a letter or postcard; if you’re not using some sort of done-for-you mail system, you should already have the seller’s name on a list you bought or created, and you already KNOW why you mailed him.

Negotiation alert: this question and the several that follow might turn out to be times to start “softening up” the seller for a price decrease. For instance, if the property has no basement, but you know that most of the houses in the area DO have basements, you might say something like, “Don’t most of the houses around there have them? Because it’s always tough for me to rent/sell a house with no basement when all my competition has one.”

Question: Does it have a garage? What kind? In many type 2 areas, garages are rare and add to the value of the property. In many type 3 and 4 areas, garages are common, and the LACK of one reduces the value compared to other properties. In many older cities and subdivisions, the garage is “built in” to the basement. These garages are almost never big enough to get a modern SUV or mini-van into, and are therefore less valuable than attached or detached garages.

Question: Does it have public water, sewer, and gas? Since I work primarily in the city, the answer to this question is almost always “yes”—however, it’s an unpleasant surprise when you assume that it’s so and it turns out not to be. There are several neighborhoods within our city where the Metropolitan Sewer District has never gotten around to putting in lines, and the houses have septic systems (which are invariably in need of replacement) on tiny lots (which makes them incredibly difficult to replace). Some of the outlying areas I buy properties in have no public water, working on a cistern system instead, or have primarily oil or electric furnaces, because there are no gas lines in the area. All of these things affect the properties that I use as comparables.

Question: What kind of heating system does the property have? Cooling? In other words, a boiler? Gas forced air furnace? Gas gravity furnace? Heat pump? Electric furnace? Central air, or not?

The Condition Questions. In this section, you’re asking for the condition of the specific systems in the house.

And this is where your seller will suddenly get vague and indefinite, saying things like “the roof’s fine” or “it doesn’t leak” or “the kitchen’s O.K.” You need more information than this, since you won’t know whether the price they want is fair until you know how much your buyers will have to spend to fix the property.

Don’t be embarrassed to ask what are effectively the same questions over and over...you’ll often get different answers each time. And when you do, don’t confront the seller with his inconsistencies. Just jot down the info and go on.

Be especially careful to follow up on the “foundation” question. Ask if there are any cracks, and if the house has “settled” at all. These are big, expensive problems to fix, and they are also the ones that the seller is most likely to gloss over—like you’re not going to look at the property before you buy it, and like you’re not going to notice the 10° slope to the floors when you do.

What to say: Seller: “The furnace works alright.”

You: “How old is it? Did you put it in while you owned the property? If you were going to stay in the property, would you replace it?”

Negotiation alert: this is a good time to remind the seller that any problems with the property,

such as an old furnace, don't bother you like they, would, say, a typical home buyer, because you're very willing to deal with them...at the right price.

Question: if you were going to keep the house, what would you do to it? This is where a lot of sellers suddenly contradict themselves—they said before that the kitchen was in good shape, but now they say they'd replace it because it's badly laid out. It's also where they'll reveal the things you didn't ask about—like that the carpet is a mess and the siding's falling off the outside.

Question: Why are you selling? (Or my favorite variation, “What made you decide to sell now?”) This is a really crucial question, as the answer will tell you whether: 1) you should get off the phone before going any further or, 2) exactly what's making the seller so motivated, which you will build a trial close around now and come back to constantly throughout the actual negotiation.

Out Alert: If the seller in any way indicates at this point that he's in no hurry, not anxious to sell, just calling out of curiosity, etc. Do yourself (and him) a favor and bow out of the conversation.

What to say: *You know what, Mr. X? Since you aren't in a hurry to sell/don't need to sell/just want to know what the house will bring, I'm really not your best option. Since you have a while to sell, you'd do a lot better by finding an experienced real estate agent to list your property, or perhaps try advertising in the paper for sale by owner. My business is all about buying distressed properties from people who need to sell them and have priced them accordingly, and that doesn't sound like you, would you agree? If things change, call me again; otherwise, if it's OK I'll check back in a month or two and see how things are going.*

- Negotiation tip: If the seller passes the test by having a strong motivation, be sure to engage him in further conversation about it. This may take the form of sympathizing (“Yeah, isn't it amazing the amount of damage tenants can do?”) or reassurance (“If we can strike a deal, I can have the city off your back in less than a month...would that work for you?”) or even of siding with the seller against those who've “caused” his problems (“I buy properties from broken partnerships like this all the time...and it's always the guy who got the shaft that ends up calling me.”)

Question: How long have you been trying to sell? This question gives you some idea of how long the seller's been dealing with the problem. If he's been trying to sell it for a while, I always follow up with the question, “*What's happened so far? Have you had any offers at all? In what range? Why did you turn them down?*”

If the seller indicates that he's had a number of offers from investors, and has turned them down because they were too low, this is another time to decide whether to end the conversation. Let's face it, you're not likely to be able to offer more than any other investor—and, as a wholesaler, you might have to end up offering less than a renovator has already offered.

What to say: *“Well, Mr. X, to be completely honest with you, almost every investor you talk to is going to come up with about the same offer, because we're all going to do the same work to the property and it's always going to be worth the same amount when we're done. That means that I'm going to end up offering you about the same amount as other people have, so if you're not ready to take that, I'd probably be wasting your time by looking at the property.”*

You may think that this will end the conversation most of the time but, surprisingly, it won't. Why? Because the seller is lying about having other "offers." What he's actually had is a bunch of yahoos who've SAID they'd make an offer, but didn't. Or he got those offers, turned them down, and now regrets it because he still owns the property and it's a pain for him.

Question: Is your property listed with an agent? When does the listing expire? The fact that a property is listed doesn't mean that you can't buy it—but it DOES mean that the seller will have to pay the agent a commission (yes, even if he found the buyer himself) which will reduce his net profit and the chances he'll accept your offer. Always explain this to the seller and give him the option of waiting until the listing has expired (or he's cancelled it⁸) before you make an offer on the property. Legally, if you so much as walk through the door with the intention of making an offer, the agent is entitled to a commission even if you make your offer after the listing contract has expired.

At the same time, many sellers will report to you that the agent is a friend or relative who doesn't expect a commission for selling. Double check that before moving forward with an offer, especially if YOU have a real estate license to lose.

Question: When do you need to sell? What happens if you don't sell by then? This gives you another trial close opportunity ("Yesterday? I don't think I can turn back time, but how would 10 days from now suit you?) or another chance to find out that the seller isn't motivated and you shouldn't be messing with him ("Sometime this year? Wanna call me back when you're in a hurry?"). The answer to the second question is also telling, especially if the seller indicates that he might rent the property, and you use "financed flips" as part of your strategy.

The Price Questions

Question: How much are you asking? This is where the rubber meets the road. It is, in fact, the most common place where sellers "wash out." However, I rarely end the call here, no matter what the seller's answer, as the answers to the next few questions can shed some light on how firm the price is. If these questions make it clear that the seller really can't—or won't—take a lower price (and I know then or find out in my further research that the price is higher than I'm likely to be able to pay), I end the call then. Of course, if the seller won't TELL me his price, I do what I can to get it—and if I can't, I get off the phone.

- **What to say:** "Sir, I don't want to waste your time setting up a meeting with you unless I know that there's a possibility I'll buy your house. If you need some time to come up with an asking price, or to figure out what the property needs, that's fine. You can call me back."

OR

"John, I'm guessing you're a busy person and I am, too. I couldn't possibly waste your time by setting an appointment if I don't get some idea of whether I can help you first. What do you think OTHER houses in the area are selling for? And what's YOUR bottom dollar?"

OR

⁸ Be very careful about recommending to the seller that he cancel his contract—and never do so if you have a real estate license. It is illegal for you to interfere in a contract between another agent and a seller, and you can lose your license or be sued for "tortious interference with contract" for suggesting such to the seller.

- “O.K., I offer \$1. What’s your counter?”

OR

- “Let me ask another way: if I were to show up at your doorstep with a briefcase full of \$100 bills, how many of those bills would have to be in that briefcase before you’d give me the deed right there on the spot?”

Question: How did you decide on that price? I learned early on that it’s important to ask this question, because it gives me an idea of how convinced the seller is that his price is the right one. The most common answers to this question are:

1. “I got an appraisal x years ago.” This can be a difficult thing to overcome, if the seller is in fact convinced that the appraisal was correct. I always ask if the appraisal was for the purpose of a refinance, because, if it was, it probably bears no relationship to the actual value of the property. I always try to gently explain this to the seller—“You got the appraisal you needed to get for the bank to loan you what you wanted to borrow.” Then I ask if they think the appraisal is realistic—they almost always answer “No.” Unfortunately, since they refinanced in the past few years, they probably owe a lot more than I can pay.

2. “The house up the street just sold for that much.” Again, tough to overcome—even if the house up the street was bigger, in nicer shape, or completely different in age or construction. Since I’m usually looking up comps at the same time that I’m talking to the seller, I try to gently explain any differences and provide the seller with more realistic recent sales. And, often, I discover that the house up the street hasn’t sold at the price the seller reports anyway—it was LISTED at that price, but sold for a lot less. I typically look up the sale in question. If it didn’t sell, or didn’t sell for what he thinks it did, or is very different than his property, I tell him so.

3. That’s what the county says it’s worth. County tax appraisals are notorious for being wildly incorrect—and almost always to the high side. When I get this answer, my next question is always, “And do you think the county is right, or are the overcharging you for taxes?” and wait to hear the response.

4. “That’s what I owe.” If this is the answer, skip the next question and go straight to the questions about the loan. Unless what he owes is approximately what you want to pay, or it’s a little more but the loan has great terms and he’s willing to let you take it over, or he’s willing to bring money to the closing to sell his house, or he’s in arrears and you want to take on a short sale, you’re pretty much done.

Question: What’s the least you could take for all cash and a quick closing? This may sound like a reiteration of the same question, but it can result in an immediate and large reduction in the price with the right seller. For the wrong seller, it’s another chance to show his lack of flexibility. This is the last shot a seller gets to tell me that he’s motivated enough to justify my time. If the price is still too high and he won’t admit any flexibility, I go back to my “I’m not your best option” speech. However, if he shows some flexibility, but not enough, I push a little harder to get him down to a number that I can work with.

- What to say: “So \$x is your bottom dollar?” (This 3rd repeat of the question often gets yet another price reduction.)

OR

- Are you saying that if I can’t offer you \$x, I shouldn’t come see your property?”

Note: Remember that the goal of this interview is NOT to get every single seller off the phone! It's to find the sellers with whom you can work. It's rare that the caller's "bottom dollar" is low enough—but it gives you a new starting point from which to deal. I recently had a conversation with a seller that went like this:

Me: "How much are you asking?"

Seller: \$15,000.

Me "How did you come to that price?"

Seller: "It's what I paid"

Me: "How much would you take if I paid all cash and closed in a week or less?"

Seller: "\$10,000".

Me: "So if I couldn't pay \$10,000, we couldn't do business?"

Seller: "No, I'm not saying that. I could take \$9,000"

My eventual offer was \$5,000 (this was a particularly awful house in a particularly awful neighborhood). I knew as soon as I asked the "condition" questions that my offer would be in that range, which is why I worked so hard to get him to a stated bottom dollar below \$10,000. Psychologically,⁹ \$5,000 is just 1/3rd of his first number—but only \$4,000 from the last one he named. If he'd stayed at \$15,000, he might have been insulted by my "lowball" offer. But at a starting point of \$9,000, \$5,000 was just a small step, not a giant leap.

Question: How much do you owe on the property? If you've already decided the price is too high and the seller is only semi-motivated, the answer to this question tells you whether to file the interview form for future follow-up (his loan balance is his real, real bottom dollar if and when he gets desperate enough); If he's motivated but needs a little more than you can pay for a strict cash deal, it lets you know whether to pursue a "financed flip".¹⁰

Of course, the seller might refuse to give you this information. This actually happens much LESS often than new wholesalers fear that it will, but it does occur from time to time, and it is somewhat important for you to have this information.

I say "somewhat important", because it's simple enough to look up the liens against a property via your comparable properties database or at the courthouse. Furthermore, if the seller accepts a price by phone that's in your MAO range, do you really care what, if anything, he owes? This information is most useful for: a) screening OUT sellers who owe way too much to make a good wholesale deal and, b) identifying sellers who owe nothing, and are therefore good candidates for "non-cash" wholesale deals. So, don't blow what otherwise looks like a good deal over question. Just say something like:

- **What to say:** "*Ms. Seller, I asked that question because the answer will help me determine whether I can help you. But I can understand not wanting to give that information to a near-stranger. So I'll make you a deal. I'll ask you the rest of the questions I need the answer to,*

⁹ Well, mathematically, too.

¹⁰ These are explained in my *Real Estate Goddess's Guide to Building a Wholesaling Business*, available at REGoddess.com. If you've never done a deal at all, don't even worry about what this is; get a regular deal under your belt first.

and if they tell me what I need to know, I won't ask about your financing again. But if not, I may have to come back to it. Is that O.K.?" Remember, though, if you are going to make an offer of less than the seller's stated bottom dollar, you MUST find out what the loan balance is first!

Question: are the payments current? If the answer is "no", you can pursue a short sale, if you're so inclined.

Question: How much are they? Does that include taxes and insurance? What's the interest rate? Is that fixed, or adjustable? Don't even bother to ask these questions unless you think, based on the loan balance, that a financed flip or a short sale is a possibility. The details about the loan are otherwise unimportant.

Question: Is there anything else I should know? This gives your seller one more opportunity to telegraph motivation, or to give you an extra handle on what is motivating him.

Note that there's one more set of questions in the box next to the main form: Code violations? And Back taxes? These are questions you should ask the seller, but you shouldn't necessarily trust the answers until you've checked for yourself.

Particularly in the case of code violations, I find that sellers are often wrong when they answer "no". Why? Because the violations are too new for the seller to have received them, or because the code enforcement department has been sending them to an old or incorrect address for the seller.

If you have any reason to believe that there could be code violations—like that the property has been vacant for a long time, or that it's a rental or in a rental area—take the 10 minutes to call code enforcement before you look at the property.

Code violations not only increase the cost of renovation (because of re-inspection fees, permits, etc) but also make the seller more motivated to sell when you inform him of them.

How to Respond to “THAT” Question

Before we go on to what happens after the phone interview, I'd like to talk about how to respond to a question/comment/objection that sellers will pose to YOU on a fairly regular basis. In its friendly form, it goes,

“How do you buy houses?”

In its vaguely hostile form, it's,

“Do you try to steal houses?” or “I’m not going to give my house away!”

This is a tricky question, because it's difficult to know what the seller is really asking or worrying about. Sometimes, they're asking how you figure out what you'll pay. Sometimes, they want an overview of how the process works. And sometimes—generally after they've had offers from other investors—they're asking if you're going to want 'some o' that fancy creative financin'. In any case, you need to be

prepared with an answer that isn't defensive or off-putting.

WRONG

Seller: "First, I need to know how you buy houses."

You: "Well, I try to get them for less than 70% of the as-is value."

RIGHT

Seller: "First, I need to know how you buy houses."

You: "Well, that all depends on what you need. Normally, my partner and I pay cash and close in 2 or 3 weeks, but sometimes people want to take payments and get a higher price. Have you thought about how you'd like to sell?"

WRONG

Seller: "I'm not gonna let you steal my house"

You: (Sounding offended) "I don't steal houses! But I have to make a profit!"

RIGHT:

Seller: "I'm not gonna let you steal my house"

You: (laughing gently) "Well, you know what, I've never yet held a gun to a seller's head and demanded a deed. If you'll answer some questions for me about the property, I can tell you in the next 10 minutes if I can give you what you need. If you're happy with it, I'll come out today and put an offer in your hand. If not, we'll just go our separate ways and you'll have only spent 10 minutes finding out. Is that OK?"

Next up: MAKE AN OFFER ON THE PHONE!

If the very act of reading this headline made you break out into a sweat, relax.

I'm not asking you to make a firm offer, or to sign anything before you see the property, or even to "promise" a certain price.

What I'm asking you to do is take the information the seller has given you, and combine it with research about the value that you're going to do from your computer anyway, and come up with a range in which you think your offer might fall, and tell the seller that range, to avoid wasting your time and his.

I'll be the first to admit that my philosophy on the matter of making a soft offer over the phone differs greatly from the practices of some of the educators I respect and that I actually think do business.

Many of them would say, "Never name a number until you're at the seller's table; the only way to get offers accepted is to build rapport/draw them a graph of the benefits/show them how they're making more with your offer than by selling conventionally."

So let me explain why I am a STRONG believer in, and practitioner of, the idea of making a 'soft offer' (meaning that it's couched in language that says, "Based on what I'm seeing online, and on what you're telling me about what the house needs, I think I'm going to be in the \$xx,xxx-\$xx,xxx range, which is less than what you say you want. Is that going to work for you at all?")

First, let me say that if we were talking about a different KIND of offer, like a creative/take over payments/owner finance offer, I'd agree with my colleagues that it's important to be in front of the seller, if possible, the first time you make it.

But that's not the offer you're making; it's an all-cash offer based on a formula that you really can't vary from. More explaining isn't going to make your lowball offer a higher offer.

I prefer to know before I leave my house whether the seller and I are aligned on probable sale price because:

1. Going to see a property where the seller has named a number but I haven't IMPLIES to the seller that I think I might be able to pay what he's asking. That's almost never true, but by the time I get to the property, he's decided it probably is, and gets super-disappointed when I name the inevitable lower number.
2. It wastes my time and his (and possibly his tenant's) for me to see, and him to show, a property that there's no chance he can or will accept my offer on.
3. My goal is to have so many leads that I literally don't have time to go see houses that aren't, if not slam dunks, then at least free throws¹¹.

That soft offer is a great way to make sure that he's OPEN to the offer you're likely to make without COMMITTING to that offer, should you find out that the property is not all he said it was.

This process scares the pants off of most new investors; you're afraid that you'll have to "go back on your word" when you get to the property and discover it's in much worse shape/much smaller/closer to a nuclear waste facility than you'd been led to believe. If you're too chicken to make an offer on the phone, let me offer you three additional reasons (other than that there's just so much time in a day) to do so:

1. **The onus of correct reporting of condition, location, etc is on the SELLER.** When you make your offer (which is usually in the form of a range, as in "I probably wouldn't be able to pay more than \$155-\$159K, does that work for you?" You preface it with a statement like, "You shouldn't consider this a final offer, because I still need to come inspect the property myself, but if what you're telling me about the condition is right, I probably..."
2. **A verbal offer in real estate is NOT binding.** In real estate, contracts have to be in writing in order to be enforceable... and that means that even if your seller insists that you owe him the amount you stated DESPITE your warnings that it was a tentative offer, there's not much he can do about it.
3. **This is the fairest way to treat sellers, too.** If you leave your house to look at a deal without telling the seller what you're likely to pay, you're leaving him with the impression that you're

¹¹Does that analogy make any sense? I don't watch basketball. Those are basketball terms, right?

going to offer what he wants. Since that's almost never the case, you are, in a way, leading him on by NOT telling him what your offer will be right over the phone.

So once you've gotten all the information you can from the seller, it's time to find out if he's likely to take the offer you're likely to make. Yes, right now, before you've even seen the property.

When you've been in the wholesaling biz for a few years, you'll know neighborhood values, repair costs, and so on well enough to be able to make the seller an offer before you hang up the phone. But until that point, the way you handle any seller about whom you're still excited is by saying,

"Mr. Seller, I like what you've told me. But before I make an appointment to see your property, I need to do a little research about values in the area to see if I can give you what you want. If you'll give me a number where you'll be in the next hour or so, I'll do this work and get right back to you."

The next step is, of course, to do the research. The steps you'll take here are to:

1. Run comparables for the property
2. Estimate, based on what the seller's told you about the condition of the property, approximately how much the repair costs will be (you'll learn how to do that a little later)
3. Run these figures through your formula and come up with an approximate offer.
4. Call the seller back and tell him the approximate offer.
5. Get him to agree that he could take "something in that range."
6. If he does, proceed.

Now, clearly, your figures are subject to change upon inspection, and my experience is that they rarely go UP when you've seen the property. So, don't promise or guarantee the seller that the offer will be exactly what you've said—your only goal is to get him to agree that if you DO make such an offer, he's in a position to consider it.

My conversations in this part of the negotiation usually go something like this:

"Hi, Mr. Seller, it's Vena Jones-Cox. We talked a little while ago about your house on Easy Street? OK, here's what I came up with. Based on the sale prices in that area over the last 6 months, and the repairs you've shared with me, it looks like my offer is probably going to be in the low to mid \$30s. You told me your bottom dollar was \$40,000. Now, I don't want to come out to your house and insult you, so I guess what I need to know is, if I come over there and confirm everything you said and the highest offer I can make is \$30,000, are you going to be able to take that? Or are you going to kick me off your porch?"

Or, if the figure I come up with is significantly lower than the seller's bottom dollar—like 30% lower or more, I say:

"Hi, Mr. Seller, it's Vena Jones-Cox. We talked a little while ago about your house on Easy Street? Well, I have some bad news. I looked up the sale prices of the properties like yours in the area, and based on what I'm seeing and the repairs you told me about, it looks like any offer I could make you would be a lot less than what you said your bottom dollar was. I don't want to come out there and insult you, but my experience tells me that I can't usually pay more than \$30,000 for a 3 bedroom house in Richville that needs the amount of work your house needs. What do you want to do?"

Or, if the figure I come up with is a lot lower than the bottom dollar, but I think I can raise it to a reasonable number if the owner will carry the financing, I say:

"Hi, Mr. Seller, it's Vena Jones-Cox. We talked a little while ago about your house on Easy Street? OK, here's what I came up with. Based on the sale prices in that area over the last 6 months, and the repairs you've shared with me, it looks like any cash offer I make is going to be a lot less than what you want. I can get a lot closer to that number if we do some sort of take over payments deal on that mortgage of yours, so that I could save all the loan fees I'd normally be paying and use them to do the repairs on the house. Are you open to something like that?"

In any of these cases, I then shut up and let the seller talk. I answer any questions he has about the comps I found, the repair costs I estimated, and why my price is what it is. Somewhere along the line, he either indicates that he will accept the offer I'm likely to make, or he absolutely won't. In the former case, I make an appointment to see the property—in the latter case I thank him for his time, ask him to call me back if he changes his mind, and ask him if it's OK if I call to check up from time to time.

By the time you're done with this process, you'll have screened out somewhere between 85% and 90% of all of your potential leads. THIS IS A GOOD THING! Seriously, the sellers who don't pass the phone interview aren't "lost opportunities"—they're time-wasters that are best avoided. If you do this screening the way I've told you to, you'll get contracts from somewhere between one-half and two-thirds of the sellers that you actually see and make written offers to. If you don't, you'll get rejected offers a whole lot more often than you get deals.

Making Your Final Offer

The offer-making process, as you can see, takes place in several stages. We're about to skip (or rather delay until the next section) one of the important steps in making an offer, which is the on-site evaluation of the property, in favor of sticking with what happens between you and the seller, which is:

Seller calls → You suss out his level of motivation → You ask questions about the condition of the property → You do your online evaluation → You make your soft offer → If the seller agrees to something in that range, you go see the property → You use your inspection/estimation information to formulate an offer → You let the seller know what that offer is → If it's acceptable to him, you put it on paper.

The last 2 steps of this process—letting the seller know what you can pay and writing that on a piece of paper—is, collectively, "the offer presentation."

In a lot of negotiation books, there's a lot of discussion around the "right way" to do an offer presentation:

- Should you make your first presentation verbally, or in writing?
- Should you demand to be present when the agent presents an offer on a listed property?
- Where should you present your offer: on the seller's "turf", your "turf", or neutral territory?

In my experience, this matters a lot LESS to a wholesaler than it might to someone who's negotiating seller financing, or peace in the middle east.

Why? Because your offers aren't complicated, they aren't hard to explain, and you aren't asking for any confusing terms.

They also aren't particularly 'negotiable'. There's a formula that you'll use to make your offer, and there's zero question about how much you can move: right up to your MAO, and no further. Sure, there will be other issues that the seller might want to negotiate on, like who pays closing costs, when he has to move, and so on, but if you can get an agreement on price that is at or below your MAO, you've gotten just about everything you need.

I'm not saying that you should present your offers with some sort of a "my way or the highway" attitude; how you say what you have say is important, because a *disappointed* seller might come back to you later and accept your offer. An *angry* seller won't.

There are 3 possibilities around what conclusion you might have drawn post-inspection: that you can pay something in the range of your soft offer; that you have to offer less; or that there's something so awful and so far gone about the property that you can't make any offer at all.

1. First and foremost, make it a habit to have ALREADY TALKED price with the seller, long before you're ready to put pen to paper. In the real world, you should have reached an agreement in spirit about the approximate sale price of the property before you got up out of your chair to go see the property. If the seller didn't agree by phone that he was motivated enough to take what you would offer, you shouldn't have gone any further anyway. If he did agree, then any adjustment to what you said on the phone should either be relatively minor, or should be based on stuff HE didn't tell you about the property the first time. Either way, your final offer—the one you write down—shouldn't be some huge shock to the seller.

2. Feel free to stress, or re-stress, the benefits to the seller in taking your offer. You'll close fast—usually in 30 days or less. More importantly, he's getting rid of a headache he doesn't want, and soon. He's getting some money, or at least some debt relief, and getting on with his life. The property won't be keeping him up at night any more. He won't have to worry about doing repairs. Once it closes, he won't have to worry about vandals breaking in. He won't have to deal with the city's building orders. Whatever he told you was motivating him should come back up again when you're talking offer. Remember, he's not selling to you so you'll make a profit; he's selling to you because it's good for him. And don't you let him forget it.

3. Remember that you don't have to make any offer at all if the seller doesn't want your help. Sometimes, despite your best phone interviewing skills, you discover that your MAO is significantly lower than you'd discussed with the seller. In a case like this, I like to reaffirm with the seller that he still wants my service. I do this by simply asking the seller if he's open to a lower offer. My conversation with the seller typically goes something like this:

Me: "Mr. Seller, I've looked over the property values and the repair costs, and I'm finding that the amount I'm able to pay you isn't as much as you said you'd take when we first talked. Should I bother to write this up, or not?"

Mr. Seller: "Well, how much lower are we talking?"

ME: "It looks like somewhere in the low 20s"

Mr. Seller: "I was afraid of that. Bring it over"

OR

Mr. Seller: "Don't bother. I can't take anything that low"

Either way, I have the answer I need and won't waste my time pursuing a non-deal.

4. Always leave the door open. Just because a seller says no to your offer today doesn't mean he won't say yes next month. If you can keep the conversation friendly even though the seller's disappointed by your offer, you leave the door open for future conversations. And do follow up with your sellers every month or so until the property is either sold to someone else or sold to you.

Your goal with every offer presentation (or at least those made directly to a seller) should be to walk away with either a house under contract or the seller's permission to follow up from time to time. If you get one of those two things, you've done everything exactly right.

Other Seller Negotiation Tips

Again, you get good at negotiating with sellers the same way you get to Carnegie Hall: practice, practice, practice.

And again, the battle is really in FINDING the motivated seller in the first place, not what happens next. Nothing you say or don't say will convince an unmotivated seller to take a wholesale offer. And while I can conceive of a wholesaler saying something so insulting or offensive that even a really motivated seller might refuse to work with him or her going forward, I doubt you'll ever do that.

Negotiating with sellers feels stressful; because you're not used to it, and because interaction with strangers is something that we're evolutionarily wired to be on high alert about, there's no doubt that the first 100 times you talk to a seller, you'll experience the usual symptoms of dread, racing heart, adrenaline coursing through your system. But the reality is that even if you totally fail at any particular negotiation, it doesn't 'mean' anything, 'prove' anything, or change your life for the worse in any way.

A failed negotiation means that you don't end up with a deal.

And where were you BEFORE you started that 'failed' negotiation? You didn't have a deal. Nothing changes.

Still, there are some situations that arise with sellers that you SHOULD know how to overcome, and some general rules for dealing with sellers that will help you have the most success possible. In no particular order, they are:

You shouldn't be intimidated by your sellers. A lot of new wholesalers seem to believe that all of

the prospects they talk to are going to more educated, sophisticated, smart...whatever...than the wholesaler himself. While you will occasionally deal with a prospect who's a professional investor (and who lets you know it, over and over, in no uncertain terms, as if he were TRYING to make you understand that he's better than you), the vast majority of real prospects that you deal with are just people in trouble who are looking for help. If you approach each situation from that perspective, and stop worrying about whether this potential seller, that you've never met before and will never run across again, is going to respect/like/be impressed by you, it takes a lot of the pressure off of these interactions.

What do you tell sellers about the fact that you're not going to buy the property unless you can find a buyer? This is a very common question among new wholesalers, and different wholesalers take different approaches to the question.

Mine is: I don't tell them anything about that. If a prospect comes right out and asks if I'm a wholesaler (which has happened about twice in about 20,000 seller interactions), I'll say that I am, amongst other things. If the seller asks what I plan to do with the property (which has happened maybe 20 times), I'll say, "It depends. If I like it a lot, I might hold it for rental. If it's a property a homeowner might want, I might rehab it and resell it in a few months. If it's a deal that's good for one of my partners, I might get someone else involved. I won't know until I've really evaluated the deal."

Beyond that, I feel no obligation to say anything to the seller. He's not my client and I'm not his agent. The purchase contract he signs has an inspection contingency, so he does know that I might get out of the contract. Because this is a business transaction he literally, in my opinion, has no right to know what my plans are for his property. I won't lie if asked, but I won't volunteer the information either.

It's my contract clauses that protect me from what you're really afraid of when you ask this question—"How do I explain it if I can't find a buyer and thus can't close?", not anything verbal that's transpired between the seller and I.

What if the seller lies about, or is just plain wrong about something important to the deal? Sellers will sometimes confront you with information that you're pretty sure is wrong—like that they have a bid to completely rebuild their shell of a property for \$7,000, or that you can easily tear down their warzone property and build a mansion in its place.

This causes a problem in your negotiation because, as long as they believe (or insist that they believe) this incorrect information, any realistic offer that you make is going to look outright predatory.

Here's my approach to this issue: never argue with the seller. Instead, I ask questions. If a seller says he has a bid to do what I know is \$60,000 for \$11,000, I just say, "That's a GREAT bid, who made it? Your brother in law? And that's labor AND materials? That's literally around 1/6th of what it would cost me, is there some reason you're not taking him up on it? You don't have the money? Can you borrow it, because if he can do all that work for \$11,000 you can sell this property for full price, and that will be a LOT more money in your pocket. I know for sure I can't touch a price like that, and my offer would be based on what I'd need to pay, which is more like \$60,000."

Do you go over your numbers with the seller? Some gurus swear by the idea that sharing the rehab costs, finance cost, sales costs etc. with each seller help you show them that your offer is a good one, and that they'll make as much or more by selling to you as by rehabbing the house and selling conventionally.

While it might be true that they would, I haven't found this to be valuable in 'convincing' sellers to take my offer. Instead, more often than not, it puts the seller in the position of wanting to argue with my numbers ("It's not going to cost that much to fix it, my sister's an agent so I don't have to pay commissions, it will sell for more than that because it has the attic space..."), which means I have to defend what I've said point by point or look like a liar.

I don't talk to sellers about what the repair costs will be, only about what I'd "like" to do to the property (I also never say it NEEDS a new furnace, because that just generates the argument about how the 50 year old furnace has been serviced every year and works great). I don't talk about what it's "worth", only about what I can pay for it. I just don't find that spending time with a seller debating numbers helps my cause¹².

What if the seller is OK with the price but not with the terms? Sometimes sellers are fine with the price you've offered them—as long as it's their net, with no costs or fees taken out.

I NEVER offer to "pay all the closing costs" for a seller, for several reasons. First, sellers don't understand what closing costs are. They take your statement that you'll 'take care of all the costs of closing' that to mean that you'll pay off their 10 years of back taxes PLUS give them the number on the top line of the purchase agreement; back taxes aren't closing costs. Nor are real estate commissions. Nor are liens. But if your marketing, or your contract, says "buyer to pay all costs", I promise you that some seller will take it that way.

Instead, as you'll see in the purchase contract, I enumerate the costs and say which I'll pay and which the seller will pay. If he wants to negotiate those splits, I will if 1) the deal will support it (remember, I'm assigning the contract, and if I agree that my buyer will pay an additional \$2,000 in back taxes, that's \$2,000 less he's willing to pay me) and 2) I ask the seller for something in return ("I'll split the back taxes with you, but I need you to leave the appliances")

There's one term that some sellers object to that you'll just need to talk them out of: the inspection. The most common way they state this objection is to say, "You said this was an as-is sale. You can't do inspections!"

This is why you should be careful using the term 'as is' in your marketing—people just don't understand what it means—and why you should be prepared to explain to the seller that an as-is sale is EXACTLY what you intend. Your contract says that you won't come after him if something is wrong that you can't see, which is why you need inspectors to make sure you've seen everything.

What if the seller tries to back out of the deal? This is much rarer than most people imagine, but it does happen, and for 2 reasons. Some sellers back out because something about their situations has changed: they aren't moving, after all, or their daughter just broke up with her husband and has 3 kids and no place to stay.

¹² I've had the thought that sellers are more likely to want to debate me about things like repair needs and costs BECAUSE I'm a woman, and that they might defer more to a man on issues like these, but since I'm not willing to transition in order to test this, it will have to remain a theory.

Others back out because they got a higher offer.

They can't do that. As long as you're in contract and doing everything you're supposed to do to get to the closing, they have to honor the written agreement they made, whether they like it or not.

When a seller tries, the very first thing you should do is file a "Memorandum and Affidavit" (included at the end of this contract) at the courthouse, which is a unilateral (signed only by you) document that says that you have an interest in this property, and that anyone looking to buy it had better contact you to find out what that interest is. The filing of this document 'clouds the title', which probably, but not definitely, will keep a title company or attorney from closing the sale of the property with the seller's new buyer until you agree to release it.¹³ Of course, you WILL release it—when you get paid the same amount as the wholesale fee you expected to collect.

The second thing you should do is to tell the seller that when he signed this agreement with you, you believed he was a man of his word, and you started working on getting contractors, title work, whatever, and you have actual cost sunk into it, and is he really going to go back on his written promise?

And if that doesn't work, say this: "Mr. Seller, you have an attorney, right? Because I need you to call him and ask what specific performance is. When he tells you, you explain what you're trying to do here, and ask him what happens if you agree to sell a property to one person, then sell it to another person instead. Call me back when he's explained it to you."

The reality is, you CAN sue a seller to force him to sell you a property.

The reality is also, you won't.

The cost to do that is almost certainly more than what you would have made, and lawsuits are soul-destroying distractions from what you should really be doing, which is finding your next deal.

However, indicating that such a thing is possible, and letting the attorney tell the seller you'll win, might get you the property or a settlement with the seller, where he agrees to buy YOU out of the contract in order to take the higher offer.

Bonus Negotiation Strategies: 10 Things I Say to Sellers All the Time

Maybe you're someone who has absolutely no problem asking complete strangers questions like, "How much do you owe on your house" or saying things like, "That's crazy, you'll never get that price."

But if so, you're unusual—most wholesaler, particularly at the beginning of their careers, have a tough time telling other people that their properties are not worth what they think they're worth. Whether it's that you don't want to argue with a seller who seems certain that his price is right, or whether it's

¹³ If the new buyer decides to close without an attorney, he'll never know about this, until HE decides to sell the property, at which point you'll have to decide whether to punish HIM for the fact that your SELLER breached a contract.

your fear that YOU'RE the one who's wrong, or whether you don't want to disappoint or offend complete strangers who've come to you for help, the fact is that you might just have a hard time choking out the fact that you need to pay less for a property than what the seller wants.

I'm the same way. The difference, though, is that I have over 2 decades of trial-and-error based experience in talking to property owners of all descriptions. And because I've spoken to, oh, 20,000 or more sellers, I've had the opportunity to try a lot of phrases that get my point across without sounding confrontational, insulting the seller or his ugly house or iffy neighborhood, or asking questions that the seller might find invasive if stated too directly.

So I'm sharing those phrases with you. Study them, practice them, and use them when the situation arises. You'll feel more comfortable, you'll get the results you want, and you'll make better deals.

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 1/3rd to 1/5th 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.

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’s 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) 2 years old 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 in la-la land. 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.

I do 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 \$15,000 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 keep practicing. It gets easier, I promise.

How to Talk to Sellers About "Packages" of Properties

One of the interesting outcomes of Wholesaling School has been that in the process of actually doing the work to find sellers, a number of students have been faced with the 'problem' of finding sellers with more than one (in one case, 80) properties that they want to sell.

While such a large deal might seem like a great opportunity, the issues it presents for a new wholesaler quickly become evident, and the possible complications mean that these deals must be handled slightly differently than a more standard, single-property, deal.

The first step is to make sure that you have a 'deal' at all. There are some signs in a multi-property package that the deal is something other than what you're looking for (which, even in the case of a bunch of properties all at once, is an under-market price).

Deals to simply avoid are:

- When you're not dealing with the owner at all, but a broker of some kind. Packages of properties

are known for becoming the bait of ‘broker daisy chains’, where a half dozen people each try to add a little to the last guy’s price, hoping that the higher price and the fact that many people buy these packages of rentals for return, not equity, will allow their ‘fee’ (which they don’t actually earn, since they only ‘found’ the deal in the sense that they know someone who knows someone who found it) to be absorbed by the eventual buyer. Don’t spend any time on these deals—they never come to anything. Work only directly with the seller, with properties you can put under contract.¹⁴

- **When the seller describes the package as “turn key” or in terms of cap rates,** what you have is a seller who’s looking for top price for a set of properties that may or may not be in top condition. He’s looking for a buyer who doesn’t want equity, but rather is buying for passive investment.
- **When the seller indicates that he’s trying to do a 1031 exchange.** If this is the case, the seller will be on a tight timeframe to close ALL of the properties (selling just some probably won’t achieve his goals), and to buy his replacement property. Unless you can close the entire package yourself, do not get involved with a deal where the possible downsides to the seller of your failure to close the deals is the loss of tens of thousands of dollars in tax savings.
- **And, of course, when the seller indicates a desire, but no particular motivation, to sell.** There are at least 3 local landlords that I speak to on a fairly regular basis who tell me how much they’d like to get rid of the rest of their rentals, but when I remind them that I can buy all 17 or 32 or 60 of them, sigh and say that they won’t sell for enough to create the same fully passive income

Your BEST shot at a package deal comes when:

- The seller is retiring
- The seller has died or been put into a nursing home, and it’s his family that’s selling
- The seller has realized that he’s not cut out to be a landlord, and is liquidating his properties
- The properties are only semi-performing (they need maintenance attention and/or some tenants are not paying or some properties are vacant)

Once you’ve passed the ‘is he motivated?’ hurdle, you’ll have some others:

1. **The seller rarely has all the information you’ll need where he can get to it easily.** You certainly won’t put the seller through 27 different full seller interview forms; in a package of more than about 3 properties, it’s unlikely that his memory (or detailed knowledge of each property) is good enough to tell you what each property needs, when each roof was last replaced, and so on. You’ll gather what information you can—addresses, rents, size and type of property, and asking prices—and then do some quick comps to see if the asking prices appear to reflect motivation.

Some of this information can be gathered from the public record, but at MINIMUM, you need to know which properties are vacant, what the rents are, what expenses the owner might pay other

¹⁴ I’ve mentioned this before, and it applies here, too: any so-called seller who tries to get you to sign a non-disclosure or non-compete agreement before you’re even allowed to know what’s in his property package isn’t a real seller. You can’t compete with, or circumvent, someone who actually owns properties!

than taxes and insurance, and what he's asking. If he can't seem to gather that data, ask for a copy of his schedule "E" (that's the IRS form on which he reports these things to the government). In many cases, the only way you'll find out the rest—the condition of the properties, for instance—is to go see them yourself.

One way to approach a very large package of properties in a "one bite at a time" way is to say to the seller, "Let's start with the 5 properties you hate the most, and get details on those, and see if we can agree on a price. If so, I bet we can deal with the 30 you like the best."

2. **You'll need separate contracts on each property.** Even if you agree that the price is "for all the properties", you'll need to break the price down PER property, and sign a different purchase agreement on each. Why? Because there's an excellent chance that you won't find a single buyer for all 6 or 10 or whatever houses, but 3 or 6 or 10 separate buyers. If that's the case, you'll need to be able to assign them separately, and a single contract on all the properties in a great way to do that.
3. **If the package is very large, give yourself longer to close.** It simply takes more time to find 10 buyers than it does 1, so ask for 45 or 60 days to close a 10 property package.
4. **Better yet, just raise the money to close yourself.** Getting 10 separate buyers to the same closing on the same day is nearly impossible. If you can, after assuring yourself that you'll be able to find buyers for everything you want to sell, borrow the money and close the package yourself. This gives you more time to work through the sell side of the transaction at your leisure, and gives you control over any tenants so that you can more easily show the houses
5. **Better to ask for help and give up part of your deal than lose out entirely.** I'm not a fan of wholesale JVs, but I'm even less of a fan of you walking away from profitable deals because you don't think you can handle them, or of you getting up to your ears in a deal like this and having it all come apart because you're just too new to keep the plates spinning. If you have to bring in someone else—someone experienced, and highly trustworthy—to bring his resources both in terms of money experience and of buyers to bear on a deal like this, and give them 50 or even 75% of the deal to make it work, this is a situation where that's worth doing. You'll learn a LOT by watching someone with a lot of experience work through the chaos that is a deal like this, and if you get paid some of something, it's better than all of nothing.

Phone Interview Questionnaire

Date:

Hi, my name is: _____ What's yours? _____ Are you the owner? [] Y [] N
 (If not, who is? Why are you calling for them?)

In case we get cut off, what's your number? _____

What is the address of the property you'd like to sell?

What neighborhood is that in? _____

What's the school district? _____

How did you hear about us? _____

Please tell me about your property:

What type is it (1 fam, 2 fam etc)? _____

Is it a rental, or do you live there? _____

How many rooms, bdrms, and baths does it have?
 _____ / _____ / _____

Do you know how old the house is? _____

What's the construction (brick, frame etc)? _____

Does it have a basement? [] Y [] N

Does it have offstreet parking? [] Y [] N a Garage? [] Y [] N

Does it have public water and sewer? [] Y [] N

If the property is a rental:

Unit 1 Brs/Ba ____/____ Rent\$_____ Occupied?____

Unit 2 Brs/Ba ____/____ Rent\$_____ Occupied?____

Unit 3 Brs/Ba ____/____ Rent\$_____ Occupied?____

Unit 4 Brs/Ba ____/____ Rent\$_____ Occupied?____

Who pays: Heat? _____ Water? _____

Cooking gas? _____ Electric? _____

Check before seeing property:

Code violations [] Y [] N if yes, attach

Back taxes? [] Y [] N if yes, how much?

What type of:

Roof: _____

Approx. Age _____

Leaks? [] y [] n

Plumbing _____

Approx. Age _____

Leaks? [] y [] n

Foundation _____

Leaks? [] y [] n

Heating: _____

Approx. Age _____

Works? [] y [] n

Cooling: _____

Approx. Age _____

Works? [] y [] n

Windows: _____

Approx. Age _____

When was the kitchen last updated? _____

When was the bath last updated? _____

If you were going to continue to live there/rent it out, what work would you do?

Please tell me about yourself.

Why are you selling? _____

How long have you been trying to sell? _____

Is it listed w/ a real estate agent? [] Y [] N if yes, when does the listing expire? _____

When do you need to sell? _____

What will you do if it doesn't sell by then? _____

How much are you asking? _____ How did you decide on that figure? _____

What's the least you could take for all cash and a quick closing? _____

How much do you owe on the property? _____ Are your payments current? [] Y [] N

How much are they? _____ Does that include taxes and insurance? _____ What's the interest rate? _____
Is that fixed rate, or adjustable? _____ Would you consider a take over payments deal? [] Y [] N
Is there anything else you think I should know?

AFFIDAVIT AND MEMORANDUM
OF AGREEMENT FOR PURCHASE AND SALE

State of _____; County of _____; ss:

BEFORE ME, a notary public in and for the State of _____, on this day personally appeared
_____ who being first duly sworn, deposes and says that:

An agreement for the Purchase and Sale of Address

and further described in the attached Exhibit "A" was entered into by and between the Affiant, as Buyer,
and _____ as Seller, on the _____ day of _____, 20____.

A copy of the agreement for purchase and sale of said real property may be obtained by contacting

_____ whose
mailing address is _____,
and whose telephone number is _____.

Dated this _____ day of _____, 20_____.

And further affiant saith not.

Name

Sworn to before me and subscribed in my presence this _____ day of _____, 20____.

Notary Public