

## **Announcements:**

We're pre-recorded  
Wholesale Academy almost full!

[regoddess.com/wholesalecincinnati](http://regoddess.com/wholesalecincinnati)

### **Coupon codes**

one person:       Vena1

two people:       Vena2

Drew has set aside Wednesday & Thursday to  
interview FT applicants



Week 5: Dealing with Sellers

# WHOLESALING SCHOOL

## **What you'll learn this week:**

- 💡 The purpose of the phone interview
- 💡 Going through the form
- 💡 How and why to make a “soft offer”
  
- 💡 The final negotiation
- 💡 Some good negotiation techniques
- 💡 What to do about “packages”

# Remember Your “2 Customers”?

## BUYER



- ✓ Fairly educated
- ✓ Somewhat experienced real estate investors

Make relatively quick decisions and largely stick to them.

## And The There are **SELLERS**.

Most are not very familiar with formulas, repair costs, profit expectations, contracts, and negotiation

Around 85%, are “suspects”

Around 10% have a property and a problem, but Still aren't motivated

1-2%, will be super motivated.



**SELLERS**

# Ways to encourage sellers to contact you



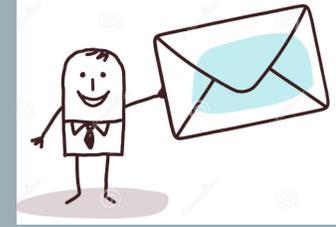
Email



Text



Web Form



Mail

## Phone is Best:

- ✓ Communication is quicker.
- ✓ It's easier to gauge the seller's motivation and cooperativeness.
- ✓ It's harder for both of you to misunderstand intentions, tone, etc.
- ✓ It's harder for a seller to 'go dark' in the middle of a phone call.
- ✓ It's much easier to get immediate reactions and objections.
- ✓ You get a much clearer idea of what's really going on with a seller.
- ✓ You get an instinct that allows you to look at other people's work and read between the lines to see seller motivation that they didn't catch.

# How will your phone get answered?

Voicemail—not so good

- live human being : better

Get a phone number for seller leads, if possible



## Where should your call be forwarded when you're not available to answer it?

Companies (PatLive is the most well-known) that specialize in taking seller lead calls for investors.

Manned phone lines 24/7

Inconsistent quality of operators from company to company and from week to week within companies.

Not much effort to build rapport with potential sellers

Most expensive

**Where should your call be forwarded when you're not available to answer it?**

## Own Assistant

Direct supervision and direct instruction to your VA

No VA will be able to answer the phone 24 hours a day.

Check of phone logs from phone service

## Professional Answering Service

Can answer calls, take basic information, and forward it to you for follow up

The key to success in ANY of these “getting the phone answered” strategies is having QUICK FOLLOWUP on the real prospects.

## Separate the Suspects From the Prospects

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

You'll need to generate 10 leads to get one that's worth making an offer on—and twice that many to get an actual deal.

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.

## Separate the Suspects From the Prospects

### Misconception 1:

#### RESULT:

### Misconception 2:

#### RESULT:

It's rude to ask some of the questions that need to be asked.

It's better to focus on the PROPERTY, not the SELLER and his situation and motivation.

Looking at a lot of good-looking properties that have NO chance of being put under contract at a wholesale price.

The purpose of the phone interview with the seller is to talk the seller into doing business with you.

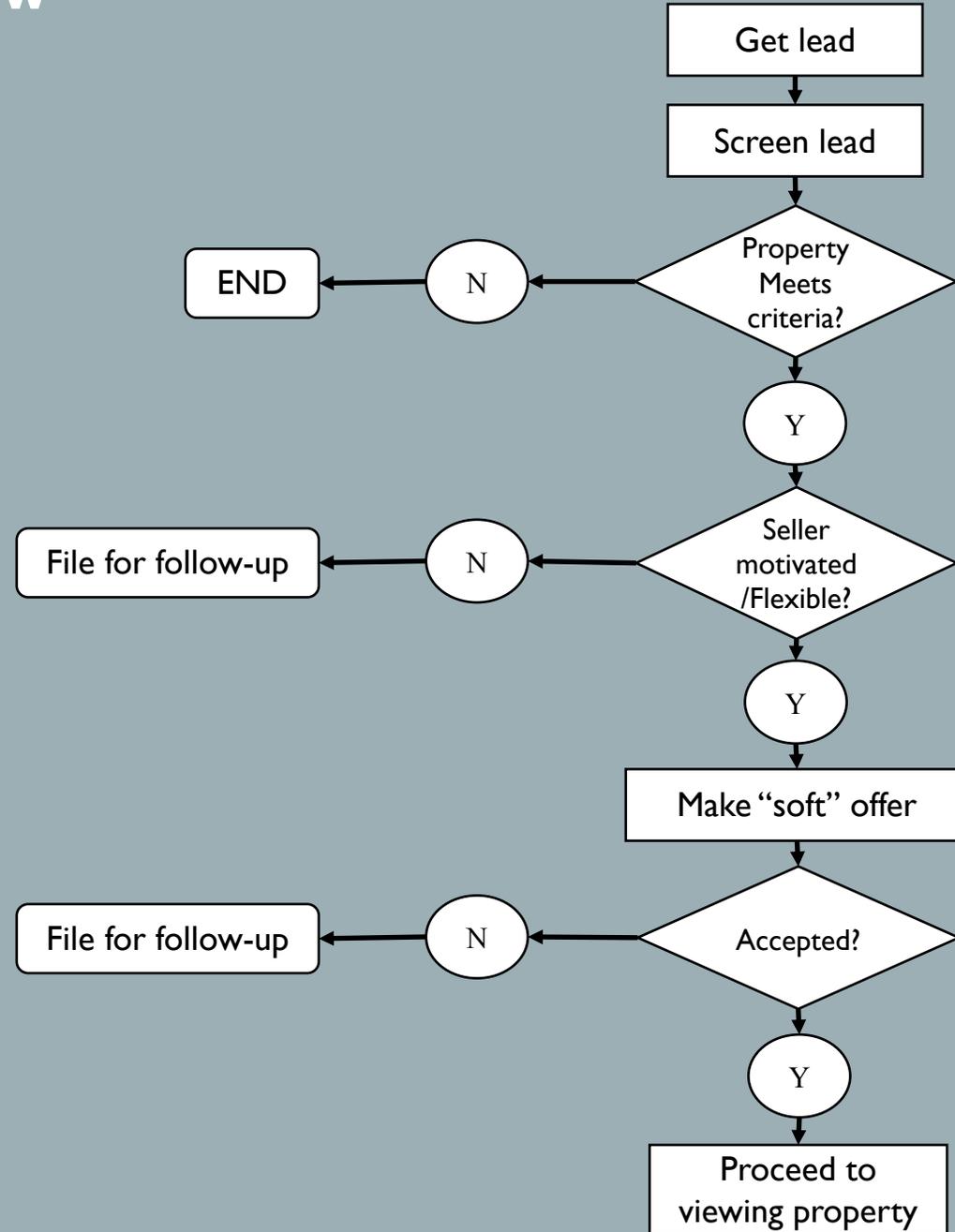
Being diverted from the true purpose of the phone interview which is to find out whether the seller is someone you want to do business with.

# Goals of the Initial Phone Interview



1. Find out whether the property and area fit your parameters.
2. Find out quickly whether the seller has any real reason to be motivated, and whether he FEELS motivated.
3. Get enough information about the property to make a “soft offer”
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.

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.

### *The Seller*

```
graph TD; A["The Seller"] --> B["MOTIVATED sellers are very willing to give all the needed info"]; A --> C["A seller who's hostile or impatient about giving you the information you need, or who refuses to answer certain questions is probably NOT motivated."];
```

MOTIVATED sellers are very willing to give all the needed info

A seller who's hostile or impatient about giving you the information you need, or who refuses to answer certain questions is probably NOT motivated.

# Phone Interview Questionnaire

## 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? \_\_\_\_\_

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? \_\_\_\_\_

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

Check before seeing property:

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

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

# Phone Interview Questionnaire

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

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 \_\_\_\_\_

Check before seeing property:

Code violations  Y  N if yes, attach

Back taxes?  Y  N if yes, how much?

\_\_\_\_\_

# Phone Interview Questionnaire

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?

\_\_\_\_\_

INSERT MEMORANDUM AND AFFIDAVIT HERE

# How to Respond to “THAT” Question

- Question/comment/objection that sellers will pose to YOU on a fairly regular basis.

*“How do you buy houses?”*

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

- Sometimes, they’re asking how you figure out what you’ll pay.
- Sometimes, they want an overview of how the process works.
- Sometimes, they’re asking if you’re going to want ‘some o’ that fancy creative financing.

**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 sometime 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?"*

## Why I Believe in the Soft Offer

1. Don't want to imply I agree with his price
2. It wastes my time and his
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 throws.

## Why I Believe in the Soft Offer

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.

1. The onus of correct reporting of condition, location, etc is on the SELLER.
2. A verbal offer in real estate is NOT binding.
3. This is the fairest way to treat sellers, too.

## Next Steps

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.
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.

## Next Steps

Figures are subject to change upon inspection – 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.

- If the figure is significantly lower than the seller's bottom dollar—like 30% lower or more:

If the figure 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:

If seller indicates that he will accept the offer, I make an appointment to see the property. If not, 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.

## Making Your Final Offer

- What happens between you and the seller:

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.

- 

3 possibilities around what conclusion you might have drawn post-inspection: 1) that you can pay something in the range of your soft offer; 2) that you have to offer less; or that 3) there's something so awful and so far gone about the property that you can't make any offer at all.

# Making Your Final Offer

1. Make it a habit to have **ALREADY TALKED** price with the seller.
2. Feel free to stress, or re-stress, the benefits to the seller in taking your offer.
3. Remember that you don't have to make any offer at all if the seller doesn't want your help.

***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"***

4. Always leave the door open.



# Other Seller Negotiation Tips

✓ You shouldn't be intimidated by your sellers.

✓ Common questions by new wholesalers are:

What do you tell sellers about the fact that you're not going to buy the property unless you can find a buyer?

What if the seller lies about, or is just plain wrong about something important to the deal?

Do you go over your numbers with the seller?

What if the seller is OK with the price but not with the terms?

What if the seller tries to back out of the deal?

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

1. Is that pretty close to your mortgage balance?
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?
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.
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?
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.

# Bonus Negotiation Strategies: 10 Things I Say to Sellers All the 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?
7. Why don't you try....and I'll give you a call back in....and we'll see how it's going?
8. For goodness sakes, TAKE IT!
9. Can I give you some advice?
10. I don't think you want to hear what I can offer

## WHAT TO DO WITH A MULTIPLE-PROPERTY PACKAGE

- Why they're a problem:
  - Sellers often don't have all the info you need
  - You don't want to waste your time seeing 12 properties that you can't make a deal on
  - And yet they're sooooo tempting

## WHAT TO DO WITH A MULTIPLE-PROPERTY PACKAGE

- RUN IF
  - The package is being brokered
  - The seller says it's "turn key"
  - The seller needs to do a 1031 exchange (unless you can close)

Your best bet is when:

- The properties are semi-performing
- The seller is retiring/has died
- The seller is willing to give a discount to sell all at once

## WHAT TO DO WITH A MULTIPLE-PROPERTY PACKAGE

- Try to get the basic info first
  - Addresses
  - Rooms/beds/baths
  - Rents
  - Condition
  - Asking price

## WHAT TO DO WITH A MULTIPLE- PROPERTY PACKAGE

- Seller doesn't have? Ask for schedule E

## WHAT TO DO WITH A MULTIPLE-PROPERTY PACKAGE

- OR: ask, “which are your 5 least favorite? Let’s work with those”
  - Addresses
  - Rooms/beds/baths
  - Rents
  - Condition
  - Asking price

## WHAT TO DO WITH A MULTIPLE-PROPERTY PACKAGE

- Ask for help and split the deal if you have to
- Typically, use separate contracts for each property