

Scripts



© 2007 First Cornerstone Group, LLC

Script for Talking to Sellers

Lance: Hello, this is Lance Edwards.

Seller: Hi, this is _____. I received a letter saying you wanted to buy my property.

[Objective is to:

1. build rapport
2. qualify if this is a motivated seller
3. qualify if this a deal]

[Ask about the property first not the Seller].

Lance: That's right. Can you tell me how many units is it?

Seller: It's 10.

Lance: Ten. Great. How many vacancies do you have?

Seller: Three.

Lance: What are the rents?

Seller: \$395 per month.

Lance: Is it flat roof or pitched?

Seller: Pitched.

Lance: How long have you owned it? [if long time, could be lots of equity or free and clear].

Seller: I guess 20 years.

Lance: Where is the property located? What's the address?

Seller: 123 Smith Street.

Lance: What type of deferred maintenance does it have? What's the condition of the units, the roof, the foundation?

Seller: Well, the vacant units need a make-ready but it's not much.

Lance: OK. That's good. Who manages the property?

Seller: I do.

[Objective: Determine the Seller's situation. What problem are you solving?]

Lance: May I ask why you are selling?

Seller: Well, my son used to manage the property but he's gone and now I'm stuck with it. I just want to get rid of it.

Lance: Well, I can understand that. Have you thought about how much you might want for it?

Seller: I'm not really sure. Maybe \$250,000.

Lance: Is the price flexible?

Seller: Yes. It's flexible. I just want out.

Lance: Do you owe anything on the property?

Seller: No, it's all paid for years ago.

Lance: I buy properties all over Houston. And my offers are based on the income of the property. Do you have any financial reports on the property?

Seller: I have my tax returns. What information do you need?

Lance: I need the rents, taxes, insurance and repair bills. If you pay the bills for the tenants, I need the utility bills. Do you have those?

Seller: I can get it. I know the taxes are \$4000.

Lance: Do you have access to a fax so that you can fax the information to me?

Common Objections & Turnarounds:

1. Objection: Are you just looking to give me a low-ball offer?
Response: No, I am looking for value plays where I can add value to a property.
2. Objection: They want too much for their property or are just fishing
Response: It sounds like you have a great property and you have already put all of the value into it. I come across deals all the time. If I come across one, would you like me to call you about the deal? May I add you to my email list for deal alerts?
3. Objection: Why do you need to see the financials? Can't you just drive by and make me an offer?
Response: The ability to get financing on the property is tied solely to the financials. As is my price. I qualify my deals based on the financials. Can you provide them? [If no, move on or ask if they want to be a buyer].

Script for Talking to Brokers

Broker: Hi, this is (Broker).

Lance: Hello Broker, this is Lance Edwards. I'm a local buyer and I saw your listing on LoopNet and I had a few questions about it.

Broker: Great. What do you want to know?

[Objective is to:

1. build rapport by demonstrating that you are serious and know what you want
2. get on the broker's radar to feed you deals within your parameters
3. qualify if this a deal & if yes get actual financials]

Lance: Is the information on LoopNet up to date? Is the occupancy 80% as shown or has it changed?

Broker: It's actually gone down to about 75%

Lance: 75%. Ok.

Lance: From the rent amounts, I assume this is Class C. Is that correct?

Broker: Yes, that's right. It's a solid C.

Lance: How many Section 8 tenants does it have?

Broker: About 10.

Lance: Any Katrina tenants?

Broker: No, they all moved back to New Orleans. They did have 3.

Lance: How would you describe the area – C or D?

Broker: It's a C.

Lance: I'm looking for Class C properties with a value play to them. Such as deferred maintenance, improved management, repositioning, new tenant mix, or rehab. What do you think are the value plays for this property?

Broker: It has some deferred maintenance. It needs a new roof and some of the vacant units could stand a make-ready. Plus I personally think it needs better management.

Lance: What would you estimate the average cost per door to be for a rehab?

Broker: Probably \$2000- \$3000.

Script for Talking to Brokers

Lance: I see the 9.2% cap on pro-forma. What is the cap rate on actuals?

Broker: Something less but it should be higher with better management.

[Objective: Determine the Seller's situation. What problem are you solving?]

Lance: Why is the Seller selling?

Broker: They are moving out of state and don't want to deal with it. And I don't think they have the capital for the rehab.

[If the price + rehab < \$25,000 +/-, proceed on this deal and ask for financials]

Lance: Well, this may be the type of project I'm looking for. Can you email me the financials?

Broker: Sure. I need you to sign a Non-Disclosure. What's your email address?

Lance: It's _____.

[If the price + rehab > \$25,000, then move to exit]

Lance: Well, this deal doesn't quite fit what I'm looking for.

[Exit]

Lance: Let me tell you the type of deals I'm looking for.

Lance: I'm looking for Class C properties of 50-200 units with a value play to them. Such as deferred maintenance, improved management, repositioning, new tenant mix, or rehab – including vacant properties. I am not a retail buyer but instead am looking for something that I can add value to and be rewarded. My target price- including rehab – is less than \$25,000 per door. No war zone areas. Do you have some like those?

Broker: Yes, 2 come to mind. I'll email them to you.

Lance: Can you also add me to your email alerts?

Common Objections & Turnarounds:

1. Objection: How much do you have for a down payment?
Response: We have 25% down payment funds for the type of deals I described.
2. Objection: You can't find deals like that in Houston.
Response: Oh really. Thanks anyway. (Next)