

Typical Realtor® Objections and Suggested Answers

WARNING - Do not try and win the battle because you'll lose the war with listing agents. Ultimately they may agree with you but that is most likely lip service to get you off the phone. For example, do not tell them what the law is about them having to submit an offer to a seller – they know it but just don't care.

Work on “getting on their side” by agreeing, but stick to the fact that you are interested in that specific property but can't pay retail as you are a **REHABBER**. If the property has already been rehabbed or is owned by an LLC, Corporation, Land Trust or a Limited Partnership you have an investor property – go on to the next one but always ask for other listings of theirs.

These answers are NOT cast in stone. In fact, you should use every opportunity to hone your skills by practicing these answers and putting them in your own words. **VERY IMPORTANT** – LISTEN to what the agent says before you answer him or her. Their objection may not be what you expect and answering them prematurely may cause more damage than just listening and then speaking the proper answer.

BUT I don't know the answer to their question –

You can always deflect the question with the answer -

“My partner takes care of that, I'll check with him and call you back.”

“I need your highest and best by 12:00 Noon.”

At this point you'll need to do a “Quick Analysis” of the property and decide if your offer makes sense if you get it. If your offer is “OK” then counter up \$500 if below \$100,000 or \$1,000 if above \$100k and below \$200k. If your offer is over \$200k, go up \$3,000 and send a new contract – do not cross out your price on your old contract.

“I have multiple Cash offers all above yours.”

That's great! We are rehabbers and can't pay retail for the property. I'll check back and see what it sells for but do you have any other listings of yours that are problems... with liens, code violations, properties that didn't close, expiring listings or just a long time on the market so you don't lose the listing?

If it is NOT under contract already, check back in a week to see if there is a signed contract. If you want you can send another contract at a slightly higher price – as suggested above.

“The seller will not take less than \$_____”

I can appreciate that but we are rehabbers and can't pay retail for the property. I'll check back and see what it sells for but do you have any other listings of yours that are problems... with liens, code violations, properties that didn't close, expiring listings or just a long time on the market so you don't lose the listing?

“Have you seen the property?”

I haven't had a chance but my partner went by but he didn't look inside. What is the lock box and, I'll personally go look at it.

There are occupants in the property..

How about we set an appointment and I meet you?

(Set the appointment and go take pictures – gives you practice and get to know the agent and what other listings he may have.)

REMEMBER – when you ask if they have other listings, the agent may ask what you are looking for – your answer needs to be *“Anything that is your personal listing, not another agent’s where you have to split the commission.”*

“I have offers above the list price.”

That’s great! We are rehabbers and can’t pay retail for the property. I’ll check back and see what it sells for but do you have any other listings of yours that are problems... with liens, code violations, properties that didn’t close, expiring listings or just a long time on the market so you don’t lose the listing?

“Do you have an agent submitting offers on your behalf?”

No, we like to work with listing agents so you get the entire commission – can you act as a buyer’s agent for us?

However, if the property is on an auction site, you may be required to have another agent submit your bid (offer). If the agents tells you this, ask him if he can submit it, otherwise, get another agent to submit your offer (contract) and the auction site’s addendum if applicable.

“Please refer to instructions on MLS.”

OK, but I am not licensed so I would appreciate your forwarding them so you get the entire commission.

If he says he can’t represent you, get another agent to download the docs to see what’s happening.

WARNING – some brokers have their own SPECIAL “Disclosure Document” – in this case read it carefully before you sign it. If you want us to read it that’s OK BUT read it yourself before you send it to us and tell us what clauses you are uncomfortable with.

“Thank you for your interest in our property, are you interested in purchasing it for yourself?”

We are cash buyers and buy homes for one of three reasons – to rehab, to rent or to resell to other investors.

FNMA and some other mortgage insurers have a “First Look” at a new listing for 14 days where investors cannot make offers. Do not lie that you will be living in the property because you have to sign an agreement to that and it would be bank fraud if you didn’t.

We don’t make a practice of submitting offers with inspection contingencies unless buyers have viewed the property with someone from our office.

OK, how about we set an appointment and I meet you? If we meet is my offer in the ball park of what the seller is willing to take?

We are rehabbers and can’t pay retail for the property.

“You need to send your deposit to our Escrow Agent before we can submit your offer.”

Why in the world would you want my EMD before submitting my offer to the seller? I have to check with my attorney, he recently alerted me to a scam, that does exactly that. Again, why would you want EMDs before submitting my contract?

I would then send the contract directly to the seller with a note of the “unusual” requirement of the listing agent. Explain that you hope other buyers weren’t discouraged because of this “one of a kind” request.

“You can send a copy of your EMD check to our office.”

Explain that the money is with your escrow agent and send a copy of the Escrow Letter.

WARNING - The agent may snap shot your copy and electronically deposit it to his account which could result in a bad check charge. Even if he says he won’t deposit it, he may!

“Are you part of Dave Dinkel’s Mentoring group?”

Do I have to be to put in offers?

No, but I see you have his POF Letter...

Correct, he is a local lender and partners with rehabbers and investors across the tri-county area.

NOTE – I have declined a number of local brokers from joining the Mentoring Program and they are sometimes vindictive.

“Are you crazy making this offer? Show me how you got this offer?”

I had an FHA appraiser do a “Liquidation Value” Appraisal and I made the offer based on that value. I can show it to you if you are willing to pay for it like I did.

I will send the appraisal that I got. Is the seller motivated or just testing the market?

Send the agent a Reverse BPO using REIFAX or use the same principals to generate the Reverse BPO from active sites (Realtor.com, Zillow.com, etc.)

If the price is for some reason low, it was my partner who sent it but I’ll check on the offer and resubmit it. We are rehabbers and can’t pay retail for the property. I’ll check back and see what it sells for but do you have any other listings of yours that are problems... Like liens, code violations, properties that didn’t close, expiring listings or just a long time on the market so you don’t lose the listing?

“Your price needs to be the list price or higher.”

We are rehabbers and can’t pay retail for the property. I’ll check back and see what it sells for but do you have any other listings of yours that are problems... Like liens, code violations, properties that didn’t close, expiring listings or just a long time on the market so you don’t lose the listing?

“We are in a multiple bid situation so give me your Highest and Best offer.”

This usually comes almost automatically – just resend your offer by adding –

up \$500 if below \$100,000, \$1,000 if above \$100k but below \$200k, over \$200k, go up \$3,000 and always send a new contract – do not cross out your price on your old contract or just counter in your response email.

Never draw a “line in the sand” over which you can’t cross – for example, don’t say “The most we can do is \$_____ and that’s that. You have now backed yourself into a no win situation. Remember, later you can always go for a Repair Credit on the HUD.

“I’m not submitting your ridiculous offer to the seller.”

We are rehabbers and can’t pay retail for the property. Do you have any other listings of yours that are problems... with liens, code violations, properties that didn’t close, expiring listings or just a long time on the market so you don’t lose the listing?

Seller requires that potential buyers execute the seller disclosure form and submit for their offer to be considered.

Please send it along so my partner and I can look it over.

Before signing read the Disclosure carefully. It will give an indication of what's "wrong" with the property – hopefully.. This assumes the seller is disclosing the true nature of the problem that he wants the buyer to assume – liens, code violations and possibly other issues.

Tell the listing agent to send it along and after you see what you will be signing, contact the city or county to determine what the "cure" is that an end-buyer will need to do to fix the issues so it can be resold.

Do not assume that no one would buy it "as is" because there are always buyers at the right price.

"We do not submit blind offers."

I can understand that, how about we set an appointment and I meet you? If we meet is my offer in the ballpark of what the seller is willing to take?

We are rehabbers and can't pay retail for the property.

"You need to close in two weeks."

Why? That may be workable but I'll still need a 7 day inspection.

There is likely a sale date for a foreclosure or a tax deed sale which can be stopped in the case of the foreclosure but not the tax deed sale unless the amount is paid off.

"You have to take care of the code liens and violations, seller will not pay them."

Would you please send me the list of violations so I can review the violations.

If the agent says he doesn't have them, contact the city or county and try to determine how serious they are – many can be cured by negotiation which may make it a great deal!

"0 day inspection only"

OK, but I need access for myself and my contractor. Would you please also send me the liens and code violations from the title search?

This could be workable but you'll be risking your EMD if you sign the contract and don't close. A counter to this offer is to reduce the EMD to \$500 instead of \$1,000 and you should ask to have the closing date extended by at least a week.

"Previous buyer couldn't close, your offer is still low, but are you still interested in the property?"

We are still very interested, what do you think the buyer will take?

Review this offer if the agent won't tell you, go up on your offer according to the method mentioned previously – *up \$500 if below \$100,000, \$1,000 if above \$100k but below \$200k, over \$200k, go up \$3,000 and always send a new contract.*

"POF is not in your name."

That's correct. My funding partner always uses his POF and is my partner in the purchase.

In a few RARE cases, the agent will protest that the POF must be the same as the buyer's name. Typically we make a decision whether the POF owner will go on title with the investor or if the investor has to pass on the deal.

“Why do you need such a long inspection?”

My contractor needs to do the inspection so I have an accurate repair cost and he won't be able to until 10 days from today. Once I get the inspection report back we can move to closing assuming there are no surprises.

“Why do you want to use your closing agent when the seller will pay for title?”

We have always done it that way but if it bothers your seller, I'll split the closing costs with him but we still need to use our closing agent.

Just had a Student tell me an attorney said, “*You can't do that!*” which is incorrect, but to get the deal done, I had her agree to pay for the title work so we could pick the closing agent.

Sometimes it is better to be HAPPY than RIGHT....

“Your EMD is ridiculously low so you can't be a serious buyer.”

I understand, but I am willing to put up an additional EMD at the end of the inspection period – what's the difference if I put it up front and then don't like the inspection report, you'll still be refunding my EMD.

Alternately -

I am bidding on other properties and I have other EMD commitments. I'll gladly put up an additional \$_____ once the inspection period is over.

“I know the seller won't give you a Price Reduction.”

*I can understand that but the Contractor's Estimate of Repairs came back pretty bad. **I don't want a Price Reduction**, what I need is a Repair Credit on the HUD so you'll get your full commission and I'll get the help I need to make the property work for us.*

“Contract will not be submitted until inspection period is complete.”

What the agent is saying is that the inspection period for the property has to be completed before he will start the short sale process by submitting the “package” to the lender.

The reality is we have to have the inspection period start after lender approval. What if the inspection period ends in January and the approval comes in June but the property has been vandalized?

The agent proposed an addendum to the contract that stipulates that if the property has changed from the original inspection that the buyer can cancel. That's good for the agent who will find another buyer and get his commission anyway. It is not workable for an investor as it gives us no leverage to renegotiate the purchase price and time to sell the property.

SHORT SALES –

Inspection must be from seller's acceptance date, not lender's approval and can only be for 7 days. We want to be able to close this if lender agrees and don't want to wait on the inspection.

We always use a 15 day inspection but I can work with 10 days but it has to be after lender's approval – this is a standard clause in the FAR/BAR contract's short sale addendum and is designed to protect the buyer.

This is a deal killer since the bank may not give us the price we need and your inspection period is over – we can still cancel because of the price change, but we are better off to have more time to market the property in spite of the price change.

“Are you a licensed agent?”

Why do you ask?

They will say that because they have been told that non-licensed agents can't write a contract.

Actually, we lease the contracts my partner writes them. The Board leases contracts to non-agents just for that purpose.

This is all you need to say. If the agent keeps pressing for more information, explain –

Out of hundreds of properties we have bought, no other agent has been so curious, I am concerned that you don't understand what we do.

“Why do I have two offers with the same Proof Of Funds (POFs)?”

Very simply explain the person who funds my properties also funds other rehabbers. Call him to confirm that he is ready, willing and able to fund my purchase.

Why would I ask the seller for a Repair Credit when you really want a Price Reduction?

I need some consideration for the repairs we didn't expect. If we get a Price Reduction, you'll take a commission reduction. If we get a Repair Credit on the HUD, you'll get a full commission on the Purchase Price.

How to Handle a Counter Offer –

If the Seller's counter falls in any of these categories you should counter with:

LIST PRICE	SELLER'S COUNTER	YOU COUNTER
\$\$\$	Reduced by 1% - 3% of List	Increase Your Offer by 1%
\$\$\$	Reduced by 5% - 10% of List*	Increase Your Offer by 3%
\$\$\$	Reduced by 11% - 15+% of List**	Sign the Contract at that Price

*GOOD probability that you may get the deal, seller is likely motivated

You HAVE the deal – get the contract signed and we will work toward a further Repair Credit (Your price may be **TOO HIGH simply because the property was listed too high to begin with – don't worry, your inspection period will keep you out of trouble.