

WIN-WIN NEGOTIATIONS

NAVIGATING TO YES!



Notices

While Keller Williams Realty, Inc. (KWRI) has taken due care in the preparation of all course materials, we do not guarantee their accuracy now or in the future. KWRI makes no express or implied warranties with regard to the information and programs presented in the course, or in this manual, and reserves the right to make changes from time to time.

This manual and any course in which it is used may contain hypothetical exercises that are designed to help you understand how Keller Williams calculates profit sharing contributions and distributions under the MORE System, how Keller Williams determines agents' compensation under the Keller Williams Compensation System, and how other aspects of a Keller Williams Market Center's financial results are determined and evaluated. Any exercises are entirely hypothetical. They are not intended to enable you to determine how much money you are likely to make as a Keller Williams Licensee or to predict the amount or range of sales or profits your Market Center is likely to achieve. Keller Williams therefore cautions you not to assume that the results of the exercises bear any relation to the financial performance you can expect as a Keller Williams Licensee and not to consider or rely on the results of the exercises in deciding whether to invest in a Keller Williams Market Center.

Material excerpted from *The Millionaire Real Estate Agent* appears courtesy of The McGraw-Hill Companies. *The Millionaire Real Estate Agent* is copyright © 2003–2004 Rellek Publishing Partners, Ltd. All rights reserved.

Material excerpted from *The ONE Thing* appears courtesy of Bard Press. *The ONE Thing* is copyright © 2012 Rellek Publishing Partners, Ltd. All rights reserved.

Version: 1.2 Created/Updated: **March 20, 2017**

Copyright Notice

All other materials are copyright © 2017 Keller Williams Realty, Inc., or its licensors. All rights reserved. No part of this publication and its associated materials may be reproduced or transmitted in any form or by any means without the prior permission of KWRI.

Note: When calling or emailing prospective customers, comply with federal and state Do Not Call (DNC) and spam laws and the policies of your local Market Center.

Acknowledgments

Keller Williams University acknowledges our KWRI leadership for endorsing and supporting this important course, and the vast experience and knowledge of our contributors.

Gary Keller

Chris Heller

Mo Anderson

John Davis

Mary Tennant

Josh Anderson

Darren Kittleson

Carl Battiste

Dianna Kokoszka

Steven Cohen

Brad Korn

Tony DiCello

Jim Reifeiss

Stephen DonVito

Gene Rivers

Jackie Ellis

Steve Schlueter

Cody Gibson

Joshua Stern

Jean Grubb

John Wenner

Mona Covey, KWU, March 2017



KWU Licensing Education powered by The CE Shop

Keller Williams and The CE Shop are excited to announce a new partnership that offers the best in education for you. The CE Shop is the national leader in online real estate education that can provide KW associates an educational experience that enhances their lives and the communities they serve.

Our education offers associates the ability to grow as individuals while growing your business.

- **Deep discount** on your continuing education as a KW Associate
- Customer support 7 days a week via phone, chat, and email
- Tablet-friendly course delivery, available anytime, anywhere
- Leverage your time and energy to get **the best education available**

Benefits of Continuing Education	Benefits of Pre-Licensing Courses
Multi-state packages	5-day free trial – Unlimited access, no credit card required
Commercial & residential courses	Monthly payment plan option
4.8/5-star student rating	98% state exam pass rate

**Save 20% at KWU.TheCEShop.com
with promotional code: KW20**

Table of Contents

PERSPECTIVE	1
Getting the Most Out of This Experience.....	2
Prework	3
We Negotiate Every Day	4
Working Toward a Win-Win.....	5
The Value of Negotiation.....	6
Path to Negotiation	13
Aha's Into Action	14
1. MINDSET MATTERS.....	15
A Mind for Negotiation	16
Aha's Into Action	22
2. GROW YOUR NEGOTIATION QUOTIENT (NQ)	23
Negotiation Quotient (NQ)	24
1. Prepare	25
2. Know Negotiation Tactics	26
3. Improve Six Negotiation Skills.....	35
Aha's Into Action	60
3. NAVIGATE TO WIN-WIN	61
Negotiating – Appointment to Close.....	62
Negotiable Items	64
Prepare Strong Offers	71
Negotiate Offers	73
Negotiate Counteroffers	82
Aha's Into Action	86

PUTTING IT ALL TOGETHER	87
Ready to Negotiate	88
How Do You Get Better?	89
Resources	91
From Aha's to Achievement.....	92
NEGOTIATE THIS! ACTIVITIES	95
APPENDIX.....	117
NEGOTIATION SCRIPTS CATALOG	133

PERSPECTIVE

In this chapter ...

- Prework
- We Negotiate Every Day
- Working Toward a Win-Win
- The Value of Negotiation
- Getting the Most Out of This Experience
- Path to Negotiation
- Aha's Into Action

Getting the Most Out of This Experience

There are often three types of people in a typical training class. Which one are you?

The Prisoner	The Vacationer	The Explorer
<i>Has to be there, doesn't want to be there, and doesn't know why they're there.</i>	<i>A day in training is better than a day on the job.</i>	<i>Excited and curious about the new knowledge, skills, and tools they will discover in class.</i>
Doesn't engage	Spends as much time chatting as listening	Listens attentively, then participates fully in discussions and exercises
Spends class time catching up on their emails	There to have fun—distracts the class with irrelevant comments	Asks meaningful questions and contributes compelling aha's
Escapes by spending time in the hall on their phone	Returns late from break and lunch	Arrives to class on time and returns promptly from breaks
Holds on to limiting beliefs	Not purposeful in their learning goals	Adopts a posture of acceptance
Multitasks on their computer by working on side projects	OMG! Spends the day on their smartphone, texting, and checking Facebook	Takes notes in their manual for future reference
Doesn't really care about the topic	Doesn't use the information to create a plan	Takes learning seriously and implements a plan

"How you participate here is how you participate everywhere."

BOLD Law

Prework

Negotiate a Fixed-Price Item

How did it go?

What was negotiated?

How did you feel during
the process?

What was the outcome?

What made it go this way?

What was their win? Did
they feel it was a win?

What would you do
differently?

We Negotiate Every Day

What are your opinions of negotiators and negotiating?

(-) Negative Thoughts?

- _____
- _____
- _____

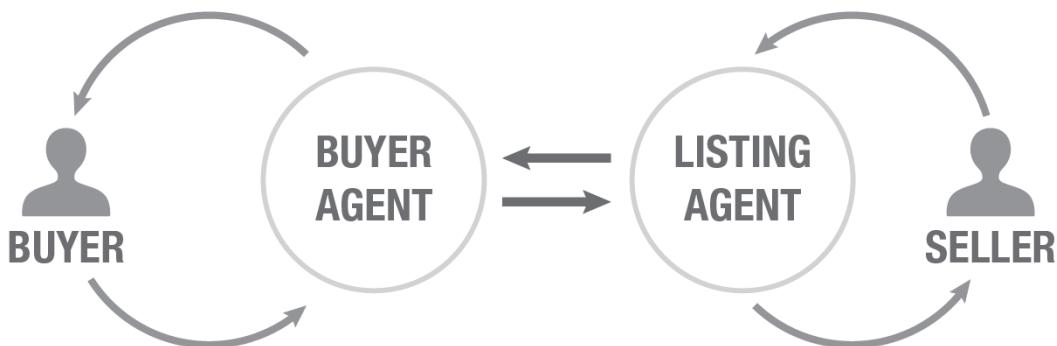
(+) Positive Thoughts?

NEGOTIATION

noun: nə,gōSHē'āSH(ə)n/

Bargaining (give and take) process between two or more parties (each with its own aims, needs, and viewpoints) seeking to discover a common ground and reach an agreement to settle a matter of mutual concern or resolve a conflict. *Source: businessdictionary.com*

It's a key **process** of the business—as real estate agents, you will be engaged in many negotiations with your clients and other agents.



Working Toward a Win-Win

One of the Keller Williams beliefs is “**Win-Win or No Deal,**” and it’s a *big* deal!

Win-win negotiations are definitely worth the effort and are not necessarily easy. They require trust, caring, and a willingness to work things out. Not everyone operates with a win-win style, and this will truly test your resolve to be win-win.

Indicators of Win-Win versus Win-Lose

Win-Win	Win-Lose
Integrative	Combative
Collaborative	One-sided
Positive	Adversarial
Trusting	Noncommunicative
Respectful	Demanding
Explorative	Ego-driven
Sharing	Competitive
Solution-oriented	Divisive

*“Win-win is when both sides feel like they’re not losing ...
simple, but not always easy.”*
Chris Heller, CEO, Keller Williams Realty

The Value of Negotiation

Negotiations are *not* at the top of the list of the value buyers and sellers receive. From the 2016 National Association of REALTORS® Home Buyer and Seller Generational Trends, you can see where negotiation falls in terms of what clients want the most help with.

What Buyers Want Most From You

Help find the right home to purchase	53%
Help negotiate the terms of the sale	12%
Help with price negotiations	11%
All other	12%

Question

If the MOST important service buyers want from you is finding a home, why is it important to learn negotiation skills?

What Sellers Want Most From You

Help market the home	21%
Help sell the home within specific timeframe	21%
Help find a buyer	17%
Help price home competitively	16%
Help with ways to fix up home to sell it for more	14%
Help with negotiations with buyers	5%
All other	6%

Question

How will you express the value of your skill in negotiating list price, staging, repairs, terms, and offers?

"Negotiating is one of the most important skill sets that we as real estate agents need to have and what we get paid for."

Bruce Hardie, OP, RD, KWU Master Faculty, Spokane, WA

What's Your Value?

Imagine at your next listing appointment you express the value you bring when negotiating on behalf of your client. What will you brag about? If you don't already have a strong record of negotiation, use your Market Center statistics until you have your own strong numbers.

Truth

Buyers and sellers may not appreciate the value you bring as their real estate agent. It's your job to deliver the value, and communicate the value to your clients!

“What I'll negotiate for you as my client . . .”

Your Negotiation Value	Seller	Buyer
Example: List to sell %	99%	95%
List to sell %		
Time to close		
Avg. \$ concessions		
Avg. \$ repairs		
# of rounds of negotiation		

Your Role

Both agents in a transaction are negotiators facilitating two parties coming together to satisfactorily exchange money for a house. Agents must be dispassionate experts who advocate and negotiate for their client's financial interests above their own. Your reputation and potential for referrals depend on how you perform at making the deal happen with both parties having a win.

Keep in mind these differences as you navigate this important role.

- For the agents, it's a **business negotiation**.
- For the buyer and seller, it's an **emotional process**.



"The gap is how agents stay employed. LOVE the gap and be thankful for every negotiation!"

Jackie Ellis, Mega Agent, Boynton Beach, FL

Role-Play Negotiation

During this Role-Play, **circle the key phrases** spoken by the agents.

	Buyer	Buyer Agent		
Conversation 1	“Let’s start out offering \$325,000.” (on a \$360,000 listing)	“I know you really like this home, so let me ask you about the priority. Do you want to make offers or buy the home of your dreams?”		
	“Well we just want a good deal.”	“I can assure you that with this low of an offer, the seller is either going to ignore it or counter with not much less than the listing price. You don’t want that to happen, do you? So what do you think would be a reasonable offer this seller may consider?”		
	“Okay, how about \$345,000?”	“I think that’s a good start, so let’s write up the offer.”		
Conversation 2		Buyer Agent	Listing Agent	
		“My buyers are interested in your listing and we’re working on an offer. What will it take to put together this deal? And are there any other offers?”	“No other offers, and my seller will consider all reasonable offers to get the deal done quickly.”	
Conversation 2		“Great! You’ll have the offer in your hands in a few minutes, and I’m excited to work with you to get this done. When can I expect a response, since my buyers are anxious to know?”	“I’ll contact my seller and should have a response back to you within 24 hours.”	
			Listing Agent	Seller
Conversation			“We’ve received a good, clean offer with no contingencies for \$345,000.”	“If we can get \$350,000 let’s take it.”

What are your aha's?

- _____
- _____
- _____

"Be a professional, not an order taker!"

Chris Heller, CEO Keller Williams Realty

Negotiate This!

1

Negotiation #1: First Offer

1. Pair up—one will be the **Listing Agent** and one will be the **Buyer Agent**.
2. By yourself:
 - a. Read the scenario on the following page.
 - b. Read the notes targeted to your role at the back of this manual.
 - **Buyer agents, read the notes and answer the questions specifically for you on page 99.**
 - **Listing agents, read the notes and answer the questions specifically for you on page 109.**
3. Get with your partner, and without revealing the details only you know, begin negotiating. *Hint:* You don't have to come to agreement.

Note: this is the first of four rounds in a continuing negotiation.

Scenario: First Offer

The buyer agent presents their clients' offer of \$275,000 to the listing agent.

What Both the Listing Agent and the Buyer Agent Know

- Forty-year-old large home in a desirable neighborhood and it's never been upgraded.
- List price of \$300,000 is at the mid- to high-end of the comparables.
- On the market for six weeks with several showings and no offers.

What are your aha's?

- _____
- _____

Time: 15 minutes

Path to Negotiation

Top negotiators agree that succeeding in negotiation begins with **mindset**, continues with building your **skills**—your Negotiation Quotient (**NQ**)—and ends with a **win-win** solution for all parties.



Aha's Into Action

- What are your aha's from this chapter?

- Fellow students' aha's:



- From this chapter, what is the ONE Thing you can do right now to make everything else easier or unnecessary?

1. MINDSET MATTERS



In this chapter ...

- A Mind for Negotiation
- Aha's Into Action

A Mind for Negotiation

Mindset matters, and yours will shape the outcome of every negotiation you're in. People "read" you and form opinions of you when you walk into a negotiation. This is the power of body language, the nonverbal "communication" dictated by your mindset. You speak volumes—55 percent from your physical being alone—the way you walk, stand, approach others, look in their eyes, and smile.

Mindset is about great intention. Strengthen your intention with **five** mindsets.

1. Win-Win Attitude

- A win-win attitude sets the stage for a win-win for your client, the other party, the other agent, and you.
- Win-win attitude ensures that everyone gets what they need and no one feels like they lost.
- Your win-win attitude will help your customer adopt this win-win mindset as well, being logical rather than emotional.

"Win-win means both parties have their objectives accomplished, not getting everything they want, just the most important."

Carl Battiste, KW Master Faculty and KW MAPS Coach, San Ramon, CA

Mindset	Rank Yourself G – Great or O – Okay	How Will You Improve?
1. Win-Win Attitude		

2. Healthy Ego

- A healthy ego uncovers needs and focuses on a win-win for their client.
- An unhealthy ego gets in the way by not putting the client's needs ahead of one's own.
- An unhealthy ego can turn into a battle of pride with the other agent and lead to win-lose.
- _____
- _____
- _____

Quick Check

Am I making a decision based on pride or personal need?
If yes, your ego has gotten in the way.

"During a negotiation, it would be wise not to take anything personally. If you leave personalities out of it, you will be able to see opportunities more objectively."

Brian Koslow, Author and Coach

Mindset	Rank Yourself G – Great or O – Okay	How Will You Improve?
2. Healthy Ego		

3. Committed, Not Attached to Outcome

- Be *committed* to a great outcome; not *attached* to only one specific outcome.
- Attached means being emotionally involved, and your personal agenda may be in conflict with your client's.
- Unattached means recognizing that you won't always get the outcome you or your client wants, and that can be okay.
- Unattached removes worry and fear and allows you to move forward to do hundreds and even thousands of deals in the future.
- _____
- _____
- _____

*"You can't always get what you want. But if you try sometimes,
you just might find you get what you need."*

Mick Jagger, Songwriter

Mindset	Rank Yourself G – Great or O – Okay	How Will You Improve?
3. Committed, Not Attached to Outcome		

4. Professional, Open-minded, and Solution-oriented

- Professionalism is doing what you say you're going to do, showing up when you say you will, and following up like you say you will.
- The words you use will inform others of your intention. Be open-minded and solution-oriented by asking questions and seeking alternative solutions satisfactory to all parties.
- No trash-talking! Denigrating the other parties will not serve you and may make your client uncomfortable.

- _____
- _____
- _____

"Hi, I'm Mary. I expect we will work this out today."

Mary Tennant, Member of the Board, Keller Williams Realty

Mindset	Rank Yourself G – Great or O – Okay	How Will You Improve?
4. Professional, Open-minded, and Solution-oriented		

"Negotiation is about bringing alternatives, strategies, and solutions to the table that optimize the goals of the client."

Darren Kittleson, OP and Agent, Madison, WI

5. Patient, Calm, and Not Too Serious

- Set the tone with your own patience and calmness. It will affect how your client and the other parties feel.
- Be sensitive to and honor the fact that real estate transactions are emotional for both sides.
 - A seller has a hard time letting go of a home
 - A buyer is excited about their future in a new home.
- Don't push others to hasty decisions; gently and calmly bring your client or the other agent back to the intended objective.
- When you make mistake, acknowledge it, and allow it to help you grow your skills. Don't beat yourself up. Have fun!
- _____
- _____
- _____

Mindset	Rank Yourself G – Great or O – Okay	How Will You Improve?
5. Patient, Calm, and Not Too Serious		

*"Negotiating is not something to be avoided or feared—
it's an everyday part of life."*

Leigh Steinberg, Sports Agent and Author

Negotiate This!

2

Negotiation #2: Offer Presented to Sellers

1. Gather in your same pairs of **Listing Agent** and **Buyer Agent**.
2. By yourself:
 - a. Read the scenario below.

Scenario: Offer Presented to Sellers

The listing agent presents the buyer's offer of \$275,000 to their sellers.

- b. Read the notes targeted only to your role at the back of this manual.
 - **Buyer agents, read the notes and answer the questions specifically for you on page 101.**
 - **Listing agents, read the notes and answer the questions specifically for you on page 111.**
3. Get with your partner, and without revealing the details only you know, continue negotiating. *Hint:* You don't have to agree!

What are your aha's?

- _____
- _____
- _____

Aha's Into Action

- What are your aha's from this chapter?

- Fellow students' aha's:



- From this chapter, what is the ONE Thing you can do right now to make everything else easier or unnecessary?

2. GROW YOUR NEGOTIATION QUOTIENT (NQ)



In this chapter ...

- Negotiation Quotient (NQ)
 1. Prepare
 2. Know Negotiation Tactics
 3. Improve Six Negotiation Skills
- Aha's Into Action

Negotiation Quotient (NQ)

You may be thinking ... okay, I've got a great mindset for negotiating, now what else do I need to be a great negotiator?

The answer is your **NQ**—a combination of:

- **Mindset** – all **five** mindsets for win-win negotiations.
- **Skills**
 1. Prepare
 2. Know standard negotiation “tactics”
 3. Improve your **Six Negotiation Skills**
- **Experience** – builds over time and you’ll naturally hone your skills as you navigate through win-win negotiations.

You may already have the necessary mindset, strong skills, and yet have little experience. That's okay. Your NQ will grow over time.

*The greater your NQ,
the more efficient and effective you'll be.*

“The biggest problem in negotiations is lack of skill!”
Jim Reifeiss, Agent, San Diego, CA

1. Prepare

Preparing for any negotiation brings focus, confidence, and provides assurance that your interests are met. Use a simple tool like this game plan to prepare for your negotiation. A game plan keeps you on course when emotions or challenges fog your thinking.

GAME PLAN FOR A WIN-WIN NEGOTIATION		
Who	1. Who am I negotiating with? (client/other party)	
Win-Wins	2. What are my objectives?	
	3. What are my client's objectives?	
	4. What are the other party's objectives?	
Prepare	5. What is the minimum I will settle for?	
	6. What do I still need to know?	
	7. What questions will I ask?	
	8. What information will I share/not share?	
	9. What obstacles or roadblocks may get in my/our way?	
	10. How will I manage any obstacles?	
	11. What tactics will I use?	
	12. What will happen if the negotiation doesn't work out?	
Perform	13. Location/Time:	
	14. What is the outcome?	
	15. What is the next move?	

A copy of this form can be found in the appendix.

2. Know Negotiation Tactics

Tactics are often used in negotiations to move a negotiation forward or help to gain advantage when they are used with positive intent. Tough negotiators may employ negotiation tactics to deceive and manipulate.

Build your NQ by recognizing characteristics of tough negotiators.

Gather Intel on the Other Agent

- How long have they been an agent? How many transactions?
- Your previous experience with this agent—easy or tough negotiator?
- Ask others in your Market Center who worked with this agent—easy or tough negotiator?

Quickly Evaluate Them

Collaborative	Competitive
■ Builds trust	■ Uses intimidation
■ Shares expectations	■ Makes demands
■ Interested in needs	■ Assumes power position
■ Asks questions	■ Manipulates with tactics

Who has the power?

In every negotiation someone has more power and someone has less power. However, this does not necessarily determine the outcome of the negotiation. To learn more about types of power, refer to the *Seven Types of Power* in the Appendix.

*Let's delve into negotiation tactics you may use,
and some that others may use against you.*

Tactics, Tactics, and More Tactics!

On the following pages are 25 commonly used negotiations tactics. They each have a name and a description, followed by a situation when they may be used and a counter response. Refer to this table after class when you need a refresher or want to practice using or countering them. (*A copy of all the tactics is in the Appendix.*). Begin to lose tactics with three common ones.

✓	Tactic Type	Situation	Counter	Benefit of Using	Anticipated Reaction
	Flinching Visibly react (in person) or audibly (on the phone) when a proposal is made.	When a buyer agent calls with an offer for your listing that's \$25,000 below list.	React audibly as if in pain or shock and pause. Respond with, "Whoa! That's not what I was expecting at all." Typically a better offer will follow.		
	Silence Pausing for longer than usual after presenting an offer or asking for something. The other party may offer a better deal.	When you've submitted an offer on a house that's overpriced with no other offers, and the sellers counter with no change in the list price.	Wait it out; the sellers may finally relent.		
	Walk Away Communicate your willingness to walk away.	When the buyer agent keeps pressing to go below your seller's minimum.	Be ready to end the negotiation.		

More Tactics

✓	Tactic Type	Situation	Counter	Benefit of Using	Anticipated Reaction
	<p>Better Offer Indicate the possibility of competitive offers.</p> <p>Vise Technique Similar to better offer without resorting to calling their bluff.</p>	<p>When a low offer comes in on your listing.</p> <p>When the seller won't accept your buyer's offer.</p>	<p>Throw it back. Respond, "We have another offer that's better. Is this your best offer? You'll have to do better than that."</p> <p>"How much better than that do I need to do?"</p>		
	<p>Decoy Technique Take the other person's attention away from the real issue. Like a magician!)</p> <p>Red Herring A refinement of the decoy technique: create an issue in the negotiations that will subsequently be used to trade off for a real issue.</p>	Buyer offers \$290K on a \$300K listing, wants \$5K in repairs ... AND wants a pool installed!	"Okay, I can give on the repairs, and No on the pool!"		
	<p>Easy Acceptance When you want to make the other party feel good or better about losing.</p>	When the other side is "winning" and you're "losing," they say, "Good working with you. You'll win next time."	Keep it win-win and don't burn bridges. Avoid getting into ego and emotion, accept the loss this time, learn from it, and move on.		

✓	Tactic Type	Situation	Counter	Benefit of Using	Anticipated Reaction
	Funny Money Breaking down the price to make it seem that the amount is insignificant.	When the other agent tries to convince you that a \$5,000 difference in price is just \$14 per day.	Don't fall for it. Continue to negotiate in real dollars, for the \$5,000.		
	Feel, Felt, Found Agreeing up front by using phrases like, "I understand how you feel, many others have felt the same way; however, we have always found ..."	To avoid being adversarial when negotiating with a seller for the listing, Validate how they feel and diffuse any bad feelings.	When used on you, recognize the tactic and react to the "we have always found ..." with what YOU know to be true.		
	Good Guy, Bad Guy Two people working together: one friendly, the other negative.	<i>Listing Agent (good guy)</i> : I'm pretty sure we can get these repairs taken care of by the seller. <i>Seller (bad guy)</i> : No way will we make those repairs!	Call them on it or simply push back to test resolve. "You're not going to play 'good guy/bad guy' are you?" "It sounds like we're not coming to agreement. My buyers may pull their offer."		
	Higher Authority Deferring to someone else to make a decision.	<i>Buyer</i> : Our parents are helping us with our financing and we'll have to consult with them first.	"I completely understand, and when we meet next time, would it be okay to have all parties present?"		

✓	Tactic Type	Situation	Counter	Benefit of Using	Anticipated Reaction
	Hot Potato Passing a problem on to you.	<i>Seller:</i> We can't afford to pay your commission. Can't you come down?	First, verify that the problem is real. It may not truly be an issue. "My job is to negotiate the best possible price so you net what you need and I get what I need."		
	Never Take the First Offer Consider: How do people universally react to someone taking their first offer? Answer: I could have gotten a better deal! Always look for a better deal.	Your seller is unhappy when several offers come in quickly at list price. They think they could have gotten more.	Remind sellers there's still room to negotiate on terms and conditions to their benefit.		
	Nibbling Keep asking for additional items, one at a time. Nibbling is effective toward the end of the negotiation.	<i>Buyer:</i> We've already agreed on \$300,000, can't you throw in the playset in the backyard? It's a little thing.	Nibble back or stall/deflect: Never give away anything for free. "We agreed on the price without the playset. I'll find out how much the seller will let it go for if you'd like."		

✓	Tactic Type	Situation	Counter	Benefit of Using	Anticipated Reaction
	Power of the Printed Word People believe and don't question what they see in writing, like a price tag on a piece of clothing.	When you want your client to accept something, put it in writing. They assume it's not negotiable. Example: having a transaction fee in your listing presentation.	When used against you, question what's in writing. It never hurts to ask!		
	Reluctant Buyer Feign disinterest in making a deal, no matter how high your enthusiasm.	When you believe the agent or buyer is motivated yet playing "reluctant."	Avoid sweetening the deal to get the buyer interested.		
	Service Value (Menu) The value of services always diminishes rapidly after the services have been performed; any time you make a concession, ask for a trade-off immediately.	Your seller wants to postpone agreeing to your commission until you've proven yourself.	Negotiate the value of your service, such as commission, up front! Don't wait until the end of the deal when the perception of your value may be less.		
	Set-aside Gambit Put an issue on hold, find agreement on little issues to create momentum, then return to any major-impasse issues.	When both parties disagree, for example about the price.	Say, "Besides the price, we're in agreement about <i>term 1, term 2, etc.</i> , right?"		

✓	Tactic Type	Situation	Counter	Benefit of Using	Anticipated Reaction
	<p>Smart/Dumb Dumb is smart and smart is dumb. Always play dumb and don't give yourself away; the other side will be kept off guard and will try to help you.</p>	Your buyers are interested in a property that you consider to be overpriced.	Play dumb to gain more information, "I see the price is listed here at \$250,000. What do you mean by this?" Often, the listing agent will tell you more than they planned to.		
	<p>Splitting the Difference Asking the other person to split the difference between what you want and what they're willing to give.</p>	<i>Buyer Agent:</i> My buyer is offering \$310,000 and your seller wants \$334,000. Let's split the difference at \$324,000.	Know your minimum and stay firm. Either respond with a "No," or ask the buyer to split the difference between the difference (\$324,000) and your list (\$324,000): \$329,000.		
	<p>Trade-off Principle Any time you're asked for a concession in a negotiation, automatically ask for something in return.</p> <p>Take-Away When asked to discount, offer to subtract part of the service.</p>	After agreeing on price for your buyer, the seller asks for a later closing date. Similar to trade-off principle	Ask for additional repairs your buyers wanted but were willing to forgo.		

✓	Tactic Type	Situation	Counter	Benefit of Using	Anticipated Reaction
	<p>Want-It-All Philosophy In your initial negotiations, always ask for more than you expect to get.</p>	<p>Put all items from the inspection in the buyer's offer assuming the seller may agree.</p> <p>Caution: this can backfire with the seller ignoring the offer completely.</p>	If the seller doesn't agree, consider these negotiable items.		
	<p>Withdraw Offer Principle Withdraw an offer by retreating to a previous position, explaining that the offer is unavailable because you made a mistake or because a higher authority intervened.</p>	When the negotiation is taking long with lots of back and forth.	Offer to meet the other agent in the middle, and when they come back with a different offer that favors them, you simply withdraw back to your original position.		

Tactics, Tactics, and More Tactics

Keep in Mind

- **Use caution** with tactics. Use them to move a negotiation along and to maintain control. Do not be defensive, demanding, or mean—remember, you are seeking a win-win.
- When using a tactic with a co-op agent, help them out by having **purposeful conversations** with lots of details so they can relay the information back to their own client. Avoid saying, “Just tell your client this ...” because they’ll get defensive.
- **Avoid traps**—taking what others say literally. Instead, explore their intention with probing questions. Come from curiosity!

What are your aha's?

- _____
- _____
- _____
- _____
- _____

Total Time for Tactics and Aha's: 30 minutes

3. Improve Six Negotiation Skills

1. Educate with Evidence

First and foremost, raise your NQ by being an expert in your market. Be a student of, and **communicate about**, your market better than anyone! Continually gather intel on your market and communicate it quickly, confidently, and often. The numbers and statistics are your evidence!

- Buyer's market? Seller's market? Balanced?
- Average days on market (DOM)
- Inventory in price bands
- List-to-sell price ratios
- Number of offers
- Average cost of staging
- Average cost of repairs
- _____
- _____

*Where do you find
this information?*

"Negotiation is an honest conversation about the type of market that exists."

Darren Kittleson, Agent, OP, Madison, WI

Know the Laws

Along with knowing your market, know the laws that regulate zoning, mortgage qualification, and other real estate-related matters. Be familiar with your local board rules and regulations.

Begin with the LORE (Language of Real Estate) Tool

Your LORE, as well as your Market Center's, are valuable stats that position you positively as the market expert and local economist of choice.

Access this tool and update your numbers on KWConnect.com under “Growth,” then “Career Growth Initiative.” Or ask your Market Center.

The Language of Real Estate

Step 1: Find the Month Over Month Change from your MLS or Board of Realtors

Ask your Market Center leadership team for this information.

Formula	Original Amount	New Amount	Find the Change. Subtract the New Amount from the Original Amount	Find the % Difference. Divide the Change by the Original Amount. Multiply by 100.
	Total This Month Last Year	Total This Month	Change = New Amount – Original Amount	Change/ Original Amount * 100
Example 1	250	265	15	$15/250 = .06$ $.06 *100 = 6\%$
Example 2	300	265	-35	$-35/300 = -0.12$ $-0.12 *100 = -12\%$
Closed Units	250	265	15	6
Closed Sales Volume	300,000	250,000	-50,000	-17
Listings Taken	300	310	10	3
Listings Taken Volume	250,000	300,000	50,000	20
Listings Sold	100	150	50	50
Listings Sold Volume	1,000,000	2,000,000	1,000,000	100
Contracts Written	25	75	50	200
Contracts Written Volume	600,000	612,000	12,000	2

Note: Replace the numbers in red with your board's numbers.
(These numbers are just place holders.)

“We want to be perceived as being valuable. How? Be knowledgeable.”

Chris Heller, CEO Keller Williams Realty

2. Master Negotiation Scripts

"Negotiation skill is really script skill."

Tony DiCello, VP of KW MAPS Research and Development

Great selling skill requires knowing and practicing scripts on a consistent basis. Top agents practice scripts daily with a role-play partner or coach.

Great negotiation requires telling your clients the truth—with logic and numbers, not emotion. Here are some examples.

FOR SELLERS

| You want to sell? Here's the price that will get it sold.

| Here's what's happening in the market right now ... (show graphs from *SHIFT: How Top Real Estate Agents Tackle Tough Times.*)

| If you want to counter this offer, consider losing this buyer.

FOR BUYERS

| If you want to buy a house today, this is what it's going to take ...

| What's more important? A lower price or a lower rate?

To be great at selling and negotiating, you need market expertise, great scripts, and skill at delivering the message.

Amateurs practice until they get it right; professionals practice until they can't get it wrong.

Unknown

3. Recognize Communication Styles

We all know the Golden Rule—treat others the way you want them to treat you. The more powerful rule is the **Platinum Rule**—treat others the way they want to be treated. Add to your NQ by understanding basic communication preferences so you can treat your clients the way they want to be treated. Skill at determining a person's communication style **quickly** will allow you to adjust your communication style to mirror him or her and gain rapport more readily.

Generally, people can be classified as one of four communication styles. Learn more about these styles and the Keller Personality Assessment (KPA) in the KWU course Career Visioning, part one in the Leverage Series.



"Appearance matters. Enjoy what you're doing and it will radiate and generate energy."

Mary Tennant, Member of the Board, Keller Williams Realty

Connect Quickly With Others

- Leave your hands and palms visible as this signals openness and trustworthiness.
- Nod your head while talking or asking a question and the other person will be more inclined to agree with you.
- If you ask someone a question and they only partially answer, wait, and they will usually resume talking.

"Silence forces people to answer."

Carl Battiste, KWU Master Faculty and KW MAPS Coach, San Ramon, CA

- Show excitement when you meet someone. Typically, the other person will be excited as well.

4. Perfect Your Questioning and Listening

How do you effectively learn the wins of all parties? You ask questions. Lots of questions! Then listen carefully to the answers. Your objective is to get to the heart of what makes a win for your client.

1. Discover through Questions
2. Listen Purposefully

1. Discover through Questions

Negotiation is a process of discovery. You ask questions and others will ask questions of you. To be truly prepared for any negotiation, consider the tough questions you may get so you're not blindsided without a ready response.

1. Have a **list of questions** prepared in advance with enough room to write answers. This conveys a perception of professionalism and being prepared.
2. Use “Who, What, When, Where, How” **open-ended questioning** to discover every aspect of their wins and roadblocks.
3. **Prepare the other person** for your questioning, and avoid interrogation!

If you don't mind, I've got some questions I'd like to go over with you so I clearly understand your position.
4. **Repeat and affirm** what they've said.
5. **Probe the answer** to arrive at the true motivation. Ask questions three deep.

On a scale of 1–10, what would be a 10 for you?
 What would make it a 10+?
 Why is that important to you?
 What else?
 What if it doesn't happen?
 Make I ask why that's a concern?
 Help me understand ...
6. **Allow time** for them to think before answering. Pause when they're done to allow them to continue if they need to.

Questions for Buyers *

- What are you willing to pay?
- What are the top five things you're looking for?
- What else?
- And what else?
- Why is that important?
- What will happen if it doesn't occur?
- Is there anything that could get in our way? (roadblocks)
- What will make the experience a 10 for you?
- A 10+? A 10++?

*Note: There are many questions you'll be asking your buyers. Refer to the KW Buyer Questionnaire from Ignite or Win with Buyers.

Questions for Sellers **

- What is causing you to sell now?
- When do you plan to move?
- What price do you have in mind?
- Are there any special circumstances or anything that could get in our way?
- Anything else?
- Anything else? (repeat to uncover more)
- What will happen if it doesn't occur?
- What will make the experience a 10 for you?
- A 10+? A 10++?

**Note: There are many questions you'll be asking your sellers. Refer to the KW Listing Presentation from Ignite or Win with Sellers.

Questions for Co-op Agents

To discover your opponent's win, ask them questions too. Included are questionnaires from *The Millionaire Real Estate Agent*, the MREA Operations Manual, and the Forms Appendix—one for each agent: the listing agent and the buyer agent. Find them in the appendix at the end of this course.

In addition, always ask:

- What is the best way to communicate with you?
- When is the best time to reach you?

Seller's Agent Questions Worksheet

ABOUT THE SELLER'S AGENT

Agent Name: _____ Realtor: _____

Best method to communicate: _____

ABOUT THE PROPERTY

Property Address: _____

1. Is the property still available? (if "No," thank the agent and end phone call)
2. Do you have any offers working?
3. Have there been previous offers that were withdrawn?
4. Why didn't they work? _____
5. Is there anything not in the MLS or on the property that would affect the value?
6. Have any major appliances or the roof been replaced?
7. Do you know the approximate age of the property? (ask this question last)
- a. Appliances: _____
- b. Roof: _____
- c. Hot water heater: _____
- d. HV/AC: _____
8. Do you have septic/well certification? (Usually this must be done within 12 months of sale—ask about requirement).

Buyer Agent Questions Worksheet

ABOUT THE BUYER AGENT

Agent Name: _____ Realtor Company: _____
How may I reach you? Office: _____ Cell: _____
Fax: _____

ABOUT THE BUYERS:

1. Loan Information:
 - a. Are they pre-approved? Yes No
 - b. If not, credit pulled? Yes No
 - c. Name of Mortgage Co.: _____
 - d. Name of Loan Officer: _____
 - e. How to reach? Office: _____
Cell: _____
 - f. Pre-qual/pre-approve letter? Yes No
2. Personal Information:
 - a. New to <location>? Yes No
 - b. Moving from? _____
 - c. What line of work? He _____ She _____
 - d. Employer: He _____ She _____
 - e. Renting? Yes No
 - f. Time frame to move? _____
 - g. Consider a "quick close"? Yes No
 - h. Consider a "leaseback"? Yes No

Copies of these worksheets can be found in the appendix.

2. Listen Purposefully

"Most of the successful people I've known are the ones who do more listening than talking."
Bernard Baruch, American Financier and Statesman

Your skill at listening is indispensable in negotiations. Listen more than you speak and don't reveal too much about yours or your client's motivations. Be patient and invite the other person to speak without interruption. After you ask a question, listen intently to the answer, and explore the reasons or emotions behind their words with clarifying questions.

Just so I understand, why are you saying that/why do you feel that way?
What do you mean when you say that?
Tell me more.

Sometimes, instead of listening carefully, we start thinking of a great response. Listening is not just hearing; it requires concentration and involves more than just your ears.

A Note on Objections

While you're listening carefully, your client may respond with a question or objection. There's a difference between the two; don't get them confused.

- Questions = **answer** them
- Objections = **handle** them

Explore the motivation behind each.

Activity: Listen All the Way to the End

1. Pair up and choose an item in your possession to negotiate a buy/sell (e.g., pen, tie, cell phone, jewelry, etc.)
2. The first person starts the negotiation, example: “I really like those *earrings*. Will you take \$xx for the **m**?”
3. The second person begins their response with the last letter of the other’s sentence: “**M**y earrings? They were a gift from my friend, so I expect 12 thousand dollar**S**.”
4. The first person continues with a sentence that begins with an “**s**.”
5. Continue back and forth until time is called.

Time: 5 minutes

Real-Play: Recapture Your Current Customer's Wins

Goal: Practice your new questioning, and *listening* skills. Capture your client's 10+++ win, gain one or more referrals, and set as many appointments as you can. Make use of this time in class to generate business!

1. **Call** a current or past client and, using the following script, ask for their wins and one or more referrals.

10+++ SCRIPT

Hi, I'm working on improving my skill in real estate transactions and I want to ask you a favor. Do you have a moment?

If we were in the process of selling or buying your home, what would make the experience be a 10+? What would make it a 10++? And what about a 10+++?

Great, thanks for sharing that with me. That's really helpful. Whenever the need comes up, I will do my very best to deliver on my promise to make it a 10+++ experience for you.

One last thing ... I'm always looking to help others with their real estate needs, so who do you know that's looking to buy or sell now?

Great, thank you! Anyone else I can call?

Thank you! This has been helpful for me and I really appreciate you!

2. Write down your client's 10+++ outcome:

3. **Record your results** on the **Real-Play ... Real Results!** page.

Time: 5 minutes (for client calls)

4. **Call referrals** using the script on page 47 and ask for an appointment.
5. **Record your results** on the following **Real-Play ... Real Results!** page.
6. **Report out** your success from this Real-Play. Share with the class the number of referrals and appointments you got.

Time: 5 minutes (for referral calls)

Real-Play ... Real Results!

- Call clients for referrals.

Client Name	Close for ... Referral Name/Phone	What's next?
1.		
2.		
3.		
4.		
5.		
Total:		

- Call referrals for appointments.

Referral Name	Close for ... Appointment	What's next?
1.		
2.		
3.		
4.		
5.		
Total:		

What went right?

What were the challenges?

How can you power through the challenges next time?

SCRIPT: REFERRALS

Hi, ___, this is _____. I'm with Keller Williams Realty and your name was given to me by a close friend of both of ours, (your client's name), and he/she said that I should give you a call. Is right now a good time to talk for a couple of minutes? Excellent!

(Your client's name) said that you were thinking about (buying/selling) a house in (time frame for buying/selling) and asked if I would please give you a call. He/She and I both want to make certain that you are in great hands and that you have the very best, so that's why I'm calling.

Since everyone likes to know what houses are selling for, I'd like to share my real estate app with you. You can see what's going on anywhere, from your street to any place in North America! It's free, there's no cost to you, and I can send you a text to link to it. Does that sound good? Great!

If they are buying ...

Have you seen anything you like thus far? Great!

Are you working with any other agent? No? That's good.

If they are selling ...

When are you planning to move?

Have you listed your house with another agent? No? Excellent!

Continue ...

The next step is for us to get together. I can answer all your questions and explain how the entire process works. It will only take about 20 minutes. Can we meet today or would tomorrow be better for you?

If no thanks ...

I understand. Just so you know, I have a wealth of interesting and timely information about the real estate market in your area, and I'd love to send it to you. Let me make sure I have your current email and address.

And do me a favor, please. If you hear of someone with a real estate need, will you keep me in mind? Great. And, after you download the app and try it out, send me a text and let me know how you like it. I'd appreciate that.

Thank you for your time today, and please let me know if there is anything I can ever do for you.

Real-Play ... Real Results!

Win-Win Negotiations

Date:

Instructor:

Student Name	Number of Referrals	Number of Appointments
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		

*Instructor: Tally results from Real-Play and brag about them!
Give this sheet to the Team Leader for Training and Tracking.*



50 GROW YOUR NQ

Student Name	Number of Referrals	Number of Appointments
20.		
21.		
22.		
23.		
24.		
25.		
26.		
27.		
28.		
29.		
30.		
31.		
32.		
33.		
34.		
35.		
36.		
37.		
38.		
39.		
40.		
Total:	Total:	Total:

Instructor: Tally results from Real-Play and brag about them!

Give this sheet to the Team Leader for Training and Tracking.

5. Know the Wins of All Parties

Top agents all agree: paramount to your NQ is being great at discovering the wins of all parties and the roadblocks that may distract them. First, understand that only you can define *your* win and only your client can define *their* win.

- Be clear about your own wins, and be willing to walk away if you don't get them.
- Clearly communicate your wins to your client and the other agent.
- Ask the questions and listen carefully to elicit their wins.
- Check off with them to make sure you understand.

When you fail to communicate your win to others, it invites guessing and assumptions and you may not get what you're after. When you fail to clearly know your client's win, you may negotiate for the wrong things or lose the deal for your client.

"Communication is the underlying theme of win-win."

Joshua Stern, Agent, Salt Lake City, UT

Who	Wins	Roadblocks
1. You	<ul style="list-style-type: none"> • Win the listing/buyer. • Successfully negotiate a win for your client. • Gain a happy customer who comes back and refers others. 	
2. Your Client		
3. Co-op Agent	<ul style="list-style-type: none"> • Successfully negotiate a win for their client. 	
4. Their Client		

"Place a higher priority on discovering what a win looks like for the other person."

Harvey Robbins, Business Psychologist

Include All the Issues; Identify Roadblocks

- Mistake: Not asking enough questions to find out what the other party truly wants to have happen to make them feel they succeeded.
- Mistake: Thinking that negotiation is only about the price of the house.
- Mistake: When you neglect to consider the other side, negotiations can break down.

Little Wins to Big Wins

“Little wins” can be just as important as big wins. People feel good with little wins. Concessions, such as “Yes, they agree to the lease back,” and good news, such as “There are no major repairs required,” can make the entire transaction more satisfying.

- Negotiate for little wins on the way to the big wins.
- Sweeten the deal for your client.

Example: A seller accepts your buyer’s offer without a hitch, and your buyer gets exactly what they want. This seems great; however, everyone wants to feel they got a good deal, so consider negotiating for a little extra, like asking to use the buyer’s preferred Title Company. To the seller, this is a minor concession, but the good feeling your buyer gets from this little win can feel like a big win.

Know Your Minimums

Just as important as knowing the wins of all parties is knowing the minimums you will agree to. According to *Getting to Yes*, by Roger Fisher and William Ury, this is referred to as your BATNA—your **Best Alternative to a Negotiated Agreement**. Think of it this way: Your seller *wants* to net at least \$35,000 so they can put that money into a down payment on a bigger home, but they only *need* a net of \$28,000 for the down payment. That’s probably their minimum—their BATNA.

Why is it so important to know minimums? If you don't know the minimum, you may get out-negotiated to less before you even realize it.

What are some other areas to have a minimum established before negotiating?

-
-
-
-
-

Scripts: Discovering Minimums

Seller Wants \$50,000 Net From the Sale

Challenge: You need to discover your seller's minimum.

Possible Action: Calculate the net for the seller based on their preferred listing price and discover how low the seller is willing to go. Offer different nets to find out where their minimum is.

SCRIPT TO SELLER

I know you want to get \$50,000 out of this house. So let me ask you, if I wrote you a check right now for \$45,000 and took care of the mortgage, would you sell me your house?

Yes? Great!

What if I wrote you a check for \$40,000? No? Okay, thanks.

6. Set Expectations

"Negotiation is about setting expectations."

Darren Kittleson, Agent, OP, Madison, WI

Agents with strong NQs begin with an expectation of abundance rather than desperation. Set **clear** and **realistic** expectations with your clients and then **under-promise** and **over-deliver**. Who do you want to set expectations with? Everyone!

Set Expectations with Your Buyers

Use your **buyer presentation** to explain the process and what to expect. This is a negotiation point with the client and the best time to educate them about the market and the entire process to eliminate any surprise factor. You will be able to easily determine if your buyer is **realistic** and **serious** about purchasing a home.

- Explain the value of win-win.
- Prepare them for what's happening in the current market.
 - Inventory and price ranges
 - Multiple offers
 - Good properties go fast
 -
 -
- Explain the preapproval, viewing, offer, inspection, negotiation, and close processes.
- Explain the value of a clean, legitimate offer—one that has an expectation of being accepted.
- Establish how often and how to communicate with them.

SCRIPT TO PREPARE THE BUYER FOR THE NEGOTIATION PROCESS

I will be negotiating on your behalf for more than just the price. We will prepare an offer of price and terms and I will present it to the listing agent. The seller and their agent will review our offer and most likely counter—that is, come back with a different price or change to the terms that you want. To get what you want in the timeframe you want may take several rounds of negotiation. I like to prepare you so you feel comfortable and confident as we negotiate all these details. Sound good?

Note: Tailor this script to the specifics of your market.

SCRIPT TO PREPARE THE BUYER FOR A SELLER'S MARKET

Because of the market we're in with homes selling quickly, I may recommend that you offer a price above asking.

Set Expectations with Your Sellers

Use your **prelisting packet** to explain the process and what to expect. This is a negotiation point with the seller and the best time to educate them about the market and the entire process, as well as eliminate any surprises. You will be able to easily determine if your seller is realistic about selling their property.

- Explain the value of a property in great condition at the right price—one that attracts a buyer.
- Prepare them for what's happening in the current market.
 - Low offers – Sellers may have to deal with emotions about the price.
 - Multiple offers – The highest may not always be the best.
 - Realistic timeline
- How often and how to communicate with them.

SCRIPT TO PREPARE THE SELLER FOR LOW OFFERS

In this market, you may expect every offer we receive to be lower than you want.

SCRIPT TO PREPARE THE SELLER TO PRICE CORRECTLY

A property that's priced right will get lots of showings and offers.

SCRIPT TO PREPARE THE SELLER FOR ROUNDS OF NEGOTIATION

The fewer times we go back and forth, the better.

SCRIPT TO PREPARE THE SELLER FOR THE NEGOTIATION PROCESS

I will be negotiating on your behalf for more than just the price. When a buyer wants to purchase your house, their agent will present me with their offer, and I will present it and go over it in detail with you. The offer may be less than your price, and the buyer may have other issues like time to close, closing costs, repairs, and more. I like to prepare you so you feel comfortable and confident as we negotiate all these details. Sound good?

Note: Tailor this script to the specifics of your market.

In every conversation, prepare your clients for what's ahead ...

And here's what's going to happen next ...

By telling them what's happening next, you remove any discomfort with your client having to ask this question.

Expectations of You

Ask your sellers what expectations they have of you. This may be a point of negotiation as well.

SCRIPT TO ASK YOUR CLIENT FOR THEIR EXPECTATIONS OF YOU

We've reviewed many things for you to expect. Do you have any concerns or questions about any of them?

Now, what expectations do you have of me?

Set Expectations with the Other Agent

When negotiating with an agent you don't have experience with, ask others in your Market Center if they've had experience with them and what it was like. Look them up on the internet with Google, Yelp, and their website.

Some agents will be cooperative and some will be adversarial. You must have the flexibility to work with both. Establishing clear expectations with the other agent up front will decrease the occurrence of misunderstandings and emotional bouts.

Explain how you work, how you like to receive communication, how you like to be kept informed of any updates, etc.

- How you communicate—method (email/text/phone), how often, etc.
- How you prefer to be kept apprised of updates/changes

Negotiate This!

3

Negotiation #3: The Counter

1. Gather in your same pairs of **Listing Agent** and **Buyer Agent**.
2. By yourself:
 - a. Read the scenario below.

Scenario: The Counter

The listing agent offers a counter of \$290,000 to the buyer agent.

- b. Read the notes targeted only to your role at the back of this manual.
 - **Buyer agents, read the notes and answer the questions specifically for you on page 103.**
 - **Listing agents, read the notes and answer the questions specifically for you on page 113.**
3. Get with your partner, and without revealing the details only you know, continue negotiating. *Hint:* You don't have to agree!

What are your aha's?

-
- _____
 - _____
 - _____

Aha's Into Action

- What are your aha's from this chapter?

- Fellow students' aha's:



- From this chapter, what is the ONE Thing you can do right now to make everything else easier or unnecessary?

3. NAVIGATE TO WIN-WIN

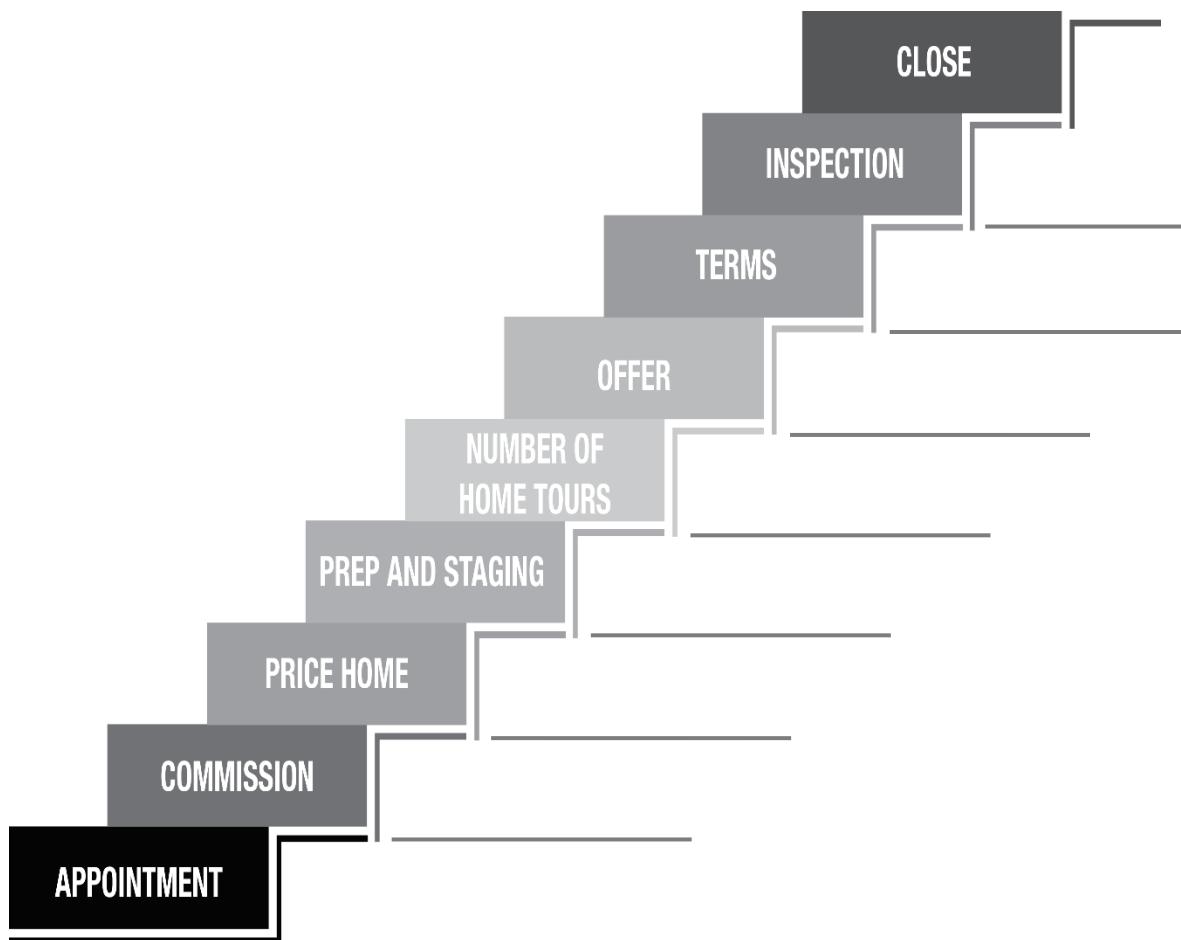


In this chapter ...

- Negotiating – Appointment to Close
- Negotiable Items
- Prepare Strong Offers
- Negotiate Offers
- Negotiate Counteroffers
- Aha's Into Action

Negotiating – Appointment to Close

Some people think negotiations in real estate transactions are about price and price alone. That's shortsighted. Negotiating is an integral part of the *entire* real estate transaction. It is a pivotal point at multiple stages and your skill will either make (or break) the deal.



Negotiation Worksheet

On the following page is a tool that can be used throughout the process. This tool is used and provided by Darren Kittleson, Operating Principal and Real Estate Negotiation Expert, Madison, Wisconsin.

Negotiation Worksheet

Negotiation Term	Ideal for Buyer	Ideal for Seller	Currently Being Offered	Counter by Other Side	Final Agreement
Purchase Price					
Earnest Money					
Earnest Money Increase					
Closing Date					
Occupancy Date/Time					
Closing Cost Credit					
Tax Proration					
Bill of Sale Items (appliances, etc.)					
Acknowledged Defects					
Time of Acceptance					
Other Closing Prorations					
LP Gas					
Insurance					
Condo/HOA Fees					
Financing Contingency					
Loan Commitment					
Preapproved v. Prequalified					
Home Sale Contingency					
Appraisal Contingency					
Other Testing/Inspections					
Other Items					

Whether representing the seller or buyer, using a simple tool such as this Negotiation Worksheet will keep you organized and on track during the entire negotiation process.

A copy of this is included in the appendix for you to customize and use.

Negotiable Items

Become familiar with all possible items that buyers and sellers want you to negotiate for. These generally fall into two categories:

1. Price
2. Terms

1. Price

PRICE

DEFINITION

When people think of negotiating a real estate transaction, often they think of price and only price. Price is a central issue for both parties. Buyers want value for what they pay, and sellers want what makes sense for them financially, so price tends to be an emotionally charged item in negotiations.

Negotiate Listing Price With Your Seller

Top real estate agents recommend using the word “position” instead of price, as in, “I suggest we **position** your house somewhere around \$350,000” instead of “I suggest we **price/list** your house somewhere around \$350,000.”

Why?

“Our listing marketing is proven in this market, so the only thing we’re testing is the price.”

Monica Reynolds, Agent, KW MAPS Coach, San Diego, CA

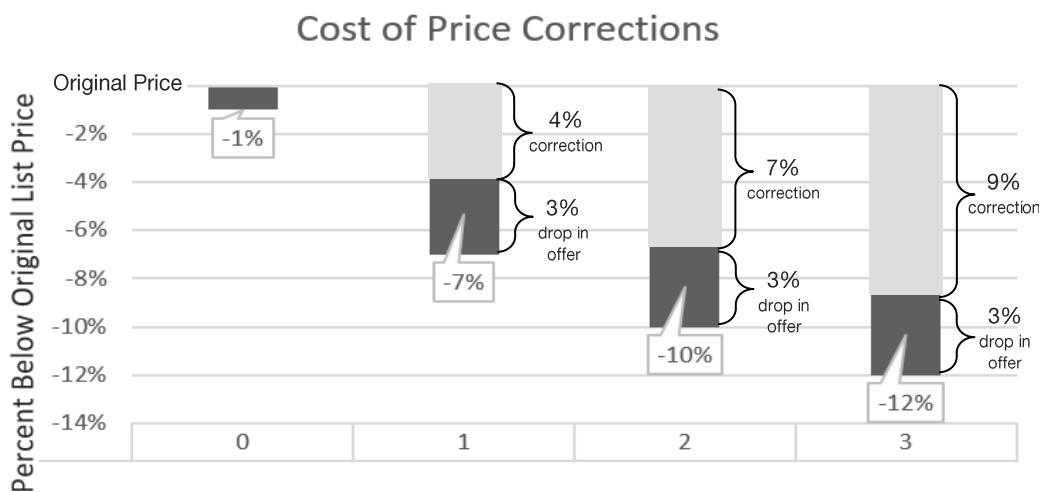
KW Research: Cost of Price Corrections

KW Research reveals how important setting the correct price is. Price reductions affect two factors—days on market and final sales price—both of which affect how much money ends up in the pocket of the seller.

1. **Days on Market** – overpriced homes end up on the market longer and incur holding costs.



2. **Final Sales Price** - for every price correction the sales price drops further from the original asking price. This includes the price reduction *and* the lower offer.



For example, a house listed at \$350,000 will close, on average, 1 percent less than list, or \$346,500. Price reductions cause the house to sell for considerably less—after just one correction, the house will sell for \$325,500, and after three corrections, the house will sell for \$308,000 (12 percent less than original asking price).

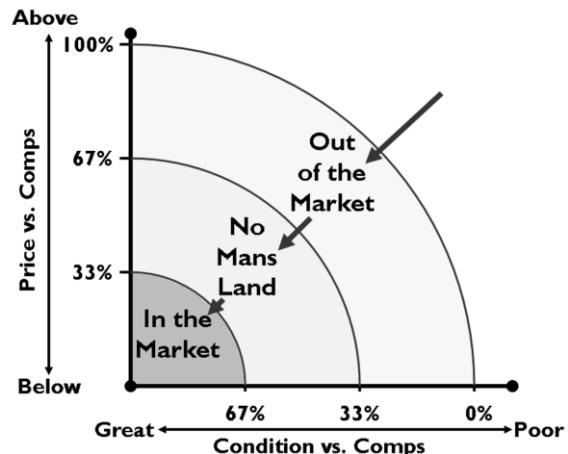
Price and Condition Matter!

When helping you seller price the home correctly, show these graph and explain why pricing is critical. (Taken from *SHIFT: How Top Real Estate Agents Tackle Tough Times*).

SCRIPT

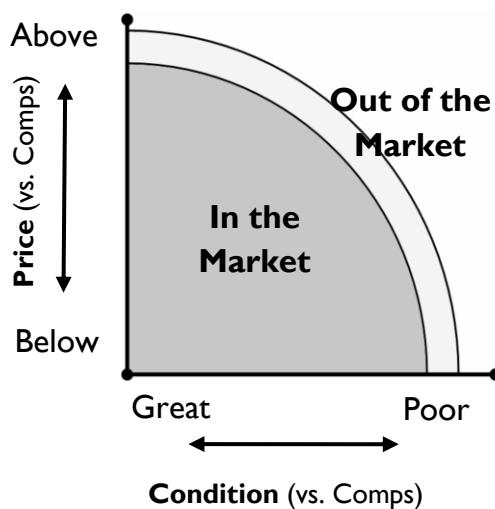
Mr. Seller, in order to sell, your house must be in the top 30 percent in condition and in the bottom 30 percent in price. In some markets it may be 20/20, or even 10/10.

The real danger lies when the price is neither IN the market nor OUT of the market. These listings are destined to languish in No-Mans-Land, where there will be no interest or activity from buyers.



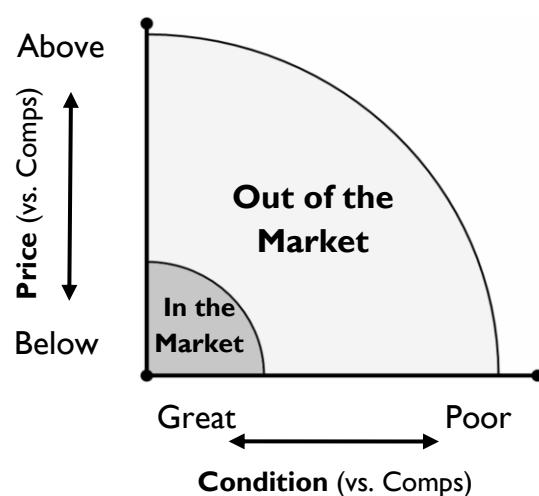
Pricing in a Sellers' Market

In a strong sellers' market, it all sells!
Virtually every property is IN.



Pricing in a Buyers' Market

In a buyers' market, properties priced correctly and in good condition are IN the market—but they represent only a small segment.



2. Terms

The terms of an offer may be financial, time-based, or both. When the buyer and seller cannot agree on a sales price, terms take on an elevated importance in the negotiation. Here are a few of the most common.

"The answer is yes. Now let's discuss my terms."

Unknown

CLOSING COSTS

An offer from a buyer may include a request for the seller to help with or pay closing costs.

CLOSING DATE

Buyers and sellers may differ on their timing of the close. Sellers may want to receive their capital quickly to move on, or they may need a longer time while they find or close on a new home. Buyers may want to get into the home quickly because of a lease situation, or may want to hold off making their first payment. Each can use the other's motivating factor in their negotiations.

LEASEBACK / RENT BACK

Moving is both stressful and time-consuming. Many times the seller is not quite ready to vacate the property and will ask to remain in the home after the sale. Buyers may offer 30 to 60 days to sweeten their offer.

EARNEST MONEY AND OPTION FEE

As a show of good faith to a seller, the buyer deposits an agreed-upon amount of money into a trust or escrow account. (i.e. 2 to 5 percent of the purchase price, or a flat fee) Buyers may offer more than asked for to position their offer.

**CONVEYANCES:
FURNITURE,
APPLIANCES**

Many a deal has fallen apart because of emotional and sentimental attachments to things in the house—refrigerator, front door, swing set, custom lighting, and more. All of these items can become negotiable items.

**HOME
WARRANTY**

Buyers may want a home warranty as assurance that if anything breaks or needs repair after the sale, it'll be covered.

INSPECTION

No property is without flaws, and this becomes evident in the inspection. Set expectations with your client that issues will come up and they should be prepared to give and take on them to get the deal done. Sometimes the issue is waiving inspections.

REPAIRS

Buyers have leverage with repairs needed to bring a home up to current standards. They can demand all repairs be done or be lenient on some or all to get a lower price. Sellers can avoid the stress of negotiating repairs by having the home preinspected and repairing items before the home goes on the market.

Activity: What Other Terms Come Up?

1. Gather in groups of three to four and quickly come up with as many other terms as you can in 3 minutes.
 2. When time is called, each team reports out 1–2 terms that no one else reported, including the most unusual.

Negotiate This! 4

Negotiation #4: Inspection

This scenario continues where the previous one left off.

1. Pair up for the final time and read your final notes about your client. (Page **105** for Buyer Agent, page **115** for Listing Agent)
2. Complete the questions.
3. Negotiate to a FINAL decision.

Scenario: Inspection

Agreement has been made on price and closing time by both parties pending inspection. Inspection is completed and indicates 57 items needing repair. Many of the repairs are minor: dripping faucet, electric switch not working, disposal not working, etc. The bigger items: septic system needs pumping and water heater needs replacing.

What are your aha's?

- _____
- _____
- _____

Time: 15 minutes

Prepare Strong Offers

Truth

**The better the offer,
the better the chance of the deal going through.**

Knowing your market, whether buyer's, seller's, or shifting, allows you to prepare strong offers that get accepted.

Help your buyer prepare a strong offer that's more likely to be accepted and requires minimal or no negotiating.

1. Offer a fair price with few concessions.
2. Consider alternatives to asking for closing costs.
3. Meet the most important wins of the seller.
4. Make it stand out.
 - Write a personal letter—appeal to the seller's emotion
 - Include an escalation clause in competitive bidding situations
5. Present in person! Avoid electronic submissions with no communication.

A KW Standard

Together, we can create a KW standard to always clearly communicate with the other agent when submitting offers or counters. This gives you the opportunity to “read” the other agent and learn if they’re win-win or win-lose. It’s easy and it’s courteous.

SCRIPT: TO OTHER AGENT

I'm so excited because we have a chance to put a deal together! I'm sending over our offer this afternoon. What's the ideal closing for your client?

Escalation Clauses

ESCALATION CLAUSE

In situations such as multiple offers, this is a competitive strategy you can use with your buyers to outbid other offers. Offer price plus an escalation clause allows for the offer price to increase to an amount higher than any other offer automatically, in a controlled manner.

Some top KW agents are using escalation clauses to help their buyers win the bid in multiple offer situations. These offers tell the sellers how serious the buyer is about buying their home. Top agents are also finding that their sellers are more readily accepting offers with the escalation clause and no terms.

What else can you do to make your offer stand out and win?

-
1. _____
 2. _____
 3. _____

Negotiate Offers

In his book *Give and Take*, Adam Grant offers advice on influencing, which is straightforward and practical, and even defies conventional wisdom.

1. **Make the first offer** – People who make the first offer get better terms that are closer to their target price because when the number is on the table, both parties begin to work around it. This is the concept of anchoring the price. It sets the stage and provides control in the negotiation.
2. **Don't counter too low** – To protect yourself from a lower number, slow down your response. You can redirect the conversation until you've thought your response through.

Get the buyers when they're hot. Don't give any reason for them to be discouraged.

3. **Counteroffers make both parties more satisfied** – Allow for some back and forth so everyone feels they got a good deal. Don't take the first offer either, even if it's what you want. Ask for additional concessions that won't put the deal at risk.

"The way you approach negotiation will determine the result you're going to get."

John Wenner, Team Leader, Santa Barbara, CA

Rounds of Negotiations

Rarely does a real estate deal happen with no negotiations involved. Prepare yourself for back and forth negotiations—rounds between you and your client and you and the other agent. They are necessary to achieve all parties' objectives, especially when it comes to the many possible terms or contingencies.

KW Research: Round and Round!

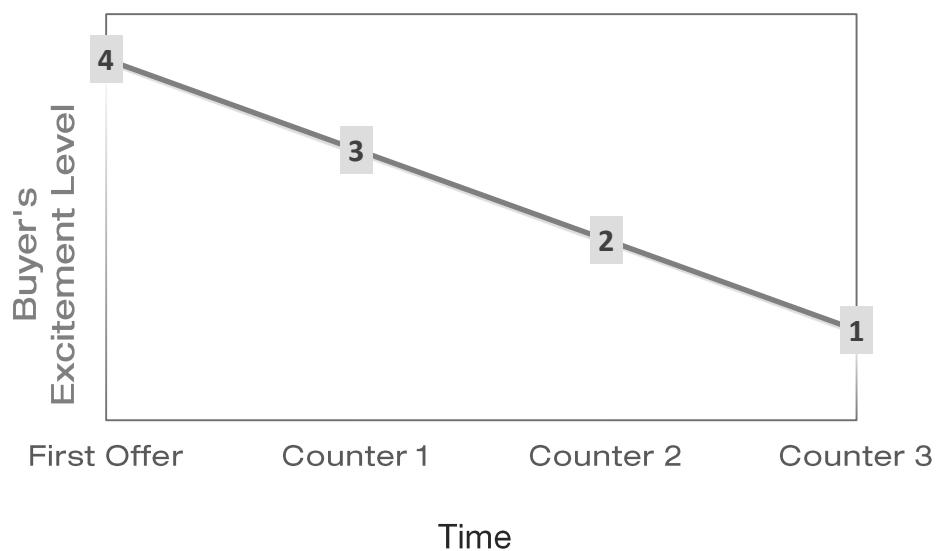
KW Research, in conjunction with a Texas State University graduate program, found that settling on a deal that's acceptable to both parties may take as many as 1–4 rounds of negotiations, with 3–4 rounds being the most common in real estate transactions. In fact, it was found that when negotiations go more than 4 rounds, the prospect of one of the parties walking away from the deal becomes greater.

Conclusion

Keep rounds of negotiations to 4 or fewer.

Sellers get weary and buyers get emotional as negotiations drag on ...

Buyers are most excited at the offer, and their excitement dwindle over time. Doubts and second thoughts creep in, and they lose enthusiasm. Then they get angry and begin to focus on the numbers and everything that's going wrong.



Scripts: Negotiating Offers/Price

Help Your Buyer Make an Offer Likely to Be Accepted

Challenge: Your buyer wants to submit lowball offers.

Possible Action: Make clear the possible responses the seller may have based on what the buyer offers.

SCRIPT TO BUYER

| Is your primary goal to make offers or to buy the house?

SCRIPT TO BUYER

| The list price is \$300,000 and you want to offer \$260,000. I understand you want a good deal, but if the offer is too low, the seller will either a) not respond at all, or b) counter higher than normal because they are afraid your counter won't come up enough to meet their needs. You don't want that to happen, so what do you think is an amount the seller will seriously accept so you can buy this home?

Make Your Buyer's Offer More Likely to Be Accepted

Challenge: In a multiple bid situation, you're unsure what it will take to make a strong offer.

Possible Action: Call the listing agent to find out what it's going to take to make a strong offer for your buyer.

SCRIPT: TO LISTING AGENT

| I have a buyer who's interested in your listing and I'm working with them to make an offer. They've looked at a lot of houses and have several choices, so tell me what's going on with your house? How can I make your house their number one choice? Give me the pitch on the house and what your client's situation is so I can help my buyer make a decision to make an offer on your house. Aside from the price, what would make our offer stand out to your seller?

Position Your Buyer's Offer

Challenge: You're ready to present your buyer's offer and want to position it as the best offer.

Possible Action: Stand out from the competition by presenting the offer to the listing agent and the seller in person.

SCRIPT TO LISTING AGENT

When can I present this offer to you and your client? Would it be okay to do this in person? I feel it's the best way to represent my client. I can share with your client what my buyer loves about the home and how it will be a win-win for both sides.

Your Buyer's Offer on an Overpriced Property

Challenge: Your buyer wants to make an offer on a property that's been on the market for a while and seems overpriced.

Possible Action: Open up communications with the other agent to discover why it's priced this way.

SCRIPT TO LISTING AGENT

I know you've worked hard to prepare this house properly, and we're excited to have the opportunity to make an offer. Some of the comparables I've pulled up aren't lining up with the list price and I know you've done your homework. Would you be willing to share your comparables with me so I can share those with my buyer?

Seller Rejects Your Buyer's Offer

Challenge: Your buyer's offer is reasonable, yet the seller rejects it outright.

Possible Action: Open up communications with the other agent to keep the offer open.

SCRIPT TO LISTING AGENT

Are you willing to gamble that you will get another offer in the next 30 days?

Response Time

One issue clients have is with response times after submitting an offer or counteroffer. Remember, this is an emotional moment for your client and you can help alleviate their stress.

- Submit a reasonable, clean offer that's most likely to be accepted.
- Set expectations up front for response times.
- Commit to following up with the other agent to move the process along.
- Set an expiration date on the offer.
- Help your client remain unattached to and unemotional about the outcome.

The seller may take any amount of time to respond, and you can help it along.

SCRIPT TO LISTING AGENT

| My client really wants this home. What can we do to get accepted?

Remind your buyer that once they submit an offer, one of three things will happen.

1. Seller **accepts** the offer as-is
2. Seller **rejects** the offer altogether
3. Seller **counters** the offer

Response time can take longer in a seller's market with multiple offers. The seller may have already chosen one buyer's offer and is in the process of negotiating with them. However, the seller doesn't want to lose your buyer in case their number one buyer doesn't work out. Again, maintaining communication with the listing agent is vital!

SCRIPT TO BUYER

| Don't assume your offer is rejected until we actually hear from the seller.

Scripts: Negotiating Terms

KW Research: Inspection/Repairs

KW Research discovered that the phase of the transaction requiring the most negotiating rounds is the **inspection/repair phase**, with a national average cost of repairs at \$3,300.

One way to negotiate staging and repairs with your seller is to use this simple graphic to explain it clearly.



Repairs

Challenge: Your seller doesn't want to pay the full amount of repairs that the buyer has asked for and no other offers have come in. The seller is willing to pay \$3,000 but not the full \$5,000 requested.

Possible Action: Remind seller of their objective to get the house sold. Give them a perspective on what may happen if they don't spend the extra amount on the repairs.

SCRIPT TO SELLER

If you don't pay the extra \$2,000 in repairs and this deal falls through, are you willing to keep the house? Then we may have to lower the price by \$xx,xxx or more to sell the house as-is. Are you willing to drop the price by that much to get the house sold?

Buyer Wants to Offer Less Than List and Include Many Repairs

Challenge: Buyer is insistent that repairs be included in their low offer.

Possible Action: Give a perspective about the repairs that keeps the process moving forward.

SCRIPT TO BUYER

You have two options: 1) Offer a price so the seller feels good about the deal and getting the repairs done, or 2) Offer a low price that makes the seller upset and refuse to do repairs. Which would you prefer to do?

Home Warranty

Challenge: Your seller is reluctant to pay for a home warranty, something almost all buyers ask for.

Possible Action: Put the warranty cost into perspective.

SCRIPT TO SELLER

All buyers are going to do an inspection and things will come up—say a water heater is past its life expectancy yet still working well. When the buyers ask you to replace the water heater, we can simply say that we are providing a home warranty that will cover the buyers for the first 12 months.

Offer Includes Conveyances

Challenge: Buyer offer comes in lower than list price, plus they've added the hot tub, the play set, the washer/dryer combo, and the refrigerator.

Possible Action: Separate the price from the terms, especially since the seller is not prepared to give up these items.

SCRIPT TO BUYER AGENT

I see that your offer came in low, plus you've added several inclusions the seller had not considered giving up. After we agree on the price, then we can negotiate for some of the inclusions your client wants.

Immediate Possession

Challenge: Offer comes in and buyer wants possession as soon as funding and recording occurs.

Possible Action: Counter with a possession period for your seller.

EXAMPLE: TO BUYER AGENT

My client (seller) currently occupies the home, and as you know, incurs all the risk by moving everything out of their property just to find out the property didn't fund and record at the last minute. We'd like to include a 48-hour possession period after funding and recording. This will give them time to get everything moved out and have the place properly cleaned.

Requests Owner Financing

Challenge: The buyer agent calls saying their client has some credit problems and cannot obtain conventional financing, but has \$100,000 to put down on the property listed at \$315,000, and wants to know if your seller is willing to owner finance the balance. No other offers have come in for six weeks.

Possible Action: Find out the source of the bad credit and look into the buyer's ability to pay.

EXAMPLE: TO BUYER AGENT

This is an offer we will consider once we explore the reason for the bad credit and determine your buyer's ability to pay on the loan. And, of course, we'll have to determine the terms of the loan. We need to ensure that this is a low-risk situation for my client.

Negotiate Counteroffers

A counteroffer occurs when a buyer and a seller disagree on price or terms. Instead of sending your counter electronically, pick up the phone and talk to the co-op agent and tell them why you're creating the counter that you're sending them. Consider paying them a compliment—this is a great opportunity to build the relationship toward a win-win.

PAY THE CO-OP AGENT A COMPLIMENT

I know you've been working hard on this and I appreciate everything you're doing. I can only imagine what you're going through right now with your client, and I want to say your level of professionalism is outstanding. Thank you for being willing to work with us.

Electronic Offers and Counteroffers

Most agents, especially within KW, use a transaction management system such as dotloop to send offers, counteroffers, and documents to clients and agents.

However, technology can be problematic if not handled carefully. Be certain to explain exactly what your client is agreeing to by electronically signing. If not explained properly, there can be misunderstandings that are hard to undo later on and may create legal issues.

SCRIPT TO SELLER

I just sent you an email with the offer. Let's take a few minutes together to walk through the details so, no matter what, you have a thorough understanding of what the contract says. After all, it may have been quite a while since you've seen a real estate purchase contract, right?

"You should never send a counteroffer over to an agent without picking up the phone and explaining what you're countering."

Joshua Stern, Agent, Salt Lake City, UT

Scripts: Negotiating Counters

Low Offer from Buyer

Challenge: You have no idea how serious this buyer is since their offer was low.

Possible Action: Use the tactic Better Offer to learn how motivated the buyer is.

EXAMPLE: TO BUYER AGENT

I just received your offer and I noticed it came in low. I haven't shared it with my seller yet, so let me ask you ... from now until I present the offer to my client, if another offer comes in and it's better than yours and your buyer loses out, are they going to be okay with that?

Low Offer from Buyer

Challenge: You just received an offer and it's low and has an added concession of closing costs.

Possible Action: Find out what's most important to the buyer and negotiate with your seller to counter with an offer that includes what the buyer needs.

EXAMPLE: TO BUYER AGENT

I noticed that you came in a little low and you've added closing costs. I'll need to go back to my seller, but first, are the closing costs the most important thing to your buyer? If they are, we can raise the price by the amount of the closing costs and both our clients can get what they want, and we all close an easy deal. Does that work?

Low Offer from Buyer

Challenge: Offer from buyer is considerably lower than your comps.

Possible Action: Discover how they arrived at the price they offered. Help the buyer agent understand the house is properly priced and they need to put in a better offer.

EXAMPLE: TO BUYER AGENT

My client is preparing a counteroffer for you. You have to understand, they're not too interested in a big price reduction, so I'm trying to find a happy medium where your client feels like they're getting what they want. You most likely shared comparables with your buyer, and if it's helpful to you, I'm happy to share the comparables I used when we listed the property and you can share them with your buyer.

Buyer Not Happy With Seller's Counteroffer

Challenge: The seller counters with a price higher than the buyer wants to pay.

Possible Action: Help your buyer see the value of accepting the counter so they can close the deal and purchase their dream home.

EXAMPLE: TO BUYER

You have two options: 1) Say okay to the seller's counteroffer, or 2) Offer a counter that the seller won't turn down. Either way, we move ahead on the purchase.

When Negotiation Fails

When you negotiate fairly with a perspective of win-win, you never really lose.

When the Negotiation Gets Tough ...

Bring your client back to their motivations—their wins.

What's more important to you at this moment? The back door being fixed by the seller, or you being able to move your family in before the new school year begins?

This works with the co-op agent as well.

I can appreciate that you want to get this deal done for both your client and yourself, so let's see how we can make this work.

"At the very least, we have intelligent, noncombative, nonegotistical dialogue, and I say, 'Sorry we couldn't pull this one together, and I know we'll be able to in the future.'"

Joshua Stern, Agent, Salt Lake City, UT

Aha's Into Action

- What are your aha's from this chapter?

- Fellow students' aha's:



- From this chapter, what is the ONE Thing you can do right now to make everything else easier or unnecessary?

PUTTING IT ALL TOGETHER

In this chapter ...

- Ready to Negotiate
- How Do You Get Better?
- Resources
- From Aha's to Achievement

Ready to Negotiate

- Check your mindset—make sure it's win-win.
- Build on your NQ by:
 1. Knowing everyone's wins
 2. Asking lots of questions and listening purposefully
 3. Connecting with people in a way they prefer
 4. Setting clear and realistic expectations with everyone
 5. Being the local economist of choice by knowing your market
- Use planning and preparation tools to stay focused and on track.
- Use and counter common negotiation tactics.
- Know all possible terms/concessions that may arise.
- Negotiate with confidence!

How Do You Get Better?

Good negotiators aren't born that way ... they are made, and you have it in you to be a skilled negotiator! Many top agents believe this is the skill they get paid for and that great negotiators make more money than those less skilled.

1. **Be learning based** – Be a student of others through observation, ask lots of questions, read books, follow blogs, and attend training on negotiating.
2. **Commit to self-mastery** – Move beyond being an amateur negotiator to become a professional one by practicing your scripts and dialogues; accept your mistakes as you are learning.

Note: These are two of Keller Williams Realty's Six Personal Perspectives.

Commit to Improve

- Know and practice scripts and dialogues.
- Role-play with a partner, practicing offers and counters.
- Observe and listen to experienced agents.
- Ask questions.
- Read books on negotiating.
- Attend training. Listen to interviews with the contributors to this course on KWConnect.com under KWU Interviews – Negotiations.

"The cost of not being educated on negotiations is losing a contract."

Carl Battiste, KWU Master Faculty, KW MAPS Coach, San Ramon, CA

What Will Make the Process Easier?

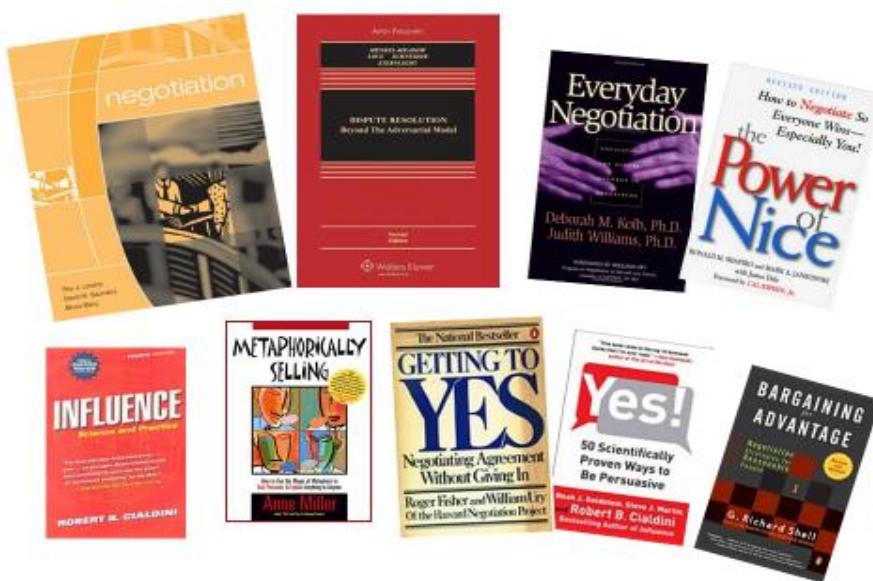
- Clear value proposition that includes negotiation skill
- Thorough listing presentation
- Thorough buyer consultation and questionnaire
- Proven reputation for tough-yet-fair negotiations
- Caring for the needs of the co-op agent and their client
- Great relationships with other agents in your area
- Honesty
- Overcommunicating
- Over-delivering!

*"Be better than those who are 'natural' at this, who don't study
and master."*

Steven Cohen, Mega Agent, Boston, MA

Resources

- Secrets of Power Negotiating by Roger Dawson
- Getting to Yes by Roger Fisher and William Ury
- Getting Past No by William Ury
- The One Minute Negotiator by Don Hutson and George Lucas
- The Negotiating Game by Chester Karrass
- Effective Negotiating by Chester Karrass
- Crucial Conversations by Kerry Patterson, Joseph Grenny, Ron McMillan, Al Switzler
- Changing Minds by David Straker
- David Straker's free resource site on negotiation:
<http://changingminds.org/disciplines/negotiation/tactics/tactics.htm>
- And more ...



From Aha's to Achievement

AHA's

What are your aha's?

BEHAVIORS

What behaviors do you intend to change?

TOOLS

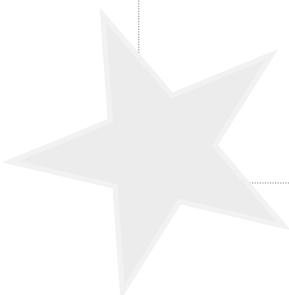
What tools will you use?

ACCOUNTABILITY

What does accountability for this look like?

ACHIEVEMENT

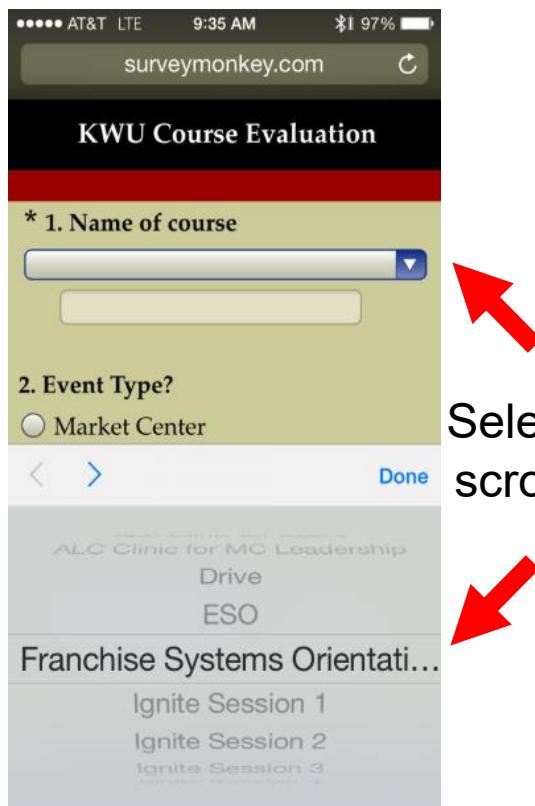
What will you achieve?



Don't Forget Your Evaluation!

To fill out the evaluation:

- Go to KWUeval.com on any mobile device.
- Select the course and instructor.
- Share your feedback.



Select drop-down to scroll for title of this course

Thank You for Sharing Your Feedback

NEGOTIATE THIS!

ACTIVITIES

- Notes for Buyer Agents (1 – 4) Pages 99 - 105
- Notes for Listing Agent (1 – 4) Pages 109 - 115

Notes for Buyer Agent

Buyer Agent

1

- The buyers are anxious to get into a home before their lease expires in three months.
- This property meets the buyers' needs in terms of location and size.
- The buyers are approved for \$290,000, which includes \$15,000 to upgrade the kitchen which they feel is essential.
- They have lost out on other properties in this same neighborhood.
- They feel the offer is fair given the age and condition of the home.

What Will You Do?

You Represent the Buyers

What information would be helpful to know about the other side?

How will you get that information?

How can you create a win-win with the other agent on behalf of both the buyer and the seller?

What's your next move?

Notes:

Buyer Agent **2**

- The buyers are anxious and excited to hear back about their offer. They really like the house and can picture themselves in the newly remodeled kitchen.
- They're a little nervous about the low offer but feel it's a fair one.
- You believe there's some wiggle room to go up a bit if need be.

What Will You Do?

You Represent the Buyers

What's the outcome you're trying to achieve?

How will you negotiate with the other agent to achieve the outcome?

How will you keep your client's emotions from taking over?

What do you agree to do?

Notes:

Buyer Agent 3

- After presenting the counter to the buyers, they are disappointed because it's the top of their range and they won't be able to afford the kitchen updates.
- They feel defeated because every deal has fallen through for them.
- They want to counter back at no more than \$280,000.
- And they ask to see other homes.

What Will You Do?

You Represent the Buyers

What's the outcome you're trying to achieve?

How will you negotiate with the other agent to achieve the outcome?

How can you create a win-win with the other agent on behalf of both the buyer and the seller?

What do you agree to do?

Notes:

Buyer Agent

4

- The buyers are handy and willing to fix the minor stuff themselves, plus they'd planned on redoing the kitchen anyway.
- They're most concerned about the septic system.

What Will You Do?

You Represent the Buyers

What's the outcome you're trying to achieve?

How will you negotiate with the other agent to achieve the outcome?

How will you keep your clients' emotions from taking over?

What do you agree to do?

How do you feel about the outcome? How does the other party feel? Was it a win-win outcome?

Notes:

Notes for Listing Agent

Listing Agent

1

- The property's owner passed away and the sole heir wants the place sold as soon as possible to cover outstanding debts and expenses.
- The seller is pushing their agent to get the house sold and hasn't wanted to lower the price since they want to net as much as possible.
- The house has been empty for six months and may need repairs.
- There are no loans against the house.

What Will You Do?

You Represent the Seller

What information would be helpful to know about the other side?

How can you get that information?

How can you create a win-win with the other agent on behalf of both the buyer and the seller?

What's your next move?

Notes:

Listing Agent

2

- After presenting the offer to the seller, the seller is disappointed and even offended. After all, this had been their family home and it was a great one!
- The seller desperately needs the money and the whole amount as soon as possible.
- No other showings or offers have happened.

What Will You Do?

You Represent Seller

What's the outcome you're trying to achieve?

How will you negotiate with your client to either accept or counter?

How will you negotiate with the other agent to achieve the outcome?

How will you keep your client's emotions from taking over?

What do you agree to do?

Notes:

Listing Agent

3

- After calling the buyer agent, you know that the buyers really like the house.
- After much discussion, the listing agent convinces the seller to come down to \$290,000 to get the deal done quickly, and the seller feels he is being very generous in doing so.

What Will You Do?

You Represent the Seller

What's the outcome you're trying to achieve?

How will you negotiate with the other agent to achieve the outcome?

How can you create a win-win with the other agent on behalf of both the buyer and the seller?

What do you agree to do?

Notes:

Listing Agent

4

- The seller is not happy about having to spend money on repairs, and doesn't have the means to anyway. The seller hopes to sell "as-is."

What Will You Do?

You Represent the Seller

What's the outcome you're trying to achieve?

How will you negotiate with the other agent to achieve the outcome?

How will you keep your client's emotions from taking over?

What do you agree to do?

How do you feel about the outcome? How does the other party feel? Was it a win-win outcome?

Notes:

APPENDIX

- Seven Types of Power Page 120
- Negotiation Tactics Pages 121 - 124
- Seller Agent Questions Worksheet Pages 125 - 126
- Buyer Agent Questions Worksheet Pages 127 - 129
- Game Plan for a Win-Win Negotiation Page 131
- Buyer Negotiation Worksheet Page 133
- Negotiation Scripts Catalog Page 135

Seven Types of Power

Another factor that comes into play is power. Be aware of your own power as well as the power of the person you're negotiating with.

1. **Legitimate Power**

Comes with title or position. Examples: CEO, President

2. **Reward Power**

When you perceive that someone has the ability to reward you, they have power over you.

3. **Punishment Power**

When you perceive that someone has the ability to punish you, they have power over you.

4. **Reverent Power**

When someone is clear about their values and what they believe in, they can be tough to negotiate with. Example: Mo Anderson

5. **Charismatic Power**

Based entirely on strength of personality. Example: Bill Clinton

6. **Expertise Power**

When one party is deemed to have more knowledge and skill on the topic.

This is one reason to be the economist of choice and know your market better than anyone!

7. **Information Power**

Sharing information forms a bond; withholding information intimidates; both of these give power. More information equates to more power.

25 Negotiation Tactics

Tactic Type	Situation	Counter
Flinching Visibly react (in person) or audibly (on the phone) when a proposal is made.	When a buyer agent calls with an offer for your listing that's \$25,000 below list.	React audibly as if in pain or shock and pause. Respond with, "Whoa! That's not what I was expecting at all." Typically a better offer will follow.
Silence Pausing for longer than usual after presenting an offer or asking for something. The other party may offer a better deal.	When you've submitted an offer on a house that's overpriced with no other offers, and the sellers counter with no change in the list price.	Wait it out; the sellers may finally relent.
Walk Away Communicate your willingness to walk away.	When the buyer agent keeps pressing to go below your seller's minimum.	Be ready to end the negotiation.
Better Offer Indicate the possibility of competitive offers.	When a low offer comes in on your listing.	Throw it back. Respond, "We have another offer that's better. Is this your best offer?"
Vise Technique Similar to better offer without resorting to calling their bluff.	When the seller won't accept your buyer's offer.	Squeeze people with the phrase, "You'll have to do better than that." Or "How much better than that do I need to do?"
Decoy Technique Take the other person's attention away from the real issue. Like a magician!		
Red Herring A refinement of the decoy technique: create an issue in the negotiations that will subsequently be used to trade off for a real issue.	Buyer offers \$290K on a \$300K listing, expects \$5K in repairs ... AND wants a pool installed!	"Okay, I can give on the repairs, but not on the pool!"
Easy Acceptance When you want to make the other party feel good or better about losing.	When the other side is "winning" and you're "losing," they say, "Good working with you. You'll win next time."	Avoid getting into ego and emotion, accept the loss this time, learn from it, and move on.

Tactic Type	Situation	Counter
Funny Money Breaking down the price to make it seem that the amount is insignificant.	When the other agent tries to convince you that a \$5,000 difference in price is just \$14 per day.	Don't fall for it. Continue to negotiate in real dollars, for the \$5,000.
Feel, Felt, Found Agreeing up front by using phrases like, "I understand how you feel, many others have felt the same way; however, we have always found ..."	To avoid being adversarial when negotiating with a seller for the listing, Validate how they feel and diffuse any bad feelings.	When used on you, recognize the tactic and react to the "we have always found ..." with what YOU know to be true.
Good Guy, Bad Guy Two people working together: one friendly, the other negative.	<i>Listing Agent (good guy)</i> I'm pretty sure we can get these repairs taken care of by the seller. <i>Seller (bad guy):</i> No way will we make those repairs!	Call them on it or simply push back to test resolve. "You're not going to play 'good guy/bad guy' are you? "It sounds like we're not coming to agreement. My buyers may pull their offer."
Higher Authority Deferring to someone else to make a decision.	<i>Buyer:</i> Our parents are helping us with our financing and we'll have to consult with them first.	"I completely understand, and when we meet next time, would it be okay to have all parties present?"
Hot Potato Passing a problem on to you.	<i>Seller:</i> We can't afford to pay your commission. Can't you come down?	First, verify that the problem is real. It may not truly be an issue. "My job is to negotiate the best possible price so you net what you need and I get what I need."
Never Take the First Offer Consider: How do people universally react to someone taking their first offer? Answer: I could have gotten a better deal! Always look for a better deal.	Your seller is unhappy when several offers come in quickly at list price. They think they could have gotten more.	Remind sellers there's still room to negotiate on terms and conditions to their benefit.

Tactic Type	Situation	Counter
Nibbling Keep asking for additional items, one at a time. Nibbling is effective toward the end of the negotiation.	<i>Buyer:</i> We've already agreed on \$300,000, can't you throw in the playset in the backyard? It's a little thing.	Nibble back or stall/deflect: Never give away anything for free. "We agreed on the price without the playset. I'll find out how much the seller will let it go for if you'd like."
Power of the Printed Word People believe and don't question what they see in writing, like a price tag on a piece of clothing.	When you want your client to accept something, put it in writing. They assume it's not negotiable. Example: having a transaction fee in your listing presentation.	When used against you, question what's in writing. It never hurts to ask!
Reluctant Buyer Feign disinterest in making a deal, no matter how high your enthusiasm.	When you believe the agent or buyer is motivated yet playing "reluctant."	Avoid sweetening the deal to get the buyer interested.
Service Value (Menu) The value of services always diminishes rapidly after the services have been performed; any time you make a concession, ask for a trade-off immediately.	Your seller wants to postpone agreeing to your commission until you've proven yourself.	Negotiate the value of your service, such as commission, up front! Don't wait until the end of the deal when the perception of your value may be less.
Set-aside Gambit Put an issue on hold, find agreement on little issues to create momentum, then return to any major-impasse issues.	When both parties disagree, for example about the price.	Say, "Besides the price, we're in agreement about <i>term 1, term 2, etc.</i> , right?"
Smart/Dumb Dumb is smart and smart is dumb. Always play dumb and don't give yourself away; the other side will be kept off guard and will try to help you.	Your buyers are interested in a property that you consider to be overpriced.	Play dumb to gain more information, "I see the price is listed here at \$250,000. What do you mean by this?" Often, the listing agent will tell you more than they planned to.

Tactic Type	Situation	Counter
Splitting the Difference Asking the other person to split the difference between what you want and what they're willing to give.	<i>Buyer Agent:</i> My buyer is offering \$310,000 and your seller wants \$334,000. Let's split the difference at \$324,000.	Know your minimum and stay firm. Either respond with a "No," or ask the buyer to split the difference (\$324,000) and your list (\$324,000): \$329,000.
Trade-off Principle Any time you're asked for a concession in a negotiation, automatically ask for something in return. Take-Away When asked to discount, offer to subtract part of the service.	After agreeing on price for your buyer, the seller asks for a later closing date. Similar to trade-off principle	Ask for additional repairs your buyers wanted but were willing to forgo.
Want-It-All Philosophy In your initial negotiations, always ask for more than you expect to get.	Put all items from the inspection in the buyer's offer assuming the seller may agree. Caution: this can backfire with the seller ignoring the offer completely.	If the seller doesn't agree, consider these negotiable items.
Withdraw Offer Principle Withdraw an offer you've already made by retreating to a previous position, explaining that the offer is unavailable because you made a mistake or because a higher authority intervened.	When the negotiation is taking long with lots of back and forth.	Offer to meet the other agent in the middle, and when they come back with a different offer that favors them, you simply withdraw back to your original position.

Seller's Agent Questions Worksheet

ABOUT THE SELLER'S AGENT

Agent Name: _____ Realty Company: _____

Best method to communicate: _____ Best frequency: _____

ABOUT THE PROPERTY

Property Address: _____

1. Is the property still available? Yes No
(if "No," thank the agent and end phone call)
2. Do you have any offers working? Yes No
3. Have there been previous offers that did not work? Yes No
4. Why didn't they work? _____
5. Is there anything not in the MLS or the disclosure of which I should be aware?

6. Have any major appliances or the roof been replaced recently?

7. Do you know the approximate ages? Check SPDS to avoid asking agent this question.
 - a. Appliances: _____
 - b. Roof: _____
 - c. Hot water heater: _____
 - d. HV/AC: _____
8. Do you have septic/well certification? _____
Usually this must be done within <x> number of days of COE (lender/state requirement).

ABOUT THE SELLER

1. Why is the seller moving? _____
2. What is the time-frame for vacating the property? _____
3. Is there any flexibility in that?* _____
* Explain benefits to Seller. Ask if they will consider a quick close and then a leaseback from the new buyer at the buyer's PITI?
4. For how long? _____

ABOUT THE CONTRACT

1. Do you have the Seller's Disclosure? Would you fax it to me? _____
2. Are there any problems disclosed that you can explain?

3. Are the seller's offering a home warranty?

4. How many points or how much in closing costs is the Seller prepared to pay?

5. Is there any flexibility in the price?

6. How can I reach you if I have an offer?
Office: _____
Cell: _____
Fax: _____

7. What is your office mailing address that should be noted on the contract?

OTHER COMMENTS

Buyer Agent Questions Worksheet

ABOUT THE BUYER AGENT

Agent Name: _____ Realty Company: _____

How may I reach you? Office: _____ Cell: _____

Fax: _____

ABOUT THE BUYERS:

1. Loan Information:

- a. Are they pre-approved? Yes No
- b. If not, credit pulled? Yes No
- c. Name of Mortgage Co.: _____
- d. Name of Loan Officer: _____
- e. How to reach? Office: _____
Cell: _____
- f. Pre-qual/pre-approve letter? Yes No

2. Personal Information:

- a. New to <location>? Yes No
- b. Moving from? _____
- c. What line of work? He _____ She _____
- d. Employer: He _____ She _____
- e. Renting? Yes No
- f. Time frame to move? _____
- g. Consider a “quick close”? Yes No
- h. Consider a “leaseback”? Yes No

ABOUT THE OFFER

Go over each completed blank of the offer and ask about everything that is out of the ordinary. Ask about flexibility. You are preparing the buyer agent for your clients counter and helping him/her understand the reasonableness of your position.

Major Points of Offer:

1. Parties: Be sure all names are correct.
2. Property:
 - a. Be sure legal is correct: address including zip code
 - b. Be sure items that are excluded on disclosure/listing agreement are listed here.
3. Sales Price: _____
 - a. Be sure all parts "add up"
 - b. Ask how buyers arrived at offer? _____
4. Financing: Be sure correct boxes are checked
 - a. Confirm whether Financing Addendum must be added
 - b. Need lender approval letter
5. Earnest Money: \$ _____
 - a. Closing Company _____
 - b. Address correct? _____
6. Title Policy and Survey:
 - a. Title Policy
 - i. Who pays? _____
 - ii. Issued by? _____
 - b. Survey

i. New	Seller to provide existing
ii. Days _____	Buyer pays Seller pays
- c. Objections: Days _____ (3, 5, 7)
- d. Mandatory HOA? Yes No
7. Property Conditions
 - a. Disclosure attached? Yes No
 - b. Items filled in if seller is planning to do repairs
 - c. Residential Service Contracts: \$ _____
8. Broker's Fees

9. Closing:
- Closing Date _____
 - Flexibility? Yes No Note: No 15-day lender ext.
10. Possession (avoid vague possession terms by noting specific date and time; e. g., 1/16, 8am):
- Closing and Funding
 - Temporary Residential Lease (need form)
11. Specials Provisions:
-
-
-
12. Settlement and Other Expenses:
- Seller to pay:\$ _____
 - Note: On VA or FHA, be sure this amount includes "usual" seller costs and all other Buyer CCST that seller agrees to pay. Get a "not to exceed" amount.
13. Mediation:
- Be sure box "WILL" is checked
14. Agreement of Parties:
- Third Party Financing Addendum
 - Mandatory HOA Addendum
 - Seller's Temporary Lease
 - Sale of Other Property Addendum
15. Termination Option:
- Fee:\$ _____ Yes No
 - Days:_____ Yes No

MANDATORY HOA ADDENDUM

THIRD PARTY FINANCING ADDENDUM

GAME PLAN FOR A WIN-WIN NEGOTIATION

Who	1. Who am I negotiating with? (client/other party)	
Win-Wins	2. What are my objectives?	
	3. What are my client's objectives?	
	4. What are the other party's objectives?	
Prepare	5. What is the minimum I will settle for?	
	6. What do I still need to know?	
	7. What questions will I ask?	
	8. What information will I share/not share?	
	9. What obstacles or roadblocks may get in my/our way?	
	10. How will I manage any obstacles?	
	11. What tactics will I use?	
	12. What will happen if the negotiation doesn't work out?	
Perform	13. Location/Time:	
	14. What is the outcome?	
	15. What is the next move?	

Negotiation Worksheet

Negotiation Term	Ideal for Buyer	Ideal for Seller	Currently Being Offered	Counter by Other Side	Final Agreement
Purchase Price					
Earnest Money					
Earnest Money Increase					
Closing Date					
Occupancy Date/Time					
Closing Cost Credit					
Tax Proration					
Bill of Sale Items (appliances, etc.)					
Acknowledged Defects					
Time of Acceptance					
Other Closing Prorations					
LP Gas					
Insurance					
Condo/HOA Fees					
Financing Contingency					
Loan Commitment					
Pre-Approved v. Pre-Qualified					
Home Sale Contingency					
Appraisal Contingency					
Other Testing/Inspections					
Other Items					

NEGOTIATION SCRIPTS

CATALOG

QUESTIONS	4
Prepare the Other Person For Your Questioning	4
Probing Questions	4
Questions for Buyers and Sellers.....	4
Questions for Sellers	5
Ask Client for 10+++ and Referral.....	5
Seller Wants \$50,000 Net From the Sale.....	7
SET EXPECTATIONS	7
Expectations with Buyers	7
Expectations with Sellers.....	8
End Every Conversation with Client.....	8
NEGOTIATE OFFERS/PRICE	9
Present Offers in Person	9
Prepare Clients for the Market.....	9
Pricing.....	10
Help Your Buyer Make an Offer Likely to Be Accepted.....	10
Make Your Buyer's Offer More Likely to Be Accepted.....	11
Position Your Buyer's Offer	11
Your Buyer's Offer on an Overpriced Property	12
Seller Rejects Your Buyer's Offer.....	12
NEGOTIATE TERMS.....	13
Response Time.....	12
Repairs	13
Buyer Wants to Offer Less Than List and Include Many Repairs.....	13
Home Warranty	14
Offer Includes Conveyances	14

Immediate Possession	14
Requests Owner Financing	15
NEGOTIATE COUNTEROFFERS.....	16
Electronic Offers	16
Low Offer from Buyer.....	16
Low Offer from Buyer.....	17
Low Offer from Buyer.....	17
Buyer Not Happy With Seller's Counteroffer	18
WHEN NEGOTIATION FAILS	18
When the Negotiation Gets Tough	18

Questions for Clients

Prepare the Other Person For Your Questioning

If you don't mind, I've got some questions I'd like to go over with you so I clearly understand your position.

Probing Questions

On a scale of 1–10, what would be a 10 for you?
What would make it a 10+?
Why is that important to you?
What else?
What if it doesn't happen?
Make I ask why that's a concern?
Help me understand ...
Just so I understand, why are you saying that/why do you feel that way?
What do you mean when you say that?
Tell me more.

Questions for Buyers and Sellers

What are you willing to pay?
What are the top five things you're looking for?
What else?
And what else?
Why is that important?
What will happen if it doesn't occur?
Is there anything that could get in our way? (roadblocks)
What will make the experience a 10 for you?
A 10+? A 10++?

Questions for Sellers

- What is causing you to sell now?
- When do you plan to move?
- What price do you have in mind?
- Are there any special circumstances or anything that could get in our way?
- Anything else?
- Anything else? (repeat to uncover more)
- What will happen if it doesn't occur?
- What will make the experience a 10 for you?
- A 10+? A 10++?

**Note: For more questions, refer to both the KW Listing Presentation and Buyer Consultation from Ignite, Win with Sellers and Win with Buyers. For questions to ask co-op agents refer to *The Millionaire Real Estate Agent*, MREA Operations Manual, Forms Appendix.

Ask Client for 10+++ and Referral

10+++ SCRIPT TO CLIENT

- Hi, I'm working on improving my skill in real estate transactions and I want to ask you a favor. Do you have a moment?
- If we were in the process of selling or buying your home, what would make the experience be a 10+? What would make it a 10++? And what about a 10+++?
- Great, thanks for sharing that with me. That's really helpful. Whenever the need comes up, I will do my very best to deliver on my promise to make it a 10+++ experience for you.
- One last thing ... I'm always looking to help others with their real estate needs, so who do you know that's looking to buy or sell now?
- Great, thank you! Anyone else I can call?
- Thank you! This has been helpful for me and I really appreciate you!

SCRIPT TO REFERRALS

Hi, ____ this is _____. I'm with Keller Williams Realty and your name was given to me by a close friend of both of ours, *(your client's name)*, and *he/she* said that I should give you a call. Is right now a good time to talk for a couple of minutes? Excellent!

(Your client's name) said that you were thinking about *(buying/selling)* a house in *(time frame for buying/selling)* and asked if I would please give you a call. *He/She* and I both want to make certain that you are in great hands and that you have the very best, so that's why I'm calling.

Since everyone likes to know what houses are selling for, I'd like to share my real estate app with you. You can see what's going on anywhere, from your street to any place in North America! It's free, there's no cost to you, and I can send you a text to link to it. Does that sound good? Great!

If they are buying ...

Have you seen anything you like thus far? Great!

Are you working with any other agent? No? That's good.

If they are selling ...

When are you planning to move?

Have you listed your house with another agent? No? Excellent!

Continue ...

The next step is for us to get together. I can answer all your questions and explain how the entire process works. It will only take about 20 minutes. Can we meet today or would tomorrow be better for you?

If no thanks ...

I understand. Just so you know, I have a wealth of interesting and timely information about the real estate market in your area, and I'd love to send it to you. Let me make sure I have your current email and address.

And do me a favor, please. If you hear of someone with a real estate need, will you keep me in mind? Great. And, after you download the app and try it out, send me a text and let me know how you like it. I'd appreciate that.

Thank you for your time today, and please let me know if there is anything I can ever do for you.

Seller Wants \$50,000 Net From the Sale

Challenge: You need to discover your seller's minimum.

Possible Action: Calculate the net for the seller based on their preferred listing price and discover how low the seller is willing to go. Offer different nets to find out where their minimum is.

SCRIPT TO SELLER

I know you want to get \$50,000 out of this house. So let me ask you, if I wrote you a check right now for \$45,000 and took care of the mortgage, would you sell me your house?

Yes? Great!

What if I wrote you a check for \$40,000? No? Okay, thanks.

Set Expectations

Expectations with Buyers

SCRIPT TO PREPARE THE BUYER FOR THE NEGOTIATION PROCESS

I will be negotiating on your behalf for more than just the price. We will prepare an offer of price and terms and I will present it to the listing agent. The seller and their agent will review our offer and most likely counter—that is, come back with a different price or change to the terms that you want. To get what you want in the timeframe you want may take several rounds of negotiation. I like to prepare you so you feel comfortable and confident as we negotiate all these details. Sound good?

Note: Tailor this script to the specifics of your market.

SCRIPT TO PREPARE THE BUYER FOR A SELLER'S MARKET

Because of the market we're in with homes selling quickly, I may recommend that you offer a price above asking.

SCRIPT TO ASK THE BUYER FOR THEIR EXPECTATIONS OF YOU

We've reviewed many things for you to expect. Do you have any concerns or questions about any of them?

Now, what expectations do you have of me?

Expectations with Sellers

SCRIPT TO PREPARE THE SELLER FOR LOW OFFERS

In this market, you may expect every offer we receive to be lower than you want.

SCRIPT TO PREPARE THE SELLER FOR THE NEGOTIATION PROCESS

I will be negotiating on your behalf for more than just the price. When a buyer wants to purchase your house, their agent will present me with their offer, and I will present it and go over it in detail with you. The offer may be less than your price, and the buyer may have other issues like time to close, closing costs, repairs, and more. I like to prepare you so you feel comfortable and confident as we negotiate all these details. Sound good?

Note: Tailor this script to the specifics of your market.

SCRIPT TO ASK THE SELLER FOR THEIR EXPECTATIONS OF YOU

We've reviewed many things for you to expect. Do you have any concerns or questions about any of them?

Now, what expectations do you have of me?

End Every Conversation with Client

And here's what's going to happen next ...

Negotiate Offers/Price

Present Offers in Person

SCRIPT TO OTHER AGENT

I'm so excited because we have a chance to put a deal together! I'm sending over our offer this afternoon. What's the ideal closing for your client?

Prepare Clients for the Market

SCRIPT FOR SELLERS

You want to sell? Here's the price that will get it sold.

Here's what's happening in the market right now ... (show graphs from *SHIFT: How Top Real Estate Agents Tackle Tough Times.*)

If you want to counter this offer, consider losing this buyer.

SCRIPT FOR BUYERS

If you want to buy a house today, this is what it's going to take ...

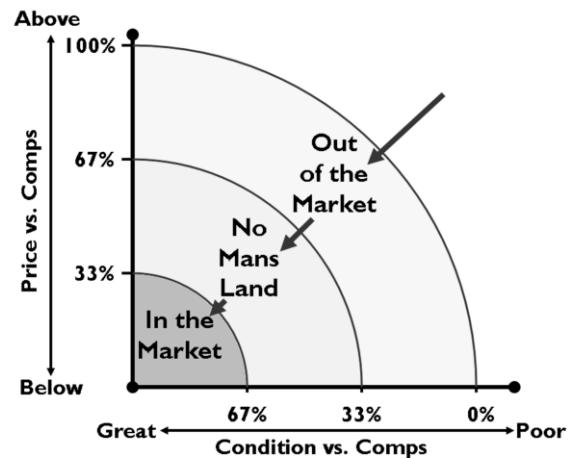
What's more important? A lower price or a lower rate?

Pricing

SCRIPT TO SELLER

Mr. Seller, in order to sell, your house must be in the top 30 percent in condition and in the bottom 30 percent in price. In some markets it may be 20/20, or even 10/10.

The real danger lies when the price is neither IN the market nor OUT of the market. These listings are destined to languish in No-Mans-Land, where there will be no interest or activity from buyers.



Help Your Buyer Make an Offer Likely to Be Accepted

Challenge: Your buyer wants to submit lowball offers.

Possible Action: Make clear the possible responses the seller may have based on what the buyer offers.

SCRIPT TO BUYER

Is your primary goal to make offers or to buy the house?

SCRIPT TO BUYER

The list price is \$300,000 and you want to offer \$260,000. I understand you want a good deal, but if the offer is too low, the seller will either a) not respond at all, or b) counter higher than normal because they are afraid your counter won't come up enough to meet their needs. You don't want that to happen, so what do you think is an amount the seller will seriously accept so you can buy this home?

Make Your Buyer's Offer More Likely to Be Accepted

Challenge: In a multiple bid situation, you're unsure what it will take to make a strong offer.

Possible Action: Call the listing agent to find out what it's going to take to make a strong offer for your buyer.

SCRIPT TO LISTING AGENT

I have a buyer who's interested in your listing and I'm working with them to make an offer. They've looked at a lot of houses and have several choices, so tell me what's going on with your house? How can I make your house their number one choice? Give me the pitch on the house and what your client's situation is so I can help my buyer make a decision to make an offer on your house. Aside from the price, what would make our offer stand out to your seller?

Position Your Buyer's Offer

Challenge: You're ready to present your buyer's offer and want to position it as the best offer.

Possible Action: Stand out from the competition by presenting the offer to the listing agent and the seller in person.

SCRIPT TO LISTING AGENT

When can I present this offer to you and your client? Would it be okay to do this in person? I feel it's the best way to represent my client. I can share with your client what my buyer loves about the home and how it will be a win-win for both sides.

Your Buyer's Offer on an Overpriced Property

Challenge: Your buyer wants to make an offer on a property that's been on the market for a while and seems overpriced.

Possible Action: Open up communications with the other agent to discover why it's priced this way.

SCRIPT TO LISTING AGENT

I know you've worked hard to prepare this house properly, and we're excited to have the opportunity to make an offer. Some of the comparables I've pulled up aren't lining up with the list price and I know you've done your homework. Would you be willing to share your comparables with me so I can share those with my buyer?

Seller Rejects Your Buyer's Offer

Challenge: Your buyer's offer is reasonable, yet the seller rejects it outright.

Possible Action: Open up communications with the other agent to keep the offer open.

SCRIPT TO LISTING AGENT

Are you willing to gamble that you will get another offer in the next 30 days?

Response Time

SCRIPT TO LISTING AGENT

My client really wants this home. What can we do to get accepted?

SCRIPT TO BUYER

Don't assume your offer is rejected until we actually hear from the seller.

Negotiate Terms

Repairs

Challenge: Your seller doesn't want to pay the full amount of repairs that the buyer has asked for and no other offers have come in. The seller is willing to pay \$3,000 but not the full \$5,000 requested.

Possible Action: Remind seller of their objective to get the house sold. Give them a perspective on what may happen if they don't spend the extra amount on the repairs.

SCRIPT TO SELLER

If you don't pay the extra \$2,000 in repairs and this deal falls through, are you willing to keep the house? Then we may have to lower the price by \$xx,xxx or more to sell the house as-is. Are you willing to drop the price by that much to get the house sold?

Buyer Wants to Offer Less Than List and Include Many Repairs

Challenge: Buyer is insistent that repairs be included in their low offer.

Possible Action: Give a perspective about the repairs that keeps the process moving forward.

SCRIPT TO BUYER

You have two options: 1) Offer a price so the seller feels good about the deal and getting the repairs done, or 2) Offer a low price that makes the seller upset and refuse to do repairs. Which would you prefer to do?

Home Warranty

Challenge: Your seller is reluctant to pay for a home warranty, something almost all buyers ask for.

Possible Action: Put the warranty cost into perspective.

SCRIPT TO SELLER

All buyers are going to do an inspection and things will come up—say a water heater is past its life expectancy yet still working well. When the buyers ask you to replace the water heater, we can simply say that we are providing a home warranty that will cover the buyers for the first 12 months.

Offer Includes Conveyances

Challenge: Buyer offer comes in lower than list price, plus they've added the hot tub, the play set, the washer/dryer combo, and the refrigerator.

Possible Action: Separate the price from the terms, especially since the seller is not prepared to give up these items.

SCRIPT TO BUYER AGENT

I see that your offer came in low, plus you've added several inclusions the seller had not considered giving up. After we agree on the price, then we can negotiate for some of the inclusions your client wants.

Immediate Possession

Challenge: Offer comes in and buyer wants possession as soon as funding and recording occurs.

Possible Action: Counter with a possession period for your seller.

SCRIPT TO BUYER AGENT

My client (seller) currently occupies the home, and as you know, incurs all the risk by moving everything out of their property just to find out the property didn't fund and record at the last minute. We'd like to include a 48-hour possession period after funding and recording. This will give them time to get everything moved out and have the place properly cleaned.

Requests Owner Financing

Challenge: The buyer agent calls saying their client has some credit problems and cannot obtain conventional financing, but has \$100,000 to put down on the property listed at \$315,000, and wants to know if your seller is willing to owner finance the balance. No other offers have come in for six weeks.

Possible Action: Find out the source of the bad credit and look into the buyer's ability to pay.

SCRIPT TO BUYER AGENT

This is an offer we will consider once we explore the reason for the bad credit and determine your buyer's ability to pay on the loan. And, of course, we'll have to determine the terms of the loan. We need to ensure that this is a low-risk situation for my client.

Negotiate Counteroffers

SCRIPT TO PAY THE CO-OP AGENT A COMPLIMENT

I know you've been working hard on this and I appreciate everything you're doing. I can only imagine what you're going through right now with your client, and I want to say your level of professionalism is outstanding. Thank you for being willing to work with us.

Electronic Offers

SCRIPT TO SELLER

I just sent you an email with the offer. Let's take a few minutes together to walk through the details so, no matter what, you have a thorough understanding of what the contract says. After all, it may have been quite a while since you've seen a real estate purchase contract, right?

Low Offer from Buyer

Challenge: You have no idea how serious this buyer is since their offer was low.

Possible Action: Use the tactic Better Offer to learn how motivated the buyer is.

SCRIPT TO BUYER AGENT

I just received your offer and I noticed it came in low. I haven't shared it with my seller yet, so let me ask you ... from now until I present the offer to my client, if another offer comes in and it's better than yours and your buyer loses out, are they going to be okay with that?

Low Offer from Buyer

Challenge: You just received an offer and it's low and has an added concession of closing costs.

Possible Action: Find out what's most important to the buyer and negotiate with your seller to counter with an offer that includes what the buyer needs.

SCRIPT TO BUYER AGENT

I noticed that you came in a little low and you've added closing costs. I'll need to go back to my seller, but first, are the closing costs the most important thing to your buyer? If they are, we can raise the price by the amount of the closing costs and both our clients can get what they want, and we all close an easy deal. Does that work?

Low Offer from Buyer

Challenge: Offer from buyer is considerably lower than your comps.

Possible Action: Discover how they arrived at the price they offered. Help the buyer agent understand the house is properly priced and they need to put in a better offer.

SCRIPT TO BUYER AGENT

My client is preparing a counteroffer for you. You have to understand, they're not too interested in a big price reduction, so I'm trying to find a happy medium where your client feels like they're getting what they want. You most likely shared comparables with your buyer, and if it's helpful to you, I'm happy to share the comparables I used when we listed the property and you can share them with your buyer.

Buyer Not Happy With Seller's Counteroffer

Challeng: The seller counters with a price higher than the buyer wants to pay.

Possible Action: Help your buyer see the value of accepting the counter so they can close the deal and purchase their dream home.

SCRIPT TO BUYER

You have two options: 1) Say okay to the seller's counteroffer, or 2) Offer a counter that the seller won't turn down. Either way, we move ahead on the purchase.

When Negotiation Fails

When the Negotiation Gets Tough ...

Bring your client back to their motivations—their wins.

What's more important to you at this moment? The back door being fixed by the seller, or you being able to move your family in before the new school year begins?

This works with the co-op agent as well.

I can appreciate that you want to get this deal done for both your client and yourself, so let's see how we can make this work.

