

## The Art of Negotiation by Al Lewis

### **Sellers / Power Broker Will Negotiate and Get the Best Price for Your House.**

The artful negotiator has great value. When negotiations are done correctly, when transactions are structured so that buyers get what they want in return for you getting what you want, everybody wins.

Five Underlying Facts About Negotiating / (1) Once you put your house up for sale, you are negotiating all the time. (2) Everything your buyer wants is owned or controlled by you. (3) There are predictable responses to strategic maneuvers in negotiating. (4) There are three critical factors to every negotiation: power, information, and time. Know them before proceeding. (5) People are different and have different personality styles that you must account for in negotiations: some are pragmatic; some extroverted; some are amiable; and some are analytical.

Rules to Follow when Striving for Win-Win Negotiations / (1) Do not narrow negotiations down to one issue. When you do, there can only be a winner and a loser. Broaden the scope of negotiations. Take into account all the elements of interest to each party and piece together those elements like a jigsaw puzzle until both sides are satisfied and can experience a win-win conclusion. (2) Never assume you know what the other party wants. Get to know the person first, and the details of the transaction second. (3) Understand that people are different and have different perspectives on negotiations. Never assume that money is the bottom line.

### **Agent Instructions / On the Fence, Off the Hook, Authorized Closing.**

At some point in the sales process all buyers are on the fence about committing to a purchase. They may be decision-able persons that move ahead without stimulus from their agent or they may be the kind of persons that need or would like help making the decision to buy. That's where we come in.

Closing is a process of our acting on implied consent that moves a buyer from inaction to action. Most, however, would rather work with an agent that closes only when authorized to do so. When a buyer follows our direction they, in essence, are authorizing us to close irrespective of anything they may have said about buying or not.

To do this, enter conversations that for the most part let them off the hook by making suggestions for conjecture only: suppositions, inference, evidence, conclusions, deduction, propositions, interpretation, or considerations for example purposes only.

Ask your questions, make your suppositions or propositions and let them answer before talking again. Every answer authorizes you to continue. They in essence are saying go ahead, keep trying, I dare you to close me. If that were not their intent, they would not participate, but put a stop to your gambits.

### **The Assumptive Close.**

I Can See that You Like this Home / Would you like to own it? Okay, then, let's take action.

Show Costs / With that said, suggest that you are going to take a few moments to complete a new buyer's cost worksheet to show them exactly what it will cost to buy and own this home.

After completing and explaining the buyer's cost worksheet, and qualifying your buyer, pursue a conversation something like this: say, I can see by your interest that you could own this home and really enjoy living here. (Suggest that there's nothing to it and pull out a purchase agreement.)

It all starts with this, a purchase agreement and today's date, here at the top. I'm going to take a few minutes to fill it out. (If they say, "We're not going to buy today," etc., just continue.)

I'm not expecting you to. I'm just going to fill in the blanks and explain to you how it all works, just like I did with the buyer's cost worksheet. Then, whether you buy today or not isn't important (let them off the hook), I'll give you the agreement to take home to study at your own pace and we'll talk later. (Complete the agreement).

When you complete the purchase agreement, gather the buyer(s) around you and explain it the same way you did costs, as thoroughly as though you were training a new licensee the meaning of each clause, and take your time. Silence on the buyer's part indicates acceptance. When you get to the signature lines, close.

Lower Your Voice and Enter a Very Solemn Conversation Something Like This / If you sign here, here's what will happen: paint and wallpaper of your own choosing will fill this house, it'll become a home; a carpet of your own choosing will cover the floor; landscape of your own design will fill the yards; you'll be having family gatherings, holiday and birthday parties; happiness and laughter will fill your lives; you'll have new friends and neighbors to talk to; new everything.

But that's not all. You'll have new tax deductions, pride of ownership, a wealth-building investment and a place in the community. If you sign here, all of this can start within as little as 30 to 45 days. In only 30 to 45 days a moving van can be driving up to the front of this house with all of your stuff in it. That fast.

### **Assurance Closes and/or Comments.**

I can tell by your comments and questions that you really like this home. We've struck gold. I believe it is a home you could buy and live in. This is your home. I believe you will be very happy with it. (If one buyer, husband or wife, is colder than the other, match the enthusiasm of the most excited person and ask the cold one's agreement to buy for the other.)

### **Summary of Values and Benefits Close.**

Okay, let's review what you have seen. What you wanted was: 1,2,3. This home has: 1,2,3. I think this fits your wants and needs perfectly. Do you agree?

**The Deposit Close.**

All it will take to put your family in this home is a check for \$ \_\_\_\_\_.

**The “How Do You Feel” Close.**

Do you feel at home in the living room? Do you feel at home in the dining room? Do you feel comfortable in the kitchen? Then why don't you buy it?

The rule of thumb is this: any time you feel comfortable and at home in any three rooms of a house, buy it. You will be happy in it. You spend most of your time in three rooms. If you like those rooms, buy the house.

**The Urgency Technique.**

May I ask a question? If this home was sold to someone else tomorrow morning, would you be disappointed?

**Understanding the Objection.**

Evidently, you have a reason for feeling that way. May I ask what it is?

**Understanding the Objection: The Humble Approach.**

I feel as though I owe you an apology. I'm supposed to be a professional real estate salesperson. I thought I picked out the right home for you. From what you said, I think this home fits your wants and needs perfectly. Tell me, where did I go wrong?

**Feel, Felt, Found Technique.**

I understand exactly how feel. Many other people have felt that way too, but after reconsidering, they found that... (sum up some point you wish them to consider).

**The Ben Franklin Close.**

Ben Franklin made many great contributions to our country. One of those was his way of making important decisions. He would draw a line down the middle of a page and on the left side write “Reasons Against” and on the right side write “Reasons For.” Why don't we do that? I believe it will help you make the right decision.

What are all the reasons “Against” and “For” taking action today?

**The Success Attitude Technique.**

Do you agree that success in life is mostly a matter of attitude? If you had a very positive attitude every day, would that affect your success? Wouldn't that put you into a position to get a promotion or a better paying job? Wouldn't living in this home, in this neighborhood, give you that kind of attitude?

**The Effective Interest Technique (Buyer Says Interest Rate is Too High).**

If you could buy this home for an effective net interest rate of \_\_\_\_\_, would you buy it? The effective net interest is the rate of inflation less the rate of interest on borrowed money.

**Third Party Approval Technique.**

There is a real danger in having others give you their opinions on buying a home. In these situations people have a natural tendency to criticize – to imagine the worst – and feel obligated to be negative in an attempt to protect you from future harm.

Suppose you were to call your parents, a relative, friend, or attorney right now and you told them you “bought” the home and want them to come over and take a look, what do you think they would say when they got here? They would be positive instead of negative, wouldn't they?

If you want, let's just add this statement to the purchase agreement: subject to the approval of \_\_\_\_\_ by \_\_\_\_\_ (date and time). If an attorney, let's add this statement to the purchase agreement: subject to the approval as to legality and form, but not price or conditions, of \_\_\_\_\_ (buyer's attorney) by \_\_\_\_\_.

**The “If You Don't Buy Today, Here's What Will Happen” Close.**

If you don't buy today, but wait one-, two- or three-months to look again to see what comes on the market, here's what will happen. All the homes we looked at today will be sold: the worst one, the best one, and everything in between. Then three months from now, new homes will be listed, maybe the neighbors of these exact homes. What else could they be, but their neighbors. They'll actually be the same homes: among them one will be the worst of the bunch, one the best, and the rest will be in between. Some will be clean and some will be dirty just like these, but almost assuredly, all of their prices will be higher than the homes we have seen today. If you wait too long, prices could increase by 20-to-40 percent. The best action you could take today is to buy the home you like most among those available now to save money and costs.

**A Pivot in Selling is a Statement or Question that Redirects Attention from one Thing to Another in the Direction Desired: the Close. Use Document Templates for Fast Action.**

Pivot I / For me to represent you, I just need a little more information. “What's your full name?”

Pivot II / Keep looking at the house while I complete the agreement, I'll yell out questions as they arise.

Pivot III / Confirming Facts.

The address here is \_\_\_\_\_, isn't that right? The zip code here is \_\_\_\_\_, isn't that right? The lot size is \_\_\_\_\_, isn't that right? We are in the \_\_\_\_\_ school district, isn't that right? The property taxes are \_\_\_\_\_, right?

Get the buyer to help you confirm property facts and conditions of sale and a closing is all but assured. Let them hold the MLS or Property Worksheet to look for answers while you work.

Pivot IV / What items of personal property do you want included in the price?

Pivot V / How soon after the closing would you like possession?

**The Price Objection Close: The 3/5/10 Rule.**

After your suggestion to a buyer that the only way they can be assured of getting this house, the house you are in and the house they want, is by making an offer at full price, and they object by wanting to negotiate a lower price, discuss the following.

Imply what the true cost of losing the house to a higher bidder could be. Maybe, say something like this: that an offer \$50,000 lower than the asking price at the current rate of 5% would save approximately \$208 in interest per month (\$2,500 per year) and that you can sympathize with that, but that maybe they should consider this:

Ask if they've ever heard of the 3/5/10 Rule? Suggest that, in California, when the market is even sort of weak/good prices generally increase by 3% a year; when better 5%; when good 10%. That's the 3/5/10 Rule. Then do the math. Three-percent on a \$2,000,000 home is \$60,000; 5% is \$100,000; and 10% is \$200,000. These are pretty big gambles for a \$2,500 a year savings if they don't get the home. (Adjust the numbers to fit.)



