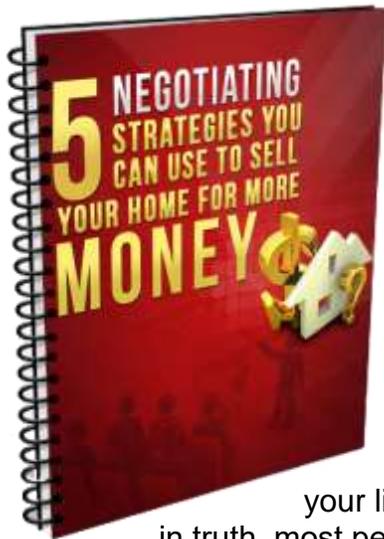


5 Negotiating Strategies you can use to Sell Your Home for More Money

Provided by John Hoyt of Fielder's Choice Realty
Email: John@FieldersChoiceRealty.com • Phone: 602-317-8838



A Variety of Contract Negotiations

Finally, you are where you want to be in the home selling business. You've worked yourself senseless updating your home, cleaning it and pretty much creating an appealing abode for home seekers. Then, you got your first viewers. Yes! Now, you're at another first with someone making an offer on the property. You suddenly realize that you're in a very precarious situation, and you may have no idea how to proceed. I can help you with that so don't sweat it.

Try to realize that this is one of the most important financial decisions of your life. I know, I just told you not to sweat it and then I throw that at you. But, in truth, most people don't stand a chance of coming into this kind of money more than once or twice in their lives, if that. So, you want to make the very best of this situation for yourself, for your future and for your children's futures. The more money you make, the better off you'll be. But you already knew that part.

That is why I'd like to guide you through more than just the standard approach to negotiating the sale of your home. I want to see you come away from this deal with a few less debts, a wonderful new home and some extra cash under the mattress. While there are times when the offer, counter offer, deal approach works best, there are also times when you could come away with thousands more through simple strategic planning. Let's explore your options, and then you can choose which is best for you.

Negotiation Technique #1: The Typical Negotiating Approach

You are probably familiar with the way most people approach the buying and selling process. The home is put on the market, and when an interested buyer comes by, they make an offer to the homeowner. Typically, the homeowner will then make a counter offer, which can be accepted or rejected by the bidder. Sometimes this back and forth can go on for a while. There are both pros and cons to this particular situation.

Pros

- One positive to the typical negotiating method is that the transaction is fairly straightforward and easy to understand.
- It makes the seller seem flexible and willing to work with the buyer's needs. It's a bing, bang, boom sort of situation, and everybody knows exactly what's going on.
- This strategy can work quite well for folks who are willing to take lower offers to simply be rid of a home. It's a pretty straight forward process; well, as much as any home purchasing transaction can be straight forward.

Cons

- A serious negative to this approach is that once you begin this back and forth negotiating tactic, your home is off of the market until the deal is either sealed or discarded. Let me put it in perspective for you. Let's just theorize that Sally Sue, who checked out your home last week, calls with a much higher bidding price five minutes after you make a counter offer to your current bidder. You are now legally bound to put Madame Sue on hold until you see if your current negotiations work out or not. The bottom line is that you could be making substantially less money and there's not a thing in the world you can do about it.
- Another con to the standard approach is that you might feel pressured to take low ball offers from deal seekers out of fear that nothing better will come along.

If the cons outweigh the pros in your situation, let me ease your mind. You don't have to go through those negatives, because there are many negotiating approaches that you can take. Allow me to enlighten you.

Negotiating Technique #2: Reject an Offer, but Throw the Bidder a Bone



Now, let's just say that a buyer comes around, loves your property and makes an offer. You're tickled pink that they want the home, but you're a little less than thrilled with their bid. You find yourself on the fence. You wonder if you should just get the deal over with and take what you can get, or if you should hold out for a better offer in the future. That's a valid concern, and there is a way to handle this.

Go ahead and reject their offer. That's right. Take a step that most folks have a hard time taking and simply say that one dreaded word, "No." Saying no can sometimes take you exactly where you want to go. Just don't stop with the negative answer. Reject their offer, but invite them to resubmit a higher bid. That takes some of the pressure off of you. There are several ways a deal like this can go.

The potential buyers are not usually going to expect you to take their very first bid, and they might be throwing out a lowball offer just to see how far down you're willing to go. You can send your own little message by rejecting that less than desirable offer, but keeping them in the loop. They'll know

without a doubt that they ventured far too low. If they sincerely want your property, and not just a bargain, they are likely to come back to you with a much higher bid.

As always, there are two sides to every coin. In the event that the bidders really do want your property, out of all of the other properties available, this procedure can work well. However, you are liable to lose the deal if this is just a person gobbling up cheap real estate the way some people gobble cookies. While that may seem bad at first, in retrospect it leaves you completely open to better offers in the future.

Useful Tips

- It's most desirable to use this approach when your home is fresh on the market or if you have an open house scheduled soon.
- Keep in mind that whole legal counter offer thing-a-ma-jig, too. The instant you make a counter offer to a low bid, which could just be a real estate gobbler on the prowl, you've tied yourself to dealing only with that bidder until you come to a consensus.
- During the time that you and your bidder are coming to a common decision, you can't entertain any other offers. That wastes your valuable time, and could cost you better bids.

Negotiation Technique #3: Bring on the Bidding War

Did you know that there is such a thing as a bidding war? This is usually a carefully crafted situation that can literally bring the bid on a home above the price the homeowners are asking for in the first place. Here, allow me to explain how this can happen.

The Process

- The first thing that you do is to put your desirable home on the market.
- Ideally, you also schedule an open house for just a few days later.
- As you put your home on the market, you also put in a disclaimer that you're not going to entertain any bids made on said home until after the completion of the open house.

Well, you're probably thinking that this is ludicrous! How is going through all of this trouble going to help you sell your home quickly, and for top dollar? You could be missing out on real bids! Hold on to your horses, cowboy, because there's more to this story.

The answers to your questions are simple as can be. Human nature will take over, my friend. You and I have just created a prime situation for competition to abound. Everyone who sees the home and loves it will want to make a bid. Shoot, some really competitive players will want to bid just to see if they can win the prize! They'll all know from the onset that you are potentially getting offers from countless other people, too.

You have just been set up to take multiple bids at once, and this gives you the freedom to go with the best one. Potential homeowners who really want your house for their own are going to start bidding high, and they might keep overbidding each other. In this type of situation, or a bidding war, it is not uncommon at all for the seller to come away with more than their asking price.

The reality of the situation is that you might only get one bid out of the whole shebang. However, the bidder isn't privy to that information. The fact that they know they *could* be competing against other offers works in your favor, as well. They are going to try to make an offer that's better than everyone else's because they don't have a clue that there is no one else at all. At the end of the day, who does the winner turn out to be? You do!

Negotiating Technique #4: An Expiration Date for Extra Motivation



Let me remind you. Once a buyer makes an offer you don't want to accept, and you then make a counter offer, you are legally bound to see the negotiation process through until you and the bidder either comes to agreeable conditions or agrees to part ways. This means that you can't take a higher offer if one comes a long, and that is just a rotten situation to be in. However, there is a way that you can counteract this problem. You can set yourself up for a higher selling price and a shorter waiting time all at the same time.

To help your cause, selling your home quickly for the most money possible that is, put an expiration date on your counter offer. Basically, what that means is that you give your bidder a certain amount of time to either agree or disagree with your terms. This benefits your outcome in a couple of ways.

Benefits of a Short Expiration Date

- First off, a short expiration date motivates your potential buyers to make a speedy decision. Either you'll go into a contract with them, or they'll move on to greener pastures.
- If the bidder moves on, you are free to negotiate with other bidders quickly.
- If they accept your terms in short order, you sell your property faster.

Now, I encourage you to be reasonable about this. The last thing you want to do is turn your buyer off by making the timeframe too short, particularly if they aren't that far off from your ideal price with their current offer. However, feel free to go below the standard time used in your state. So, if the typical deadline is three days, make yours two. The potential buyers will know you mean business, but that you also respect that this is a life changing decision for them, as well as for yourself.

There's also another reason to expedite these contracts besides quickly closing a deal or being free to negotiate with other buyers. The longer your home is on the market, the less desirable it appears to potential buyers. If the deal falls through, you've extended the number of days your home has been on the market. In other words, valuable time has been wasted. By shortening that time, you're shortening your overall number of marketed days in the event this deal doesn't go through.

Negotiating Technique #5: Pay the Piper, but Raise the Price



More and more, buyers are asking sellers to pay their closing costs, which are normally around 3% of the actual price of the home. I know it makes you shudder to even think of handing out that kind of cash. However, this kind of deal could actually work to your benefit. Let me explain.

The Buyer's Perspective

Let's look at this from a buyer's perspective for a moment. Many homebuyers just can't afford to come up with those kinds of additional costs. Often, they are

strapped for cash after coming up with the down payment for your home, money for new appliances, moving expenses and redecoration needs.

Your Perspective

On the other hand, it isn't quite fair for you to come up with that much cash so they can buy a home, now is it. After all, they not only want you to pay the closing costs but also to come down on your original price.

I'll give it to you straight. You should pay those closing costs. Wait! Before you decide I've lost my marbles and toss your PC out of the nearest window, allow me to show you how paying those costs will work for you and not against you in the long run.

You should pay the closing costs, but you should also increase the price the buyers pay for your home by the same amount. Let me restate that. If the only thing keeping you from selling your home is the out of pocket costs for closing fees, and you're able to pay it, it would be beneficial for you to do so. But, you should recoup that money by raising the price on your home by the same amount.

You see, the buyers may not be able to come up with the extra cash for the closing costs, but they can often borrow more money with their loan. Many buyers just don't realize that if you pay their closing costs, you are giving up some substantial profit on your home's sale. So, help them realize that fact in your counter offer.

Here's how you handle the situation. Basically, when the buyer submits an offer that includes you paying the closing costs, simply counter with an offer that says you'll do just that. That is, you'll do just that as long as they agree to the higher price you're proposing for your home.

Some Numbers, Please

- Let's say, for instance, that your asking price is \$250,000.
- Closing costs would be approximately \$7,500.
- Your bidder makes an offer for \$240,000 and additionally asks you to pay the closing costs.

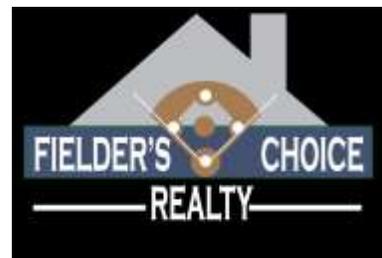
- You and I, we understand that this means you would be letting your home go for \$17,500 less than you asked for it. That's a nice chunk of change, and often more than anyone with a brain and a house worth the asking price is willing to go.
- So you make a more reasonable request. Simply counter offer by agreeing to pay the \$7,500 in closing costs as long as the bidder is willing to pay the original price of \$250,000 for the property.
- Now, you've come down to a much more reasonable amount of loss at \$7,500.
- The seller is still getting a deal, and you're still getting a fair price.
- *(Keep in mind these numbers are approximations, please. I'm a realtor, not a mathematician. I think you can see the point, though. Thanks!)*

Ideally, this approach allows you to come out smelling like a rose, because you'll get back the money you invested for closing costs as soon as the deal is done. However, there is one major hurdle that could hinder you. In the event that your home won't actually stand for the amount of money you're asking, you'll have to go back to the drawing board. A bank is not going to loan more money than your home is worth in any event, and especially in today's economy.

However, paying closing costs in many situations can be a great way to close a deal. It can actually mean the difference in your possible buyer choosing to go into debt for your home rather than the guy's down the street. It's just a matter of asking a fair price for an outstanding home from the very beginning.

I wish you the very best with the sale of your home. I know how difficult it can be to get good help and good information. I strive to provide both. In the event that you need an equally good realtor, I fit the bill perfectly. I'd love to help you sell your home for the absolute best price you can get and in the shortest amount of time possible. Good luck either way you choose to go!

John L Hoyt
Fielder's Choice Realty
John@FieldersChoiceRealty.com
602-317-8838



Provided By John Hoyt of Fielder's Choice Realty

Copyright © 2018