

## Session 12: The Actual Closing Sequence

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### ***Reader's Clarification***

*As I am sure you will agree, the spoken word varies from the written word in that it is less structured. We have not made the types of grammatical changes you may normally expect because we feel that the word-for-word translation would be the most effective way to hone the techniques and will be less confusing than reading different words than you hear Tom say on the video.*

**Note:** The techniques used here have already been discussed in the program.

**Salesperson:** Andy, why don't you color there. Let me, if I can, pull this chair down. I'd like to have you both be able to see the figures on that last home so you'll have something to consider.

Now, first of all, I want to go over the financing with you. The total investment as I said earlier is \$139,950. For figuring, I'm going to, with your permission, make it \$140,000, which adds \$50.00. It's so small in the financing. So based on that, if you were to go with the 20% initial investment that would be \$28,000. You would then have a first mortgage of \$112,000. I think, based on your incomes and based on everything we've discussed, it's an excellent home and I think you'd be making a very wise decision to own it.

**Buyer:** Well, Tom we really didn't want to spend any more than about \$125,000 on a house. So this is a little high for us and I'm not too sure I want to go up that high.

**Salesperson:** So, you had a mental goal of about \$125,000?

**Buyer:** Right.

**Salesperson:** Now, did you see any \$125,000 homes before you saw this one that was anything like this home?

**Buyer:** Well no, but I don't think we've seen all the homes that there are to see out there. There's bound to be one that we like for the price we want to pay.

**Salesperson:** Well, first of all Owen, I mentioned this earlier; there are thousands of homes for sale in the entire county. I would hope you'd look at me as if I were your eyes. I go out and inspect properties daily and I know the finest homes. I thought this home might be what you're looking for.

**Buyer:** Well, it's just a little too much.

**Salesperson:** So, you're uncomfortable with the financing or the amount of money? Let's first of all talk about the home. You seemed excited.

**Buyer:** I liked it. It had some really nice things. We liked the hardwood floors. You said that you liked the cathedral ceilings in the family room.

Yes, that's nice. It's a nice house.

**Salesperson:** I think what might make sense is let's go ahead and draft up your feelings. Put it down on paper so we can stand back and look at it and see if it makes sense. Did you have a middle initial, Mary?

**Buyer:** Yes, D.

**Salesperson:** And you Owen?

**Buyer:** Well, now we're not ready to buy this home yet, Tom. We haven't made up our minds yet.

**Salesperson:** Oh, I know. You see it's pretty well been proven that a decision is only as good as the facts so it makes sense that I outline all the facts; then we can weigh everything. We're not going to jump into this thing. If it's not right, then we're going to wait. But if it's right, well, we'll know it. So do you have a middle initial?

**Buyer:** It's W.

**Salesperson:** A lot was mentioned in the home and I'm trying to think. Let's get some of the small details out of the way. Besides the carpets and draperies there were some things that we wanted left.

**Buyer:** The refrigerator and the swing set for Andy. I can't think of anything else.

**Salesperson:** Let's say hypothetically the home is right and you decide on it. Based on your situation with school, would a 30-day possession and settlement be O.K.?

**Buyer:** That's about right. I think we could close in 30 days, if we like it, if we decide to go with the house.

**Salesperson:** Is your hesitation — do you think — primarily money? Is that what's really holding you back?

**Buyer:** Well, of course it's a nice house but I don't want to go with that kind of money for the house.

We did want them to paint that hallway.

**Salesperson:** We mentioned that in the home and I almost forgot it. I'm sorry. In fact, I've got it on my notes here.

**Buyer:** The hallway is really the only objection with the house, otherwise we like it.

I never pay the asking price for a house. \$140,000 is just too much. I don't think I could go anymore than maybe \$130,000 for the house.

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**Salesperson:** So, really the hesitation is the money. It just costs too much.

**Buyer:** Money is an important consideration. You understand that, I'm sure.

**Salesperson:** About how much too much do you feel the home is?

**Buyer:** It's \$10,000.

Well, I'd like to pay \$130,000 for the house. It's about \$10,000, maybe \$5,000 too much. Look, \$130,000, if I were going to buy the house. I think that would be fair.

**Salesperson:** I'd like to take a moment and look at the financing as far as the monthly investment, based on what they're asking — \$139,950. At prevailing interest rates your monthly investment, (and, of course, this has to be approximate because I don't know the type of insurance that you're going to want), based on the principal interest, taxes, and insurance we're looking at approximately \$1,400 to \$1,500 a month on the home.

**Buyer:** That's a little more than we talked about.

**Salesperson:** It's about \$200 more than you said you could stretch to. One thing I want you to realize, the reason I asked you all those questions before we left was to make sure that I found you a home you wanted, that had everything you wanted, and one you could qualify for the loan. We are going to be putting a new loan on the home and because the company is furnishing your car, and based on — as we chatted in the car — the few bills that you've got, I'm confident that I can get you the loan. Now the lender is the one today that scrutinizes the qualifications of the buyer.

**Buyer:** That's not really that much more.

Why don't we just go home and think it over. I don't want to rush into anything. Maybe if we just sit on it overnight we can come back again tomorrow

**Salesperson:** Well, I know you wouldn't take your time thinking this thing over unless you were seriously interested, would you?

I mean I know you're not telling me that after the whole day we spent together, to get rid of me. So, may I assume you'd spend considerable time analyzing it?

**Buyer:** Owen, we've been looking for quite a while now. I like the house. We like quite a few things in it. Maybe we don't really have to think that long about it. I know once we go home you're not going to want to go out for a while to see another house. This is one that's really hit us.

Honey, we don't want to rush into this thing. We've been looking for 2-1/2 months, but there are other houses out there.

**Salesperson:** I'm not in a hurry, by the way; I want you to realize that Mary.

**Buyer:** Is the seller in a hurry to get out of the house?

**Salesperson:** Well, they have a need to sell. They have a job relocation opportunity but it's not urgent as far as I can tell. They are nice people and they've done a beautiful job on the home.

**Buyer:** Do you think they might take a lower offer on the home?

**Salesperson:** I have learned never to make a decision for a client. Please realize that I'm only authorized to quote the listed value; any less would have to be negotiated. Now, what are your feelings as to the value?

**Buyer:** Like I said, if we like this home, then I think \$130,000 is tops. That would lower our monthly payments a little bit and maybe get it closer into our budget — so, that's it \$130,000.

**Salesperson:** I have a feeling that it's not so much the total investment as it is the monthly payment. Is that \$200 a month really bothering you?

**Buyer:** We're still on somewhat of a budget. It's not that we can't afford the house, but we want to keep our payments as low as possible.

**Salesperson:** You see, I want you to have the home but I also don't want to insult them by coming in too low. A lot of times I've seen people offer too much less than the asking price and the seller takes it personally and not only won't consider accepting the proposal but won't even give us a counter offer. I don't want that to happen.

**Buyer:** I feel like the house is worth \$130,000 and it won't hurt to make them an offer of that much. We'll see what they say. I know that everybody prices their house high so they can negotiate; I know how this works. We've looked at a lot of houses. I'm certainly not going to pay the asking price for a house, I told you that I never do that.

**Salesperson:** Let me tell you one thing that you're not aware of. When I met these people and spent almost two months to convince them that we could help them get moved and handle their home, they really wanted to start at \$145,000 and I had to work to convince them that \$140,000 was, in my honest opinion, closer to market value.

**Buyer:** Well, I don't know what to say.

The monthly payment is only a few hundred dollars more than what we had planned on, maybe we could work around that.

**Salesperson:** I'd like to try something. I know you can qualify for the loan or I wouldn't be sitting here. I wouldn't want to waste your time; we've already talked about the importance of that. You have no problem with the initial investment of \$28,000 plus your normal closing fees; that, you're comfortable with. We've talked about wanting the refrigerator, getting the hall painted, the swing set and the 30 days is O.K. I think the only thing standing between your owning that home and not owning that home is money. If they'd accept \$130,000 would you make a commitment today if I could go in and get you that home?

**Buyer:** Well, sure.

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**Salesperson:** See, what worries me is now I know you want the home, and if I don't get you the home, I've let you down and I don't want to do that. Tell you what I'd like to do. We're looking at \$9,950.00. That's what you're asking them to come down. Give me a little something more. I want to try to get the home for you. It's a good value and I know there's lots of homes — you can shop around — and if it's meant to be, it's meant to be; I've heard all of that but I've watched Mary in the house; I've watched Andy on the swing set, and I watched you get excited about the home.

**Buyer:** Well, I will admit I'm getting tired of living in an apartment I might go a little bit higher but not too much. I'm pretty firm on the \$130,000.

**Salesperson:** You would be getting a fabulous value, that's why I'm concerned. Give me a little more; I want to get you the home tonight.

**Buyer:** What do you think might get the house, Mr. Hopkins?

**Salesperson:** I know what will get the house tonight, \$139,950 and you're moving in 30 days.

**Buyer:** I tell you what we'll do, \$132,500.00 that's the highest I'll go on the house.

**Salesperson:** I'm going to go to bat for you. All right, this will be the normal conventional financing, 20% initial investment and normal prorations. Now, which do you think would best suit you, a 5% or a 10% deposit?

**Buyer:** No more than 5%.

**Salesperson:** I'll see if they'll accept that. Any preference as to how you take title if I can get you the home?

**Buyer:** Joint tenant.

**Salesperson:** Well, I think I have everything. Tell you what, let me have your approval right here; I'll go to work and get you the home tonight.

**Buyer:** I don't know, honey, what do you think?

Well, he seems positive with that offer, so why don't we try that?

\$130,250.00, right?

**Salesperson:** No, it's \$132,500.00 that's what you're committing to right here.

**Note:** Many buyers and sellers make mathematical mistakes as you will notice here, \$130,250 vs. \$132,500. The \$132,500 is the correct figure. It's very important to double check your math and make sure the buyers and/or sellers are aware of the amount that they are committing to.

**Buyer:** With a 5% down.

**Salesperson:** That would be your deposit. Do you have your checkbook? Why don't you make that out.

Now, if you want to review some things here, this is a standard form. As you noticed, I went ahead and set it up with our title company that we work with. You don't have a preference do you?

**Buyer:** No, it doesn't matter.

**Salesperson:** They're good people. Now, do you want to counsel with some people on insurance?

**Buyer:** Well, of course, I'll talk to my insurance man about the insurance.

**Salesperson:** Why don't you make the check out to our trust account which is Tom Hopkins and Associates and that would be for 5% which is rounded off to \$7,000.00.

**Buyer:** Honey, are you sure you want to do this?

Well, let's try it.

**Salesperson:** Now, keep in mind I have a job ahead of me. I don't want you to get excited because I haven't gotten you the home yet.

**Buyer:** O.K., give him the money.

The date is the 6th.

**Salesperson:** This will be your receipt. Mary, I'll need your approval right here. Now, before you leave, I want you to realize something. I have a lot of work to do tonight and I've had certain things happen when people get involved in a home like this. Sometimes they go home and they get real excited and then I have to call or come by and say that I couldn't do it and then they're very disappointed. I don't want that. Or what else can happen, we can go home and all of a sudden we start getting nervous or worried. I know when I bought my car I got so upset that first night; now, this is normal. We call this a little case of 'buyers' remorse' and I don't want you to worry. This is why I have these little buyers' remorse pills. I know it sounds silly but these are little cinnamon candies and I want you to take a couple of these if you get nervous.

So, I'm going to go over there tonight and do my very best. One thing I'd like to ask. I'd like for you to stay up tonight. I'm going to be there close to their dinner time so I can be over to you as soon as possible. I don't know how many hours I'll be there, so please stay up this evening. I have a job to do but I want to get this taken care of tonight.

I've so enjoyed today and I want you to be happy. I know once you're settled, you will be. So don't worry and, again, thanks for a very nice day.

**Techniques That You Should Be Aware Of:**

1. You must begin by covering the financing first.
2. Outline the details.
3. Ask the favorable spouse's middle initial.
4. Develop your own final closing question.

**You Must Shut Up!!!**

*Our goal is to overcome their fear and try our best to get the final objection to be money. Then, pour on value to get them as close to the listed value as possible.*

**Please review these techniques over and over until they become an actual part of you.**