

## Session 13: The Tactics of Presenting Offers and Counter Offers

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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.*

**When you present an offer, the seller is in an emotionally unstable position.**

1. **Have someone else call the seller for the appointment to present the offer.**

### **Phraseology:**

Diane, I need a little help. Would you call the Johnson's for me? Tell them I have a proposal on the home, and I'd like to come over this evening around 6:00 and just show it to them. I'm going to step outside the office so wait and then call them.

### 2. **Preparations Before You Present the Offer**

- a. The net to the sellers.

Remember it's not the offer, it's the proposal, commitment or deposit.

- b. Know a few things about the past.
- c. Write down all the benefits of your proposal:
  1. Buyers' qualifications
  2. Amount of the deposit
  3. Length of closing
  4. The stability of the buyer
  5. The benefits of the financing

### **Presenting the Offer to the Seller**

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**Salesperson:** What a day! Nice people. They were here with me for some time today. I don't think I'd be sitting here with a proposal if it wasn't for the way the home looked. Serita, it looked beautiful. I want to thank you for that.

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A couple of things. Now is a 30-day possession date still O.K. as far as your plans, if everything is all right?

**Seller:** 30 days is fine, just fine.

**Salesperson:** It's been six weeks since we started. Is everything set for you as far as your move?

**Seller:** Yes, I've started to commute back and forth and have gotten into the new job.

**Salesperson:** Now, there's one little discrepancy I want to cover. They asked that because the refrigerator matches the built-ins, they wanted that to stay; and also they have a little one and they wanted the swing set; he flipped over that. So, are there any problems with that?

**Seller:** The swing set is fine and the refrigerator is fine if the money is there and we can go and get another refrigerator.

**Salesperson:** Now, one of the things about the people that I want to talk about for a moment is their qualifications. These people are very qualified for the new loan. He's been on his job for more than enough years to qualify; he's got good credit. We've already done a preliminary search so he looks very qualified; which is important. I've had people sometimes sell their home and all of a sudden a buyer doesn't even qualify for the loan, so this is good. Well, let me go ahead and let you look at this and take a moment to review it; then we can analyze it.

**Seller:** Tom, this says \$132,500. We made it really clear that we weren't going to accept anything under \$139,500. What are you doing here? Why did you come to us with an offer like that?

Tom, I'm really disappointed. I thought you were working for us!

**Salesperson:** Well, I am and let me tell you I was with them most of the day. The reason the offer is less is not because of your home. These people, like many people, have financial limitations as to what they can afford. Now, I'd like you to go ahead and finish it; look at everything and then let's just talk about the figures.

**Seller:** I don't see any sense in talking about a number that's much too low. No one is going to steal my home, Tom; and \$132,000 is stealing!

**Note: The seller is rounding \$132,500 off to \$132,000.**

**Salesperson:** Well, first of all, realize one thing. These are very nice people. I have worked with a lot of clients and the Davis' are nice people. I feel they're very qualified for the home and right now we can literally say, "Hey we aren't interested, period." We might be doing ourselves a disservice. I think we have to look at the figures, and as you might notice I've done a little figuring. Just go ahead and do some figuring there.

**Seller:** Well, you know what I figure. I figure that's \$7,450 less than we need in order to sell this house and move. That's what I figure. \$7,450 that's coming out of our pocket. We worked hard for that money!

**Salesperson:** Ken, let's talk about the money for a moment. You've got your pad there. I'd like you to write down just a couple of figures. Now, yes, on the surface it's \$7,450 less, but I'd like to let you know a couple of things. Do you remember the night we listed the home and we talked about putting it at 10% down, which would make it \$14,000 down. You, as part of your proceeds, were going to carry a 10% or \$14,000 second, which at first we were a little bit against but we agreed to do. These people are one of those fortunate few buyers who because they need to lower their monthly investment, have the cash to go all the way down to a first mortgage; meaning, they have 20% down. The reason I share that with you is there is no second and you don't have to wait three years and you do have cash in hand in 30 days. Now, the strength in that is that you have a stronger negotiation position on a property that you're looking for. Have you found anything yet?

**Seller:** Well, we saw a house that we really liked. I'm not sure we're going to be able to afford it.

**Salesperson:** Did you talk to them about the possibility of the second mortgage?

**Buyer:** No, we weren't in a position to even make an offer. That's why it's important that we sell this house. But we have to get the right amount of money.

**Salesperson:** At this point, let's just look at our money as cash and not as a piece of paper due in three years. So we'll keep that in mind. I bring this up for another reason. Let's just say hypothetically, I brought you an offer at \$139,950 as listed and we both agreed that we were shooting at that. Let's say they have offered 10% down and you carried your 10% second. If you had carried that 10% second and you said to me, "Tom, to buy the next home we need cash." I would then need you to find someone to buy the second that you were carrying. That would have taken a discount of approximately 25%.

**Seller:** You mean 25% of the second mortgage is discounted?

**Salesperson:** It would be discounted to get you cash. That figure — and I want you to make a note: write possible discount — would be \$3,493.75

**Seller:** We'd lose that much?

**Salesperson:** If you would have tried to create cash for that second or the paper you carried when you sold the home, we could have gotten 10% down instead of the 20%.

**Seller:** Are you saying we'd have that much more money now because they're putting all cash down which we could apply to our house?

**Salesperson:** No, instead of really getting \$7,450 less, you're getting \$3,498.75 which you would have to discount if you were then trying to get cash. These people are going cash to mortgage. There aren't that many people who have that kind of cash. I think that's one of the reasons why they said, "Look we need to get our payments down."

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See, they're going to be paying a pretty hefty interest rate, much more than they're paying now; just as you folks may and the whole world seems to be in this situation where they've got to get their monthly investments down. That's really why I'm sitting here. Keep in mind that it's not your home, it's their financial position. They just didn't feel that they could stretch any further. I want you to realize something else, Ken. After I showed the home to the people, we went back to the office and we sat there and I represented you. They even asked me if you could come down because of their financial needs. I told them I was authorized to quote the listed price and any less would have to be negotiated. They came up with this figure not so much as the total on the home but what they could afford monthly. That's really the position that we're in right now.

**Seller:** Well, I understand that. But it's also a question of what we can afford monthly when we buy our new home, Tom. I'm just not willing to sell this house for that. We're nice people too. If they want us to come down, I want them to come up. Why won't they come up?

**Salesperson:** I don't know that they won't. What we have now is a situation where these people have made a proposal and let me tell you what this document is. It's a proposal. It's called an executory document. What that means is, to be binding and truly have your home sold, it does need your approval to bind them. Then, I must communicate that approval back to them. So, in other words, they're not bound at this point at all.

**Seller:** We're not going to have a meeting of the minds at \$132,500. It's just not going to happen. It's been six weeks. We still have some more time.

**Salesperson:** We do. We can wait. We can go ahead and just keep showing the home. There's also something besides money involved here. Right now we're somewhat heated in the emotions of the moment. I'd like us to consider something else. It's what I call dollar value for mental relaxation and peace of mind; meaning, it's done. If we can get together with the Davis', you aren't cleaning the home every morning and waiting for people to show it. You're not commuting. Now, there's something to that, so let's keep that in mind as we try to get together with them.

**Seller:** I thought we considered that when we already moved down from \$145,000 which is what I wanted originally but you're right; it's getting a little difficult to keep getting on a plane and leaving my family behind.

**Salesperson:** As I said that night, I don't make the market. It's what people will actually pay.

**Seller:** What about going back to them and telling them that we have to have more money. They may be nice people, and I understand that; but we need more money. What about a counter offer?

**Salesperson:** Well, we could do that. The only thing I want you to be aware of is that if my pen in any way changes this document, I really have nothing. I must go back to them and hopefully, they're still in a position to say yes and will come up. I don't know if they will, and I don't know if they won't. I just want you to be aware of our position right now. We have buyers right here. If I go back, we may have nothing. If you're willing to go ahead and take a chance on it. I am.

**Seller:** Do you mean if we counter offer and they don't accept the counter offer, then we can't accept the original offer?

**Salesperson:** That's right. First of all, have you ever heard of *buyers' remorse*? Have you ever gone out and bought a car and gone home and said, "What did we do? We weren't going to spend this kind of money." That's what worries me. That's why I've asked them to stay up tonight. I know they're waiting. What happens when people make a commitment like this, they talk to third parties and get themselves all nervous. I want to call them and say, "Congratulations you've got the home," and then it's done.

**Seller:** Well, if it's that suited to their needs Tom, surely they would be more willing to bend a little bit, too. It's not just one sided.

That's right, they have to be willing to come up. I guess we're willing to come down a little bit. What about splitting the difference? That's done a lot, isn't it? We're \$7,450 apart why can't they come up and we'll go down? What would that be? \$136,225.

**Salesperson:** \$136,225 and that would be splitting the difference?

**Seller:** That would hurt, too, but you're right. There is something to that piece of mind; and it's important that we get on with our new lives in our new town.

**Salesperson:** Well, before I consider that, I want you to know something. In essence, when I walked through that door, I knew that one of the two buyers we had for the home tonight would end up owning it. I knew it would be either the Davis' — and they are lovely people — or it would be the other people we have for the home.

**Seller:** Who? What other people?

**Salesperson:** Well, in essence, think about this. We're sitting right here with the Davis' who have made the proposal. Then, in essence, there's you. If we can't go along with the Davis' tonight and they do not consider a counter offer because of buyer's remorse, in essence, you have bought your home back — for \$132,500.

**Seller:** Tom, I think we should approach them and see if they won't negotiate a little bit. Don't you think it's worth the risk, Ken?

I do. I just don't want to leave money on the table and I understand the risks. I really have to insist that you go back and ask for more money. We're willing to do that.

**Salesperson:** All right, I'm going to ask you, and I can see you're real strong in this feeling; but, I'm going to ask you to do me a favor. I want you to give me something I can really work with tonight. In other words, I'm going to ask you to go more than half way. Let me explain. Based on your figures, if we make a counter proposal asking them to split the difference, we're asking them to come up to \$136,225. Now, that's splitting the difference based on what we had it listed at and what they have proposed. What I'd like to do is have you give a little more so that I can go back to them tonight and say, "Mr. and Mrs. Johnson want you to have the home; but they have so much in the property" and list all the reasons why you're being insistent. I'd like you to consider, as your representative, you give me \$135,000 and let me go back in there.

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**Seller:** Tom, no we're not willing to do that. We gave you the refrigerator. We gave you the swing set. We gave you a clean house and we gave you our trust and faith Tom, and we're not willing to give another \$1,200 on this.

**Salesperson:** So we're looking at \$1,225. All right, tell you what I want to do. Let me have \$135,500; we're looking at a \$725 difference. I can go to them and tell them that these people want you to have the home, but we're not going to give it to you. We've given you the refrigerator, the swing set and they're willing to go more than half way.

**Seller:** More than half way, we'll agree to \$136,000. I won't go a penny less; that's more than half way. It's silly now and I understand that we're splitting hairs. We're only down to \$725, but if I really look back at what you've done over the past six weeks, you've done an excellent job, that's not the point. The point is that I started at \$145,000 and now you're trying to convince me to take \$135,000 and I won't do that. \$136,000 Tom, and not a penny less!

**Salesperson:** I'm going to make what we call a counter proposal. What this means is, I'm going to go ahead and date it, and everything on the reverse side of this form is agreeable except for the total investment. You are countering at \$136,000. That's what you want me to do?

**Seller:** Yes, listen you're the professional, and we've really been tough here. I understand that, but do you think that's realistic? Do you think we're going to blow the whole deal?

**Salesperson:** This, I don't know. See, this is what has me bothered. I feel I've done you an injustice if I call you back at whatever time it is tonight and tell you they decided to take around. They got nervous or they talked to a parent or relative.

**Seller:** Tom, if this were your house and you were sitting where we're sitting now, what would you think of \$136,000?

Do you think that maybe we should do that little investment thing we did earlier — you know — knock off \$50 so it doesn't sound quite so much?

How about \$135,950. Is that silly?

**Salesperson:** I tell you what, I think the home is worth \$136,000. I'm going back there tonight, and I'm going to try to get that for you; and if I don't, I want to put it on the market at that price, even if we lose these people. I'm confident that you are now at a very good market value. Let me do that.

O.K., one thing I'm going to ask you. I've asked them to stay up, and I want you both to stay up. I don't care how long it takes tonight. I want this wrapped up. I know you won't sleep well anyway; I certainly won't. Let's get it put together tonight. So just put your O.K. right there and I'll be back just as soon as possible. Don't worry, everything will work out.

### **Steps to the Signature**

**Step #1:** Establish rapport.

**Step #2:** Begin with bottom line articles.

**Step #3:** Take out the form.

- a. Cover the qualifications of buyer.

**Step #4:** Hand the seller the form.

**Step #5:** Don't justify the offer too soon.

**Step #6:** Talk about how nice the buyers are.

**Step #7:** If the offer is low, reassure the sellers that it's not because of their home.

**Step #8:** Mental relaxation and peace of mind.

**Step #9:** In essence there are two buyers for your home. (Be very careful)

**Step #10:** Try to get the seller to go more than half way on a counter offer.

**Step #11:** If possible ask the people to stay up.

### **Presenting the Counter Offer to the Buyers**

**Buyer:** Hi, Tom, come on in.

**Salesperson:** Hi, Owen, how are you doing? Interesting evening!

**Buyer:** What did they say? Come on in and have a seat.

**Salesperson:** Well, I'd rather sit at the table so we can go over all the details; smells great.

**Buyer:** Would you like a cup?

**Salesperson:** I'd love one!

**Buyer:** Well, did they accept our offer?

**Salesperson:** Well, it's obvious that they want you to own their home. I spent a considerable part of this evening with them. What I would like to do is just kind of do a recap of everything that we've already covered, and let you know that they want Andy to have that swing set. In fact, they're glad that now that their child is gone, someone will enjoy it. Also, they said no problem with the refrigerator. She mentioned that it is fairly new; they even have the warranty to give you. The possession date of 30-days is no problem whatsoever. So most of the minor items are in good shape.

**Buyer:** What did they think about the offer on the sales price?

**Salesperson:** Well, as I mentioned earlier, they started considerably higher than we even listed it at, because of the amount of money they put into the home upgrading most of the things that you've seen. That's one reason why you like the home. That is the only challenge that we have. They just couldn't feel that they could come down to \$132,500. The one thing they did do, they didn't split the difference. They said look, "We'll go more than halfway." So, what we have is a counter proposal. As it says here, everything on the reverse side is agreeable except for the total investment to be \$136,000 which I think is still an exceptional value.

**Buyer:** I don't know, Tom \$136,000 — it doesn't sound to me like they're really serious about selling the house. That's \$3,500 more than we offered them.

It's not what we offered them. I don't know, Tom, I don't know if this is the house for us right now.

Maybe we should just take tonight and sleep on it and then tomorrow, with a fresh outlook, come in and talk about it.

**Salesperson:** Do you really remember the home in your mind?

**Buyer:** Well, we think we do.

**Salesperson:** Do you remember the excitement when we saw it and when we left to go back to the office? Do you remember that?

**Buyer:** No doubt about it. It's a nice house, and it's well kept up. But you know, \$136,000. It's a big investment.

**Salesperson:** So you really think you might want to just weigh the facts?

**Buyer:** I didn't want to spend any more than \$125,000 when we started looking.

That's true.

There are other houses that we might run across out there.

**Salesperson:** Well, history has proven that most great decision makers believe that a decision is only as good as the facts. The last thing that I want to do is to influence you to make an unwise decision; however, if it proves to be a good decision, then you obviously would want to make it, wouldn't you?

**Buyer:** Well, yes I think so.

**Salesperson:** Fine. Do you mind if I help you? Let's go ahead and put all the facts down. I'd like to draw a line down the middle of the page. On this side we'll list all the facts that are positive and favoring the right decision tonight. Then, over here we'll list the reasons against it. When we are through, we can count up the columns and just get a feel if it is a good decision.

First of all, on the positive side, I know how much you enjoyed the homes in the area. I think that location is critical.

**Buyer:** The neighborhood was good. It was nice and quiet.

**Salesperson:** The landscaping.

**Buyer:** They did a good job with that.

**Salesperson:** The master bedroom with that bathroom and the way it's set up.

**Buyer:** The fireplace.

**Salesperson:** The pool was a bonus.

**Buyer:** Oh, definitely the pool! It's nice that it's fenced for Andy.

The hardwood floors.

The family room with a fireplace and the beamed ceiling.

Oh, the extra bedroom for a den.

**Salesperson:** Now, what do we have that we really feel is against the decision?

**Buyer:** Well, for one thing \$136,000. Like I said, I really only wanted to spend about \$125,000 and now we're above that.

**Salesperson:** So, really, it primarily is the money?

**Buyer:** I think so.

Tell me this, Tom. Do you think they might go for \$134,000?

**Salesperson:** I don't know. I was with those folks for quite some time. I want you to think about the 2-1/2 months that you spent looking at homes. How many did you actually see that were totally ready for you to just move in. I mean pride of ownership, yards, carpets, draperies, and all of the amenities.

**Buyer:** Well, we didn't look at the inside of all of them either.

We've looked at a lot of homes.

**Salesperson:** Let's just take that \$3,500 which seems to be the stumbling block and really the only thing separating you from making plans. If you get the home Mary, is it feasible that you might enjoy it for say, 10 years. Is that possible?

**Buyer:** If we get this home, then I'm not moving again. That's it.

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**Salesperson:** What we're looking at is about \$350 a year; and if you took a two week vacation, then you'd be enjoying it for 50 weeks a year. Then you're really looking at about \$7 a week. I know it may sound ridiculous; but, in essence, that computes to about a \$1 a day to have the home.

**Buyer:** When you put it like that, it doesn't seem like very much. Maybe it's the principle of the thing. I wanted to spend a certain amount, and it's a nice home. But I just have to hesitate a little bit.

**Salesperson:** I've had people like this. I understand. Sometimes it's almost like it is the principle. But you know, over the years, I've found that sometimes I am my own worst enemy. Many times because of principle, I haven't gotten the things that I really wanted because I became a little stubborn; not that you are. I'll tell you one thing, I know when you get settled and the timing is right with the schools for Andy, I know you'll enjoy the home. Please realize that I wouldn't be so insistent if I didn't see what happened today with you two.

Mary, I want you to get yourself happily involved in that home. This time you can be first, right there.

**Buyer:** Owen, I want the home.

Well, are you sure about this?

I don't want to look at another home; I like that one.

Well, to tell you the truth, Tom, I guess I'd like to get this whole thing over with myself. O.K. It's not that much, I guess. If we could go ahead and finish this up tonight, it probably would be worth it.

**Salesperson:** Next week I'm going to be bringing over some instructions that you need, including a loan application; and we'll get that taken care of.

Is your time free a little bit this week?

**Buyers:** We're pretty flexible.

**Salesperson:** When you get settled, you're going to be thrilled. It's a beautiful home. Don't you just feel better that it's over?

**Buyers:** One thing, Tom, now that we've signed the counter offer, I wonder if you might go ahead and let me have that whole bottle of buyers' remorse pills.

**Salesperson:** They're all yours.

**Note:** Always contact the sellers directly after meeting with the buyers to inform them of the decision made on the property.

**Practice Using These Techniques**

1. Ben Franklin Balance Sheet
2. Reduction To The Ridiculous

**Who Are You Working For?**