

8 Tips For Presenting Offers

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We all remember, with varying degrees of agony or ecstasy, our first listings. Mine was more than 20 years ago in Connecticut, but I still remember it -- a three-story, coldwater flat with a storefront and a basement. I always rattled the handle to the basement door before entering with prospective buyers, to give the rats a chance to hide. I also learned how to climb the outside fire escape to show the upstairs apartments.

Although the seller's English wasn't good, and my Polish was worse, we communicated through improvised sign language. But we did communicate, or so I thought, until I brought him an offer.

It took me more than six months, but I finally wrote an offer for \$17,500 -- the listed price was \$17,900. I was ecstatic, not only because I thought I had made a sale, but also because I wouldn't have to show this property anymore.

I ran to the seller with the offer, totally unprepared for his reaction. He refused to sign. He felt the commission was too high. Furthermore, he said, his price was \$17,900, not \$17,500.

I earned right then that an agent can never really be sure what the seller's motivation and objections are until he/she presents an offer. I later learned, often by watching other agents, some do's and don't's for presenting offers. Here are tips to help you turn those offers into signed contracts:

1. Be Prepared

Do your homework. Before the sellers come to your office or you go to their house or workplace to present a contract, review what has happened since you listed the property. Do another comparative market analysis. Are the competing houses you showed the sellers when you listed their house still for sale? What is happening in the marketplace to affect this sale? Are interest rates going up? This is information your sellers need to have to make the right decision.

2. Be Positive

Let's face it, offers are exciting. An offer tells the seller that someone is interested in their home and alleviates the discouragement they feel when they wonder if anyone will ever buy it. Even though receiving an offer is usually a positive experience for sellers, it also causes worry for many. Before you present any contract, reassure the sellers that you're working for them. Don't assume that they know this. They might have been warned by friends and relatives not to be too hasty to sign a contract, or they might have been told that real estate agents don't care what's good for sellers, that they just want to sell and get paid. The sellers need reassurance -- especially if this is the first offer you've presented to them.

3. Don't Disparage

Sometimes an agent will try hard to get sellers to accept a contract by using a negative approach. The argument goes something like this: "This is a good price, because your house is in a poor location and the roof will need replacing soon." Don't encourage the sellers to accept a contract by disparaging their property. With this approach, the sellers will rightfully wonder whose side you're on. Instead, if the contract is a good one for the sellers, point out the positive benefits. For example: "This is a good buyer for your property. You won't need to paint or replace carpeting to sell."

4. Don't Confuse

Don't put a contract in your sellers' hands until you've summarized its important points. Maybe you've had a house listed for more than a year. Finally, you've got an interested buyer. You write the offer. You rush to the sellers and hand them the contract. What happens? The sellers' eyes eagerly scan the unfamiliar form. Chances are they've never seen your contract before. They wonder, where's the price the buyers are offering? What's included? Are we required to pay any closing costs? They try to find the answers but only become frustrated.

5. Summarize

Keep the contract out of sight -in your briefcase or folder -- until you're ready to give it to the sellers. Put a blank sheet of paper in front of them and write in large, clear print while you talk. "Mr. and Mrs. Seller, the buyers are offering you \$110,000. They'll be putting \$25,000 down and getting a mortgage for the balance. They've already met with the lender, who told me they should have no problem qualifying for the loan. Of course, we'll know for sure only after an application is approved. They would like to close by July 31, but if they get their mortgage sooner and you'd like to close sooner, then they'll be ready..." All you've written on your blank sheet of paper in this case are: "\$110,000, \$25,000 down, July 31, all items on listing agreement."

6. Listen

After you've finished with your few notes, stop. Put your pen down. If the sellers haven't already started responding, this is the time to elicit their response. Ask: "Well, what do you think?" and *listen*. Don't interrupt until the sellers are finished. You might not agree with what they say, but resist the temptation to jump in. This is their time to vent their thoughts and feelings. Sometimes sellers have harbored frustrations and disappointments that go back further than this offer. This step is very difficult for most agents because they've been taught to answer objections. They believe that if they could answer every objection, the sellers might then accept the answer. Sometimes it's not necessary to do so -- or, at least, not right away.

7. Don't Pressure

Assuming you represent the sellers, don't pressure them to accept an offer that is obviously not acceptable to them. You've reminded them, before you presented any information about the offer, that you're working for them. If in fact you feel the contract is not a good one, remind the sellers that it might become a better contract with some patient negotiating on their part -- if that's the case. Review the comparable sales that you showed the sellers when you first listed their property. If some have since sold, or have contracts pending, bring them up to date on that information. Review the competition presently on the market. Give the sellers all the information they need to make a

decision. You're not selling as much as counseling. The decision rests with the sellers, and you are simply a guide through the decision-making process.

8 Negotiate

After the sellers have finished giving their opinion, take one item at a time to negotiate. Start with the easiest: "Is the closing date okay?" Then move on to the next one. If the price is unacceptable, deal with that item last. After the sellers have negotiated each item, hand them the contract. If someone is present whose opinion is important to the sellers, give that person a copy also. This is the time to go over the items on the contract. Give the sellers enough time to ask questions. When you've covered all the important sections the sellers need to understand, go back, take one item at a time (closing date, items included, price) and make the changes on the contract. Get signatures and initials beside changes, or if it is your practice, fill out a counteroffer form.

Leave your sellers guardedly optimistic. Let them experience the anxiety as well as the hope. Assure them that you will do your best for them and that you will promptly communicate the buyers' response. If you've done your preparation and remained patient during negotiations, you'll celebrate the results. Good luck presenting offers!

Excerpted from *Buyers Are Not Liars, The Real Estate Agent's Guide to Dealing with People* by Lorraine Prevost. Available from Heron House Books, P.O. Box 5868, Sun City Center, FL 33571 for \$15.45 (includes tax, shipping, and handling).

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