GENSTONE
REALTY

Working with Buyers Workshop Summary

Location of the First Appointment with Buyers

Depending on your situation, there are three options for where your first in-person meeting with buyers should be:

- *At the buyers' property*. The advantage is you see their current property as a reference for what they want to keep and add to the new one. It may be easier to establish a relationship as you ask questions about things you notice -- both the property and personal items like photos. However, the buyers may be more distracted there and are in more control.
- *At a neutral location.* For geographical convenience or out-of-town buyers, you may need to find a place where you can have a private discussion. It needs to be a place where other people are not close enough to hear your conversation.
- *At your office*. The advantage of meeting at the office is you have all your resources there. It is more impressive for the buyers to give your company and you additional credibility and control. Buyers may be less distracted there, but it may not be geographically convenient. It may not be best for you if you work primarily out of the office.

Set and Confirm the Appointment

During your multiple daily conversations with people, you will find some who are thinking of buying a property. You set an appointment to meet with the potential buyer. Confirm the previously set date, time, and location if the buyer didn't write it down or forgot. Then, depending on the buyer's preferred method of contact, call or text the following *(make the adjustments for a text)*:

Hello. I'm looking for *(name)***. Hi,** *(name),* **this is** *(your name)* **from GenStone Realty. I'm calling to confirm our appointment on** *(day)* **at** *(time)***. Does that day still work for you? We are meeting at** *(time),* **right?**

Good. I look forward to talking with you again and helping you find the right home. Do you have any questions for me before our appointment?

[Review and confirm when and where.]

Will all those involved in the homebuying decision be there? Good. I'll see you at *(location)* **on** *(day)* **at** *(time)***. Thank you.**

Prepare a Buyer Packet

The purpose of a Buyer Packet is to demonstrate you are a source of information assisting them in their move. Giving them something of value upfront contributes to their positive opinion of you. It contains city/town, area, school, recreational, neighborhood information, company information, forms, disclosures, and your business card and profile or brochure. You should have each item set and assemble several packets to have them on hand. You

may customize it for in-town and out-to-town buyers. You may deliver it in person either before or at this first meeting or have it delivered to their home by mail or other package delivery service before the appointment.

[View the Buyer Packet Suggestions in the GenStone Intranet]

At the Buyer Consultation Appointment

1. Begin the conversation by asking the buyers questions about themselves. It is always easier to build a relationship when you have people talk about themselves. It's the "getting to know you" time. The specific questions about the move happen as you get into the Buyer Presentation, but if that information comes up naturally during the building a relationship time, so much the better.

2. The purpose of the Buyer Presentation is to give you credibility as a professional agent and educate the buyer about the buying process. The Buyer Presentation's end result is to get the buyers' signatures on the exclusive buyer agency agreement, which you need to have the buyers be "all in" with you. Show your screen with the preloaded Buyer Presentation PowerPoint when you all feel comfortable.

   Sit at a conference table if at your office or the kitchen or dining room table when at their home. At the table, be in a position enabling them to view your screen and for you to view all buyers at the same time. Use the slides to guide the conversation. Paraphrase the text on some slides, and read the text on others as appropriate. If you need to go out of order on the slides, be flexible to go with the flow. When discussing something other than what's on the slide using PowerPoint, press the "b" key to blank the screen so it is not distracting. When needing to return to the screen, press "b" again.

3. Before coming to the appointment, be sure to personalize the second slide with your name and photo and the fourth slide with your information.

Buyer Presentation Conversation Guide – "We'll Guide You Home"

The presentation has several sections:

- Introducing GenStone Realty, you as their agent, and what you will do for the buyers
- The agenda
- Understand the buyers and their needs and wants for the move *(see Conversation Starters list)*
- Buyer agency
- The property search and tours
- The negotiation and purchase process

We cover the conversation guide and how to present it in the "*Buyer Presentation Workshop*."

Agency Disclosures and Exclusive Buyer Agency Agreement

When appropriate, during or at the end of the presentation, review the benefits to the buyer of having one agent represent them. First, have them approve any state-required agency disclosures and then the exclusive buyer agency agreement. When it comes to the fee agreement, remind them what you told them about having the seller provide your share of the fee. **"We give you the guidelines to receive all the benefits of representation and allow the seller to pay all the brokerage fee."**

Begin the Search Process and Show Properties

If there is time to start the search process after the presentation, begin then. Ask to see any properties they have found on websites to which they were attracted and get their feedback on each photo. When searching for ones they haven't found, get their reaction to the images' exterior and interior features. If you haven't already, set up Set the buyers up on Showcase IDX to receive daily updates for matching properties based on the search criteria you jointly decide.

When ready to tour, set up appointments to show the selected properties. The *"Showing Properties Workshop"* provides how to show properties successfully.

Negotiating the Offer

When the buyers find the right one and are mentally and emotionally ready to make an offer, that can be our best moment. Before crafting the offer on the agreement, the buyers need to decide on three items – the price, the occupancy date, and any additional personal property not included on the MLS listing.

- **Price.** Hopefully, both you and the buyers have a reasonable idea of the current market for what this property has. If you have some recent comparable property sales, that's the best information to have since those properties are the ones appraisers will use to do the mortgage appraisal for this one. Unless these are cash buyers, they want the offer price to be at or below their mortgage appraisal. You may want to use the kvCORE CMA in "Marketing > CORE Present."

  Next, the buyer would decide on other factors that would influence both an appraisal price and the owner's mindset. For example, what's the condition and need for upgrades? Is there some showing activity that would make the seller think positively, or has it been too long to make the seller concerned?

  What should the negotiating position be? Again, the buyers' mindset is essential here. It depends on how much the buyer wants this specific property. Would they be heartbroken if they didn't get it? If that's the case, starting with a low offer and hoping to negotiate back and forth may not be the best option because the seller may be displeased with the low offer and not counter at all. On the other hand, if this is the best property they have seen and there is much buyer activity, then an offer of the full price or $500-1,000 over may be the better option as long as you both feel it could appraise for that.

  If the condition needs work, it's been on the market for too long, and the buyer accepts its current state, then a lower than full price offer is warranted. A suggestion you could offer the buyers is to go in with a price lower than the owner wants but close enough to the market to make it difficult for the owners to counter your offer. This approach could also work even if the seller thinks the buyer's activity is hopeful. For example, the listing agent may advise the seller we just sold the property at the buyers' offered price and that rejecting or countering it would lose a sale for only a few thousand dollars.

- **Occupancy Date.** Based on the MLS listing, you know the possession date the seller requested. First, what date is best for the buyers? If another month's wait is OK with the buyers, it might be helpful to the sellers. And it might be just the opposite that the

seller needs to be out sooner. Sometimes an occupancy date makes or breaks a reasonable offer. If you found out what is best for the seller, that information could be helpful.

- **Additional Personal Property.** If there are some appliances or other personal property not on the inclusion list the buyer would really want, sometimes it may not make a difference to the seller. For some, it makes a big difference. It's a judgment call, but sometimes it's better not to ask.
- **Earnest Money.** The amount of earnest money sometimes is a positive expression to the seller. Often is 1%-2% of the offer price. Find out from your office what amount is typically in your area. Also, find out to which entity the check is written. The buyers need to write the check. Let them know it is deposited only if the offer is accepted. At closing, that amount applies to the buyers' down payment.

When Concerns Arise, Listen for Understanding

When the buyer has a question or concern, listen carefully to what it is and how it's expressed. If you are unclear, ask clarifying questions. If you are not sure you have a complete understanding, state the objection back in terms you understand, then ask if that's what the buyer meant.

The pattern for Handling Objections

After you understand the concern, use these steps:

1. Validate their concern. *[Examples: I understand. That's a valid concern. I can appreciate that.]*
2. State your explanation or solution.
3. Find out if the buyer understands or agrees with your explanation
4. Ask to continue the process of getting the owner's signature on the agreement

We want to think it over

I can appreciate that. You want to make a logical decision. What is it specifically you need to think over? *[Hopefully, you hear something specific, which may be a hidden objection. If it's any of the following, handle it as suggested.]*

[If it's general, vague, or the "whole thing," ask some probing questions.]

Is it this property? Is it the price? Is it me?

[if any of those, handle it the best you can. If you don't get anything specific by probing, ask for a signature.]

Based on what I'm hearing, there's not much more to think over. So why don't we go ahead to secure this property for you? I just need your approval right here.

We want to sleep on/pray about it

[This one may be tougher because some people have a rule to not "rush into" major decisions. You may have to respect that.]

I respect your decision-making process. But, for efficiency, why don't we do this? Let's get all the paperwork done now while we are together. I'll hold it until tomorrow. Then, if you call me tomorrow that you don't feel we should continue with this offer, I'll cancel the paperwork. But if you decide it's right, we can act while it's still on the market. How does that sound?

We need another person to see it

[If the other person is vital to the decision meaning the buyers cannot make an offer until that other person permits it, then arrange to have them see it that day or the next. If the other person – parents, friends, or someone who can check out the property's condition – is an advisor but not a decision-maker, use the following.]

I **know you want to make an informed decision. Is this person one of your decision-makers or someone whose opinion you value?** *[Buyer response.]* **We never know when another offer could come in on this property. Let's first find out if we can secure this property for you. Then we can arrange to have others view the property to give their opinion. You may be concerned about the property's condition. We will make the sale conditional on a professional property inspection, so you will know if you need the owners to fix anything before you move in. Let me show you the section in the agreement where we indicate the property inspection. Are we OK about moving ahead with this offer?**

We want to make a lower offer

I know you want to get the lowest price possible. However, is making a low offer for negotiating purposes or because you don't feel the asking price aligns with the current market? *[Buyer response. If not in line with the market, use comparable recent sales to guide the buyers with a reasonable market price. If for negotiating purposes, use the following.]*

If we go in with a low offer, the owner will have two reactions. Either reject it entirely or counter with a much higher price. Here's a suggestion. Go in with a price lower than the owner wants but close enough to the market to make it a difficult decision for the owners to counter your offer. The listing agent might tell them they might lose this buyer if they counter. Hopefully, the listing agent advises them on what the current market is. Worse case is the owner counters, and you make your next decision. What do you think might be that "close enough" price should be?

This property is not worth the asking price

[This is similar to the previous objection. Often owners price properties above the market for negotiating purposes or because they think it's worth more than it is. Use comparable recent sales to guide the buyers with a reasonable market price.]

I know you want to get the price in line with the market. So let's review some prices from recently sold comparable properties to assist you in determining your offer price.

We want to see more properties

There are two reasons for this:

- *They feel viewing more properties is essential to having enough data to make the right decision.*
- *The buyers think this is the right one but are uncomfortable deciding because there might be a better one "somewhere out there."*

[If the buyers have not viewed many properties, they do need to know the options. Show one or two more if they might be close to meeting their needs. If they have seen many and you know other properties they have not seen do not match the buyers well, use this conversation.]

I understand you want to know your options before making a decision. What would you need to find in another property not found here? *[Buyer response.]* **Do you like this one enough to buy it, but hope there might be a better one "out there?"** *[If yes.]*

Since they like this enough, review the other potential properties features from MLS data to indicate there is nothing better. Next, l**et's look at our search of all properties currently on the market meeting your needs. As you can see, we have considered them all. Since this is the best one on the market today, should we secure it for you now?**

<u>Submitting the Offer and Waiting for the Response</u>

When the buyers decide on the offer's specifics, have them approve the agreement. The *"Getting the Signature Workshop"* explains how to accomplish that, and the *"Handling Buyer Objections"* helps you overcome any reluctance.

When the buyers complete the agreement, explain what comes next and what to prepare for:

- You contact the listing agent to get the offer presented to the seller. Sometimes sellers are not available right away to hear the news, so the buyers need to be patient.
- When the sellers consider your offer, they have three choices:
    1. Accept the offer as written
    2. Reject the offer
    3. Prepare a counteroffer for you to consider

Get with the listing agent to have the offer presented as soon as possible. Use the local customs of how and who explains the offer to the seller. While this is happening, the buyers are nervous. Keep in touch with phone calls or texts every few hours, letting them know it's still in process. *(If you don't, they will contact you. It would be best if you were the initiator.)*

<u>Response from the Seller</u>

When the buyers learn of the decision from the seller, the buyers have these options:

1. Celebrate they got the property
2. Be dejected *(and say they should have offered more)*
3. Decide to accept the counteroffer
4. Counter the counter

If the buyers choose to counter, advise them similar to the way you did for the first offered price.

<u>When Buyers Are Successful</u>

When the buyers finally secure the property:

- Buyers need to contact the lender where they were pre-approved to start the underwriting process.
- The lender begins processing the loan and orders an appraisal, which is the basis of the amount on which they loan. No more cash is needed if the appraisal is at or above the purchase price. If slightly below, the buyer can fund the difference with additional cash. If the appraisal is below where the buyers can't make up the difference, they may cancel the agreement and get their earnest money deposit back if the timing is within the contract dates.
- A title search is ordered.
- The lender provides a Closing Disclosure to the buyers for their review three days before the closing date.
- Closing documents are prepared by the title company or an attorney in certain states.
- The lender funds the loan when all documents are executed, and the seller receives their proceeds.
- The buyer takes possession of the property based on the agreed occupancy date.

Your Responsibilities At and After Closing

- Attend the closing with the buyers to be an advocate
- Review documents for which you have knowledge
- Congratulate them and celebrate after closing
- Later send them a thank you closing gift
- Stay in touch with them frequently as they become your best cheerleaders to refer multiple acquaintances to you!