

KWU Scripts Catalog: Volume 2: Working with Sellers

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Acknowledgments

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Setting the Appointment

Turning a Lead into a Consultation Appointment

On the Telephone: Script #1

SELLER: *[Over the phone]: Hi, _____.* I'm thinking about selling my house.

AGENT: Great, *Mr. Seller*. I'd like to arrange a time for us to get together. For me it's a three-step process. One, I obviously need to come and take a look at your house and have you show me through the home. I'll make some notes as we go. Then I'll come back to my office and put together my market analysis for you. After that, we'll get together and I'll share that analysis with you. Would that be okay?

SELLER: *Yeah. That would be great.*

AGENT: Great. Well, *Mr. Seller*, let me just get some information from you. I need your name, your address, your phone number, etc.

Great, would tomorrow at 9:00 a.m. work for me to come over and see your house? Let me ask you one more question, if you don't mind. *Mr. Seller*, why are you thinking about selling? *[Listen to the response.]*

Okay. Well, *Mr. Seller*, I'm going to have a package delivered to you today. It's a little bit about me and my team but, more importantly, it talks about what we do to get homes sold. You'll be receiving that and then I'll come out and visit with you tomorrow at 9:00 a.m. as we arranged.

Tip!

You should use the Seller Interview form for capturing the seller's information.

On the Telephone: Script #2

AGENT: So glad you called. It's great to get to talk to you. It sounds like you're thinking about selling your home. What brought that about?

SELLER: *I need to move into a bigger home..*

AGENT: Okay, great. You need to move into a bigger home. Tell me a little about the home you have now and, in fact, while you're talking, tell me a little about yourself. *[Limit the conversation to 3-7 minutes. Make an appointment with the seller to come in to discuss the market conditions. Then, close in person.]*

Tip!

This script is useful during a phone conversation.

Listing Presentation

The Fifteen-Minute Consultation

Quickly Discovering a Seller's Needs: Script #1

[The Fifteen-Minute Consultation is for the seller who has already decided to hire you. It requires you to reduce your normal presentation to 15–30 minutes.]

AGENT: My goal today is to make certain that, before I leave, I have answered all your questions. I am famous for coming out and talking to people and becoming best friends with them, and in the end I leave and they call me thirty minutes later and say, "Hey, I had fourteen questions and we didn't cover any of them." So before I leave, make sure I've answered all your questions. Okay? First, let me understand; kind of paint for me, if you would, the perfect picture. What is your goal in terms of a time line, the money you're hoping to get out of the house, the date you would like for it to be on the market? Tell me the whole thing, so that I'm on the same page with you.

SELLER: *Okay. I'd really like to be out of here and in my new house in sixty days. And, you know, I have a new job out there and I have to be working there. And, I'd like to net about \$120,000. \$125,000 would be really nice. And I hope with my mortgage balance that will be right on.*

AGENT: What do you think you owe right now?

SELLER: *I owe, let's see, well, I could figure it out really quick. If I put your commission on top, it comes out to just about \$120,000, so could you subtract it from about \$175,000 and then—can you work it backward? I can't do it in my head.*

AGENT: Yeah. You're thinking of a sales price. We haven't talked anything about value yet. Certainly you're going to be in a range of value—that's going to fall somewhere between \$250,000 and \$270,000. Where you are within that range is going to be up to you. And what will make the difference is: what's on the market, what's our competition, and how quickly you want the home sold. So we'll go over all the detailed number crunching. Just know, before I leave today, I'll work the numbers backward to show you, based on this sales price, what you'll walk away with.

(continued on next page)

Quickly Discovering a Seller's Needs: Script #1 (continued)

SELLER: *I owe about \$125,000 on this.*

AGENT: When would you like the house to be on the market?

SELLER: *Well, I think it's going to have to be pretty soon, isn't it? I'm kind of nervous about being out there in sixty days.*

AGENT: Yeah. You have a small window of opportunity. Average days on market right now is about forty-five days. But then, understand, from the time it goes under contract, we've got another 30–40 days to get it closed—that's when surveys, inspection, and all that type of thing occurs.

SELLER: *Do you think I'll make it?*

AGENT: Maybe. There's no guarantee, but the good news is, you have a wonderful home. It doesn't look like there's too much inventory. So I think that if we get it staged just right, we can probably work within your time line. The market, inevitably, will tell us if we are right or we are wrong with regard to value. Every time the home is shown, you will call into my office to let me know the name and phone number of the showing agent, and we will track that agent for feedback. We're not going to sit on the market for two weeks or for thirty days and wonder, "Gosh, why isn't the house sold?" I know your goal is to be out of here in sixty days. In order for that to happen, you need to have an acceptable contract within about thirty.

SELLER: *Okay. I understand.*

AGENT: Great. I have a feel for what it is you want to accomplish, and at this point, I'm going to go through and talk to you about what I brought. *[Pull out your listing consultation packet.]* First of all, let me tell you that, everything I have brought out here today is yours to keep. The market analysis is yours. As I said earlier, my only goal is to make certain that I have covered all your questions. So, I'm going to go through this packet and tell you what I brought for you, as opposed to reading to you or preaching to you. As I said, I'll leave this for you. I hope you have a chance to go back through it later. I will put this challenge to you: I would challenge you, on a night when you have difficulty sleeping, to see if you can make it from cover to cover *[laugh].* The very front of this market analysis is information. It's all the brag stuff about me. I know that you called me because of the amount of business I do in the neighborhood—

SELLER: *Like every house in the neighborhood, that's why we called.*

(continued on next page)

Quickly Discovering a Seller's Needs: Script #1 (continued)

AGENT: That's a wonderful thing. I love to hear that. But even so, we have not met until today. So in the very front of this listing packet, I'm going to go through and tell you what these pages are. My staff puts this together for me, so understand, there's a lot of brag stuff. But I can go through it in a couple minutes, and we get right to the meat and potatoes and good stuff.

SELLER: Okay.

Quickly Discovering a Seller's Needs: Script #2

AGENT: *Mr. Seller*, in order to get your home sold in sixty days, first we must analyze your area to determine the highest marketable price for your home! Do you think pricing is important?

SELLER: Yes.

AGENT: Why do you feel that way?

SELLER: Because the price is the thing that will determine whether the home sells or not!

AGENT: Exactly! Do you have any experience with pricing in this area?

SELLER: No.

AGENT: May I consult with you a little on pricing?

SELLER: Yes.

AGENT: Looking for a marketable price means researching exactly what buyers in your area feel a home like yours is worth! You see, what you paid for the home really doesn't matter. What you need or want for the home, what your neighbor says, what another agent says, even the cost to rebuild your home today, doesn't matter. The only thing that matters in pricing your home is what a buyer is willing to pay in today's market! Make sense?

SELLER: Yes.

AGENT: Great, would you like to see the research I've already done?

SELLER: Yes!

AGENT: My summary contains basically three important elements: *[Show CMA summary.]* homes that have sold within the last six months—this is the market. Homes that are currently available in your area—this is your competition. And homes that have expired in your area—these are the homes that for some reason have been rejected.

(continued on next page)

Quickly Discovering a Seller's Needs: Script #2 (continued)

SELLER: *Why have they been rejected?*

AGENT: That's a great question! There are usually four reasons homes don't sell: price, promotion, presentation, and the professional hired to sell the home. Nine times out of ten, it's because the home was priced too high. Does that make sense?

SELLER: *Yes!*

AGENT: Great! First, let me cover the most important research: what has actually sold in your area? *[Go over sold summary page.]* Do you have any questions?

SELLER: *No.*

AGENT: Great! Looking at this information, can you understand how buyers would probably place your home in a range from \$145,000 to \$150,000?

SELLER: *Well, \$150,000 looks like it might be on the low side!*

AGENT: What price did you have in mind?

SELLER: *Well, we really didn't have a set price in mind, but, looking at your research, shouldn't there be a little room over and above the \$150,000 for negotiation? I mean aren't we in a seller's market?*

AGENT: That's a great question, and you're right: in today's market, we have twice as many buyers as sellers; therefore, it is a great time to use the price of your home as leverage to generate multiple offers!

SELLER: *What do you mean?*

AGENT: If we price the home like most agents and leave room for negotiation, then negotiation is what we will get. By pricing it \$5,000–\$10,000 over the market, you will usually generate one offer which really weakens our negotiating position! And, because of our weakened position, the price gets negotiated down to at or below the market. Does that make sense?

SELLER: *Yes!*

AGENT: It's been my experience that if we price the home directly on the market, we have a better chance of generating multiple offers which could drive the final agreed-upon price above the list price. Does that make sense?

SELLER: *Yes!*

(continued on next page)

Quickly Discovering a Seller's Needs: Script #2 (continued)

AGENT: Now, which pricing strategy has a better chance of getting you into your new home within sixty days?

SELLER: *Pricing it at market value.*

AGENT: Exactly! My recommendation is that we price the home at \$150,000. Is this acceptable to you?

SELLER: *Yes.*

AGENT: How will you feel if the home sells tomorrow?

SELLER: *I would feel we priced it too low.*

AGENT: That's understandable and, since we're pricing the home directly at the market value, don't be surprised if we generate multiple offers rather quickly! This in no way means we've priced the home too low; it simply validates the fact that we've priced it just right! Does that make sense?

SELLER: *Yes!*

AGENT: Great! So, by listing the home at \$150,000, do you feel it will sell in sixty days?

SELLER: *If what you say is true, it should.*

AGENT: By listing the home at \$150,000, I calculate you will net \$17,000. You told me earlier that you needed to net \$20,000. Is \$17,000 acceptable to you?

SELLER: *Well, we'd really like to net \$20,000. Is there any way you could lower your commission to get us closer to \$20,000?*

AGENT: No, because that would be a win-lose relationship, and with me it's win-win or no deal!

SELLER: *What do you mean, win-lose?*

AGENT: I mean that one party should not have to lose for the other party to win. If I take your listing, I'm going to provide you with the best service in the industry, which is a definite win for you! If you discount me and pay me an agent's fee of 5 percent, that would be a definite loss for me because I can't operate a successful business on 5 percent! Plus, it wouldn't be fair if I charged you 5 percent and all my other clients 6 percent! That just wouldn't feel good to me.

SELLER: *Well, Joe at RE/MAX said he would do it for 5 percent!*

(continued on next page)

Quickly Discovering a Seller's Needs: Script #2 (continued)

AGENT: You see how easily Joe gave up his money? Just think how frugal he's going to be with yours! Is Joe a consultant or an agent?

SELLER: *I don't know.*

AGENT: You can be certain my number one goal is to satisfy these specific needs. *[Point to need sheet.]* Can Joe say the same thing?

SELLER: *I guess he can.*

AGENT: Did Joe ask you about these specific needs?

SELLER: *No.*

AGENT: Then how can you be assured Joe's priority is to get your children situated before school starts?

SELLER: *I guess I can't.*

AGENT: Exactly! Bottom line, do you think you and your investment are in better hands with me or with Joe?

SELLER: *You!*

AGENT: Great! Then shouldn't we make this a win-win relationship from the start?

SELLER: *Yes!*

AGENT: Great! Now the third thing you said you needed was an open line of communication. It's been my experience that conflict arises only when expectations differ. Would you agree?

SELLER: *Yes!*

AGENT: Great! With that in mind, let me ask you a few questions that should guarantee an open line of communications. How does someone win with you?

SELLER: *What do you mean?*

AGENT: How would one stay on your good side?

SELLER: *By being honest, doing what they say they're going to do, and keeping me informed throughout the process.*

AGENT: Anything else? *[Write all of these down and repeat back.]*

SELLER: *By getting the home sold!*

AGENT: How does someone lose with you?

SELLER: *By lying, disappearing, and underperforming.*

AGENT: What do you feel you have the right to expect from me as your real estate consultant? *[Listen and repeat back to sellers.]*

(continued on next page)

Quickly Discovering a Seller's Needs: Script #2 (continued)

SELLER: *That you keep us informed, and that you meet the needs we discussed earlier.*

AGENT: Great! If any of these ever change, please let me know immediately. There's one more question that is very vital to our communication process. How should I approach you on sensitive issues?

SELLER: *What do you mean?*

AGENT: If I see something that I feel is keeping the home from selling, how should I approach you? On a scale from 1–10, with 10 being brutally honest and 1 being dishonest, how would you like me to approach you?

SELLER: *Be a 10!*

AGENT: Great! If you ever see something I'm doing that you feel is keeping your needs from being met, I want you to be a 10+!

SELLER: *Agreed!*

AGENT: Well, shall we review one last time? By listing the home at \$150,000, do you feel we will generate a quick sale?

SELLER: *Yes!*

AGENT: By listing the home at \$150,000, do you feel you will receive a good price?

SELLER: *Yes!*

AGENT: Do you feel your home will be marketed properly?

SELLER: *Yes!*

AGENT: After our conversation tonight, we have the makings of a win-win relationship! Would you agree?

SELLER: *Yes!*

AGENT: Great! Is there any reason not to go ahead with this?

SELLER: *No.*

Rapport Building

Uncovering Goals and Motivations: Script #1

[After the seller has opened the door and you have exchanged "hellos"]

Tip!

You want the seller to see that you genuinely care about their family. If they have children, make sure that you say hello to the children and ask them how they are doing. If they have a friendly dog, you might want to pet the dog for a moment.

Getting to Know Their Motivation:

AGENT: Would you like me to remove my shoes?

SELLER: *Well, no.*

AGENT: Okay, great. How are you folks doing tonight? *[Listen to the response.]* Tell me what your goals are with regards to the sale of your home. *[Listen to the response.]* What kind of time frame are you looking at? If we're on the market in sixty days, how are you going to feel? *[Listen to the response.]* In today's marketplace and economy, the market is kind of wacky. Sometimes we sell a home pretty quickly; sometimes it takes awhile. By the way, did you know that 50 percent of the homes in the Multiple Listing Service do not sell?

Tip!

Don't forget to take notes.

Getting to Know Their Home:

AGENT: Tell me a little about your home. How long have you been here? *[Listen to the response.]* Tell me a little about what you've done to the house and the improvements that you've made while you've owned the home. *[Listen to the response.]* Would you mind showing me your home? *(If you see something that stands out—like a stain on the ceiling—look at it, and make sure that they know you're looking at it. Then mark it down.)*

(continued on next page)

Uncovering Goals and Motivations: Script #1 (continued)

SELLER: *Oh, by the way, we had an air conditioner leak up there.*

AGENT: I want you to know that I'm looking at your home not only as a buyer, but also as an inspector. So there are questions I may have, like about that stain on the ceiling, that a buyer may have. And then we'll need to address how we are going to get it fixed, and make sure that it's noted on the disclosure that it's been taken care of.

Tip!

You want them to walk around and show you the house, because you want them to point out all the features that they really like about their home. This continues rapport building.

Setting a Tone of Respect: Script #1

"I can't tell you how many listings I've gotten just because I took off my shoes."

-Bruce Hardie

[After the Seller has opened the door.]

Introductions/Getting to Know Their Home:

AGENT: Hi, is this Mr. Seller? Hi, Mr. Seller, I'm _____. Nice to meet you. *[Remove your shoes as you walk in.]*

SELLER: *You don't need to do that.*

Tip!

We recommend using a Property Data Form—a checklist of the different things that go into the MLS—as you view the home.

(continued on next page)

Setting a Tone of Respect: Script #1 (continued)

AGENT: Oh, don't worry. It's just a habit.

Now, the first thing I'd like you to do today, *Mr. Seller*, is show me around your home. I'd like to make notes as we go.

Gosh, you have a nice home here.

[As you go through the home, use things like photographs, art, or knickknacks to drive conversation.]

[In addition to learning about the sellers, use this time to educate them on the market.] *Mr. Seller*, I'm not sure if you're aware, but right now we're experiencing the best seller's market I've seen in the last ____ years. And there are a couple of reasons for that. One is that interest rates are very low. And two, there's less inventory on the market than we normally have at this time of year. In fact, when we get back together again, I'll share the numbers with you.

Tip!

Make sure you know the market and accurately explain it.

AGENT: *Mr. Seller*, what I'd like to do now is have you and your wife meet me at my office so that I can share with you the analysis I'm going to complete for you. The reason I'd like to do that in my office is so that you can see how our operation works. Before we wrap up, do you have any other questions for me?

Focusing on the Client's Needs: Script #1

Tip!

Use a laser tape measure to take dimensions of the house; it really makes you look like a technical guru!

[You should have already sent the prelisting package out in advance to create a powerful first impression.]

After Meet and Greet:

AGENT: Would you do one thing for me? I'd like for you to pretend I'm a buyer and take me through the house, pointing out what you feel are the positive benefits that your home has to offer. *[This allows them to self-discover things they may need to do to prepare the house for sale as they're showing you through. It allows you to build rapport as they're walking you through the house. And it allows them to discover how difficult it is to sell their own home.]*

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Focusing on the Client's Needs: Script #1 (continued)

Explaining Your Mission Statement:

AGENT: *Mr. and Mrs. Seller*, thank you very much. I appreciate the opportunity to be here with you. *[Open your prelisting package to your mission statement.]* The mission of the _____ Team is to make you so ecstatic with your real estate experience that you feel compelled to tell your friends, family, neighbors, and coworkers, out of a sense of obligation for THEIR well-being, that they should call the _____ Team whenever they are thinking about a real estate transaction. Now, those are some pretty lofty goals. And because of those goals, usually one of three things happens when we get together with potential clients.

Number one, they understand the benefits of our system, the competitive advantages it will provide, and how much we care about the opportunity to develop a relationship that goes beyond this real estate transaction. And they hire us that day, and frankly, that's wonderful.

The second possibility is they may not understand the benefits of our system, the competitive advantages it will provide, and how much we care about the opportunity to develop a relationship that goes beyond that transaction, and they may not hire us that day. And frankly, that's not so good. And the third possibility—and frankly, I say this humbly, not boldly, so please don't take this the wrong way—but because of our mission statement, if a client has a need that we cannot fulfill, we'd rather turn them down, than let them down six months from now. Does that make sense?

SELLER: *So why might you be unable to take my listing?*

AGENT: I understand. That's a good question. Part of the reason I might not be able to take your listing, or any person's listing, is if they have a need or an expectation that can't be fulfilled. And in that situation, we'd rather turn someone down now than let them down six months from now. Remember when I said that our mission was to have you so ecstatic with your real estate experience that you feel compelled to tell friends, family, neighbors, and coworkers out of a sense of obligation to their well-being, that you should call the _____ Team?

Well, that's because we do things a little differently than most agents out there. There's a difference between agents and consultants, and do you know what that difference is?

SELLER: *No.*

(continued on next page)

Focusing on the Client's Needs: Script #1 (continued)

Tip!

Use the third person with this script. That way you limit the opportunity for them to take it personally.

Separating Agents from Consultants:

AGENT: Well, in my experience, a lot of people in the real estate industry—I'll call them agents—are more interested in their own agenda. They're more interested in getting the listing, or getting you to sign the listing today, or getting you to sign a real estate contract today. And they're more interested in the immediate gratification of the transaction, rather than a real estate consultant, who understands that when they help YOU get YOUR needs met, then they get their needs met also. A consultant's sole focus is to give their clients advice based on their clients' needs. Their main focus is to build a relationship that goes beyond the transaction. Great consultants want to be your agent for life. Many agents act like they want to be your agent for one deal. Do you understand the difference now? Who would you rather have working in your corner?

SELLER: Yes. A consultant.

AGENT: I want you to know that I'm looking at your home not only as a buyer, but also as an inspector. So, there are questions I may have, that a buyer may have. For example, "what is that stain on the ceiling?" And then we'll need to address how we are going to get it fixed, and make sure that it's noted on the disclosure that it's been taken care of.

Be a great consultant:

Tip! A good agent sells and tells, so excited they know the answer that they go ahead and tell the seller what the answer is. Great real estate consultants know the answers, but ask great questions to lead the seller to self-discover the answer to those questions. Their idea, they'll buy. Your idea, they may not.

Giving Compliments: Script #1

Tip!

When you take five minutes to set the stage with a seller, you are doing three things: building rapport, establishing validity, and letting the seller know what to expect.

[Doorbell.]

AGENT: Hi. I'm _____.

SELLER: *Nice to meet you. I'm _____.*

AGENT: Very nice to meet you. You have a beautiful home. You made wonderful selections. You've got travertine on the fireplace, granite on the tops, beautiful light fixtures, arches, niches. It looks wonderful. If you don't mind, I'm going to leave my packet of information here, so that when we're through walking around, we can come back and I can spread it out on the table to actually show you the materials that I brought.

SELLER: *That would be great.*

AGENT: And at this point I'd actually like one of you to act as my tour guide to give me the nickel tour of the house.

Tip!

Find nice things to point out about the house when you first walk in.

Giving Compliments: Script #2

SELLER: *I think we'll start the tour here in the kitchen.*

AGENT: Beautiful. I love your selections. The granite color you chose with a little bit of gold in it—it's beautiful.

SELLER: *Thank you.*

AGENT: And the hardware that you have on the cabinets—it's just exceptional. I think it's the little decisions you make when you're building that tend to make a big difference in terms of the feel of the house. The tile you chose for the backsplash is different. It's beautiful. And everything works so well together. You can just tell: everything that you did to the kitchen, you didn't spare any expense, and that's going to pay off now.

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Giving Compliments: Script #2 (continued)

SELLER: *Thank you. Well, I was thinking maybe we'd go in and take a look at the music room, and I'd explain to you how the house was originally set up and maybe you could tell me what you think in terms of selling it, as opposed to how we have it set up now.*

AGENT: Sure, let's go look.

SELLER: *All right, thanks. I kind of wanted to get your feel about what you think about what we've done with our dining room. Because obviously we had this grand piano and we made our dining room into a music room, and I'm curious about what you think of that for resale purposes. And this was actually the chandelier. And we had it turned into this downlight, and then put our grand piano in here.*

AGENT: It works beautifully the way it is. I think most people would prefer to have a formal dining room, but I wouldn't recommend that you take the piano out and bring in a dining room set. On the actual marketing pieces—on the brochure for example—I can reference that it is wired and blocked to have a chandelier hanging here, and we'll reference that the music room is actually the formal dining room. But because it all works so well when you first come in, I think we should leave it the way it is. I think it draws attention to the bay window in the front, and everything feels very comfortable as you come through. I don't think it's realistic to think that we'll find the one buyer who also happens to be a musician with a grand piano. But they will appreciate it for how well it shows.

[Continue going room to room, pointing out key features, making recommendations, and continuing to build rapport.]

Touring the Home

Observing Basic Guest Courtesy: Script #1

[Once you enter the home, follow basic rules of courtesy. For example, never enter the home until you have been asked to enter.]

AGENT: Where should I put these materials?

SELLER: *Right here is fine.*

AGENT: *Mr. and Mrs. Seller*, before we get started, why don't you pretend I'm a buyer and show me around your home, pointing out what *you* feel are the selling features of the home.

[Build rapport as you tour the home. In other words, talk about their Family, Occupation, Recreation, and Dreams (FORD).]

[Go back to the kitchen and ask to be seated.] In which chair would you like me to sit?

SELLER: *Any chair is fine ...*

AGENT: *[Never move anything on the table unless you ask to move it.]* Do you mind if I move this out of the way?

Preparing the Sellers for Personal Item Requests: Script #1

AGENT: The buyer is going to come in and they're going to ask for that 60-inch television. They're going to ask for the pool table in the basement. They're going to ask for this fabulous deck furniture that you have here, and for your super-duper stereo system. So are you willing to part with that? *[Pause]* Okay. Be prepared for someone to ask you to leave those items.

SELLER: *Well, we don't mind, really. We'll sell it.*

AGENT: Okay, and if you're going to be moving cross-country and paying for the move yourself, it's going to be cheaper for you to repurchase those items at your new location. Moms, new mothers in particular, for some reason, tend to be very attached to their washer and dryer. But no one cares about the refrigerators anymore since they are always being redeveloped with new gadgets and gizmos. Don't get all riled up about the buyers asking for your washer, dryer, or refrigerator. When you identify your new home, we can ask the sellers for those items to remain with the property. But the pool table and plasma TV—hey, someone's going to ask for those. I don't think those are going to be deal-killers, though. But be prepared for someone to ask that they remain with the property at no additional charge. The same thing goes for curtains and window treatments—and even the hardware! However, if there's something in here that you absolutely, positively are not going to leave, you need to mark it in the seller's disclosure. And remember, a year from now, how will you feel about these personal possessions if they make—or break—your sale?

Setting the Stage

Explaining the Need for Honesty: Script #1

Meet and Greet:

AGENT: Great neighborhood, nice to meet you. *[Bring your materials with you, set them on the kitchen table.]* I'd love it if you could show me around the house. *[Avidly take notes of everything they say about the house. The tour should take about ten or fifteen minutes, including front and back of the house.]* What are you thinking of doing here? How long have you lived here? *[Your research of the house and your initial phone conversation with the sellers should give you an idea of their situation already—what they paid for it, when it was purchased, etc.]*

At the Kitchen Table:

AGENT: I want to thank you so much for inviting me here today. We've seen your home now and I'm very impressed. A lot of agents like to come and get in front of a customer and talk about their beautiful presentation. They start going through it, telling you all these things about themselves and their company and why they're going to do this, that, and the other. What I've found over the years is that it's really not important. What's really important is what you want to know. I could go through this whole spiel and at the end of it you could go, "thanks, but we didn't want to know any of that. Here are our questions."

The reason I do that is based on my experience with the sellers I've had. I had a friend go through an incident where some people invite him over and he does a great presentation and they love him. He gets done and they say, "Man, you were terrific! You were probably one of the best we've ever talked to." They shake his hand and thank him for coming. He says, "Well, you want to talk about listing the house?" They say, "No, we won't be listing a house with you. Thank you very much for coming." He says, "I like to learn, so what is it about me—you said I did a great presentation and you learned a lot." "Oh, yeah, without a doubt. One of the best." He looks at them and says, "What is it then? Can I know just so I can be a little better next time?" They say, "Oh, we promised ourselves we would only hire a female agent."

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Explaining the Need for Honesty: Script #1 (continued)

Tip!

This script gives a complete run-through of the presentation given in person at the sellers' home.

SELLERS: *Are you kidding?*

AGENT: No, I'm not kidding. That's exactly what happened. The moral of that story, *Mr. and Mrs. Seller*, is that he never bothered to ask them what was important to them. And if he had asked them what was important to them, they would have said, "It has to be a female agent." And he would never have had to do a presentation. He would have gotten up and said, "Well, I guess we're not a match. But thank you very much." So that whole story tells you that it's very important to me to know what is important to you. So what I'm going to do is ask you a few open-ended questions that get you to talk a little bit about your anxieties, fears, and thoughts about this whole process.

Tip!

Use personal stories to engage your audience.

AGENT: I want to learn what you know about selling, what you don't know about selling, where you want to go from here, why you're doing this—everything. So may I start?

SELLER: *Yes.*

Tip!

Ask for permission to proceed, to give the impression they are in control and to put them at ease.

Explaining the Need for Honesty: Script #2

When you take five minutes to set the stage with a seller, you are doing three things: (1) building rapport, (2) establishing validity with the seller, and (3) letting the seller know what to expect. You set the stage because you want the seller to feel at ease, so they are comfortable sharing information with you when you do your listing consultation.

These key points are unique in that some of them you will state directly to the seller, some of them you will imply, and some of them you will demonstrate with your body language and enthusiasm.

AGENT: My goal is to get you what you want and need. I am a courteous and professional real estate consultant. I want you to experience the difference between a real estate agent and a real estate consultant. I want you to clearly understand that I am in the business of helping people make sound business decisions. I want you to see me as valid.

Questions for the Seller

AGENT: Hello! I'm _____! How are you?
Should I remove my shoes?
What a beautiful _____! Where did you get this? *[Compliment them on an item or room as you scan for the kitchen table or dining room table.]*
I would like to use the kitchen or dining room table. Which is quieter? Where do you want me to sit?
As I recall when I confirmed our meeting, we planned to spend an hour to an hour-and-a-half talking about selling your home. Does this still work for you?
I brought popcorn and this movie for the children to watch. May I give it to them?
Are you ready to begin?
At the end of our meeting, one of three things will happen:
You might want me to sell your home. That would be great!
You might not want me to sell your home.
I may choose not to represent you in the sale of your home.
Now, would that be a fair assessment? *[Pause to allow them to answer the question.]*

Explaining Agency

Football Coaching as a Metaphor for Agency: Script #1

AGENT: Have you ever seen a football game? There is a red team and a blue team. The red team is the seller and the blue team is the buyer.

The red team has the right to hire a coach, a listing agent. That coach has the right to help that team win the game. They can put who they want in the game, pull who they want out of the game, and call any play in order to assist the red team win the game.

The blue team also has the right to hire a coach, a buyer's agent. That coach has the right to help that team win the game. They can put who they want in the game, pull who they want out of the game, and call any play in order to assist the blue team win the game.

The intermediary or dual agent can often be explained as the referee. They will assist both teams but must remain honest and fair to both in representing fairness of football (or real estate).

All parties must be informed of representation.

Tip!

In most states, "agency" can be explained by using a reference the client can understand. This is a script that can explain the duties of a listing agent, buyer's agent, and intermediary or dual agent.

Conducting the Needs Analysis

Uncovering and Prioritizing the Sellers' Needs: Script #1

Tip!

Talk about the sale as an “experience.” A good consultant realizes that a transaction is a tool to build a long-lasting relationship, while the agent believes that the transaction is the end-all.

AGENT: Even before I have permission to consult you, *Mr. and Mrs. Seller*, I need to ask a few questions so I’m clear what your main goals are in the real estate experience you’re about to embark on. Is that okay?

SELLER: *Yes!*

AGENT: *Mr. and Mrs. Seller*, on a scale from 1 to 10, with 1 being totally undesirable and 10 being awesome, what one thing needs to happen for this to be a great experience? If there was one thing that could happen, besides just selling the house—because I know you want to sell it—what one thing would make this a great experience for you or make this transition in your life a smooth one?

SELLER: *I’m worried about getting the price that I’m asking.*

AGENT: Well, define the price that you’re asking.

SELLER: *Within \$5,000 of \$250,000.*

AGENT: What’s important to you about getting \$250,000?

SELLER: *That’s what houses in this area are selling for, so if we got less, we would think we weren’t getting a fair deal.*

AGENT: So what’s important to you about getting \$250,000 is that you feel homes in your area are getting that figure, and therefore that is what your home is worth. Are there any other reasons that figure is important?

Tip!

The goal to this part of the script is to dig deep. Repeat back the questions and keep asking about what else concerns them, until you have a complete laundry list.

SELLER: *We’re going to need a certain amount of money to be able to move into our next house.*

AGENT: Okay. If we could add one other thing, *Mr. and Mrs. Seller*, that would make this even better, what one other thing would that be?

(continued on next page)

Uncovering and Prioritizing the Sellers' Needs: Script #1 (continued)

Tip!

You want to get to the core of their motivations: family, peace of mind, and quality of life.

SELLER: *We want to sell quickly.*

AGENT: Define quickly.

SELLER: *Sixty days!*

AGENT: What's important about sixty days?

SELLER: *Well, we need to be in Atlanta by the end of the summer so we can be there for the kids to start school.*

AGENT: So, when I asked you what one thing has to happen for this to be a great experience, you said, "the most money possible." When I asked you to define that, you said, "\$250,000." When I asked you what one other thing would make it even better, you said to sell it quickly. When I asked you to define quickly, you said sixty days. When I asked you what's important about that, you said that you're moving to Atlanta, and you want to be there by the end of the summer so that when school starts, your kids can be established in the new area. Okay? Now, if there was one other thing we could add that would put the icing on the cake, that would leave no doubt in your mind about who you would call or who you would refer for any real estate concerns—what one other thing could we add? *[You are turning this into a referral now.]*

Tip!

You want to get to the core of their motivations: family, peace of mind, and quality of life.

SELLER: *We're not hiring an agent who will charge more than 4 percent.*

AGENT: Okay. What's important to you about paying 4 percent or less?

SELLER: *I'll net more money. I think all agents are equal, and no matter whom I list it with, it's going to sell for the same price.*

[Do not address objections at this time—you want them to self-discover what is most important to them.]

(continued on next page)

Uncovering and Prioritizing the Sellers' Needs: Script #1 (continued)

Transition to Prioritizing:

AGENT: Okay, *Mr. and Mrs. Seller*, here are your main goals. Our objective is to help you get all of them accomplished. Or, if all of them aren't achievable, to have a conversation about what is achievable, and see if we can put together a relationship that's going to last a long time. Does that sound fair? But let's play hypothetically for a second. And by hypothetical, let's assume that only one of these goals is achievable. But by achieving it, the other two will fall in place. What would you say would be the key ingredient to a great experience? Number one, to get \$250,000, number two, to get your home sold within sixty days, or number three, to find an agent that will charge you no more than 4 percent.

SELLER: *Selling within sixty days so we can get to Atlanta.*

Tip!

Be careful not to impose judgment—stay with curiosity, or you will invalidate the whole process.

AGENT: All right. So let me ask you a question. If we were able to put together a strategy that would get this done in sixty days and you didn't quite get \$250,000, and you didn't quite find an agent who charged only 4 percent, would you be okay with that?

SELLER: *Yes, that's the most important thing. Because it's unforgivable for us to not be there for the children and for the family to not be settled in the new area. And we need to have that peace of mind. But we want the price, too.*

AGENT: I'm not saying one to the exclusion of the other. But this is the bible from which I'm going to consult with you for the rest of our relationship. That's how important this is. Okay, so what would be the second most important thing, *Mr. and Mrs. Seller*, besides getting it done in sixty days?

SELLER: *The price.*

[You have just effectively isolated the commission. Had you dealt with the commission right up front, not out of curiosity but out of judgment, they wouldn't have self-discovered how unimportant it was. They would have not discovered how valuable it is to have that house sold in the time they need at very close to their asking price. This is the bible from which you are going to consult with them for the rest of the relationship.]

Tip!

You are demonstrating the value of listening to the sellers. They feel heard. They feel attended to through this complicated process. This will set you apart from other agents.

Uncovering and Prioritizing the Sellers' Needs: Script #2

Tip!

You want to compile a list of questions rather than answering them one at a time. This will help you tailor the presentation to their needs.

Go After the Listing:

AGENT: So, have you ever sold a home before?

SELLER: No.

AGENT: Okay, great. Since you've never sold a home before, I imagine that you must have either hundreds of questions or lots of different worries and anxieties about this. Why don't you tell me a little bit about those anxieties? I'm going to write them all down here, if you don't mind.

SELLER: I'm not sure how you market a home.

AGENT: Okay, so I'm going to write down "marketing."

SELLER: I know my neighbor's house sold for \$_____, but how do I know we're pricing the house right? I really want to get a lot of money for my house.

AGENT: Okay, I'll write down "pricing."

SELLER: The other thing is, how long is the whole process going to take?

AGENT: Okay, should I put "time on market"?

SELLER: The other thing is, how do we know we can trust you? How do we know you really know what you're talking about? We've heard good things about you, but how do we know?

AGENT: Okay, great. I'm going to put down "agent qualifications." Let me ask one other thing. I'm assuming that, because we're talking today and you had said that you're not ready to make a decision yet, you're going to be talking to other agents. Is that right?

SELLER: We were going to talk to a couple of other agents.

"I jump out of my shoes to please the customer. That's the thing that separates me."

-Rick Geha

(continued on next page)

Uncovering and Prioritizing the Sellers' Needs: Script #2 (continued)

AGENT: Great. How about if, before I leave today, I give you an idea of some questions to ask those other agents to make sure you're getting the information you need?

SELLER: Great!

AGENT: Okay, good. Now, they won't be just any questions, *Mr. and Mrs. Seller*. They'll be questions based on what your concerns are here today. I'll teach you to ask questions that will get that information out for you. How about that?

SELLER: Wonderful.

AGENT: What other concerns do you have?

SELLER: *Well, I don't know about this sign issue. My neighbors had a sign up. I don't know that I want a sign. And that lockbox thing. That means people can just come into my house, right?*

[Continue making a list, until you have a complete list. Then tailor your presentation accordingly. Go over every concern on their list. Use appropriate market facts and statistics to establish yourself as an expert in your market. Don't overwhelm them! Choose those relevant to their situation.]

Uncovering and Prioritizing the Sellers' Needs: Script #3

[After explaining the difference between consultants and agents.]

AGENT: Great, with that in mind, let's talk about what you need in this transaction. On a scale from 1 to 10, with 10 being very desirable and 1 being not desirable at all, what one thing could happen to make the sale of your home a 10?

SELLER: *That we get a good price.*

AGENT: What's important to you about getting a good price?

SELLER: *That we come out of this sale with enough equity to put down on our new home!*

AGENT: Can you define for me "enough equity?"

SELLER: \$20,000.

AGENT: What's another thing we could add to make the sale a 10+?

SELLER: *That we sell the home rather quickly.*

(continued on next page)

Uncovering and Prioritizing the Sellers' Needs: Script #3 (continued)

AGENT: Define "quickly."

SELLER: *Sixty days.*

AGENT: What's important to you about selling the home within sixty days?

SELLER: *That's when our new home will be ready.*

AGENT: What's important to you about getting into your new home on time?

SELLER: *So the children can be situated before the new school year starts.*

Tip!

Remember: You are not there to tell the sellers what they should do. You are there to consult them toward an intelligent, informed decision.

AGENT: Is there anything else that's important to you about selling within sixty days?

SELLER: *Not really. We'd just like to be done with it and on with our lives!*

AGENT: If we could add just one more thing, thus making the sale of your home a 10+, what would it be?

SELLER: *Is this really necessary?*

Tip!

When you have an impressive presentation coupled with high-level dialogue, the sellers will know they are dealing with a professional.

AGENT: I believe it is vital! As I explained earlier, I'm in the business of satisfying needs, thus it's very important for me to understand exactly what you're needing in the transaction so we can assure a win-win relationship will occur. Does that make sense?

SELLER: *Yes.*

AGENT: Now what would be a third thing to make the sale a 10+?

SELLER: *That you keep us informed all the way through!*

AGENT: What exactly do you mean by that?

SELLER: *That you don't just put a sign in the yard and then disappear.*

AGENT: Should we decide I'm the professional for the job of selling your home, we will cover your expectations of me and my expectations of you in full detail. Is that fair?

(continued on next page)

Uncovering and Prioritizing the Sellers' Needs: Script #3 (continued)

SELLER: *Yes!*

AGENT: Great! *Mr. and Mrs. Seller*, if you could have only one thing on this paper, such that by having that one thing, other things wouldn't seem as important or would just fall into place, which would it be?

SELLER: *To sell the home within sixty days.*

AGENT: So, if we sold the home within sixty days, but you didn't net \$20,000, you would be okay with that?

SELLER: *Wouldn't be happy, but we'd be okay.*

AGENT: If we sold the home within sixty days but you were disappointed with the communication process, you would be okay?

SELLER: *Again, I wouldn't be happy, but I'd be okay.*

AGENT: What's the second most important thing on this paper?

SELLER: *That we get a good price for the home.*

Tip!

Remember: Sellers want to make up their own minds. They want to feel they are in control of the decision.

AGENT: So, if you were to get a good price but were disappointed with the communication process, you would be okay?

SELLER: *Yes!*

AGENT: What you have just told me is that the most important thing to you about the sale of your home is that we have it sold within sixty days. The second most important thing about the sale of your home is that you get a good price, and the third most important thing is that we have an open line of communication. Is this correct?

SELLER: *Yes.*

AGENT: Great! *Mr. and Mrs. Seller*, who in the last fifteen days has consulted with you on satisfying these specific needs?

SELLER: *No one!*

AGENT: If I can show you a way to satisfy these specific needs, will you allow me the opportunity to be your real estate consultant?

SELLER: *Yes.*

AGENT: Great! Then let's see how we can create a 10+ sale for you!

Uncovering and Prioritizing the Sellers' Needs: Script #4

AGENT: I really appreciate you having me over. This house is in fantastic condition. If you wish, over the next forty-five minutes, I can share with you, in detail, all the ways I'm going to market your home, including advertising, photos, magazines, the Multiple Listing Service, broker cooperation, etc. I'm pleased to share with you the fact that, in the last twelve months, I've been successful in selling (98) percent of the properties entrusted to me. Would you agree that if one can sell (98) percent of the properties entrusted to them, they must have an effective marketing program?

SELLER: Yes.

AGENT: We have about 30-45 minutes, so I can explain my marketing program in detail, which is what I love most about what I do. Or would you rather we spend some time discussing what's really important—your needs and desires?

SELLER: Probably my needs and desires.

AGENT: I'm pleased to share with you the fact that I've been able to bring in (98) percent of the asking price on all the homes entrusted to me for sale. Would you agree that this demonstrates a success in coaching my clients to select a good asking price for their home?

SELLER: Yes.

AGENT: My second objective is to sell your home in a time frame that is acceptable and convenient for you and your family. Now, you told me when we last spoke that you wanted to have the home sold and be moved in the next few weeks. Is that correct?

SELLER: That would be ideal. Is that a reasonable expectation?

AGENT: In our current market, absolutely. But let's talk about that a little more. *[probe]* I'm also pleased to share with you this statistic—my average days-on-the-market rate is ____ (22). That compares to an area-wide agent average of 31 days. Not only am I able to obtain a high price, and a successful ratio of listings to solds, but I'm able to do that in an average of ____ (22) days. My third objective is to make this happen for you with the least amount of hassle. I will handle as much or as little of the scheduling of inspections and showings as you want. In addition, I'll handle all of the paperwork, escrow work, etc., so that you can spend your time doing what's important—preparing to move into your new home. Would you like that convenience?

SELLER: Yes. That would be great.

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Uncovering and Prioritizing the Sellers' Needs: Script #4 (continued)

Tip!

You will need to know the averages for your market.

AGENT: My fourth and final goal is to protect your interests at all times. As you know, we live in a very litigious society. And so we want to make sure that all the disclosures and information that we provide to the buyers is accurate and correct. I will personally sit down with you and go over all the disclosures to make sure that happens. I'm pleased to share with you that in my (6) years in the business, none of my sellers have ever been sued, and I plan on keeping it that way. Do you want to make sure you have that kind of protection?

SELLER: *Absolutely.*

AGENT: Great. Of these goals, which one would be your highest priority?

SELLER: *Probably trying to meet my time frame—two or three weeks—because I'm really on that schedule.*

AGENT: Fantastic. What would you put as number two?

SELLER: *Probably getting the price I want.*

AGENT: The highest price?

SELLER: *Yes.*

AGENT: Do you have any other wants, needs, or desires?

SELLER: *Those are my two primary needs. I don't want to be inconvenienced during showings, either, come to think of it.*

AGENT: I can discuss that in detail, once we get to the paperwork. Now, the next thing is that there are two parts to the successful marketing of your home. The first part is entirely my responsibility. And that is to attract qualified prospective buyers to your home. The second part of the partnership is equally important. That's when you and I partner to establish an appropriate asking price for your property. I will supply you with information on recent sales activity in your area, so you can arrive at an appropriate asking price. Keep in mind, that if this is not a successful partnership and the price is set too high, we will fail to sell the home regardless of how many qualified prospects I bring. Because, those prospects will be too shy to make a low offer, or they'll simply walk away. Therefore, it's critical that we join together in an effective partnership to create an appropriate presentation price for your home. Again, I'm pleased to share with you that, in the past twelve months, I've been successful in bringing in (99.8) percent of asking price.

Explaining the Advantages of Building Real Estate Wealth: Script #1

AGENT: *[Take out a notepad.]* So tell me, why do you want to sell? What exactly is happening in your life?

SELLER: *We're relocating to Atlanta.*

AGENT: Great. Terrific. So you're relocating to Atlanta. Now, have you been out there to Atlanta to look at homes yet?

SELLER: *Not yet.*

AGENT: Okay. There's a whole lot of information you're going to need to gather about what you're going to do out there. At Keller Williams Realty, we always try to convince people that keeping real estate is a better way to gain wealth. If there was a way for you to accomplish your goals and dreams without selling this house, would you like to consider that?

SELLER: *Why would you want to talk us out of selling our house? Then you're not making any money.*

AGENT: Right, but it keeps you building more wealth, and I become your agent for the rest of your life.

SELLER: *Well, we haven't given any thought to keeping our house.*

AGENT: Okay. Are you pretty sure that, once you go to Atlanta, you're not coming back to California?

SELLER: *Fairly certain.*

AGENT: Really? What I find, *Mr. and Mrs. Seller*, is it's very easy to sell a home in an area where prices are as high as ours, and go to an area like Atlanta, where they're much lower.

And they're not *much* lower, but in some portions of Atlanta, they are less expensive than here. And then if you ever have to come back, it's much harder to buy property back when you return. So if you think there's even a possibility—and I can help you with the way to find out if there is or not—that you could keep this home and still accomplish what you need there, then I'd like to help you realize that dream.

SELLER: *How might that work?*

Tip!

Explaining real estate wealth concepts shows you are really concerned with their needs, and acting in their best interest.

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Explaining the Advantages of Building Real Estate Wealth: Script #1 (continued)

AGENT: I recommend talking to your lender about it. I'll tell the lender approximately what your home is worth, and you will tell them how much you owe on it. They will calculate what you would get if you sold it, and then they'll talk to you about other ways to keep it, like maybe taking some money out, finding out what you need over there to qualify. They'll take your income information, and find out how much house you could buy where you're going without selling this home. And then there's one other thing you need to know, *Mr. and Mrs. Seller*: what would this rent for? For instance, your house, *Mr. and Mrs. Seller*, would probably rent for about \$2,000 a month. When probably a year and a half, two years ago, you probably could have gotten \$2,200 for it. So your payment right now is about \$1,200. That would mean that there's a certain amount of money you would be able to take out of it and still breakeven on your rent, versus your payment. And if this is a breakeven, this doesn't really cost you anything to keep this home. Then you have to determine what your payment's going to be there. And that's what the lender will do for you. *[Probably about 75 percent of sellers at least want to know what their options are, but most will want to sell in the end. This sets you up as the expert.]*

[Get the sellers talking more and more about themselves and their plans. If they want to learn more about keeping their house, this may be the end of your first meeting until after they have spoken with a lender.]

Tip!

It's a good idea to have a reliable lender you can refer them to.

"If I'm in a bad mood, I have to get rid of it. Give lots of energy and keep it going. If you don't have it, fake it!"

-Rick Geha

We're a Little Different ...

Explaining Keller Williams Realty: Script #1

AGENT: Often, we judge the caliber of people by the company they keep—this is why I would like to tell you a little bit about Keller Williams Realty and why I work for them. Keller Williams Realty was founded in Austin, Texas, in 1983. We are an international company with more than ____ offices in the United States and Canada and more than ____ associates. We are the ____ largest real estate company in North America. *[Refer to the map in the Keller Williams Listing Flipchart.]*

Two visionaries lead us: Gary Keller, cofounder and chairman of the board, and Mo Anderson, vice chairman.

At Keller Williams Realty, we are real estate consultants. We are not agents. We are not salespeople. What this means is that we build fiduciary relationships with our clients. There are no other international real estate companies that operate like Keller Williams Realty. According to Inman News Features (INF), Keller Williams Realty is the most innovative real estate company in North America. INF is a real estate news service based in San Francisco, and is the leading provider of real estate editorial content to more than 150 newspapers.

We are a profit sharing company where associates are in partnership relationships with the owners; this means that everyone at Keller Williams Realty wants your home to sell because everyone benefits.

Tip!

Know your company! Sellers often judge you by the company that you keep. To learn more, go to www.inman.com.

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Explaining Keller Williams Realty: Script #1 (continued)

The Keller Williams culture is based upon a belief system that is summed up by this acronym: **WI4C2TS**.

Win-Win—or no deal: When we face problems, we encourage the exploration of how everyone can win.

Integrity—do the right thing: We do what we say we're going to do. We believe in doing the right thing.

Customers—always come first: Keller Williams Realty would not exist if it did not have customers.

Commitment—in all things: We walk the talk and we are not afraid of being held accountable by our clients.

Communication—seek first to understand: We are into curiosity, not judgment. We ask a lot of questions to understand your wants and needs.

Creativity—ideas before results: We work through issues by examining all aspects; options come first, then solutions.

Teamwork—together everyone achieves more: None of us is as smart as all of us. We succeed when we work together as a team.

Trust—starts with honesty: Trust is the basis of all relationships. Honesty creates trust.

Success—results through people: You get a team of real estate specialists all working for you.

When you list with Keller Williams Realty, you get a company working for you that has a great reputation in the real estate community. You get a team of highly trained and motivated real estate consultants. You get the collective experience of more than ____ associates. You get state-of-the-art technology to analyze, market, and sell your home. And you get a network of more than ____ offices throughout the United States and Canada that brings together many buyers across the continent who might be interested in your home.

Questions for the Seller:

AGENT: Do you have any questions about Keller Williams Realty?

Is it important to you that the real estate company that sells your home has the ability to attract buyers from outside your area?

When you consider any business that is operating at a high level, do you think the culture of that company makes a difference in how its people perform?

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Explaining Keller Williams Realty: Script #1 (continued)

Transition Statements:

AGENT: Now that I have explained a little bit about my company, let's talk about _____.

You mentioned that _____ was important to you. I'd like to talk about this now.

Explaining Keller Williams Realty: Script #2

[This is a brief overview of Keller Williams Realty, which is important because some clients judge you by the company you keep! Don't spend more than one minute talking about Keller Williams Realty. Clients can read more about Keller Williams Realty in your packet or on www.kw.com.]

AGENT: I'd like to tell you a little bit about Keller Williams Realty and why I am associated with them. Keller Williams Realty was founded in Austin, Texas, in 1983. We are an international company with more than _____ offices and over _____ associates in the United States and Canada. At Keller Williams Realty, we are real estate consultants, not agents, and not salespeople. We take the time to truly understand the wants and needs of our clients so that we can partner with them to achieve their goals. Do you know the difference between a real estate agent and a real estate consultant? *[Listen to their response.]* The real estate industry today looks something like this:

95% of industry = agents
5% of industry = consultants } Draw this on paper

(continued on next page)

Explaining Keller Williams Realty: Script #2 (continued)

AGENT: When you partner with someone from Keller Williams Realty, you get:

- The collective experience of more than _____ associates.
- A company working for you that has a great reputation in the real estate community.
- State-of-the-art technology to analyze your needs and search for your ideal home.

Personally, I am affiliated with Keller Williams Realty because ...

I've included more information about the company in this packet if you want to learn more. Do you have any questions about Keller Williams Realty?

The Three Fundamental Benefits You Can Provide: Script #1

[There are three fundamentals you always blend into your benefits scripts when dealing with selling a home: how to sell it for more, how to sell it faster, and how to minimize the inconvenience to the seller. Those are always the big three.]

AGENT: Mr. and Mrs. Seller, before we begin, let me explain how I work. First of all, I just want you to know that I am licensed by the state/province of _____ to represent you in the sale of your home. That means I must place your interests above the interests of everybody else, including myself. Basically, it's my job to get you the right price, in the right time, with a minimum of inconvenience to you and your family.

Great agents will take the time to make these kinds of statements, because they are so empowering and bonding. Once somebody hears you talking to them like that, they say, "Why would I work with anybody else?" The less productive, less sophisticated agents simply assume that people understand these things. They tend to use the common language of real estate—"MLS;" "fair market value;" "time on the market;" "agency relationships;" "disclosure;" "addendum"—and so forth. They don't take the time to say what it really means to the client, or to explain where they're coming from in a way that feels to the client like a benefit.

Tip!

The Sign In Your Yard Really Matters: Script #1

AGENT: Every agent in town knows it's a _____ Team listing. This should mean something to them. The sign in your yard will determine the quality of magnet-drawing buyers to your door. For example, if you hire a foreclosure specialist, *Mr. and Mrs. Seller*, to represent your home for sale, do you think you might be attracting a bunch of retail buyers or wholesale buyers? Would you want to hire a foreclosure specialist in the sale of your home?

SELLER: *No.*

AGENT: Right. And what about For Sale By Owner signs? Do you think For Sale By Owner signs are a magnet for retail-type buyers, or wholesale buyers? And do you think you can net more money by attracting wholesale-type buyers, or retail-type buyers?

SELLER: *Retail.*

AGENT: Exactly. Well, the _____ Team's sign in your yard will have a couple of meanings to buyers and sellers. Number one, they know that we operate with integrity. Number two, they know they have a real good chance of getting paid a fair fee whenever they sell one of our listings. Number three, they know that our team will help them do their job. They represent their client because they represent you. But it will help them do their job to remind and make sure things are being done expediently, so they get an on-time closing. And fourth, and most importantly, to the real estate sales force, our sign in your yard means that you have validity as far as pricing is concerned. They know, above and beyond anything else, besides the things I've already mentioned, that the _____ Team doesn't take dramatically overpriced listings. So whose sign do you want in your yard?

SELLER: *Yours.*

Explaining the Team Concept: Script #1

Tip!

It is helpful to have a prelisting package that contains information on your team. That way, the sellers have information to look at while you explain your team concept.

AGENT: Let me tell you a little about the _____ Group here at Keller Williams Realty. Are you familiar with us?

SELLER: *No.*

AGENT: Well, before I explain our group, let me ask you a question. Have you listed your home before or sold a home before?

SELLER: *Yes, we have.*

AGENT: Did you have a single agent, or did you have an agent with an assistant or a team?

SELLER: *Well, we just used an agent who worked for us by himself.*

AGENT: Let me tell you the difference between our program versus a single agent or an agent with an assistant. We utilize a team approach. You get __ (#) members of our team for the price of one. And all __ (#) members have the goal of getting your home sold. Last year we sold around __ homes. This year we're on target to sell __ homes. The average agent in the MLS will sell 12–15 homes. Once I'm through with this presentation, you'll see how each team member specializes in a specific aspect of getting your home sold. For instance, I work with all the sellers. My job is to work for you and help oversee the marketing of your property, to see how your home's going to fit into today's market, and to help negotiate the best contract for you that I can. *[Explain what every member of your team specializes in.]* Our homes sell for almost __ percentage points higher on the MLS than the average agent does. So, with your home at \$200,000, you'll receive an additional \$_____ in your pocket. Does that sound okay to you?

SELLER: *That's great.*

AGENT: Now, with the single agent, they are working for you as a seller, but when they get a buyer call, they have to go out and show that buyer homes. However, in my case, because we have buyer specialists who focus on working with buyers, my job is to always stay focused on getting your home sold. You're always going to have me in your corner focused on that, and my attention's going to be 100 percent on getting your property sold.

Tip!

You need to use your own numbers.

Explaining the Team Concept: Script #2

AGENT: *Mr. Seller*, I work a little differently than just about every other agent in town. I've put together a team of specialists. And what's interesting about real estate is there are lots of facets to it. Your traditional agent is usually a generalist. They tend to work with buyers, they work with sellers, they handle escrows, and they do advertising and marketing. The bottom line is, that works okay until you've got more than one or two clients. Then the reality is that there are just not enough hours in the day. What I chose to do is build a team of specialists, wherein we each specialize in different aspects of the real estate business. My specialty is in representing sellers. That's all I do. I have three partners who solely represent buyers. Now, there are two benefits to you—suppose that I have your home listed, and next week I have a doctor come to town who's got \$500,000 and a week to find a home. If I were an independent agent on my own, what do you think I'd be doing next week?

SELLER: *Working with that doctor.*

AGENT: Right. Indeed. Well, for me, that doesn't happen. Because what happens is those buyers work with my partners. So that allows me to stay focused on getting your home sold. The second benefit is, as we go down this road, one of my partners will be contacting you and helping you in the home-finding process. The neat thing about that is, you get me focused on selling your home and getting the absolute most value out of your home, and my partner's job will be to find your next home and get you the best price as a buyer. Those are two different mindsets. Okay? The other side is my team has a full-time marketing coordinator. All she does is advertise and market my listings. I also have a full-time closing coordinator, a courier, as well as administrative support. Basically, you're getting my whole team for the price of one agent.

Explaining the Team Concept: Script #3

AGENT: One of the benefits that our approach brings is a team of specialists rather than one generalist. And by that I mean we have fifteen people on our team. What we've found through the years, and I'm sure you'll agree, is that most people love doing certain things. They excel at the things they love doing. And the things they love doing are the things they tend to do the most. So all the other stuff—the detail-oriented business of real estate—can potentially slip through the cracks. Or may not get done with the same energy and effectiveness as someone doing it who likes doing it. Does that make sense?

SELLER: Yes.

Explaining the Buyer Specialist:

AGENT: What we noticed a long time ago was that there were three different phases of the real estate process. On our team, we have one team member that specializes in serving buyers. All they do—morning, noon, and night—is find buyers their next home. They're called buyer specialists. They're like personal shoppers for buyers. They know the market better than any other average agent out there, because they're out in the market all day long. Does that make sense? Now, what would be the benefit to you as a seller, for us to have seven buyer specialists? Well, the benefit to you simply would be that we can serve 7–10 buyers morning, noon, and night, as opposed to the average solo agent, who can only serve one at a time. So doesn't it make sense that the more buyers we can accommodate, the better chance we can get your home sold faster, for more money? The other benefit is that when an agent who's a generalist is out showing homes, who's getting the calls that are coming to your office about your home? Are they going to a voice mail system? Or are they going to another person in the office who may not have the same vested interest in your home being sold? Or who may try to cross-sell that buyer to one of their own listings in the same price range so they can get double the commission? You see, on the _____ Team, between fifteen people and seven buyer specialists, there's always someone in the office to get a call and respond to the call for a buyer who is interested in your home. And they all have a vested interest in the quality of your experience. Does that sound good?

SELLER: Yes.

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Explaining the Team Concept: Script #3 (continued)

Explaining the Closing Specialist:

AGENT: The other part of our system is our closing team. Our closing team processes all contracts when they're procured, either for the buyer side or the seller side. You may ask: "Well, what benefit is that to me?" Well, you know, according to the National Association of Realtors [Canadian Real Estate Association], the average for sale by owner, after getting a contract on their home, closes only 32 percent of the time. Sixty-eight percent of the time, the transaction falls apart because of details left unattended. For instance, how to handle a buyer who is going through buyer's remorse right around the same time the deal takes place. I try to use humor to get them to laugh a little bit. Another thing is, the average real estate agent, believe it or not, closes only 75 percent of their accepted contracts. One in four actually has the possibility of falling apart, from the moment the contract is signed until the day of closing. And the worst nightmare would be to have the truck packed, ready to go to Atlanta, only to have the deal fall apart on the day of closing. There's a one in four chance, if you hire an average agent, of that happening. Now, the _____ Team's average is _____ (98.5) percent of our accepted contracts close. Why is that? The reason is that we have a specialist who loves doing that and who does it 100 percent of the time. She has a four-page checklist of things that we've added through the years, because we've done this 2,700 times in our career over the last seventeen years. And so one of the things we can virtually assure you is that you're not going to be a guinea pig in a real estate transaction with the _____ Team. _____ (Closing Specialist) is going to keep you apprised of the drop-dead dates, home inspections, details on time contingencies, and financing contingencies. She's got automated reminders and uses computer technology to keep her on top of the critical dates, so that she can help other agents make sure—whether the co-op agent is, whether it's our team or someone else—that things are being done according to the time line. We're looking for red flags. We have somebody there, 100 percent of their time, looking for red flags. Do you think that your odds for a bad experience go down with us on your side?

SELLER: *Absolutely.*

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Explaining the Team Concept: Script #3 (continued)

AGENT: Okay. Another benefit of our closing department is that it frees the buyer specialists to do their highest and best calling. It frees the seller service team to do their highest and best tasks, which is to provide five-star service to our seller clients. So without somebody handling the closing department, not only are your needs not met, but we have a flat tire and our system doesn't operate with the same effectiveness and efficiency. Does that make sense?

SELLER: Yes.

Explaining the Seller Service Team:

AGENT: Everybody having a role allows each team member to get better at what they do without having to jump in and out of other tasks. The seller service team implements a marketing strategy and keeps you informed about everything that we're doing. Every Monday afternoon we call all our sellers so you know exactly what's happened the last week, and you know exactly what marketing is being done, and you know exactly what's going to happen. Now, as far as the seller service team, let me ask you a question. If I can show you just one thing that we use to attract buyers that no one else uses, would it follow that we have a better chance of getting your needs met?

SELLER: Yes.

AGENT: Let me ask you a question, *Mr. and Mrs. Seller*. When you were out looking for homes, did you ever leave a message in a voice mail for an agent and not get a call back?

SELLER: Yes.

AGENT: Isn't that frustrating? We asked ourselves the question, "When buyers respond to an ad in a magazine or newspaper, besides the price, what do they want to know?" They want to know the address. They want to know it now! They don't want to wait two days to get an answer. If they see a sign in the yard, what do they want to know? They want to know the price, now! So I thought, what if we could provide a service where buyers could know instantly, without aggravation, the features and benefits of a property, including the price and the address. Would more people call? Knowing that more people would call, we'd have a better chance of accomplishing our sellers' goals. We use Telecom Pat Live—an IVR system. Are you familiar with those?

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Explaining the Team Concept: Script #3 (continued)

SELLER: *Somewhat.*

AGENT: Great. We bought this technology about seven years ago. When you called our 24-hour toll-free hotline, and punched in the appropriate four-digit code for whatever property you're interested in, you'd get an excited voice describing the features and benefits of that house, including the price and the address. You'll see our magazine ad with this 24-hour hotline people can call. Let's look at some other agents' advertisements. Most other agents just have pretty pictures in the magazine, and hope that buyers will call. Those are people who want to talk to an agent. What about all the ones that don't? Now, if they're getting the same kind of response we are, we get people who call up on the pretty pictures who want to talk to us, too—about 5–10 each week. What they're not getting that we are is anywhere from 50–125 people calling on the hotline every single week. That's an average of about 80 buyers calling us each week, who aren't calling other agents.

You see, *Mr. and Mrs. Seller*, the average agent sells 10 houses a year, according to the National Association of Realtors [Canadian Real Estate Association]. Good agents in our market are selling 25 houses a year. Great agents—and there are fewer than twenty in our area—are selling 75–100 houses a year. And there are fewer than twenty of them in our marketplace. But the _____ Team's been selling more than 200 homes for the last ten years in a row.

SELLER: *Wow, that's great.*

AGENT: Do you think that the thought processes and systems we use must be a little bit different to generate that kind of production? Wouldn't you want that kind of thinking and production in place behind you to help get your goals accomplished? In other words, with these means of attracting buyers that no one else has, doesn't it follow that we have a better chance of getting your goals accomplished?

SELLER: *Yes, definitely.*

Ads Don't Sell Homes—Agents Do: Script #1

AGENT: *Mr. Seller*, let me just take a minute to educate you about how real estate really works.

[If you're bold enough and confident enough, that's a great script, in and of itself, to lead into anything you wish to talk about. Being an agent is being in a position of authority. One of the mistakes agents can make is to take a position of wanting to be too careful about people's feelings, and they come across as weak. When you know what you're doing, you come across as very strong, not offensive, but very sure. That's the inner game of real estate: being confident about yourself.]

Ads don't sell homes—agents do. And I'm already investing half of my commission as an incentive for other agents to bring their qualified buyers to see your home. *Mr. Seller*, as your real estate agent, I will never waste your money. And I certainly wouldn't waste my own.

Ads Don't Sell Homes—Agents Do: Script #2

AGENT: *Mr. Seller*, let me tell you a little bit about how real estate really works. Ads don't sell homes—agents do. In fact, in fewer than 7 percent of the cases do people buy the home that they respond to through an ad. And, in more than 50 percent of the cases, the first way a consumer sees the home they end up purchasing is with a real estate agent. Or they respond by seeing the sign in the front yard. So what we do—those of us who have been in the real estate business and know how it really works, and who are trying to save you money—we don't throw money at it. We use what works. We put a sign in the yard. We personally contact those agents who are most active with buyers in your price range. We hold the house open. We let your neighbors know it's for sale so that any people they know will work together with you to inform anyone who might be interested in moving to this area. And, as part of our normal business of working with people who are buying homes, if they are in your price range, we're going to show them your home. Okay? So that's what we do. Those things work. Do you know why people advertise? For two reasons: they're not as honest or straight with sellers as I'm being with you. The second reason is that they are just trying to attract more clients. The ads are done to attract clients, not to sell your home.

Explaining the Window of Opportunity: Script #1

AGENT: *Mr. Seller*, one of the things that I've learned in my ____ years in the business is that every home that comes on the market has a window of opportunity. That is a time in which all the current buyers and all the current real estate agents look to that new opportunity, that new home that's just come on the market. Now that little window of opportunity only lasts about two to three weeks. After that, it just becomes one of the mass of run-of-the-mill homes on the market. One of my jobs as your real estate agent will be to make sure we take full advantage of that window of opportunity. That's why the home will look great right away. That's why we will not put the home on the market until we are ready for that. It must be priced right to get the maximum amount for you, and not stall and miss that window of opportunity. That's why I will personally market to those agents who have the most buyers in this neighborhood—I will personally let them know that your home is on the market and tell them its best features, so that they will bring their qualified buyers within that window of opportunity.

Explaining the Window of Opportunity: Script #2

AGENT: The best chance for selling your property is within the first five weeks. Studies show that the longer a property stays on the market, the less the seller will net. It is very important to price your property at a competitive market value at the signing of the listing agreement. The market is so competitive that even overpricing by a few thousand dollars could mean your house will not sell. Interestingly, your first offer is usually your best offer. You want to obtain the highest amount of money in the shortest amount of time! Let me share with you some of the dangers in overpricing your home:

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Explaining the Window of Opportunity: Script #2 (continued)

- Your price should be based on sold properties rather than current listings.
- Your home should be priced to compete—not sell the competition.
- Overpriced properties usually end up selling below market value.
- Buyers concentrate on objections—minimize good points.
- Properties left on the market for an extended time become “shopworn.”
- Lengthens marketing time.
- Sellers lose valuable time.
- Advertising dollars and marketing efforts are wasted.
- Negotiations between buyer and seller usually break down.
- Sellers lose the opportunity to buy another home.
- Presents appraisal problems.
- Lowers response from agents.
- Limits qualified buyers.
- Reduces showings.

Tip!

Select a few of the dangers and include in your dialogue.

Explaining the “Law of the First Buyer:” Script #1

AGENT: *Mr. and Mrs. Seller*, I just want to make you aware of a unique phenomenon in real estate. May I tell you? Just like the *Law of Gravity*, we have the *Law of the First Buyer*. We never know when exactly the first offer will be made; it might be the first day, the first week, or the third month ... but when that first buyer comes in ... statistics show it is usually the strongest of the buyers and we can generally negotiate the best offer. This is because it usually occurs early on, while the listing is fresh with only a few days on the market. After a period of time (generally around the average days on market) the property starts to become “stale” and buyers start to realize that the home has been picked over, discarded and it is no longer a rarity. Kind of like a new-model car, the latest and fastest computer chip, or newest trend, houses have a very short “shelf life.” Your house has kind of a “shelf life” whereupon, past a certain date, it gets a bit stale and is no longer a house that buyers run to out of curiosity. Also, in the beginning, sellers are exuberant and excited and become super-cleaners and extremely careful ... after a certain period they may get less diligent and tired, without even realizing it. For example, sellers may stop turning on the lights, vacuuming every day, opening the blinds, and putting out fresh flowers, candles, and so forth. So when that first buyer raises his hand and says he wants to buy, I urge you to consider that buyer’s offer very strongly and do everything in your power to make it work, even if it does not quite match your dream goals.

Selling Yourself as an Area Specialist: Script #1

AGENT: The fact that I’ve spent fifteen years in real estate and I’m a resident of this area means that my knowledge of real estate transactions in this area is more extensive than almost anybody’s. Virtually every home that’s been sold around here, I’ve been in. I know what they sold for and what their best features are.

Summarizing a Powerful Marketing Plan: Script #1

AGENT: When you hire me to handle the sale of your home, tomorrow I will immediately notify all two thousand real estate professionals in the area that your home is on the market, point out its best features, and state why they should bring their qualified buyers to see it.

[This script is a more powerful way of saying, "By the way, when you list your home with me, I'm going to put it in the MLS."]

Summarizing a Powerful Marketing Plan: Script #2

AGENT: Most agents list your property in the MLS and stop. The _____ team knows that there are agents in the _____ Association of Realtors who are looking for your property. We are proactive. We cross-reference your listing and will generally find at least _____ agents who have buyers right now who want a home like yours. We personally call them and email them information on your property. We don't wait for them to find your home among the three thousand homes for sale in your area. After they look at your property, we then follow up to get their feedback and call you with that information.

Summarizing a Powerful Marketing Plan: Script #3

AGENT: Well, *Mr. Seller*, I'd like to share with you my marketing plan. I'd like to go over some points how we're going to get your home sold. First of all, I'd like to tell you what my main goals for you are, to make sure I'm in alignment with what your goals are. It seems to be that a lot of sellers are looking for the most amount of money for their house, in a reasonable time period, with as few problems as possible. Does that sum up your basic needs?

SELLER: Yes.

AGENT: Great. Well, let me hit some of the specifics of my marketing plan with you. We've got a couple different types of targeted marketing that we do. The first is marketing to the public, which we do through a couple of major advertising sources. *[Run through which advertising sources you use.]* You may have seen _____ *[advertising sources]* around town?

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Summarizing a Powerful Marketing Plan: Script #3 (continued)

SELLER: *Sure.*

AGENT: Great. We also target the public through our websites. In my case, I have ____ websites that I advertise all my listings on. *[Run through the websites you advertise on.]* We also market to the real estate community, and we find that a lot of our prospects actually end up coming from other agents.

If Your Market Center Offers Office Tours:

AGENT: Our Market Center holds property tours, where our agents view all the new listings; since a lot of our agents do phone duty, it's really effective to get them physically through the house, so they can remember some of the details when they get phone calls.

If Your MLS Offers Area Tours:

AGENT: The MLS area tours are different tours that go to various parts of town. I call them the multi-brokerage tours where agents from different companies come together to see each others' new listings. And so this is one of the ways that we target to the real estate community. It's very important to make sure agents physically go through your home. I've noticed that I've sold a lot of my listings because agents who went through the house on a tour didn't have a prospective buyer at the time, but remembered the house. And then maybe a week or two later they call me, and they have the right buyer, and they come and show the house.

We've talked a little about yard signs and how important they are in getting your home sold, because they are the largest source of buyers that we have. Have you noticed the Keller Williams for sale signs driving around town?

SELLER: *Yes. We definitely have seen them.*

AGENT: We have a lot of signs out there because we have a lot of listing agents. So every sign can bring in a call, potentially for your house, because frequently we get a call from someone who is calling about another property which turns out not to be what they are looking for, but the agent taking the call may say, "Oh, by the way, I know about this other property that might meet your needs." So every sign we have out there is potentially bringing you a possible prospect for your home.

Tip!

This works best in markets where Keller Williams Realty has a large presence.

Summarizing a Powerful Marketing Plan: Script #4

AGENT: One of my responsibilities is marketing and presenting your home to the real estate buying public. Your home will be marketed every day until it is sold! Here is a *Marketing Action Plan* that I prepared for you, which summarizes everything I will do to market your home until it sells. To make other agents aware of your home, I will enter it in the Multiple Listing Service (MLS). In addition to this, I will schedule an MLS tour to really market your home to other agents. Because there are a number of top-producing agents in my office at Keller Williams Realty, I will schedule an office tour. I will take photographs of the interior and exterior of your home that will be used in brochures and advertising. I advertise regularly in _____. Your home will be aggressively marketed in this publication. I will prepare inside color brochures to be given to potential buyers who will see your home during an open house. Attached will be a copy of the *Seller's Disclosures* for potential buyers to review. Since no offer can be presented without the buyer's signature on this document, I have found it helpful to provide this information early in the showing process. I will prepare outside brochures to be placed in a brochure box on the for sale sign. Often, I receive calls that are prompted by the outside brochures. Please make sure there are always brochures available. If you run out, please let me know. I will record a detailed message about your home on our 1-800 service. Since this service is available 24/7, it is a useful means for marketing your home to buyers. Buyers can also receive a fax of inside and outside brochures when they call this number. I will mail Just Listed cards and fliers to the surrounding area informing people that your home is on the market. Very often, people have friends or relatives who want to move here. I use various Internet sites to market your home ([Realtor.com](#), [KW.com](#), my local office site, my personal site). When marketing and selling your home, it is a cooperative effort.

Questions for the seller:

AGENT: Are you familiar with the Multiple Listing Service?
Are you comfortable with your responsibilities in marketing and selling your home?
By the way, do I have your permission to show your home when you're not available? Would you feel comfortable having a lockbox on the front door or another location?

Consultants vs. Agents; Fiduciary vs. Functionary: Script #1

Beginning the Conversation:

[Once you are situated at the kitchen table, take control and be confident. You are the professional!]

Tip!

This conversation is VITAL to your validity as a professional!

AGENT: *Mr. and Mrs. Seller*, at the end of tonight, one of three things will happen. First, you may list your home with me, and that would be great! Second, you may not list your home with me, and to be honest, that would not be so great. Or third, I may be unable to take your listing. Does that sound right to you?

SELLER: Yes.

If the Sellers Ask Why:

SELLER: *Why would you be unable to take my listing?*

AGENT: That's a great question and I really appreciate your asking it! You see, *Mr. and Mrs. Seller*, I'm a consultant and I run a business. I'm not just in the business of listing houses, I'm in the business of satisfying needs *[exceeding expectations]*. As we visit here tonight, we may come across a need *[expectation]* you have that I feel I cannot satisfy *[exceed]*. And if we reach that point, I may be unable to take your listing. Would that be fair? Great! As we visit here tonight, we may come across a need *[expectation]* you have that I feel I cannot satisfy *[exceed]*. And if we reach that point, I may be unable to take your listing. Does that make sense?

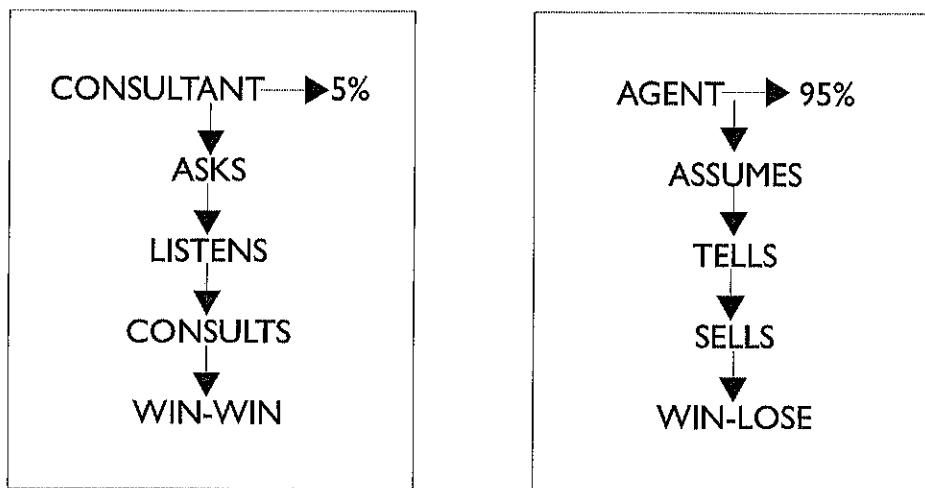
SELLER: Yes.

AGENT: Great, because I want you to understand that there is a definite difference between an agent and a real estate consultant. The real estate industry today looks something like this. *[Draw on a piece of paper in front of them as you explain.]* A consultant makes up only 5 percent of the industry. The consultant asks, then listens, then consults, resulting in a win-win situation for everybody. The agent makes up 95 percent of the industry. The agent's approach is to assume, tell, and sell, which ends in a win situation for him and a lose situation for you. Since 95 percent of the industry are just agents, chances are you're going to come in contact with, or have already come in contact with, an agent!

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Consultants vs. Agents; Fiduciary vs. Functionary: Script #1 (continued)

The only way you can build a relationship is to become a real estate consultant! Remember people don't care how much you know until they know how much you care!



Consultants vs. Agents; Fiduciary vs. Functionary: Script #2

[Your objective is to clearly demonstrate the difference between an ordinary agent and a Keller Williams fiduciary sales consultant.]

AGENT: Now let me explain the distinctions between a fiduciary and a functionary. A fiduciary is someone in a special relationship of trust, confidence, or responsibility to others. A functionary is someone who simply executes tasks for others. A fiduciary is a person who has total loyalty to their client and total obligation to help them in every part of the process, but they are more than just an order-taker. They also serve in a consulting manner. A consultant takes the time to understand your wants and needs, and then recommends solutions that satisfy or exceed your wants and needs. A consultant also educates you so that you can make sound business decisions. This differs from a regular agent who simply coordinates selling and buying transactions. Your typical functionary agent, while also an order-taker, may not provide creative ideas or have consulting ability. So, a fiduciary will advise and consult whereas a functionary will just deliver the information to you.

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Consultants vs. Agents; Fiduciary vs. Functionary: Script #2 (continued)

SELLER: *Sure, I can see the difference between those.*

AGENT: In addition, a fiduciary educates and guides, whereas a functionary tells and sells. If there's something that we need to do in the process of selling your home or something we need to change, I am going to give you some reasons and background for the change instead of just saying, "Okay, this is what we need to do." A fiduciary gets involved in the decision-making process, whereas a functionary stays out of the process. Of course, ultimately all decisions are yours. But I want to give you my experience and my information and my data to help you make the best decision possible. A fiduciary uses judgment and experience vs. following the rules and procedures. I am going to draw upon my experience and knowledge to help you make the best decision possible. Of course, I assume that I would be irreplaceable to you in the process and, as a consultant who's really doing my job, that's what I would become to you. My goal is to become irreplaceable to you, vs. someone who can just take orders, deliver information, follow your orders—without giving you input, without giving you the benefit of their experience.

Consultants vs. Agents; Fiduciary vs. Functionary: Script #3

Explaining Fiduciary:

AGENT: Fiduciary means that I bring the same level of expertise and responsibility to the table in handling your real estate as I would if I were your investment manager handling your millions of dollars.

Using the "Taxi vs. Limo" Analogy: Script #1

SELLER: *Why should I list with you?*

AGENT: Most agents treat you like a taxicab ride. They get you to your destination, take their check, and move on to the next person. My goal is for this experience to be like a limousine ride for you. I will do my best to make this experience a fun and enjoyable ride.

I'm a Specialist, Not a Generalist: Script #1

[Take a dominant position in some way, but be honest, of course. Whenever you can say that you're a specialist, that's important. You can tie it to a geographic region or you can tie it to a kind of property.]

AGENT: *Mr. and Mrs. Seller*, let me just explain to you that I'm a specialist, not a generalist. In real estate, I specialize in selling the high-priced homes—those that are double the market average price or above. And that's a very specialized need, because of the way you market those homes and how you get them to the right clientele. As a specialist, by the way, I charge more than the generalists do. You'll find, if you examine what I charge, that it is probably about 1 percent more than the other agents who try to get business in this area. But I do that because I'm a specialist. Does it make sense to you that a specialist might be more important to hire than a generalist?

Explaining the Home-Selling Process

Introducing the Steps to Selling Your Home: Script #1

AGENT: *Mr. and Mrs. Seller*, would you mind if we sit down at a table? I've got some numbers I want to share with you. [*Open Listing Presentation book/package*.] What I've done is broken the selling process down into eight steps. I've found that if I do all those steps, I'm successful at getting the home sold. So what I'd like to do is quickly take you through the process I use. Would that be okay?

SELLER: *Sure.*

AGENT: *Mr. and Mrs. Seller*, step number one is understanding current market conditions. What I'm going to do here today is share with you what is going on in our market so you've got a handle on that. Step two is assessing or appraising the value of your home. You'll see here I've done a market analysis to that effect. Step three is setting the right price. I think you'll agree with me, *Mr. and Mrs. Seller*, that this is probably the most critical step in this process. Step four is calculating your bottom line. Based on my market analysis, I've done a net sheet that will show you what your costs will be and what you can expect to net from the sale of your home. Step five is preparing your home for sale. If we decide to go into business together, we'll go through your home, room by room, and I'll share with you what you can do to maximize the value of your home. Step six is advertising and marketing your home. Unless you've got a lot of questions, I'm not going to spend a lot of time on that today. Suffice it to say I'm a very aggressive advertiser of properties. Do you have any questions at this point, *Mr. and Mrs. Seller*?

SELLER: *No.*

AGENT: Step seven, *Mr. and Mrs. Seller*, quite frankly, is where my work begins. Once we start receiving offers, qualifying the buyers, and making sure that they can afford to buy your home, we can then help you negotiate that offer and deal with things like home inspections, contingencies, and appraisals, until we can get you to step 8, which is getting you settled in your new home. Is that pretty clear?

SELLER: *Sounds clear to me.*

Introducing the Steps to Selling Your Home: Script #2

AGENT: Let's talk about the home-selling process. We have done the market research. The Multiple Listing Service agreement is signed, which allows you to be in the multiple listings program and be exposed to all the agents in our area. At that point, we start the marketing of the property. You'll have the fliers in the property. We're going to schedule the property tours, both in our office and then other offices from other real estate companies in the area. The property is going to be in the multiple listing system; it's going to be on all the websites. We start contacting the different prospects, the people who are candidates for this. We do a lot of networking within the office and within the total real estate community.

SELLER: *This is similar to some of the stuff you mentioned when you presented your entire marketing plan to us, right?*

AGENT: That's exactly right. This is just a summary of that, showing the process from the time that it actually goes on the market—to determine what timing will work best for your schedule. This just shows you everything that's going to be done once it goes on the market. And then carrying that to the end, there is the process of getting the property under contract and then to closing. All sellers want to be able to do this with the least amount of inconvenience. So you want the maximum price that you can wring out of the market, done in the shortest period of time, and with the least inconvenience. Now, how we accomplish that varies from property to property. That's why I've listened a lot to your time frames and what you want to accomplish, because I've got to figure out the path we need to follow to get you to the finish line, which is your home sold and money in your pocket.

Preparing the Seller for Showings: Script #1

AGENT: It is very important that you be willing to leave the premises during showings. There may be some showings that occur during the week while you're out at work and so on, so often that shouldn't be a problem. When you leave for work in the morning, leave your blinds at a slanted position that allows some light into each room. If there are any parts of your house that are naturally a little darker, I ask that you leave a couple lights on in those rooms in advance of a possible showing.

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Preparing the Seller for Showings: Script #1 (continued)

SELLER: *Oh, I can do that when I leave in the morning. That's not a problem.*

AGENT: Okay. And then, during the weekends, when a lot of showings occur, you typically will get some reasonable notice—at least a couple hours—maybe more, from the agents. I have to tell you, however, I can't guarantee what kind of notice you'll get, because as I told you, when we enter the listing in the MLS, about _____ agents have the information. I don't know for sure what kind of notice they're going to give you. But typically an agent will call and give you some information such as, "I'd like to show your home between 10 and 12 today." And sometimes they'll leave a phone number. Sometimes they don't leave a phone number. I suggest that when that happens, you get the house ready for showing by turning all the lights on, opening all the drapes and blinds so that each room looks as light and as bright as it possibly can, and then, if you have an errand to run anyway, go ahead and take off during that time. I would also warn you that sometimes the agent sets up a showing to be completed in a certain time frame, and so the seller leaves during that time. But when they come back, the doorbell rings and there's the agent.

SELLER: *So maybe I should wait until they arrive.*

AGENT: Yes. I think that if you're going out only because of the showing, wait until they come. But here's something additional, as far as security measures go: I tell all my sellers to tell the agents that your listing agent has asked that everybody use the lockbox, even though they're standing at the front door. You're ready to walk out, they're ready to walk in. The lockbox would be on the door already, or somewhere near the door. The procedure would be: "I hope you don't mind, but my listing agent has asked that everybody use the lockbox." Then you lock the door, and that's how I can provide you with security. If you have any questions about anything when you call to let me know who's been through the house, then you can leave those questions with me. You might also see potential buyers coming out of your house when you return from your errands, and they might be excited, and they might say, "Would you take \$255,000 for this house?" It's best not to even get into those conversations. Respond with something like, "Well, you know, you really need to talk to my agent." That will help me protect your position.

Preparing the Seller for Unexpected Showings: Script #1

AGENT: *Mr. Seller*, let me go over a few items that you, as a seller, control about the sale of your home, and some things that you don't control. We've talked a lot about property condition and how important that is. And that's something that you can control. It's a very important part of getting the most money for your home in a reasonable time period. We've talked a little about the availability for showing, but I want to expand upon that a little bit. It's important that you are willing to leave the house for showings. Buyers are more comfortable looking at a home when the seller's not present. The other part of showings that you need to understand is that it's important that you're allowing the house to be shown as much as possible. You may get a call from an agent who's sitting in their car at the curb, because they were in the neighborhood and, for whatever reason, your property didn't come up on their list. But now they're sitting in front of your house and the buyer is asking, "Oh, what's this?"

SELLER: *But that's a nice problem.*

AGENT: It is. Except that you get this phone call with no notice, "Would you mind if we show your house right now, I'm sitting in front of your house." I want to encourage you, unless it's truly an inconvenient time—you're right in the middle of a meal or you've got a birthday party or something's going on that would make it impossible to let the house be shown—to be willing to let the house be shown, even on short notice. It's going to happen occasionally. Does that sound like something you might be able to work with?

SELLER: *I think so.*

AGENT: I know it's a little bit of an inconvenience. But something that may happen, and I wanted to get you ready for that. Obviously, the more showings the better. We never know when that right person might come in. The perfect person for your home might be sitting out there at the curb with their real estate agent.

SELLER: *Okay.*

Explaining What a Seller Can and Cannot Control: Script #1

You Don't Control Competition

AGENT: Let me run through some of the things you don't control, beginning with the competition. Some of the other people trying to sell their homes at the same time may be in more dire straits or in a real serious situation where they have to—have to—sell their house within a certain time period. We may start seeing price reductions that might make our price look high, even though, based on the marketing material we have right now, it's very reasonable. We have to be ready—I'm not saying that you should drop your price to match theirs or anything—to get together sooner rather than later and have a discussion about a price reduction. I want to let you know because our local economy is going through a little bit of a hard time with some of the layoffs we've had, and we've seen a little bit of this phenomenon going on around town. It's something that I'm going to help keep an eye on for you and I'll also keep an eye on the market around you. If we're seeing anything drastic going on in the market around you, about your competition, I'll be keeping you informed about that. We'll see if we need to make any changes based on that.

SELLER: *I do notice that there are just more houses out there on the market.*

You Don't Control Market Conditions

[Following is an example of explaining a market that is shifting from a seller's market to a buyer's market.]

AGENT: *Mr. Seller,* we have twice as many homes on the market as we did a year ago, with a slightly declining number of buyers. Not a dramatically declining number, but we have a slightly declining number of buyers with twice the number of listings. What was a seller's market we enjoyed for the last 2–3 years has shifted—though it's not really dramatic yet. But it's starting to appear that it is a buyer's market, and that's one of the things that is, unfortunately, out of my control.

SELLER: *Of course, when I'm selling my house it becomes a buyer's market!*

AGENT: It's not dramatically a buyer's market yet, but it has, I think, shifted a little bit in favor of the buyer in terms of the number of choices out there. It's something we have to keep an eye on through watching the competition.

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Explaining What a Seller Can and Cannot Control: Script #1 (continued)

You Don't Control Interest Rates

AGENT: Of course, we can't control—you can't control—the interest rates.

SELLER: *What are they?*

AGENT: About ____ percent.

SELLER: *Oh, that's good. That'll be in my favor when I buy.*

You Don't Control When the Perfect Buyer Shows Up

AGENT: We can't control when the perfect buyer will walk in the door. They might be the person who shows up and knocks on the door with no notice. Sometimes the perfect buyer for your house shows up the very first day it's on the market. Sometimes it might take a few weeks. It isn't always a reflection on how the home is priced. Last year, the perfect buyer was showing up on the first day. Back then, supply and demand, had shifted so that there wasn't enough supply for the demand and a lot of people were trying to buy the same property. Offers were coming in on the first day. That still happens, even when the market shifts over. Sometimes, when a house is as nice as yours, it goes on the market and the buyer who's been out there pounding the pavement, looking and looking for something like what you have, sees your property and then, boom! They'll buy it on the spot. They know they haven't seen it anywhere else. You may be tempted to think that means we priced it too low, if an offer comes in on the first day.

SELLER: *I probably would think that.*

AGENT: Well, that person may not have even showed up if you had priced it higher. So I'd just like to caution you against worrying if that's what happens. Because we can't control when they show up. And it can happen on the first day.

Preparing the Seller for Offers: Script #1

[You should prepare your sellers not to be offended by any offers that come in. Remind them that in slow economic times, offers to purchase routinely come in low, whereas in healthy economic times, offers are closer to the asking price.]

AGENT: Let's talk about preparing for the offer. We have the house on the market, we have a contract offer that comes in, and then what happens? What you'll find most of the time, simply because buyers are always going to try to see if they can get the best price that they can possibly negotiate, the offer is going to come in at less than the price that we have it listed. Unless, of course, we get that offer generated right after it goes on the market.

SELLER: *But I don't want to sell for less, though.*

AGENT: Right. Well, don't worry about what the offer comes in at. Bear with me—I know that's a strange statement. But if it sells quickly, that's when you have the maximum opportunity to get the highest price, maybe the full price, if it's competing with other offers. But normally, when it comes in by itself without another competing offer, an offer is going to be less than the asking price. You don't have to take that offer, especially if it comes in fairly soon after the house goes on the market. At that point, you're not under any pressure.

SELLER: *Well, do you think that we will get an offer fairly soon?*

AGENT: You've got a good property. We've got to price it right. We've got to get it in the best showing condition. Your home's in good condition, I noticed. But there are a number of things we could do to fine-tune, creating the maximum emotional appeal in your home. And if you can work with me on that, then I think we'd have a good opportunity to sell it well short of average days on market. And that's the goal, to sell it quickly. We'll talk more about that in a few minutes, about timing and that sort of thing. But when that offer comes in, there are several options that you have. If it's exactly what you want, then we can accept it. We go ahead and accept the contract, it goes to escrow, and at that point we are under contract and we move toward closing. If it's not what we want, it can be rejected, it can be countered, or you can do nothing. I'm never going to recommend that you do nothing, because that's a very passive kind of action. Irrespective of where that offer comes in, it is an offer. That's a positive thing. Irrespective of where it starts, you never know where it's going to wind up. So once we get it, we have total control.

Explaining Preinspections: Script #1

SELLER: *What happens during a preinspection?*

AGENT: We will send the home warranty people out to inspect your home. The things they will be looking for are mechanical items, such as heating appliances and air conditioners. They're not going to be concerned with your roof, foundation, or things of that nature. After contract, when the inspector has come out and awarded the home a clean bill of health, you will be covered by the home warranty.

Explaining Inspections: Script #1

[Your responsibility is to explain why inspections are important to the sale of a home. You must explain it through the eyes of a buyer, seller, and inspector.]

AGENT: Let me explain the inspection process. Inspections and potential repairs are the number one reason that sales don't close. That's why I want to go into it in detail, although with your house, I don't expect a problem like this. But, with all the sellers and all the homes that need work to be done, this is often the case: there's usually a ten-day period during which time inspections take place. Sometimes some of the repairs that come up in these reports are actually deferred maintenance on the home. For instance, maybe something shows up that you didn't use that much, so you didn't bother fixing it. Or maybe even something you never used so you didn't know there was a problem, but if you had known, you would have fixed it. Things like that which come up on inspections are oftentimes simply deferred maintenance. So rather than it being a buyer trying to get repairs done that seem unnecessary to you, sometimes it's just maintenance that you would have done if you'd known about it. But in the end, it comes down to dollars, and I don't think you're going to be looking at a lot of dollars. But just be prepared to spend a little bit of money on the repair issues when they come up.

SELLER: *And you said the inspector works for the buyer.*

AGENT: Right. And hopefully the other agent will make some recommendations for good inspectors, because some of them are better than others, and some of them seem to be out there just trying to make trouble. Most of them aren't, but every now and then we get one of these characters.

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Explaining Inspections: Script #1 (continued)

SELLER: *We'll pray for a good one.*

AGENT: Yeah. And I've only seen that happen a few times. Usually you end up with someone reasonable who's just filling out the form and pointing out things.

Explaining Inspections: Script #2

AGENT: *Mr. and Mrs. Seller*, it has been my experience that most home sales fall through due to two reasons. First, the purchaser fails to qualify for the mortgage loan and, unless I represent the buyer, you and I have absolutely no control over it. Second, once a contract is accepted, the purchaser has ten days in which to obtain a home inspection. It is the home inspection that is the single greatest cause for sales to fall through, and we can do something about it.

In the past, sellers would place their home on the market and then wait for the purchaser to make an offer. Once the offer has been accepted, buyers have ten days to conduct their inspections. The average time a home is on the market in our area is ____ days before it closes. Once a contract is accepted, we may think we have a sale only to have it fall through because of some material condition in the home that we may or may not have known about. There is a better way.

I strongly recommend that you obtain a home inspection conducted by a professional home inspection service as soon as you put your home on the market. Within days of listing your home, we will know exactly what condition the home is in and what defects there may be. It is then incumbent upon you either to price the home accordingly, to make repairs, or to do a combination of these options.

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Explaining Inspections: Script #2 (continued)

AGENT: A Seller's Home Inspection is an extremely valuable tool that we can make available to all prospective purchasers and their real estate agents. If you were the purchaser instead of the seller, I think you would agree that it makes a great deal of sense to be knowledgeable about the property condition before you write the Agreement to Purchase. A purchaser can still obtain their own home inspection, but in most cases, this would be redundant and not cost-effective. We can eliminate a great many reasons for a sale to fall through on the front end of the transaction rather than be disappointed at the end of the transaction.

[If the sellers do not agree with this, you can follow up with the following:]

I feel so strongly about this that if you agree to purchase a home inspection, I'll provide the Home Warranty Cover for you and the purchaser; the inspection is that important!

Explaining Inspections: Script #3

SELLER: *Why is an inspection so important?*

AGENT: Getting a home inspected is one of the most stressful times in the transaction. With an inspection, there are going to be a lot of surprises. An inspector will find things that are not necessarily items in need of repair. Inspectors are required to go over safety hazards and code changes and when these items show up on an inspection report, they may alarm the buyer. It's possible that the buyer could be scared off by the information and will back out of the contract. Your best bet is to get an inspection done on your own—up front. Most buyer's agents are going to want the buyers to have their own inspection done, and this inspection will be the same exact form that your inspector uses, so you should have a much smoother transaction and closing with less surprises.

Explaining Inspections: Script #4

SELLER: *I had no idea the stairs were decrepit!*

AGENT: Let's find out how bad they really are. We'll call a couple of carpenters and have them come out and give us a bid on what it would cost to repair the stairway. That way, we'll know if the inspection information is in accord with what we discover. The only problem is, because of the disclosure laws, now that we know about the stairs, whether you fix it now or later, the information will have to be disclosed to the next buyer if we reject the current offer. One way or another, we're going to have to deal with it if you want to sell your house. You do still want to sell your house, don't you?

SELLER: *I do. But it's not fair.*

AGENT: Put yourself into a buyer's shoes. You're not going to buy a house into which you'll immediately have to put \$_____ (\$5,000). Wouldn't you want to work something out, especially if it was a house you really loved? Unless you were buying a repossessed property—and boy, your house sure isn't in that category, is it?

SELLER: *No way.*

AGENT: Whether we like it or not, we're going to have to deal with the issue. We either repair them now with this buyer or later with another buyer. Our only other option is to take the house off the market. But that's not what you want to do, is it?

Explaining the Home Warranty: Script #1

AGENT:

Here are your expenses, and all of them, bar one, are mandatory. *[Make a checkmark next to home warranty plan.]* This is a home warranty plan. Let me share with you why I recommend it. It's not something that's mandatory, but something I recommend that you do. I have found the home warranty to be indispensable if there is ever a problem between a buyer and a seller. Right after the buyer takes possession, something may not work and, well, the first person they call is me, and the second person they call is you. For example, if the hot water tank doesn't work anymore, their position is, "Well, you know, we bought the house; it had a working hot water tank. We took possession; it's not working now. So we want a new hot water tank." Then we all end up in small claims court fighting over a \$500 hot water tank. I have found that if we provide a home warranty on the property, which will cost you \$300, they don't call us anymore. They call the home warranty company. They pay a \$45 deductible, and the water heater is either repaired or replaced. The home warranty also covers you for the duration of the listing.

So you're covered for the hot water tank, the electrical, the plumbing, the built-in kitchen appliances, exhaust vents, and some other sundry items. In addition, the buyer is covered for twelve months from the date of closing for all those items plus the furnace. Ultimately, they get that coverage. I've found that if we've got two homes that are basically the same, but one comes with a home warranty and the other one doesn't, the one with the home warranty tends to be more attractive to the buyer. In our market, a lot of the buyers are buying absolutely as much house as they can afford. They have no money left. What it does is alleviates any fears of, "Gosh, what happens if the furnace goes out? We won't have any money to pay for that." They won't worry about that. So it's a marketing tool as well. And all it's going to cost you is \$300. Any questions about that?

Explaining the Home Warranty: Script #2

AGENT: Now, let's talk briefly about home warranties. Are you familiar with the one-year home warranties that are available for resale homes?

SELLER: *I've heard a little about this, but I honestly don't know exactly what it is. You know, this house was new when I purchased it, so ... I don't know.*

AGENT: Right, and because your home is three years old, we may not get a request for a home warranty from a buyer, but we might. A lot of buyers forego home warranties these days, and actually a warranty protects you, as the seller, against condition problems that might occur. Maybe something that the builder put in was supposed to last a long time and, for whatever reason, gives out the day before closing or something like that. The home warranty covers the AC, the water heater, the heater, and the appliances for one year after the sale. Since you don't have a hot tub or pool, the price of a home warranty's usually about \$300. *[This price may vary by market.]* The price is pretty much the same with most of the major companies. We may find a request in a contract coming in to you that you pay for a home warranty and so, on the net sheet that I've prepared, you may put that down as a negotiable item that you might be willing to spend the money on if the price is right and if you're netting enough money for the home and if you feel comfortable. If that's important to the buyer, it can be a good negotiating tool: being willing to buy a home warranty.

SELLER: *Okay.*

Summarizing NAR/CREA Buyer Source Data: Script #1

[The following data from the 2000 NAR/CREA Survey shows that buyers come from:

- 59% *Agent For Sale Signs*
- 11% *Internet*
- 10% *Referrals*
- 9% *Open Houses*
- 7% *Advertising and Newspapers*
- 4% *Corporate Relocations*

It is useful to include this information in your Listing Consultation Packet.]

AGENT: Another part of my job is to bring buyers to your property. Have you ever thought about where buyers come from?

SELLER: *Not really. I haven't really thought about that at all.*

AGENT: Well, there are lots of national sources, and what I'm going to go over with you is not something that Keller Williams Realty came up with. It is what all companies nationwide have come up with regarding the main source of buyers.

SELLER: *Oh okay. That would be interesting.*

AGENT: The first one is the sign in the yard.

SELLER: *Amazing.*

AGENT: It is amazing. People drive by and they like the look of it, and so they call. That is our largest source of buyers. We also have referrals, where people recommend us to someone. Then we have open houses. According to statistics, only 9 percent of buyers come from open houses.

SELLER: *Wow, only 9 percent? That's amazing.*

AGENT: It is amazing. And most sellers, the first thing they ask is, how many open houses do you intend to do? And I tell them that either I will do it or I'll have it held open a reasonable amount of times, but that open houses don't usually sell houses, and we can see that because we've only got a 9 percent figure here. In my opinion, the next most misunderstood strategy is advertising in newspapers. People think that if you run an ad about your home in the newspaper every week, we'll get it sold quicker. But our experience—not mine, not Keller Williams Realty's, but nationally—is that newspapers and open houses are two of the least effective sources for getting buyers.

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Summarizing NAR/CREA Buyer Source Data: Script #1 (continued)

SELLER: *May I ask you a question about that? Why is it you see those pages of ads in the paper, then?*

AGENT: Two reasons. To appease our sellers, because if you don't educate them, they think that's what sells a home. And so the other reason is that we can establish a presence for our company. Which is to your advantage, because people want to do business with big companies. So that does help a little bit.

SELLER: *But it isn't going to sell our house?*

AGENT: No, it's not. Now, one thing that has really come on strong is the Internet. We get a lot of hits on our website, and a lot of inquiries. The country is technology oriented. Younger people are buying homes, and they all love to go to the Internet to buy them. Based on what I've shown you, which one of these sources appeals to you most? *[Use this question to check your seller's understanding of the effectiveness of each source.]*

Preparing for Successful Showings

Introducing Staging: Script #1

AGENT: *Mr. Seller*, if you're interested in going for top dollar in this market, then it's important that your home shows like top dollar. May I have your permission to walk through your home with you and be very frank about the things that we would want to do to get it ready to be sold for top dollar?

Introducing Staging: Script #2

AGENT: The first thing we will do once you have signed the listing agreement is "stage" your home. You see, every room has something to sell and we have to make sure that each room is arranged so that it directs the eye to that feature.

Introducing Staging: Script #3

AGENT: For your property and our marketing to yield you the best results, we must first change your perception of your property from that of your home, where little _____ decorated their first Christmas tree, to the commodity of real estate that will be heavily scrutinized against other comparable properties.

Introducing Staging: Script #4

AGENT: *Ms. Seller*, one of the services that we offer is to come in and help you stage your home prior to putting it on the market. And we'll go through each room with you, room by room, and make notations on things that we feel you should do to the home, be it painting, carpet replacement, repairs and improvements. But also, please understand that if I did this on all the houses I went out on, that's all I would be doing—getting other people's homes ready to show. It's a service I provide, but I don't provide it until you've actually agreed to list the property with me. Does that make sense?

Discussing the Importance of Staging: Script #1

AGENT: *Mr. Seller*, when you hire me to handle the sale of your home, one of the special services I provide that is typically not provided in the industry is to thoroughly go through your home and determine the ways in which it can best be shown. I make recommendations for cost-effective, cosmetic upgrades, provide the opportunity for some cleaning services, and generally stage your home so that it competes effectively with the other homes on the market in your price range.

SELLER: *Why can't I just sell the house the way it is?*

AGENT: You know, *Mr. Seller*, one of the things that's important to understand is that, by deciding to sell your home, you no longer live in it. *[pause]* Now, of course, really you still do, and it's here for your comfort as it always has been for the ___ years that you've owned it. But we're in a different strategy now, because your biggest goal is not the comfort of you living in your house; it's how much money you can get for it, and how quickly. With that second priority in mind, we want to make sure, with a minimum of inconvenience to your family, that your home stands out from the other homes people will be looking at in this price range. As you know, if you go into a store, and you're interested in buying, for instance, a new suit, the ones you'll be attracted to are the ones they have on display—the ones with the nice color-coordinated tie and shirt. Your eye will go to that, and what marketers know is that once you see something that you like better than anything else, you'll buy it. Right now, you and I are marketing your home. And just like the clothes in a clothing store, or the new cars on a showroom floor, we have to do everything we can to make your home look better—not just so people will buy it, but so they'll pay more for it. Does that make sense?

SELLER: *Will that mean I may need to make some repairs?*

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Discussing the Importance of Staging: Script #1 (continued)

AGENT: Repairs are a very interesting issue. There are two types of repairs. The ones you're going to have to make to sell the home. The second category is repairs that will make the home look better. What I'll do is go through the home and recommend, as part of my fiduciary service to you, the repairs in this home that are worth doing. There are two things that are important to understand. In 95 percent of the cases, someone coming to look at your home will be with another real estate agent. In virtually every case, they will also require an inspection of your home by a professional home inspector. Any repairs that might put the sale at risk are going to be required anyway. One of the advantages I have learned during my years in real estate is that if you make the repairs that you're going to have to make anyway up front, then right away your house looks more attractive. More so than if there's a repair need there, even if you're willing to make the repair after the sale. It's the same reason airlines are continually making cabin repairs to their airplanes—they're repairing the seats, they're cleaning, and they're minimizing the appearance of wear and tear on the aisle way—not because it would have anything to do with the safety of the aircraft, but because anytime the flying consumer sees something in disrepair in the airplane, they assume it threatens the actual safety of the airplane. They consider it an indication of how diligently the airline company is keeping track of things. Well, the same thing is going to be true of your house. If a buyer walks in and the house is just immaculate—you've done some minor cosmetic things that make it all look sharp, we've removed anything that someone might see as clutter, and we've done any of the major repairs that a buyer would be sure to question—we take away any question as to whether or not they should buy the home. We increase the chance that we'll get an offer, and that we'll get an offer at the highest possible price.

SELLER: *I'm not very good at matching colors. Are you going to help me?*

AGENT: Yes. One of the services we provide is an interior decorator, who is part of our service staff and who will come in and make recommendations. If there's any painting that needs to be done—and we may not need to do any, because the house looks great—we would be happy to recommend what we think would make the home more salable.

Tip!

The script should always come back to the issue of making the home more saleable.

Discussing the Importance of Staging: Script #2

AGENT: Let me share with you a little bit of information we'll need from you, the client, for us to get your home sold. Completing all repairs and cleaning is critical. We'll go through the house again, and if there are any little repair items that you know about, if you could just bring them up to me if they're not obvious, and if I see anything, I'll mention it to you. In addition, I'll explain the staging process. So in preparation for actually putting the home on the market, those things being done are actually very important. The goal is for us to get your home to be as appealing as possible for the average buyer in your price range. And the way people actually live in their homes and the way you live in your home is absolutely fine and it looks great. But when it comes to the actual marketing period, we're trying to get that appeal to the average buyer in your price range. Does that make sense?

SELLER: Okay, sure.

Discussing the Importance of Staging: Script #3

[Be wary of giving a prospective seller too much advice or constructive criticism until you have a signed listing. That would be our biggest caution. Because if you start out with, "Well, I would get rid of this, paint this, move this furniture, change these drapes so the room will look brighter, etc.," they could take it personally and you won't get the listing.]

SELLER: Oh, the buyer can see past the mess. They're only interested in checking out the room size. The buyers can change the carpet themselves and paint the room.

AGENT: "Buyers only know what they see, not the way that it can be" (attributed to Barb Schwarz), so if a buyer walks in and the place is dirty, cluttered, and dark, most buyers don't have a lot of imagination. Why do you think they make the model homes the way they do? It's because the builders and developers know that sells more houses, and people pay more.

Discussing the Importance of Staging: Script #4

SELLER: *Why is staging important for the sale of my home?*

AGENT: There are several ways to measure the value of your home: condition, competition, and price. If your home is not in a condition that matches the quality of your competition, then we need to offset that by adjusting our price. Usually, it will require less out-of-pocket expense for you to take care of the house's appearance up front, rather than offering an allowance while still listing at a lower price.

SELLER: *I don't mind cleaning up, but I don't want to put another penny into this house!*

AGENT: Do you want to get any money out of it? You need to consider the amount of net you seek. If a buyer is comparing your property to the majority of others on the market that are in better condition, you're going to have to offer a better, more competitive price. Most buyers don't want to deal with a remodeling project after a major purchase.

SELLER: *That makes sense.*

Discussing the Importance of Staging: Script #5

AGENT: In preparing your home to sell, think of your home as a big car without wheels. If you're going to advertise your car for sale in the newspaper this weekend, what are you going to do to get top dollar? You're going to wash it, wax it, and vacuum the inside. But you're not going to replace the engine or the transmission. Your focus is in really making it shine, and that's what we need to do with your home.

Discussing the Importance of Staging: Script #6

AGENT: *Mr. and Mrs. Seller*, staging is like looking at the house with the eyes of a buyer. How will the buyer and the buyer's agent see this house? When they walk into the room, what's the focal point of this room? Is it a good focal point? Or is it a negative focal point? Do we need to change the focal point? We can do that, by rearranging the furniture; by taking down certain pictures that draw attention or that have too high of a contrast; by lightening the house; by moving a floor lamp. There are a lot of things you can do. The biggest problem people usually have is that there is too much stuff creating visual clutter. Too much of all the things we save and collect. All of us do it. And so the vast majority of people wind up renting an off-premises storage building. For \$50—\$100 a month for a storage unit, I can save you one month on the market. What does your mortgage payment cost?

SELLER: *Oh, it costs \$1,300.*

AGENT: You see, that \$100 for the storage unit has a pretty good payoff, doesn't it? If it can save you \$1,300 for that month's principal, interest, tax, and insurance, you've got a net gain of \$1,200. It doesn't matter to me which option you choose. I don't make decisions for you. I do equip you, as the buyer and seller, with the information you need to make a good decision that you look back at and are very satisfied with. I know you are working like crazy. I promise you, it's going to be worth it. I know you're having to go out on faith, and you're having to trust me. But believe me, staging works. *[Carry testimonial letters from clients who had excellent results due to staging.]*

You'll need to use your own market research for your market.

When you use examples, use prices that are within the same price range as your sellers'.

Tip!

It's a good idea to train one person in your group to stage homes.

To reduce time spent on each home, don't give specific suggestions unless they're ready to go on the market.

Discussing the Importance of Staging: Script #7

AGENT:

The way you live in a home and the way you sell a home are two totally different things. One of the things that really benefits you is if you depersonalize it a bit. That way, if their colors are not the same as your colors or if their furniture is not the same as your furniture, this house still works for them. It doesn't scream out to them that they've got to have exactly all the same things that you have for it to work. It's all geared toward the emotional reaction of the buyer. Because that's what this is all about. Residential properties sell on emotion. They've got to make sense financially, from a pricing standpoint. But they sell on emotion. And that's how we're going to gear the whole thing.

Conducting the Pricing Consultation

The Importance of Pricing Your Home Correctly: Script #1

AGENT: *Mr. Seller*, when we price your home, we are actually pricing it to sell three times. The first time we are selling it to the agents, who are searching the MLS looking for properties for their buyer. The second time is for the actual buyer, so that when they drive up to your house, they say, "Wow, I want to step inside this home. This is the perfect house for me." They become attached to your home and they feel it is worth what you listed it for. The third time we sell your house, and the most important time, *Mr. Seller*, is when we sell it to the appraiser at the bank. Because if the property doesn't appraise, then we have a problem.

The Importance of Pricing Your Home Correctly: Script #2

AGENT: *Mr. Seller*, when we price your home, it's important that we price you within the market, because if you're priced above the market, you're going to be missing out on all the buyers who are looking for your home type in your price range.

The Importance of Pricing Your Home Correctly: Script #3

AGENT: What we have is a matter of perception. Most people feel their house is a steal and multiple offers will be in the fax within hours. Maybe, but most likely, there will be no cameras and reporters at your door. I'm sure Channel ___ (local TV news station) won't be flying over.

The Importance of Pricing Your Home Correctly: Script #4

AGENT: The problem we are facing is supply and demand. The number of properties we are in competition with has gone up each and every month since 2001. And greater supply means lower prices, whether it's in real estate, soy beans, or crude oil.

The Importance of Pricing Your Home Correctly: Script #5

AGENT: You have a beautiful home, and I believe we've priced it right. If in the first ten showings we haven't gotten an offer, then I am probably mistaken about our price. We're a team, and when you list with us, you become a part of our team. With all of us working together, we're going to get your house sold. Here's one of your responsibilities as a member of this team: every time an agent shows your home, you are to call our office manager and give her the name, fax number, and cell phone number of the agent that showed it. If you simply ask for the agent's business card, you'll have all of this information. Then I will make a follow-up call within twenty-four hours after the showing to ask why we didn't receive an offer. We will find out what objections the buyer had. There are some things you can't change about the house. If they don't like the way the bedrooms are set up, etc. But if they don't like the carpet, we can offer them a carpet allowance. If they think it's overpriced, obviously we can change that too.

The Importance of Pricing Your Home Correctly: Script #6

AGENT: Let's think of this home as a property—not a house. On a piece of paper, draw five individual boxes, all about the same size. Let's pretend that these boxes are the direct competition for your house. In the first box, I want you to write "230K." In the second box, I want you to write "200K," in the third box, I want you to write "194K," in the fourth box, I want you to write "210K," and in the fifth box, I want you to write "203K." Most of the houses in our market—especially in this price range—are tract homes. The houses are very similar to one another. There may be differences in items such as tile, fixtures, or paint. The floor plans might be a little different. But in general, the properties are very similar. If you can accept that fact and trust that a \$230,000 house is generally similar in nature to other houses at that price, we'll continue. Is it fair to assume you can accept that?

SELLER: Yes.

AGENT: Look at the five boxes you drew. Let's pretend all these boxes look the same. The first box is your house. The other four are directly competing—and remember they're basically the same house. Accepting the fact they're all similar, which house would you buy?

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The Importance of Pricing Your Home Correctly: Script #6 (continued)

SELLER: *Probably the lowest-priced one.*

AGENT: That's the common sense answer, since you're comparison shopping. Which house in this lot are you least likely to buy?

SELLER: *The highest-priced one.*

AGENT: Whose house is that?

SELLER: *Mine. But my house is better than the others.*

AGENT: Have you gone through these other houses yet?

SELLER: *No.*

AGENT: You do have a lovely house. But I can assure you that a lot of these other houses are lovely too. I'm not saying they're better or worse. I'd be happy to take you through those houses and then revisit this idea. My job is to sell your house for the most amount of money in the least amount of time with the least amount of headaches. This market analysis shows the list price, the sales price, and the number of days on the market. Do you notice that all of these houses in this area are close to full price?

SELLER: *Yes.*

AGENT: Some are priced a little above full price, some are right on the money, and one is \$1,000 under full price. In the current marketplace, if the house is priced appropriately, you're going to get close to full price. You might even do better than full price. If you price the home right in the market, the flurry of action will take place in the first three to four weeks. There are agents who have buyers waiting for new houses to be placed on the market. If they're not priced appropriately, they won't get shown. Based on what the market shows, if we price this house correctly, we have a chance to get a lot of traffic right way. And we can possibly entertain multiple offers. My experience has shown that when we get multiple offers, nine times out of ten the price of your home goes up. On the other hand, if we price the home out of the market, you're going to extend your time line. The higher you are priced on the market, the longer it's going to take to get the buyer to the property. Do you want to have your house on the market for an extended period of time?

SELLER: *No.*

The Importance of Pricing Your Home Correctly: Script #7

AGENT: I do not have a crystal ball that will tell me what your home is worth, and there is no way of knowing what your house is going to sell for. But I do know that:

- What you paid for your home does not affect its value.
- The amount of cash you need to buy your next home doesn't affect its value.
- What you want for your home has nothing to do with the value of your home.
- What I tell you or what another real estate broker tells you your home is worth doesn't affect its value.
- What an appraiser says your home is worth doesn't affect its value (unless, of course, it does not appraise at the buyer's loan amount, and then the buyer has the option of terminating the contract).

The value of your home is determined by what a buyer is willing to pay in today's market, based on comparing your home to others currently on the market for sale. Buyers always determine value. Do you understand this principle?

The Importance of Pricing Your Home Correctly: Script #8

AGENT: *Mr. Seller*, I understand that you want to price your home higher than what I'm recommending. With all the expert marketing I'm doing and all the exposure we're getting, how long do you want to stay on the market if we don't receive an offer? How long do you want to stay at this price before we adjust our market position?

SELLER: *What do you mean?*

AGENT: Do you want to stay in this market position for a week? Two weeks? A month? Two months? In other words, how long do you want to stay at this price without receiving an offer? If we don't get an offer during that length of time, that will be the market telling us loud and clear that we've priced the home too high. You see, I don't determine the value, and neither do you. Value is determined by what a buyer is willing to pay in today's market, based on comparing your home to others on the market for sale. Buyers always determine value.

The Importance of Pricing Your Home Correctly: Script #9

AGENT: *Mr. and Mrs. Seller*, I've shown you the market analysis. We expect your home to sell right around \$_____ (\$300,000). You'd be happy with that as an approximate sale price, correct?

SELLER: Yes.

AGENT: My suggestion to you is to list the home at \$_____ (\$299,000) but no higher than \$_____ (\$309,000). That's because you will be within the 3 percent range with those figures. Given that pricing, we may evoke multiple offers, in which case, the sale price may go higher. You've indicated that you prefer to list the price a little higher, at \$_____ (\$329,000). You reasoned that you could always come down, and that it didn't hurt to start a little higher.

SELLER: Yes, and we'd leave a little negotiating room.

AGENT: Let me tell you about the psychology of negotiating for 90 percent of the people out there. No one wants to be perceived as a jerk in the negotiations, right? Well, if we start with an asking price of _____ (\$329,000), that's almost _____ (\$30,000) more than our expected sale price of _____ (\$300,000). If a buyer is willing to pay _____ (\$300,000) and expects you to come down by _____ (\$30,000), then they will plan to come up _____ (\$30,000) in their negotiating. But that means their first offer will only be _____ (\$270,000) on a _____ (\$329,000) asking price—if we get that offer at all! *[Watch the seller's body language as they will show negativity.]* Everyone wants to feel like it is a win-win negotiation, because the buyer has gotten you to come down a little bit in price, and in exchange for that, the buyer is willing to come up a little bit. Typically, homes sell within 3 percent of the asking price. Why don't we price your home within 3 percent of the expected sale price? Does this make sense?

SELLER: Yes.

AGENT: Then price it close to what we both expect the sale price to be—a figure that would move you into a positive negotiating position.

The Importance of Pricing Your Home Correctly: Script #10

AGENT: There are quite a few reasons sellers overprice a property. The most common reason is that they simply need more money.

SELLER: *Yeah, just like us!*

AGENT: Let's switch roles for a moment and have you put on your buyer's hat. I want you to imagine _____ [*wherever the seller is moving*]. Let's pretend you're with your agent there. You've just found two similar houses in the same neighborhood. One is priced _____ (\$15,000) higher than the other one. Let's say you ask your agent why that home is priced so much higher than the other and your agent replies, "Well, they've got to move to _____ (California). The prices in _____ (California) are really expensive, so they need more money."

SELLER: *[Laughs]*

AGENT: Would you be willing to pay _____ (\$15,000) more because the seller needs the money?

SELLER: *Absolutely not.*

AGENT: But that's exactly how your buyers feel when you overprice your home to get more money. That's why it's important for us to have the right price on the property at market value, because today's buyers are much more sophisticated than they were three or four years ago. A few years ago, they used to go out and look at six to ten houses with their agent and then make a decision based on that information. But today, people actually search the Internet for their homes, and they look at hundreds of homes before they make a decision. They are well-informed about housing values, and they know exactly what the value of the house is, even before they are shown comparables.

There will be more traffic through your home during the first couple of weeks of your listing than the entire remainder of your listing period. It's very important that we have the property priced correctly. If we don't, we will be showing many potential buyers your home, but the opportunities are wasted, because they will probably not buy.

Preparing Seller to Reduce the Price: Script #1

AGENT: As for the price, there are a couple of things you're going to know immediately. We know the market is rejecting our price if we have fifteen to twenty showings without an offer, or if we have no showings at all in the first fifteen days. If either of those things happen, you might as well call our office and say, "Time for a price reduction," because the market is not accepting our price. We try very hard to hit the mark on our prices, but supply and demand on the market fluctuates, and we have to be prepared for that. We need to move your price as soon as possible to a level that will be accepted by the market. I'm counseling you this way so that you can sell your house and be moved within the time frame you desire.

The Sold Book, the Dream Book, and the Expired Book: Script #1

AGENT: *Mr. and Mrs. Seller*, if we can come to an agreement in price today, is there anything preventing us from moving forward?

SELLER: *No.*

AGENT: Okay. Excellent. In real estate, *Mr. and Mrs. Seller*, there are three books that are important. The three books are the Sold Book, the Dream Book, and the Expired Book. The Sold Book tells us what people are willing to pay in a given area in a given period of time. And 100 percent of the people in the Sold Book have achieved the same objective that you're hoping to achieve. They got their property out and sold their home and moved on with their lives. The Dream Book tells us what people are hoping to get in a given area at a given time. And that's our competition, also. But what a lot of people don't understand—sellers don't understand it and sometimes even agents don't understand it—is that only 50 percent of what's listed sells the first time it's on the market. The other 50 percent goes to the dreaded Expired Book. And that tells us what people are unwilling to pay in a given area at a given time. That's the book of properties stamped "rejected." Now, do you want to base your pricing decision to compete in this marketplace on the 0 percent shot, which is the Expired Book, the fifty-fifty shot, which is the Dream Book, or the 100 percent shot, which is the Sold Book?

SELLER: *The Sold Book!*

Exposing Factors that Affect Price: Script #1

[This script describes all of the factors that impact the price of a home. By covering this information with your sellers, you are educating them and proactively dealing with their objections.]

AGENT: These factors impact the price of your home:

1. Availability
2. The competition
3. Timing—how quickly you need to sell your home
4. The condition of your home
5. Terms
6. Warranty
7. Amenities
8. Lot size, trees, views, privacy, etc.

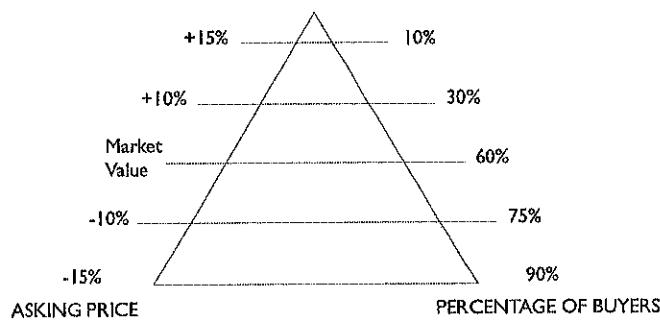
It is very important to price your property at competitive market value at the signing of the listing agreement. Historically, your first offer is usually your best offer. Many times, pricing misconceptions occur because sellers try to base price on one of the following:

1. The amount of money you paid for your home.
2. The amount of money you invested in updating your home.
3. The amount of money you want or need to buy a new home.
4. The amount of money you want or need to rebuild this home.
5. What your neighbor says he/she sold his/her home for.
6. What another agent says he/she can sell your home for.

More buyers purchase homes at or below market value than above market value. This is something we take into consideration when we determine the list price on your home.

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Exposing Factors that Affect Price: Script #1 (continued)



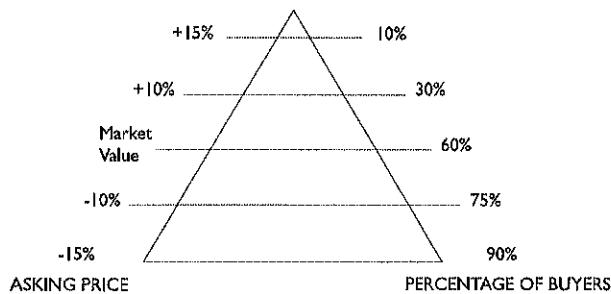
AGENT: Competition and timing can significantly impact the sale of your home and must be considered when determining the list price. Studies show that the longer a home stays on the market, the less the seller nets.

My job is to help you determine a range of value that will make it possible for you to determine your list price. Many times, it is not the actual selling price that matters to homeowners, it's the net—that is, how much money they walk away with. What's most important to you? *[Listen to the response.]*

What questions do you have about pricing your home? *[Listen to the response.]* Did I say anything that surprised you regarding these factors? *[Listen to the response.]* You probably have a price in mind—what is it? How did you determine this price? *[Listen to the response.]* Are you ready to look at the Comparative Market Analysis?

Exposing Factors that Affect Price: Script #2

By covering this information with your seller, you are educating them, and you are proactively addressing any objections they might have on how their home is priced.



AGENT:

Let's talk about pricing the property and how you go about doing that from a strategy standpoint. One of the things that this triangle represents is how you should set up the marketing of a property in order to get the maximum price in the shortest period of time. How do you go about pricing that? This is all about numbers. You don't ever want to base a marketing strategy on luck. I'll take luck any time I can get it. But we're going to base it on sound analysis and on numbers. What are the odds? What is the probability?

If you look at this chart, when you price a property at market value, 60 percent of the buyers are going to be looking at it and will be willing to make an offer, potentially, on that property. If you price it above market value, then only 30 percent of the buyers will look at it and potentially write an offer, because it's 10 percent above market value. If you price it 15 percent above market value, perhaps only 10 percent of the total buyers would even look at it, and much less likely to make an offer. These are national statistics. In our marketplace, you probably wouldn't even get that percentage of buyers. So if you wanted only one out of ten buyers who are shopping in your neighborhood to look at your property, we'd have to price it higher. It might even be less than that. On the other hand, if you price it 5 or 10 percent below market value, you've upped the number of buyers, and you've upped the probability that those buyers who look at the property are willing to come forward with an offer. From a strategy standpoint, sometimes people have the idea that they want to price a property above what they're willing to take. And I call that a fudge factor.

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Exposing Factors that Affect Price: Script #2 (continued)

SELLER: *Don't you always get lower offers?*

AGENT: Usually, the longer it's on the market, the more likely you are to get a lower offer. Now, when you get that offer, we're in control here. Right? So we don't have to accept an offer that somebody has generated for us. One of the things we'll do at that point is we'll analyze that buyer and analyze every factor that caused them to make that offer. We'll do an update on the market, so we'll know which other properties they just looked at. Do we compete well with those properties? There's some reason or reasons that buyer has written an offer on our property instead of those others. And they're going to try to get the best value they can, but we certainly don't have to accept that.

SELLER: *Don't you think my house looks a lot better than the average house on the market? I looked at a lot of houses when I bought this house and, believe me, I don't think most of them look like this.*

AGENT: It does look really good. The floor plan is a good floor plan, and it is better than average. One of the things that we're going to work on is helping to make it even better than just "better than average." It's my goal, for all the properties I list, for a home to be that one-in-ten property. I want to be in the top 10 percent. I want to be the *crème de la crème*. So when a buyer walks in the house, they have a gnawing fear in the pit of their stomach that if they don't write an offer on this property, the next person coming through the door will.

SELLER: *That's a good strategy. I like that.*

AGENT: Today, when I did my inventory and walked through the property with you, I was looking at all the selling points. I've jotted down those points. When I, or a member of my team, walk back through later, we'll do a "suggestion" or "punch list" walk. And when we do that, we look strictly through the eyes of the buyer. But by and large, the goal, once you get ready to sell a home, is to stop spending any money on that home. So I want to reassure you of that. Put your mind at rest. That's the goal. The only exception to that is if there's something to do to the home that results in getting your money's worth two or three times. Then it would make great economic sense for you to do that touch-up, etc. In your case, the carpet probably doesn't need replacing. But in many homes, the carpet becomes an issue. If the person has to spend \$2,000 or \$3,000, but it makes a difference of \$10,000, is that a good decision to make?

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Exposing Factors that Affect Price: Script #2 (continued)

SELLER: *Sure. I bet there were a couple houses I would have bought if the carpet had been fresh and new and neutral.*

AGENT: Sure. A buyer is not going to hurt themselves. They are going to pay market value. And that's going to be determined by the market analysis that their buyer's agent has generated for them. It's going to be determined by the other properties they've seen, so they have a comparison that they're making all the time. Some people will start by pricing a property higher than what they would be willing to accept. I'm going to recommend that we price it right on the cutting edge of the market, and then stand firm. And we try to lead that market as much as possible without going too far, but then stand very firm to generate an offer quickly. Then, even if that offer is less than asking price, we can counter at full price. And if they fear they're going to lose the property, they're going to accept our price. Because remember, they're not going to hurt themselves. So if they can't find a better property someplace else, even if we counter back at full price, or you come off it \$1,000 or something like that, what are they going to do? Buy another property that's not as good a value? No. It's a very pragmatic, logical process. If you price it 5 percent or 10 percent higher than the market, you lose a lot of the prospective buyers. They don't even look at your property. In a market like ours today, they've got choices. Price and condition are two of the real important variables that we've talked about. Initially, buyers don't know the condition. They're searching by numbers. They're searching through the MLS system. So your property has got to be priced competitively. If this were the only house on the market, they would look at it no matter what. But since it's not, they're going to choose the better properties, pricewise.

Exposing Factors that Affect Price: Script #3

AGENT: We have to look at the properties that have sold in your area. Not every home is the same. Some have more amenities than yours, and you're going to have more amenities than some of the others. You do need to keep in mind that buyers, particularly in this area, are very conscious of price per square foot. That's why we're going to look at what has most recently sold in your area.

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Exposing Factors that Affect Price: Script #3 (continued)

SELLER: *I want to list it at a higher price. We can always drop the price if there are no offers.*

AGENT: We can do that. But the time to maximize the selling opportunity for your home is right after it goes on the market. Buyers always want to know how long a property has been on the market. And the longer your property has been on the market, the less interested buyers will be, and the less money they will be willing to pay for it. A house that first enters the market creates a sense of urgency, because buyers think, "What if somebody else wants this and gets it?" If the property has been sitting there for a long time, buyers think, "What's wrong with it? I can negotiate it way down."

Exposing Factors that Affect Price: Script #4

SELLER: *What factors should be part of determining the price of my home?*

AGENT: We're going to look at properties that have sold, find out what type of concessions we require, find out what homes are the most similar—no two properties are exactly alike—get the best information about what buyers around here have been willing to pay for properties, and find out how sellers have priced their properties. We'll also look at some houses on the expired listings, where people have been asking certain prices but have not, for whatever reason, been able to sell their property. That will give us a good indication of what price may be too high. Finally, we will look at the current competition. Remember though, the competition can ask whatever price they want for their house. But they won't necessarily get what they ask for. The mistake would be to base your price only on what you see other sellers currently asking.

Explaining Current Market Conditions: Script #1

AGENT: I'd like to share with you what is going on in our market. *[Turn to the appropriate page in your presentation package.]* Mr. and Mrs. Seller, here's the market. In _____ (region), 64 percent of your market is between \$50,000 and \$150,000. That's just the nature of _____ (region) and the demographics of the area. Let me ask you, Mr. and Mrs. Seller, if you wouldn't mind, what price range do you think you're in? *[At this point, share your market's current conditions. If you have something on the market in your presentation package, turn to it. Bruce uses a total market overview—a statistical snapshot of his residential real estate market.]*

SELLER: \$150,000–\$175,000

AGENT: Right now, Mr. and Mrs. Seller, there are 299 homes currently listed for sale in that price range. I want you to understand—that is the competition. Now, the next column is what I call the "good news" column. It's the number of homes that are currently pending. In this price range right now, we've got 130. So 130 out of those 299 homes are currently under contract. They've received an offer, it's been accepted, and they're on their way to close. As a ratio, 43.5 percent of the market in this price range is selling right now. Wow. This is great. And just so you know, I've been tracking these numbers for about eight years now and normally what I'm used to seeing in this price range is anywhere from 16–18 percent of the market going pending. So it's a very active market right now. In the last six months, however, we've had 65 homes expire. What that means, Mr. and Mrs. Seller, is those homes did not sell. In fact, the market rejected them.

SELLER: Why is that?

AGENT: That's a great question. As a seller you have control over only two things. One is price, the other is condition. If your price and condition are in-line, your house will sell. The things you don't have control over are the number of homes currently on the market, or how many buyers are out there. You also don't have any control over what the interest rates are, which is a big driving factor in our market. All you have control over are price and condition. The market said that either the price or the condition were not in-line, and that's why those homes were rejected. The average list price in this price range is actually \$158,461. The average sales price, however, is \$161,041. Why do you think the average sales price would be higher than the average list price?

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Explaining Current Market Conditions: Script #1 (continued)

You will need to update this script with your own statistics.

Tip!

Regardless of what your research says their home should be priced at, show them the analysis for the price range they chose. You'll get to your analysis later in your presentation.

SELLER:

Because of competition driving price up?

AGENT:

The competition is caused by the fact that there are so many buyers out there and not very many houses. Those houses that are priced at market value are getting multiple offers. People are bidding the price over the list price. This is why it's so key to list it at market value. If you look, houses are selling now in this price range for 101 percent. They're selling for more than list price. The reason I point this out to you, Mr. and Mrs. Seller, is because a lot of people say, "You know what, _____? I agree with your analysis. I think that's where the house is going to sell. However, I'd like to price it \$10,000 higher so I've got room to negotiate." Well, there are two problems with that strategy, Mr. and Mrs. Seller. One is, the people who can afford to buy your home are not going to see it, because those buyers are not looking \$10,000 above their price range. Two, the people who are seeing your home are comparing your home with homes that are worth \$10,000 more. Consequently, you don't get the offer. What I would prefer to see you do, Mr. and Mrs. Seller, is price it at market value. Don't negotiate. If you don't want it, don't negotiate. The reality is, though, you will get offers. And I'd sooner bring you ten offers, have you reject nine of them because they won't come up to your price, than not bring you any offers at all. Pricing is a critical component of this process. The other key number that you need to be aware of, Mr. and Mrs. Seller, is the average market time in this price range is fifty-nine days. Now, when do you need to move?

SELLER:

In thirty days.

AGENT:

Well, I understand that, but we're looking at an average market time of sixty days. What that means, Mr. and Mrs. Seller, is for us to get that, we're going to have to be the best house in the market. That means that the condition and the price have to be the absolute best so that your home is chosen. Does that make sense? Okay, great. So, Mr. and Mrs. Seller, this is the big picture of the market. Do you have any questions about it?

SELLER:

No.

Explaining Current Market Conditions: Script #2

SELLER: *How do market conditions affect the price of my home?*

AGENT: Market conditions affect the price of your home because it's always a matter of supply and demand. If there is an abundance of homes on the market and somebody has five houses that match their needs to choose from, then they have a substantial negotiation advantage, and the end price is generally lower. When there are not as many properties on the market, the market "firms up," and prices are not as negotiable and are generally higher.

Explaining Current Market Conditions: Script #3

AGENT: Our goal today is to determine how to get the highest price in the shortest amount of time. Today, I will be giving you all of the market conditions—all of the data that's available on all of the current sales, pending sales, expireds, and active listings—so that you can make an informed decision on how to price the house. I will tell you up front that this is a very subjective evaluation; pricing a home is not a perfect science. When you look at these numbers, you're going to be looking at price per square foot and at the houses that have sold. You're going to know, quite naturally, where your house fits and the range of value where your home will sell. The data is from the comparables that have sold in your neighborhood and in the general area. However, where I make perhaps the biggest difference is my willingness to help you prepare the home, to stage your home, and my desire to help with my team of specialists that will make any repairs or corrections needed at a very favorable price, and my instincts based on what I am seeing in the present market. Does that make sense?

SELLER: *Yes, that makes sense.*

AGENT: There are two ways to evaluate your house. One way is going backward like an appraiser would. An appraiser is going to look at three properties in your subdivision that have sold and closed in the last six months. The other way is to go forward like a buyer would. Buyers are going to look at everything that's available on the market, and not just in your subdivision. They are going to look everywhere in the area to see if they can find something that meets their needs, right?

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Explaining Current Market Conditions: Script #3 (continued)

SELLER: *Right.*

AGENT: I'm going to be looking at houses that have sold that are comparable properties. If they've closed and sold, they are the most reliable models we have. I'm going to look at expireds—properties that have not sold. And I'm also going to look at houses that are pending. Houses that are pending are those that are in negotiations as we speak. Those are indicators of what's happening in the market right now. The solds are what's happened in the past.

SELLER: *I understand.*

AGENT: Now, as good as I may be at analyzing your house and doing the Comparative Market Analysis, this is not a perfect world, nor is it a perfect science. However, regardless of the data I am presenting, you the seller are in control. I don't want you to make your selection of your agent based on the market data ... we all have the same data. Does that make sense?

You should select your representative based on what they can do for you, and how they will prepare and market the home to get top price. I get better results than other agents. My diligence, my intelligence, and my systems make all the difference. I am convinced that I will get you a better price, in less time with fewer hassles, than anyone else. We have to be careful with pricing your house to make sure it is at the perfect price. By the way, what would be the perfect price?

Explaining the CMA and Recommending a Price: Script #1

AGENT: *Mr. and Mrs. Seller*, I'd like to narrow the focus down to your home. And when we do a market analysis, ideally what we're doing is comparing your home to other homes that are most similar. Okay? Now, in my market, I won't necessarily find the exact same home. But I'm looking at homes that have enough similarities that they give us an indication of value. On paper, this is how your home shows. *[Show them your CMA.]*

Okay, the first thing we want to do is take a look at those homes that are currently on the market. The reason we do this, *Mr. and Mrs. Seller*, is that this represents the competition. It doesn't necessarily reflect the value, but it does represent who you're competing against. Let's look at those that are currently under contract. These have received an offer that has been accepted. They're on their way to close. We don't know at what price they sold yet, because that's not public information, but we know what the list prices were. Now, what I want to do is look at the homes that have recently sold. These are the best indicator of market value, because they show what the market is willing to pay for a home similar to yours. Finally, here are the ones that did not sell. *Mr. and Mrs. Seller*, do you understand the methodology behind my analysis? Okay, great. *[At this point, turn to the page with your recommended price range and pull out your CMA. As you go through the analysis of their home, share square footage, bedrooms, bathrooms, lot size, etc.]*

Tip!

As you review the homes currently on the market, it is helpful to have pictures with basic data. People will relate more to the pictures than the data.

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Explaining the CMA and Recommending a Price: Script #1 (continued)

Review Your Pricing Recommendations:

[Turn to your recommended price range in your presentation booklet. If you have done a good job presenting the Comparative Market Analysis, they will self-realize that they set their price range too high.]

AGENT: *Mr. and Mrs. Seller, what are your thoughts on this? I know it's not exactly what you had in mind. It's a little less than what you were thinking.*

SELLER: *You've shown us good data here, but we would like to start out pricing it a little higher and just see what happens.*

AGENT: *Let me ask you, Mr. and Mrs. Seller, why would you like to do that?*

SELLER: *A friend of ours said that the market is really strong and we should try to get the most out of it as possible.*

AGENT: *Is your friend a real estate agent?*

SELLER: *No.*

AGENT: *Well, your friend is absolutely right. It is a strong market. What's interesting about our area, though, is that even in a strong market, we list on average 16,000 houses a year. We sell about 8,000. So less than half the market sells, year in and year out. And the reason for that is those that don't sell are usually owned by people who are testing the market to see if they can get more than what the market will bear. "If somebody were willing to pay me this, I'd be willing to sell my house."*

SELLER: *What if we just try that, and if I haven't gotten any offers in a couple weeks, then we can lower it, right?*

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Explaining the CMA and Recommending a Price: Script #1 (continued)

AGENT: I would be happy to do that, *Mr. and Mrs. Seller*. In fact, the price you're suggesting is about 5 percent above market value based on what the market is showing. Chances are, we're not going to get a lot of activity. Here's the interesting thing about the market. If we're wrong on the price, the market will tell us in one of two ways. Either we will get a lot of showings and no offers—and what that means is the buyers who have seen your house felt that there are other houses out there that are a better value. Or, we'll get no showings or very few showings. And what that means is the buyers have determined on paper that you're not comparable to other homes in that price range. So we need to listen to the market. And if you're willing to do that with me, *Mr. and Mrs. Seller*, I'm happy to take it at the higher price. This is the best seller's market I've seen in nine years. I'm willing to look at seeing what we can get. We may be surprised, and I hope we are. But if not, we'll have to be willing to revisit that.

Now let me share with you the net sheet. What I'm giving you here is what I consider to be worst-case scenario. It's the price that I've come up with. And what I do is I actually come up with two prices. One to sell it quickly, and one to sell it in a reasonable amount of time. But wherever I price it, I expect to get that price. Now, another thing I do is have all my people price right on the number.

So instead of, let's say, \$149,999, I tell my clients a price of \$150,000 and here's the reason why, *Mr. and Mrs. Seller*. The mechanics of our Multiple Listing Service is such that people tend to search in \$10,000 increments. If you're at 149,999 and someone's searching 140–150, they'll see your home. But if they're searching 150–160, they won't. You're invisible. They don't even know you exist. And yet they might want to buy your home. What I find is, by pricing on the cusp of two price ranges, we're the top of one range, and we're the bottom of the next. Consequently, we get more showings and we're more likely to get your price.

Explaining the CMA and Recommending a Price: Script #2

[Refer to your Listing Consultation Packet. In this script, you will be referring specifically to the tax records for the property and your CMA.]

AGENT: Here is a copy of your tax record. This is what starts the actual meat and potatoes of the market analysis. This is the good stuff and this is what most people want to hear. This is where we talk about value. Okay? According to the county, your square footage is listed at _____ square feet. Does that sound pretty close to what you know it to be?

SELLER: *It's close.*

AGENT: I ask because in many cases the county is wrong in their square footage. They can be high or low. This record gives me a snapshot of the property before I ever show up here, so I can start to base some of my comparables on what's on this page. Keep in mind that they have an assessed value for tax purposes of \$250,000. Understand, the county can be high, low, and sometimes right on. But I go over this with you because, remember, I will leave this market analysis with you. And when you open it up after I'm gone, I don't want you to turn to this page and assume that that's my number because it's in my market analysis. At the top you'll see that this came right off the county tax rolls.

SELLER: *Okay.*

AGENT: That number, \$250,000, is an important number because it is the number from which your taxes are based. So it's an important number, but it has nothing to do with what I do in selling houses. Okay? As I turn the page, we're getting ready to go over all the comps and the numbers for your home. Let me ask you: Having lived here, seeing sold signs and for sale signs, and probably following trends, tell me what you are thinking before I ever turn the page. What value did you think the house has?

SELLER: *Well, I was thinking \$275,000.*

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Explaining the CMA and Recommending a Price: Script #2 (continued)

AGENT: I believe you are close. Here's the interesting thing about real estate. It doesn't matter what you or I think. Inevitably, the market will determine value. Buyers will come through the house, and indicate that this is a great buy, in which case the house will sell. Or, they're going to tell us price is an issue. If price is an issue, we'll make an adjustment. But understand: we can't change. The value is going to be whatever it is. Here are the comps. Understand how the search was run. There are several categories. Active homes, those that are on the market. That's the competition. If we were on the market today, these are the guys we're competing with. You have two categories for homes that are under contract: "pending" and "pending taking backup." At any rate, they're under contract. They have submitted an offer. The offer has been signed off. All parts of the offer agreed to. And now they're doing the inspection and the survey and appraisal and all that has to happen prior to closing. The third category is "sold comparables." In our market, I look at "sold comparables" for the last six months. "Sold comparables" refers to houses that have closed in the neighborhood; the new people have moved in. If a "sold comparable" sells for \$275,000, for example, an appraiser must have seen comparables that said \$275,000 made sense for that home. Pretty easy, there is no guesstimating. Everybody, including appraisers, works through the same MLS or computer system. These "sold comparables" are not only from Keller Williams Realty. These sales are from all companies, because everybody subscribes to the same MLS system.

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Explaining the CMA and Recommending a Price: Script #2 (continued)

AGENT: Using these parameters, this is everything that has happened in your subdivision in the last six months. Now, I bring out everything. I don't show you the two highest sales or the two lowest sales, so I can skew it one way or another. This is your home, and this is your money. You need to feel good about where we price the house. The range of value for your home is \$250,000 to \$270,000. \$275,000 is a push. Will the market bear \$275,000? The numbers don't indicate that it will, but that doesn't mean that somebody couldn't walk through, fall in love, and be willing to give a little over market. I'm going to leave this with you. I want you to look at the comparable sales. The way that you read it, I've given you a one-line list of all the houses in the neighborhood—active, under contract, and sold—and behind that you have a more detailed summary for each house. I know the values in this neighborhood. I bring this list for you because I want you to feel good about your decision of where we price it. I don't have a problem with listing at the upper end of the market because we will get feedback from every agent who shows the house. If we're wrong, I will be able to call you and tell you we were wrong.

SELLER: But do you think we have time? This is a big, critical factor.

AGENT: There's no question that we have enough time. Sixty days? It can absolutely sell in sixty days.

SELLER: Where should we price it to sell it in 60 days?

AGENT: Based on the inventory right now, there are two that are under contract, and there are three that are active, which is a wonderful thing in this neighborhood. The absorption rate is very good. That means we've got about a month and a half's worth of inventory. Rather than try to ring the bell and go at \$270,000, I would go somewhere between \$260,000 and \$265,000 in order to have a thirty-day sale. But, regardless of the price we pick, we'll have feedback every time it's shown.

Working with a Seller Who Also Wants to Buy: Script #1

[Once you've done the meet and greet and rapport-building ...]

AGENT: The most important thing here today is for me to find out what your objectives are so that I can design a program to help you accomplish your goals. So I'm going to listen here for a while and let you tell me what your ideal time line is for this whole process, because it sounds like you're considering selling your home at this point in time. Tell me a little bit about what you and your family are planning, what your next steps are going to be, and the timing of those things. *[Listen and take careful notes.]* What would be your ideal way to accomplish them?

[At this point in the dialogue, you have a general sense about the seller's motivations.]

SELLER: *We are looking for a bigger home. Our kids are at an age where they need separate rooms, and we'd like to relocate to a better school district.*

AGENT: There are a few ways you can do that. One way is that we could go ahead and start searching for that new home for you first before you sell. As we do that, I'm going to show you all the options that are out there. That is, if you want to buy first, to ensure that you find the house that you're looking for and that you're not under any pressure to have to buy within a certain time frame. My role is to educate you to the point where you can make a decision with which you're comfortable. I am not going to try to sell you anything. I really play a consultative role, to educate you to the point that you can make a decision that you're very comfortable with and that will hold up for you long term. That way you'll be satisfied with the home that you've purchased, not just until closing, not just a year from now, but for three or four or five years. That way, you will look back on this decision and say, "That was a good decision. I really am glad we bought this house when we did."

My responsibility is to help get you to that point. Whether it takes a short time or a long time is up to you, given your time line and your learning curve. If you already know a lot about the area's real estate or if you know nothing about local real estate and you need to learn a lot before you can make a decision comfortably, then that's what we're going to do. So, would your preference be to buy your next house first or sell this and then start looking?

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Working with a Seller Who Also Wants to Buy: Script #1 (continued)

SELLER: *We'd like to buy our new house first before selling.*

AGENT: Great. We'll still go ahead and do the market analysis that I brought here tonight. I'll present that to you and we'll lay out a time line, and I'll give suggestions and recommendations of things that will help the house sell for more and sell more quickly. Because what I've gathered from hearing you talk is that that's part of your objective, isn't it?

SELLER: *Yes, it is.*

AGENT: Great. I'll go through the time line and show you my recommendations. I'll also give you a price recommendation—we'll determine where the house is going to be priced. Of course, the price is subject to an update, due to the lag time between now and when you actually put it on the market. But we'll start working toward that end now. In the meantime, we'll start by helping you find your house. Once you find your next house and it's under contract, we can move forward and put yours on the market. Then you can move into your new home and we'll get this one sold.

SELLER: *That sounds good.*

AGENT: Before we move forward, let me explain the upsides and downsides to buying your next home. The advantage is that you are not under time pressure other than what you impose on yourself, given your time line. A disadvantage to that is that there's a possibility that you could have two mortgage payments for a period of time. There is a risk there. To be able to do it that way, you have to be able to qualify to purchase that next house before you sell your current house. You have to have enough cash to get into that next house before you sell your current house. If you want to have a certain size mortgage, and that mortgage is going to be smaller than the sales price of the house, then we could always structure that loan so you've got a first lien and a second lien. The amount of the second lien will be the amount that you're going to get as a net out of the sale of this house. So as soon as it sells, you'll be able to pay off that other note.

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Working with a Seller Who Also Wants to Buy: Script #1 (continued)

SELLER: *What happens if our house takes too long to sell?*

AGENT: That's what you need to decide right up front. I can give you a very accurate estimate of how long it'll take. But you need to determine whether you're comfortable with that. I'll lay out all the facts for you and then you can decide. That may lead you to go ahead and choose the second option. The second option is to sell your current home first, and after you have sold that home, close on the second home. Your next home.

Now, if we do it that way, we'll initiate the time line with a market analysis of your property. We'll start getting the house ready—this is the staging part of the process—so that it shows at its best, so you'll net the most money and get it sold in the shortest time. Then we're going to start shopping for that next house. We can't buy it yet because you want to wait until you have your current house under contract, but I can start getting you educated about the market so you'll be ready to make a decision. When your house goes under contract, we'll already have seen what houses out there fit your search parameters. Then we'll be ready to write a contract on the new home. We can make the contract contingent on the closing and the funding of the first house. I've had success in getting sellers to accept that kind of contingency. In that scenario, where we have been shopping the market while your house is on the market, we may narrow it down to where you say, "I like those three in that neighborhood. I can be really satisfied with one of those. One of those is my first choice, but I can be really satisfied with either of the other two." Once we've caught up with what's on the market—active inventory—then it's a matter of my showing you anything new as it comes on the market so that you keep up with the inventory and you're always ready to buy. After we get a contract on your house, everything goes into high gear. We get back out in the neighborhoods. We view the homes that have just come onto the market. You make a decision about which home you want to purchase. We write the contract, we negotiate it, and we set it up so that it closes right after the first house closes, and you move straight from one into the other.

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Working with a Seller Who Also Wants to Buy: Script #1 (continued)

SELLER: *Well, gosh, am I going to be homeless? Is there going to be a gap in there where I don't have a home?*

AGENT: I have taken this approach hundreds of times, and I can assure you, you won't be homeless. We will get your house ready so it is in prime showing condition. We will price it right on the cutting edge of the market, so it will be a no-nonsense price. We'll stand firm on that price. Furthermore, I've had success in negotiating a short leaseback period between the time you get your house under contract and when it closes to give you a little bit of moving time. We can't always do that. But if you can work with me on getting your home in sterling showing condition, and if we price it right, we can get the highest amount that we can possibly get from the current market. If you can work with me on those things, then we can get your home sold quickly and have the leverage to negotiate a short leaseback. Does that make you feel more comfortable?

SELLER: *Absolutely.*

AGENT: Great.

Working with a Seller Who Also Wants to Buy: Script #2

AGENT: Today, we're going to get into the market analysis. First, I just wanted to find out from you if you've decided whether to buy first or sell first. Remember that if you choose to buy first, we will do some preliminary pricing on your current home, then immediately begin the search for your next home. After you find your next home and it's under contract, we can move forward and put your current house on the market. On the other hand, choosing to sell first means we will begin with a thorough market analysis on your property. Then, while you start getting the house staged, we'll already be shopping for your next house, even though you won't be buying it until your current house is under contract. That way you will be educated about the market and possibly even have your search narrowed by the time your house goes under contract. Do you think you've made a decision whether to buy first or sell first?

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Working with a Seller Who Also Wants to Buy: Script #2 (continued)

SELLER: *Probably sell first.*

AGENT: Well, the advantage of that is that you don't run the risk of having two mortgage payments.

SELLER: *Which scares us.*

AGENT: Sure, I don't blame you. That's enough to scare anybody. The disadvantage of selling first is that you're going to feel a little bit more pressure to make a purchase decision right away. But I can reassure you, right here today, that if we work together well—and from talking with you I feel comfortable that I can work with you—you'll be comfortable enough to make the decision for yourself to get this house in really pristine showing condition and get it priced right so we can start the shopping process. I have carried out this process hundreds of times. I can assure you, you're not going to be homeless. We'll get you prequalified right up front. We'll get you in to see a mortgage lender immediately. Have you had the opportunity to sit down with a mortgage banker or mortgage broker yet?

SELLER: *No.*

AGENT: Okay. This guy will shop the market. He's a mortgage broker. And he'll be able to shop the entire market to determine the best rates and the best, most minimal closing costs for the loan. And he'll also determine exactly what you qualify for.

SELLER: *Will he take into account the house I'm selling now?*

AGENT: We'll explain to him our game plan, and then he'll know we're going to sell this one before we purchase the next one. And if that sale is going to be your source of funds for the purchase of your next house, he'll know that. And he'll be able to work us through that. He'll be able to work some good-faith estimates that will show you, in a line-item form, exactly what your costs are going to be. That takes a lot of the guesswork out of it. It also takes a lot of the fear out of it.

SELLER: *Gosh, what if we sold our house and then didn't qualify to buy the next house?*

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Working with a Seller Who Also Wants to Buy: Script #2 (continued)

AGENT: The mortgage broker will know that the source of those funds are going to come out of this house. They can run your credit. They can sit down and take your financial information and can work your ratios there. And they can actually generate a prequalification letter showing that you will qualify to purchase up to a such and such priced home. That will help us to know the price range to shop. Now, maybe your qualified price range is higher than you want to spend, and that's fine. If you qualify for \$300,000 and you want to buy a \$200,000 house, that doesn't hurt anything. Your budget figure is the most important figure. The qualifying figure is obviously very important too, and the lender can furnish us with that. That will take that fear away from you because we'll know that figure up front. You'll be able to look at the letter that says they've reviewed your credit and that you qualify and feel very comfortable about that.

And that's assuming that we get the price that we ask for the house.

AGENT: Sure. And I can talk to the lender about the kind of net you're going to get out of this home. Or you can talk to the lender, too, because I'm going to furnish you that information.

Tip! Once the selling process is clear to the sellers, they often look forward to getting started with the staging of the home.

Emphasizing Price, Timing, and Convenience: Script #1

AGENT: Let's talk about the key objectives of most sellers. They are as follows: pricing your home at a fair market value; timing—making sure we sell in the least amount of time—and, finally, ensuring that the actual selling of your home causes you the least amount of inconvenience. Do these sound like three things you would be interested in talking about?

Definitely. The timing is key, I think.

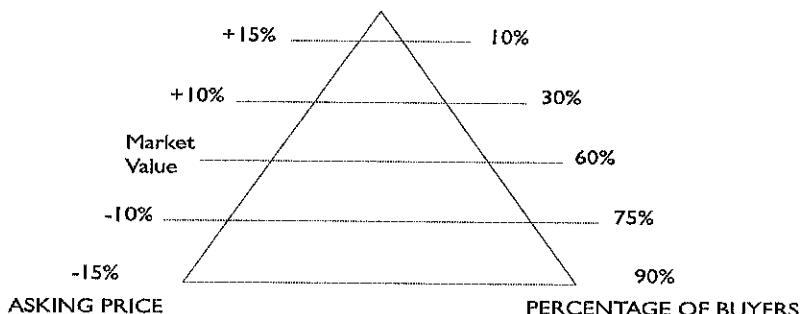
AGENT: Timing is key, but that's tied in with pricing. If the home is priced correctly, it should sell in the shortest amount of time. If we price the home at the fair market value, you have a better chance of selling it quickly than if we either overprice it or underprice it. Would you like to know some reasons it's not good to overprice?

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Emphasizing Price, Timing, and Convenience: Script #1 (continued)

SELLER: *At least give us some of the reasons, because we thought we would set the price higher and then bring it down a little bit when we get an offer.*

AGENT: And most sellers think that, but if you'll look at some of these comparisons, you'll see that if the house was priced right, it sold very close to the asking price. The problem with under pricing your home is that it causes the buyers to be skeptical. They will ask, "Is there something wrong with this home?" and it'll cause you to lose money, because you'll leave money on the table. One of the problems with overpricing your home is that you will keep certain people from coming to look at it because they think they can't afford it, and so you won't generate as many buyers. There will be a big waste of marketing and advertising dollars. As a matter of fact, if we overprice it, the odds of you selling it within that sixty-day period are less than if we price it correctly. Does that make sense?



SELLER: *Sure. I can see that.*

AGENT: My suggestion would be that we don't get hung up on a specific price, but that we work on a price range. How does that sound?

SELLER: *What were you thinking?*

AGENT: Well, I was just getting ready to ask you the same thing. I have something in mind, but I always like to ask my sellers, "Do you have a particular price that you were shooting for?"

SELLER: *I wanted to put it at \$275,000. Now I'm thinking maybe the market has slowed down a little bit, and maybe I'm going to have to put it down a little lower. Maybe \$265,000 or something. I don't know, I'm just kind of worried about it because I have to move in sixty days.*

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Emphasizing Price, Timing, and Convenience: Script #1 (continued)

AGENT: Timing seems to be your key objective. If timing is the key objective, then my suggestion to you would be to price it to sell. There are only three things that affect the salability of a home. Price, location, and condition. You can't do anything about location. We're going to stage it to where it's in top condition. So to price it correctly is all that's left. If it does not sell, the only thing we can do is change the price. We're not going to get hung up on a particular price. We're going to deal with a price range. Okay? We want to get your home sold in the desired time. Then, as far as the inconvenience goes, if we get it sold in the sixty-day period, we'll have a whole lot less inconvenience.

SELLER: *Exactly. Because it won't be so long. People tromping through the house ...*

AGENT: Right. Living in a fishbowl is tough for more than sixty days.

Leading the Seller to Self-Appraise: Script #1

AGENT: Now why don't we look at the most important information, which is properties that have already been sold. You see, Mr. and Mrs. Seller, in order to close your home once, we have to sell it three times. We have to sell it to a buyer. We have to sell it to a buyer's agent, and we have to sell it to an appraiser. Now of the three, who do you think it's the most difficult to sell the value to?

SELLER: *The appraiser?*

AGENT: You got it. The buyer has an emotional interest: they've expended enough energy and effort to stop looking at properties and sit down and write an offer, which takes several hours. A buyer's agent has a financial interest in a property. But an appraiser has no interest. He's a representative of the bank, a disinterested third party, who's there only to validate that what the lender is lending is valid. And that's the most important thing. Now, I know it's tough. I know you put in a lot of effort and your house is gorgeous, and you've got a lot of emotional value. Your children grew up here and I understand how you feel. What I'd like you to do is pretend, for a moment, as we look through this data, that you are an appraiser. At what price would you appraise this house? In that way, we will try to be as objective as possible as we look at this data. Now let's evaluate this information, beginning with your subdivision.

(continued on next page)

Leading the Seller to Self-Appraise: Script #1 (continued)

Tip!

You want to make sure the seller knows you have all your homework done. One mistake some agents make is only picking the comparables that they think are most like that home. Or they leave something out that the seller wants to see. Be thorough—pull all the information of all the sales in that subdivision for the last year, including active listings, contract pendings, and expireds. Then, put similar properties in a summary format.

You are leading them through a complete self-discovery process. Read the information to them, so they can pretend they're an appraiser and evaluate what they think their house can truly sell for at the highest market price.

AGENT: Now, Mr. and Mrs. Seller, let's widen our search to an area search. This house, for example, is around \$200,000. Let's pull data a little above and a little bit below, say, 210–220, 200–210, 190–200.

Let's use the \$200,000 example. Just to give you my formula, I'm looking for the absorption rate. *[You want to see how many homes are selling each month because most people need to get their home sold in thirty days, even if their goal is the most money.]* So what I'm doing is checking out the one-month supply of inventory. I'm not going to search the subdivision of that area. I'm looking for a certain sample that will give us enough homes to get an accurate projection, usually about three or four multiple-listing map areas, depending on the saturation. So, in the sample of listings between 210 and 220, there are twenty homes for sale. And there are twelve homes that have sold over the past six months. We figure out the monthly rate by dividing the number of homes by the number of months. So it's twelve divided by six equals two. That's two homes per month that are selling. And then you divide the number of active listings into the number of homes selling per month, which gives you the month's supply of inventory. In this example, with twenty homes for sale, and two homes selling per month for between 210 and 220, we have a ten-month supply of inventory. Now, Mr. and Mrs. Seller, in order for you to get an offer in the first thirty days, to be absorbed by the market in the first thirty days, you need to be among what? The top two homes of that list of twenty. Make sense?

SELLER: Yes, but that house isn't as nice as ours.

Tip!

The basic purpose of the area search is to get the seller to think like an agent and you, their agent, to think like a buyer, as you help the seller decide where they want to compete in the market.

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Leading the Seller to Self-Appraise: Script #1 (continued)

AGENT: Okay. Now, let's look between 200 and 210. There are ten homes for sale and in the last six months, eighteen have sold. So, eighteen divided by six—there are three homes selling per month. There are ten for sale. It's a little bit over a three-month supply. Three homes selling per month, ten are for sale, so there's a three-month supply of inventory in that price range. Sometimes, it can be that gaping. 210 to 220, you've got a ten-month supply, and 200 to 210, you've got a three-month supply. Well, where would you rather compete? In the ten-month supply of inventory, or the three-month supply of inventory?

Three-month supply.

AGENT: Right, because there's less competition. We look at these ten that are for sale, and we see what they would be competing against, just like another agent would checking the market for a buyer, and just like a buyer would. Okay? And then we look between 190 and 200. In that price range, there are only six for sale. And thirty-six that sold in the last six months. So thirty-six divided by six is six selling every month. We have got a one-month supply of inventory. That is a seller's market. If you don't sell in thirty days in that type of a market, it's obvious that you've overpriced your home. How do we stack up?

Mr. and Mrs. Seller, based on your goals, in which price position would you most effectively compete, 210–220, 200–210, or 190–200?

Probably between 190–200.

Executing the Trial Close

Attempting to List a Client: Script #1

AGENT: Are you ready to get your home going now? I'm ready to get after it.

Attempting to List a Client: Script #2

AGENT: If I could show you a way that you could net more money, have a quicker sale, and have fewer hassles by doing business with me, would you do it?

Attempting to List a Client: Script #3

AGENT: If you decided, like others have, to choose me and sign the contract, then I would be willing to work diligently to sell your house, which is what you want, right? Great, if you would just sign the contract, we can get started.

Attempting to List a Client: Script #4

Trial Close:

Use this script if they want to interview other agents, or just want to think about it.

AGENT: Is there anything else that we haven't talked about that you want to, and maybe you're holding back. For instance, how soon do you think you'll be making a decision?

SELLER: *Probably within a week.*

AGENT: Great. I want to remind you of one thing before I leave. If any questions come up that you're not absolutely 100 percent sure about where I stand on them, call me before you make any decision. I'm going to give you my private cell phone number so you can call me personally.

(continued on next page)

Attempting to List a Client: Script #4 (continued)

[Keep note cards in your car. Immediately after the appointment, write a handwritten note on how much you enjoyed meeting them. Then, take it directly to the post office, so it will be at their house the very next day.]

Follow-up Call:

[Rather than waiting a full week, follow up three days later. You can always come up with something of value that you didn't tell them in the presentation. Use this as a way to reestablish yourself in the mind of the sellers.]

AGENT: You know what? I just thought of one thing I forgot to tell you ...

Attempting to List a Client: Script #5

AGENT: Considering everything that has to be done, do you see how I can make the sale of your home more convenient for you? Can you imagine what people who decide to sell their homes themselves are going through at this point in the transaction?

Attempting to List a Client: Script #6

AGENT: When you look at the process, it's a lot more work than you thought, isn't it? You can see why 82–90 percent of homeowners use an agent to sell their homes.

Attempting to List a Client: Script #7

AGENT: Will you let me sell your home and do all this hard work for you?

Attempting to List a Client: Script #8

AGENT: Based on our discussion this evening, don't you think we will work well together and have a win-win relationship?

Attempting to List a Client: Script #9

AGENT: Based on our discussion, let's get the room measurements and finish the paperwork. Can you take this end of the tape measure?

Attempting to List a Client: Script #10

AGENT: Let's review the listing agreement, which I completed for you. Is this information correct? May I have your acknowledgment here?

Attempting to List a Client: Script #11

AGENT: Now that we have completed all of the paperwork, are there any other questions you might have?

Attempting to List a Client: Script #12

AGENT: The next step is for us to do another walk-through so we can talk about deferred maintenance and staging your home so it sells quickly. Can we do this tonight? If not, when is a convenient time for you? How about _____ or _____?

Attempting to List a Client: Script #13

[If the sellers have been allowed to self-discover what a working relationship with you would be like and you've established yourself as a professional and as someone whom they feel they cannot work without, closing is a snap.]

AGENT: *Mr. and Mrs. Seller*, after our conversation tonight, I feel we have the makings of a win-win relationship. Would you agree?

SELLER: Yes.

AGENT: Great ... *[Use any of these responses:]*

- Is there any reason not to go ahead with this?
- Are we ready to move ahead with this?
- Is there anything we need to do before we get started?
- Do you want me to handle this sale for you?

Handling Pricing Objections

The Price You Are Suggesting Is Too Low to Meet My Net: Script #1

AGENT: I appreciate that! You see, *Mr. and Mrs. Seller*, you're not just hiring me to provide you with information, you're also hiring me to interpret the information for you! My analysis shows that in past buying situations in your area, this is what buyers are saying yes to *[Wave Sold summary page.]*, and this is what buyers are saying no to. *[Wave Expired summary page.]* Does this make sense? Let's remember for a moment our overall goal.

Goal:	SOLD	(Result of) ↓
	CONTRACT	(Result of) ↓
	OFFER	(Result of) ↓
	SHOWINGS	(Result of) ↓
	MARKETABLE PRICE	(Control of)

You see, *Mr. and Mrs. Seller*, finding a marketable price for your home is not an abstract philosophy. We have the opportunity to know and understand what the buyers in your area are doing. *[Point to Sold summary page. Then, lay the three summary pages on the table.]* In which category would you like to be?

SELLER: Sold!

AGENT: My recommendation is that we list your home for \$_____. Is this acceptable to you?

SELLER: No, I bought my home for much more than that!

AGENT: Let's remember for a moment our overall goal. The goal is to get the home sold! Before we can get the home sold, what has to happen? *[Let the seller answer each question before you give the answer.]* We have to sign a contract. Before we can sign a contract, what must we receive? We must receive an offer. Before we receive an offer, what do we need to generate? We need to generate showings. And, in order to generate showings, what must we set? A marketable price! Now, let's talk about what we have control over. You see, getting the home sold is just the result of an accepted contract. An accepted contract is the result of an offer. An offer is the result of showings. And showings are just the result of a marketable price! Would you agree?

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The Price You Are Suggesting Is Too Low to Meet My Net: Script #1 (continued)

SELLER: Yes.

AGENT: What on this page do we have control over tonight?

SELLER: Price.

AGENT: Right, then why don't we take a proactive approach to satisfying these needs? *[Show needs sheet.]*

The Price You Are Suggesting Is Too Low to Meet My Net: Script #2

AGENT: You know what's great about this market? When you list your property, it's actually impossible to list your property too low. May I explain why?

SELLER: Please do.

AGENT: Okay. Well, in this market, there are so many buyers out there. If you put the price too low, you stimulate them to come and see the property—to see if there's a deal. Now, I'm not at all saying we're about to give your house away. But if I can stimulate ten solid buyers to write offers on your property, I'm going to have some huge negotiating leverage, correct?

SELLER: Yes.

AGENT: Great. You know, the worst thing we could do in this market is to overprice your property. May I explain why?

SELLER: Sure.

AGENT: If you overprice your home in this market, it's probably going to sit for a while. Now, the buyers out there right now are actually quite savvy and sophisticated. They know how long a property has been on the market, how quickly it sells, etc. If your property is on the market for too long, people are going to start wondering what's wrong with the property. We don't want them to stigmatize the property just because it's been on the market for too long, now do we?

SELLER: No, we don't.

AGENT: And why wait for one fantasy offer to come in when we can bring in ten right now? And you do want to sell, right?

SELLER: Right. But are you sure we shouldn't just price it higher? Because we can always come down.

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The Price You Are Suggesting Is Too Low to Meet My Net: Script #2 (continued)

AGENT: Well, you know, pricing it higher in order to come down, in this market, is really an unwise strategy. Everyone is playing a game out there. Essentially, what the buyers are thinking is that whatever the listed price is, out there they are going to have to bid higher than that to be able to get the house, right?

SELLER: *Really?*

AGENT: Oh yeah. You're hearing about all these bidding wars happening? You've heard about that happening in this market? Well, wherever we price the house at the beginning, people are going to think they're going to have to pay more for the property. And if they can't see the value to begin with—in terms of the price of the home—they're not going to come in, and they're not going to write offers. They're not even going to write lower offers, because they're not going to waste their time. Could you see that happening?

SELLER: *Sure.*

AGENT: What we need to do from the very beginning is get them to see the value first, and price second. Because if they attach themselves to the home and form an emotional attachment to it, then the price is not going to matter, even when it goes up. That's what we want to stimulate in the prospective buyer. Doesn't that sound like a better way to go?

The Price You Are Suggesting Is Too Low to Meet My Net: Script #3

AGENT: *Mr. and Mrs. Seller,* I understand that you need to net that amount. One of the challenges with selling houses is that houses are a commodity. It's like the stock market. If I went and bought one hundred shares of Microsoft stock at \$50 a share, it really doesn't matter how long I hang onto that stock, does it? I could have it for two days, two weeks, two months, or twenty years. If I decide I'm ready to sell it, call my stockbroker, and say, "John, I want to sell my Microsoft stock." And he says, "Microsoft is trading at \$25 today." And I say, "Well, I'm not going to lose money on my stock!" What do you think he's going to say to me?

SELLER: *You need to hold onto your stock.*

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The Price You Are Suggesting Is Too Low to Meet My Net: Script #3 (continued)

AGENT: He'll say, either sell it, or keep it. It's the same with your home. It is a commodity. People will pay what the market is willing to bear. So if this doesn't make sense and you don't have to sell it, don't sell it. Now may not be the right time for you.

SELLER: *Well, I need to sell it.*

AGENT: Okay. Well, understand that I wish I could get you that twenty thousand, but you've seen the data here. You've seen what the market is doing.

The Price You Are Suggesting Is Too Low to Meet My Net: Script #4

AGENT: The amount of profit in your home directly relates to what the market sees as the value of your home, not what you need for the next home. If you had IBM stock which is now selling for \$90 per share, but you needed \$120, would you be able to get \$120?

The Price You Are Suggesting Is Too Low to Meet My Net: Script #5

AGENT: I understand. I want you to pretend that you are a buyer. You've shopped around, looked at five homes, and now I show you this one. You like this home, but you're curious why it is priced above the market. I tell you it's because the seller must have an extra \$20,000 to buy a new home. As a buyer, what would you do?
[Listen to their response.] I would love to net you an extra \$20,000 because then we both profit, but I can only get you what the market will bear. Perhaps we need to look at your requirements for your new home and make some adjustments based on what you will realistically net out of this home.

The Price You Are Suggesting Is Too Low to Meet My Net: Script #6

SELLER: *The houses cost more where I am moving—I will need to net every penny I can.*

AGENT: Yeah, that market's a different market than here, isn't it? In fact, sellers whom I have helped and who have moved over there have quite often had to pay three times as much for a similar house. The market is very different there than here.

SELLER: *Well, I need money to make my down payment on my next house.*

AGENT: I understand that. But here's the challenge—what you paid for your house, what you put into the house, and what you need out of your house, have absolutely no bearing on the market or the market value of your home. Would you agree with me?

SELLER: *I would agree.*

The Price You Are Suggesting Is Too Low to Meet My Net: Script #7

SELLER: *I need money to make my down payment on my next house. My home is worth more than the market price.*

AGENT: You don't set the price, Mr. Seller. As your agent, I don't set the price. The market sets the price. It's like the stock market. You bought Dell stock at \$20. It went to \$15 and then up to \$25, but right now it's at \$18. The market will tell us what price your house will sell for.

The Price You Are Suggesting Is Too Low to Meet My Net: Script #8

SELLER: *Our home is worth more than the market price—I need to net more than that will give me.*

AGENT: I understand how you feel. But what price will allow the best chance of accomplishing your goals?

SELLER: *But that's so much lower than we were expecting.*

Sellers Are Like Fishermen:

AGENT: Let me ask you a question. If you were a fisherman and you knew the school of fish was twenty feet below the surface, and you cast your bait ten feet below the surface, what would happen? Now, by the same token, what would happen if you cast your bait twenty feet below the surface? You'd get lots of bites. If you price your home \$10,000, or 10 percent, over the market, might you be doing the same thing? The very people who should be seeing your home won't be, because you won't come up in their search criteria. For example, *Mr. and Mrs. Seller*, if we price your property at \$200,001, every agent looking in the MLS up to \$200,000 doesn't know about your home. If you told me today that you would accept a contract at \$197,000 or \$198,000, then we may be disservicing you by pricing it more than \$199,000 now. We would rather price you right on the market than price it for negotiation. Because when we price it for negotiation, negotiation is what we get. People shop real estate like they shop retail. If you went to Sears and you saw a product that was \$99.99, and you are looking casually for that product, you just make a note of it. And then a few days later, you walk into another store, and you see the same exact product, same exact quality, for \$79.99. What did the Sears price do? It validated your decision to buy the product that was \$79.99 at the other place, right? People do the same with real estate. Among these homes between \$210,000 and \$220,000, there are a couple shining stars. If you price your home in that range and you're not one of those shining stars, what did you make the shining stars look like? Like an even better value. Let me ask you a question, *Mr. and Mrs. Seller*. Are you putting your home on the market to sell your home, or sell the competition?

The Price You Are Suggesting Is Too Low to Meet My Net: Script #9

AGENT: Let's put you in the position of the purchaser instead of the seller. We'll discuss your specific needs in depth. This will include style, size, location, and most importantly, price. How long would you continue to trust me if I showed you homes that did not meet your needs and desires? Probably not long at all. Therefore, if I showed you homes that were overpriced for the market, how would that make you feel? A home is worth what a buyer is willing to pay, a mortgage company is willing to lend, and an appraiser is willing to support through the appraisal process. Let me review the buying process. After determining what your needs and desires are, I will search the market for homes that meet these specific needs and desires. I will not waste your time by showing you homes that are overpriced. I will also begin a process to watch for new homes that are just coming on the market. I am very familiar with homes in the various areas of our community, and I can immediately recognize when a home is priced "outside the current market." What this means to you as the seller is that real estate agents will not show overpriced homes. When you begin to reduce the price for your home to bring it back in line with the marketplace, you have also begun a downward trend. When this happens, both buyers and buyer's agents recognize that you are getting desperate, and they know that you will be more willing to accept even less than the price being offered. To reinforce this, buyers typically ask three questions: how much is the home, how long has the home been on the market, and why are they selling the home? Buyers know that you are less likely to stand by your price the longer your home is on the market.

The Price You Are Suggesting Is Too Low to Meet My Net: Script #10

AGENT: I understand how you feel, *Mr. Seller*. But pricing your home a little higher might be counterproductive. Would you rather list your home for sale or would you rather list your home to sell?

SELLER: *What do you mean?*

AGENT: Pricing your home a little higher may put your home in the wrong price position. If you are in the wrong price position, you make the competition look more attractive. *Mr. Seller*, are you putting your home on the market to sell your home or the competition?

Because of Updates, My Home Is Worth More Than Market Price: Script #1

SELLER: *We've done all this updating over the past year!*

AGENT: I can appreciate that, and in a buyer's eyes, that simply means you've brought the home up to selling standards. If you were looking to purchase a home and you found two similar homes that were for sale, one for \$150,000 and the other for \$160,000, which one would you buy?

Because of Updates, My Home Is Worth More Than Market Price: Script #2

AGENT: I appreciate that, but in a buyer's eyes, you have simply brought your home up to selling standards. Your updates will attract more buyers and make your home more competitive with other homes. Unfortunately, the actual price that buyers are willing to pay may not be as much as you put into it.

Because of Updates, My Home Is Worth More Than Market Price: Script #3

SELLER: *I've made some pretty serious updates to my house. Shouldn't the price reflect that?*

AGENT: Absolutely. We will, however, need to consider what an appraisal will reflect, even though you may have the best house in the neighborhood. If you installed a hot tub for _____ (\$7,000) four years ago, you wouldn't expect to use it for four years and then sell it for _____ (\$7,000). Likewise, there are certain items you may have put into the home that are basically maintenance-type items.

We're going to go through our market analysis, and make comparisons that include adjustments for things like square footage, number of bedrooms, number of bathrooms, garages, and so forth. We will make adjustments for any other items that an appraiser would give value to.

Because of Updates, My Home Is Worth More Than Market Price: Script #4

[This script is primarily useful in a rising market (i.e., seller's market = surplus of buyers).]

SELLER: *My home is worth more than what you've come up with based on the CMA. Can't we go with what I believe my home is worth?*

AGENT: The price you're suggesting is within a reasonable range of the listing price. We could put it there for two weeks and gather feedback from showing agents and buyers. They're going to tell us whether our price is correct or not. If we're getting a lot of showings and no offers, I can tell you that we'll need to adjust the price. The market is moving right now. The buyers are out there. If we don't get any offers, basically we're being told that we're overpriced. It might just take a slight adjustment of \$_____ (\$4,000–\$5,000) to get the home sold. In two weeks we can revisit this. Is that okay?

SELLER: *Sure, thanks.*

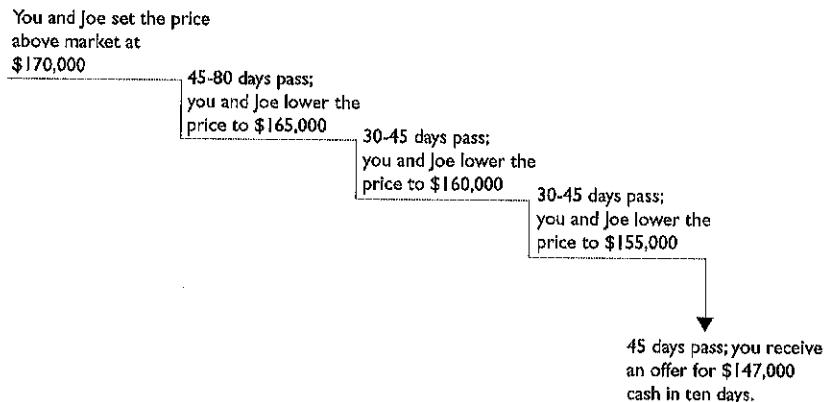
Because of Updates, My Home Is Worth More than Market Price: Script #5

SELLER: *I've made some pretty serious updates to the house—a new stairway and a deck—will our price reflect those updates? My old neighbor built a deck and sold his home for a lot more.*

AGENT: Let's take a look at the details of some of these properties that have actually sold. Let's look at what features they have and what features they don't have. Keep in mind that I've been in most of these houses, so I'll share with you what I know. *[Review CMA.]*

Another Agent Will List My House Above Market: Script #1

AGENT: Are you saying that you will not list your home with me unless I list it above the market? Here's my recommendation: sign a three-month listing agreement with that other agent and hold him accountable to the price he claims he can get. Then, when your home doesn't sell, give me a call and I will be happy to work with you. Would that be fair? By the way, do you really have six months to wait to sell your home? If that other agent can't sell your home, what is your contingency plan? I'm concerned for you. May I show you one option that I think you should consider? What I hear you saying is that you want top dollar and you want your home sold in ninety days or less. Here is what can happen when you price your home above market. *[Either draw this diagram on a sheet of paper or verbalize it to the seller. In the diagram, "Joe" represents the other agent. Use prices that reflect your market.]*



Are you going to take the offer for \$_____ (\$147,000) cash in ten days? Probably, because 150–195 days have passed and your goal was to sell in ninety days or less. I would like to show you a better way—that is, create an auction-like atmosphere for your home, which will allow you to get top dollar in a more desirable time period. The range of value for your home is \$_____ to \$_____ (\$148,000–\$152,000). So, we should price your home at \$_____ (\$150,000) and ensure that it is well staged, clean, and in great condition. This improves the chance that we will get multiple offers, which could drive the price above the list price. Does the other agent's approach create an auction-like atmosphere?

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Another Agent Will List My House Above Market: Script #1 (continued)

AGENT: By the way, how well do you know this agent? He might be using your home as leverage with his buyers. When a potential buyer discovers that your home is overpriced, the agent will show them another home. Anyone who tells you that he can get you more money than what the market will bear could be using your home as leverage to attract buyers. This other agent and I know all about this tactic; I'm just willing to be honest about it. Do you understand that the market determines the price? Does what this agent is telling you make sense? Do I have your permission to price your home so that you can get top dollar on the market?

Another Agent Will List My House Above Market: Script #2

SELLER: *Joe at XYZ Realty said that he would price my home much higher than what you're suggesting.*

AGENT: Sure he did, but I consider that a win-lose relationship and with me, it's win-win or no deal! When I say it's a win-lose relationship, I mean it would be a "win" for either Joe or me and a "lose" for you! Does that make sense?

SELLER: *No.*

AGENT: Joe has agreed to take your listing at such a high price because he wants to use your home as leverage.

SELLER: *What do you mean?*

AGENT: Joe will use your home to generate buyer leads, and when the potential buyer discovers your home is overpriced, Joe will sell them another home. "Win" for Joe because his need is met; he made money. "Lose" for you because none of your needs are being satisfied. Anyone who tells you he can get \$_____ for your home is using your home as leverage to attract buyers. Both Joe and I know what's going on; I'm just the only one being honest about it. How important are these needs for you? *[At this point you should have already conducted a needs analysis. If the seller's needs have been documented, slide them in front of the seller.]*

SELLER: *Very important.*

AGENT: Then shouldn't we assure a win-win relationship from the start?

Another Agent Will List My House Above Market: Script #3

AGENT: In our industry, we have the dangerous ability to alter figures to serve an ulterior purpose. That's true in almost any industry. An insurance agent can tell you how many people between seventeen and twenty-five have wrecked their cars. But they're taking a national average. If they just narrowed it down to your block or your neighborhood, it might not look that bad. The reason I brought that up, *Mr. and Mrs. Seller*, is I want you to know there's probably a good hundred other agents who would come in here to quote-unquote "buy" your listing. That means they're going to quote you an unreasonable price that they think your home is worth to get you to sign the listing with them. And then two to three weeks later they'll tell you that the home isn't selling and that you need to reduce the price. Now, that's great if it works for them. It doesn't work for me, because the only thing that works for me is honesty. You called me here because you wanted a professional to tell you about your home. So here's what I suggest you do. Don't listen to any of us about price. We don't determine price. We only bring you the figures from the market. The market determines the price. So what I'd like you to do is, look everything over. Keep a few things in mind: Hire an agent first based on trust, honesty, competence, and your feeling that they will put your needs above everyone else's, including their own. Also hire an agent based on your ability to communicate with them, as well as what you think they'll be able to handle for you. Let's take me, for example. Let's say you call me up and say, "I want to list the house for this much." And I suggested this much. It's okay. It's your home. I will still do all these things we've just talked about. But we will stay in constant communication and visit regularly. If it turns out that price is what is keeping it from selling after all these different things I do—the Internet, the open houses, the brokers' tours—then we'll talk about price. It's your home. Don't let somebody else twist you into doing something you don't want to do.

Tip!

This script can be used as the same objection-handling technique for pricing or commission.

I Don't Want to Give Away My Home: Script #1

AGENT: I won't give it away either! I want to get as much as I can—I'd like to ask \$600,000 for your home. However, logic says that this won't happen, because it's the market that drives the price. If the market says that buyers are willing to pay \$150,000 for homes in this area, at this size, and in this condition, and we get a buyer in here that can pay you \$150,000, are you giving your home away or are you getting top dollar for it?

Are you aware of the dangers of overpricing? An overpriced home typically ends up selling below market value; potential buyers won't even look at it, thinking it's out of their price range; advertising dollars and marketing efforts are wasted; sellers often lose the opportunity to buy another home; finally, an overpriced home makes other properties look good. There is a lot at stake if the price is not right, don't you agree?

My Neighbor's Home Sold for More Than That: Script #1

AGENT: Let's compare ... how is your home similar to your neighbor's home? How does it differ? By the way, what do you think your neighbor's home sold for? Let's look at what the CMA data, which takes all of this into account, says. *[Go over the CMA.]* Many times neighbors don't provide all the facts. How confident are you that your neighbor really got that price? Given your goals, desires, and needs, we need to make a decision that is right for you. Not taking into account your neighbor's home, what do you feel would be a marketable price? My data indicates that a marketable price for your home is less than that. If we tried your price for three weeks and your home didn't sell, would you lower the price?

I Want My Price No Matter How Long It Takes: Script #1

AGENT: I understand how you feel, but how would you feel about time if I said that houses that sell for the most money sell in the shortest period of time?

SELLER: *What do you mean?*

AGENT: Let me ask you a question. If you were a buyer, *Mr. Seller*, and you were out looking at properties and you looked at one that was on the market for two weeks—it had ten showings and maybe three buyers that had an interest in writing an offer—how would you feel about that property?

SELLER: *That it's a good property.*

AGENT: Right. Now, by the same token, if we were out in the marketplace and I told you that this property was on the market for five months and it had no offers, how would you feel about that property? Number one, you'd be wondering, "What's wrong with it?" Number two, you'd say, "The price is obviously too high, otherwise it would be sold by now." Your third thought would be, "Am I going to have the same problem selling it if I buy it?" So let me ask you a question. Would you rather get an offer at the beginning of the listing period or at the end of the listing period?

SELLER: *At the beginning.*

AGENT: Right. Why?

SELLER: *Because you're more likely to get a better price?*

AGENT: Exactly right. So we can create demand and urgency in the buyer. If we can create an opportunity to get an offer when your negotiating position is the strongest, that would serve you well, wouldn't you agree?

SELLER: *Yes.*

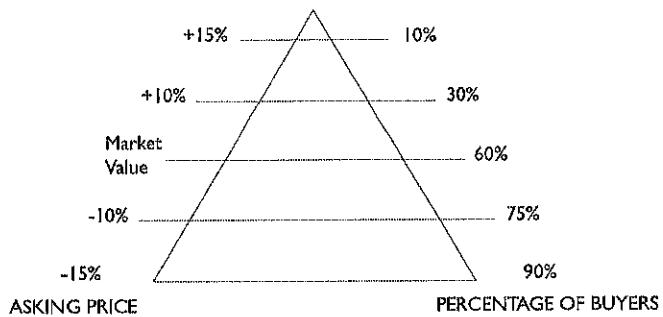
Tip!

Try to put everyone in the other person's shoes. The seller in the buyer's shoes and the buyer in the seller's shoes and buyers and sellers in the agent's shoes.

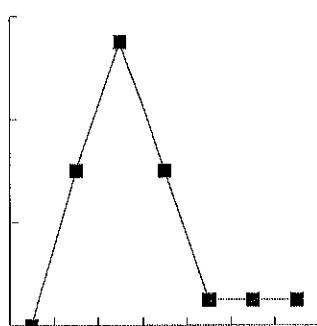
I Want to List at My Price then Come Down If It Doesn't Sell: Script #1

AGENT:

I understand that you want to net as much as possible; however, your home is subject to the economic conditions of the marketplace. How you price your home has a bearing on how many buyers look at it. Allow me to demonstrate with this pricing pyramid ...



Another thing to consider is that statistics show that the first thirty days your home is on the market are the most crucial. Why do you think this is? *[Listen to their response.]* The reason is simple. A home attracts the most interest in the real estate community and among potential buyers during the first thirty days that it is first listed. If your home is not priced right, it remains on the market longer—it becomes stale. Allow me to demonstrate with this graph:



Let's say that we list your home at your price and it doesn't sell. How many weeks are you willing to wait before you make a price adjustment? *[pause]* I'm afraid that by then, buyers' and agents' interest in your home will have dropped. *[Point to the graph.]*

I recommend that we take advantage of these two conditions and create an auction-like atmosphere, which allows you to get top dollar in the most desirable time. The range of value for your home is \$148,000–\$152,000. So, we price it at \$150,000 and ensure that it is well staged, clean, and in good condition. This will attract more buyers because the price is set at market value. *[Point to the pyramid.]* When you attract more buyers, you create an auction-like environment, which may result in driving up the price of your home. Is this pricing plan acceptable to you?

I Want to List at My Price then Come Down If It Doesn't Sell: Script #2

SELLER: *I hear what you're saying. But we still want to list at our price. We can always come down later.*

AGENT: I appreciate that; however, the first thirty days your home is on the market are the most crucial. The reason for this is simple. Statistics tell us that only a handful of the buyers in today's market will look at a property that is over market price, and a vast majority of the buyers will look at a property that is market price or below. Chances are, if your home is priced out of the market, it will not even come up in another agent's search criteria for comparable homes. Can we afford to lose a majority of the potential buyers for your home? If you were a buyer in today's market, which properties would you look at?

I Want to List at My Price then Come Down If It Doesn't Sell: Script #3

SELLER: *Can't we list the home at the price that I want, and then take it down if I can't sell it?*

AGENT: You certainly can. However, you have to remember that the longer a house is on the market, the lower the price you're going to get for it. One of the first questions buyers always ask is, "How long has the property been on the market?" And if it's been on the market for some time, buyers always ask, "Well, what's wrong with it?" Or they'll have the impression that they can offer a lower price. If we list at a higher price merely to test the market, and then begin dropping the price, we could—even after three or four months—end up below market value. Even then, you might receive only low offers or perhaps no offers at all because of the buyer's perception that something is wrong with the house or because of their assumption that you are desperate by now.

Why Does a CMA Dictate What My Home Is Worth?: Script #1

SELLER: *Why should I let your CMA dictate what I believe my home is worth?*

AGENT: Well, there are a couple of things we have to worry about. But when you do get a buyer under contract, the house still has to appraise. In other words, let's say a buyer comes along who absolutely loves your home and we go to contract. We still have to bring in an appraiser to evaluate your property. If the appraiser doesn't evaluate your property for what the selling price is, then either the buyer has to come up with more cash, or you have to come down on your price at that time in order for the sale to go through.

SELLER: *I think appraisers are very subjective anyway.*

AGENT: That's true; there is some subjectivity to it. But your house still has to appraise.

Handling Pricing Objections from Expireds

We Want to Put Our Home Back on the Market at the Previous Price: Script #1

AGENT: Well, *Mr. and Mrs. Seller*, I understand that. But, we really need to put your home out there at a fresh, new price because of the market itself; not only do I have to go out and sell it to new buyers buying your home, but now I've got to go sell it to the agents again who already looked at it at this price. So I've got to go remotivate them, as well as buyers, to view your house. Instead, we've got to put it out there at a price that will stimulate the agents to come by again and view your home.

We Want to Put Our Home Back on the Market at the Previous Price: Script #2

AGENT: We track our leads and we track the number of showings to the number of sales. Typically, you should see an offer within six showings. That's the market average we have on our properties. If you tell me you had twelve showings and no offer, then you have the market speaking to you. Ninety-nine percent of the time it's going to be price. Even if it's location, price will almost always fix the location. So if you had ten or twelve showings and no offer, then the market has spoken that you're above the marketplace and we need to get where the market's going to be if you truly want to sell your house.

We Want to Stay at the Current Price: Script #1

AGENT: Are you still selling your house? My computer shows your house has been on the market for one week over one year with another agent. Have you had many offers?

SELLER: *No, not any, but we want to stay at this price.*

AGENT: You have a great house, great floor plan, great lot, and a terrific location. If you want to stay at this price, that's your decision. Here's what I recommend, given the current market. If we price it here and the market is still going down, we get farther away from the market with each passing day, don't we? If it doesn't sell within a twenty-day period of time, then we need to reevaluate the price and drop it down to match the market, if the market hasn't shifted even lower by then. We need to go ahead and prearrange that, in twenty days, if it hasn't sold, we'll look at the price. And we're going to be marketing the fire out of this in a very proactive, aggressive kind of way, as I've detailed to you in my marketing plan. But if it hasn't sold within that period of time, then we need to drop it down to this price. Does that sound reasonable to you?

SELLER: *All right. I'm willing to do that if you're willing to do that.*

AGENT: Let's write that into the listing agreement that as of _____ [date], if this property is not under contract, or we don't have an offer working, we'll go ahead and reduce it to no higher than the price we've just agreed upon.

Staging Objections

Why Do Upgrades?—Let's Sell As Is: Script #1

SELLER: *My house looks great. I'd like to sell it as is.*

AGENT: Let me explain an added service that you're going to get from me that you won't get from other agents. Other agents are not willing to spend the time to explain how to get top market dollar by making a few upgrades to your house, because most agents are fearful of being totally candid about the condition of someone's house in a way that won't unduly upset or offend the homeowners. But I am going to be totally honest and candid with you. Because, frankly, if you can't rely on me to be totally candid with you, then I'm not the professional that I ought to be for you, and I'm withholding information that could help you get a higher price and sell your house in less time. If I step on your toes when I am sharing this information, I'll always back up and apologize, but it won't keep me from telling the truth, because I think that's why you've called out a professional today, isn't it? You can count on me to be totally honest and candid with you. I can see from walking around the home that there are quite a number of things here that could make quite a difference in how large this home shows, in how bright it looks, and how many prospective buyers find it appealing. This is what it's all about: we're really trying, *Mr. and Mrs. Seller*, to try to get the largest possible pool of prospective buyers to want your house. Not 1 out of 100, because the odds aren't good that there will be 1 out of 100 who will like your home exactly as you have it currently decorated. The odds are much better if we have 60 or 70 out of 100 who will like what you've done with the house because it's neutral—because they can move in without having to lift a finger, and they will pay more money for that home needing substantial work. What I think I hear you saying—and tell me if I'm hearing this wrong—you want to get maximum market value out of your home, don't you?

Tip!

Turn the objection to upgrades into an asset: everyone prefers to sell their house "as is" at top market dollar. Hold out their top market aim as a carrot, and have the courage to be honest about their home's needs.

(continued on next page)

Why Do Upgrades?—Let's Sell As Is; Script #1 (continued)

SELLER: *Yes, we want to get the maximum value for our house.*

AGENT: Well, the key to doing that is not to sell it as is to an investor type, because an investor type is going for the rock-bottom price. Investor types want to buy a home that needs new carpet, fresh paint, new roof—all the cosmetic and visual things. They want the homes with the red wall and the pink wall and the green wall in succeeding rooms. Because they know that the average buyer is not going to find that to their personal decorating taste. Most buyers' furniture doesn't match that color scheme. Or some buyers would have had the red room attached to the green room, while others want the opposite. If it's neutral, however, anyone can easily visualize themselves moving in and, if they want to, modifying the house after they've moved into it.

SELLER: *How do we know what to change?*

AGENT: One of the key things I will do for you is some very detailed staging. I have a sixteen-minute video that I will give you, and it's excellent about showing you the "before" and the "after" picture of what we're trying to accomplish. And then, second, I've got a room-by-room description of everything that will make your house look larger and lighter and brighter. For instance, you may need to move the furniture from here to there or thin things out or do some packing. The reality of it, unfortunately, whether you're talking about your home or my home or anybody's home, is that the way we live in a home and the way we sell a home are totally different. That's just the reality of it. Notice the emotional impact that model homes have on you. When you walk in there, they just reach out and grab you, don't they? And you can accomplish the exact same thing in a resale home without all the fancy stuff that they have in model homes, just through following these basic staging principles. Now, we're not going to do that today, but that's something I'll get back to you with on a subsequent visit so you'll have all that information.

SELLER: *How much will all this cost?*

AGENT: When you get ready to sell your home, at that point you need to stop spending any money on the home. *[Long pause.]*

(continued on next page)

Why Do Upgrades?—Let's Sell As Is: Script #1 (continued)

SELLER: *Okay, that makes me feel better!*

AGENT: The only exception to that I recommend is if it's going to be one of those items that, by addressing it, you will double, triple, or quadruple the money that you put into it by getting a higher offer or a quicker sale. That's the only situation where spending money makes economic sense. Do you understand that?

SELLER: Yes.

AGENT: *Mr. and Mrs. Seller,* if I took you out today and we looked at twenty homes, we might have two homes that were staged. The rest of them are on the market more or less in the condition people lived in them. Maybe they cleaned up a little bit. But that's about it. At the end of the day, when you get home after seeing twenty homes, what are you going to remember? It's kind of a blur in your mind, isn't it? You're trying to recall something that stands out among all the homes you've seen that day. One of the things we want to have as an advantage is that your home stands out. Buyers will notice that it's very neat and very clean. But they'll also notice that it's staged. Staging will psychologically deliver a major emotional punch.

SELLER: *So they can visualize where they could put their own stuff.*

AGENT: That's exactly right. If it has too many of your things that are very personal or individualized, or that demonstrate a unique decorating style, then they have a hard time visualizing how they would be able to place their things in the home.

Tip!

Don't give them the staging video until they've signed the agreement. Give them generic suggestions only. Keep the video in your car, so you can bring it in if they sign that day.

Objections to Signing an Agreement

We're Not Ready to Sell. We Need Time to Make Repairs: Script #1

AGENT: I think making repairs is a great idea. Let's pick a target date and start the paperwork. We want your home to be in tip-top condition, so when it does go on the market, it will generate a lot of interest and excitement. Let me get my calendar out. So, when will your home be ready?

We're Not Ready to Sell. We Need Time to Make Repairs: Script #2

AGENT: Which repairs do you intend to make? How much time do you think you will need? *[If it's less than two weeks, recommend that they list the home.]* I recommend that we sign a listing agreement. I'll put a sign in your yard, but I won't input your home on the Multiple Listing Service (MLS) until after the repairs are made. That way, if a buyer happens to come along, we might be able to show your home and tell them what repairs are in process. I wouldn't want to risk missing "the perfect buyer." What do you think?

We're Not Ready to Sell. We Need Time to Make Repairs: Script #3

SELLER: *We need time to make some repairs, so we're not ready to sell. Will we be able to increase the listing price when we're done making repairs?*

AGENT: Right now, buyer demand is very strong. Interest rates are very low, and there's not much inventory out there. So right now is the perfect time for you to sell. I'm not sure what's going to happen two months from now. Interest rates could rise, and the inventory will increase as we get closer to spring, since more people will be putting their houses on the market. These are two negative things that could happen. So we don't want to wait so long that there are fewer buyers and more inventory. Right now, we have low inventory and many buyers. This might be your best chance, but you have to make that decision.

Why Should We Have You Represent Us?: Script #1

AGENT: I really enjoy your home, and I understand that your wants and needs are to _____. Now, who better to represent you than me? I'm ready to sign the listing agreement tonight, how about you?

Why Should We Have You Represent Us?: Script #2

AGENT: Did other agents interview you as extensively as I did? Do you feel that they understand your wants and needs? Do you think they have enough information to consult and guide you? As a real estate consultant, I can do the best job for you.

Why Should We Have You Represent Us?: Script #3

AGENT: What concerns you? Don't worry, you won't hurt my feelings. Other than this, is there anything else preventing me from selling your home?

We Want to Think About It: Script #1

SELLER: *We really need to think it over before we sign any kind of agreement.*

AGENT: I understand that you want to think about it. Let's do this: let's think about it together—three minds are better than two. So what is really stopping you from signing the listing agreement now? Let's talk about it.

We Want to Think About It: Script #2

AGENT: What is it that you have to think about? *[Listen to their response.]* Besides _____, is there any other reason why you wouldn't sign a listing agreement with me tonight? Would you like to talk about this in private? How about if I step outside and give you some privacy?

I have a suggestion. Why don't we sign the paperwork right now and I just won't turn it in until noon tomorrow. If you feel uncomfortable about moving forward or decide not to put your home on the market at this time, just give me a call and I will tear up the paperwork and have the pieces delivered to you. It would save us both time to complete the paperwork now. Is this fair?

[If they continue to resist, probe for deeper objections. Do they have appointments with other agents? Are they thinking about FSBO?]

I Need to Talk with My Spouse: Script #1

AGENT: No problem. I would like to save you the time and trouble of explaining this ... could I get your spouse's *[or lawyer's or accountant's]* telephone number so I can set up an appointment? They might have in-depth questions about Keller Williams Realty or the terms of our listing agreement that I would be happy to explain. Besides talking to your spouse, is there anything else that prevents you from letting me sell your home? Let's get the paperwork started tonight, then set up another meeting with your spouse to finish it. How does that sound?

How to Avoid This Situation

You shouldn't get into this situation if you properly set up your listing meeting. The best way to avoid this is to confirm the appointment and ensure that all the decision makers will be present. If they are not available, reschedule.

You Haven't Sold Any Homes in My Area: Script #1

AGENT: That's a valid concern. However, my company has homes for sale all over the community. This means that when you sign a listing agreement tonight, we can expose your home to buyers from all over the community. Do you realize how important that kind of exposure is? All we need to do now is sign this agreement, so I can help you get the price you want within your desired time frame. Won't that be great?

You Haven't Sold Any Homes in My Area: Script #2

AGENT: You might find that the other agents who are selling in this area are too busy to sell your home!

We Hear You're Very Busy: Script #1

AGENT: I take it as a compliment when others say that I'm busy. I once heard someone say, "Success leaves clues." The fact that I'm busy should be a clue that I take good care of my clients. My goal, by the way, is to make you feel as if you are my only client.

We Hear You're Very Busy: Script #2

AGENT: Would you agree that most companies have a division of labor? My team is no different. A typical real estate agent does everything on their own—paperwork, janitor, follow-up, placing ads, and so on. I have a team of client-care professionals who take care of these responsibilities better than I could. For the price of one real estate agent, you will be getting a team of real estate professionals.

We Want to Interview Several Agents First: Script #1

AGENT: I understand and appreciate that you want to interview other agents. Let me ask you a question: Do you think the agent you're going to interview has a better understanding of your needs or situation, or a better system in place to get meet these needs?

SELLER: *I haven't met with him yet, so I can't say.*

AGENT: I appreciate that and understand that. And I'm all for honoring a commitment. But let me ask you a question. Frequently, agents go through a lot of time preparing for a listing consultation. You saw that in the CMAs that we discussed, would you agree? Often, when an agent has done all their homework, and has spent all that time, only to learn that the seller decided not to hire them, that agent is no longer an advocate. In other words, that agent doesn't work hard trying to sell that property. What I'd be happy to do is to spare that agent the extra work they're going to do and give that agent a call on your behalf, get them all excited about the price that we just came to, and offer to give them half the commission if they help us sell it. Okay?

SELLER: *Well, I don't know ...*

AGENT: Let me ask you a question. Would you respect me tomorrow if I didn't ask you for the listing tonight? You might feel that I wouldn't have the courage to ask the buyer to buy your house either. Would that be right? Let me just assure you that I'm not afraid to ask the buyer to buy your house. And would it be okay if I asked you to list your home with me tonight?

SELLER: *Well, I still have that appointment tomorrow.*

AGENT: I understand. Besides keeping that appointment tomorrow, is there any other reason that you wouldn't do business with us tonight?

SELLER: *Not at all.*

AGENT: Okay. Is there any way I can convince you that having that interview tomorrow is not going to be productive time?

SELLER: *Maybe. I would just feel bad because I've already made this appointment.*

AGENT: I understand and appreciate that. Would it help if I called him? It would spare him the energy and effort he'd spend preparing for the appointment, get him excited about the price, and encourage him to help us sell it? I would let him know that he could earn as much as half the fee if he helped us out. Would that be okay?

SELLER: *Okay, let's list it!*

We Want to Interview Several Agents First: Script #2

AGENT: If I can show you a way that we can get these needs satisfied, is there anything preventing us from getting started tonight?

SELLER: *We're not sure yet; we're talking to a couple of other agents.*

AGENT: That's fine, I appreciate that. But, let me ask you a question. Do you feel I have a good understanding of what your goals and priorities are?

SELLER: *I would have to say yes.*

AGENT: Good. Because one of the things you want to gauge is whether the people you're interviewing have the same understanding of your concerns and your main goals. That is the difference between an agent and a consultant.

SELLER: *We've already had two interviews.*

AGENT: Have any of these agents that you've previously interviewed had as much clarity about your hopes and goals and expectations?

SELLER: *No.*

AGENT: Okay. And don't you think that's important in your decision about who you're going to hire? *[These last two questions help tie down the points you have made so far. Your goal now is to establish how you can satisfy them. This is when you discuss your marketing plan, or go straight to pricing, depending on what is important to them. You should have already sent them a prelisting package, which explains the features and benefits of your marketing system.]*

Tip!

You want to do three trial closes: (1) after you deliver the prelisting package, (2) while you're driving over, and (3) after the needs analysis.

We Want to Interview Several Agents First: Script #3

AGENT: What are you hoping that other agents will share with you that I have not shared with you tonight?

We Want to Interview Several Agents First: Script #4

AGENT: Do you have a particular agent in mind who you will be calling? Why don't we do this: I will call the other agent and tell them that you have decided to list with me. That way they have the opportunity to spend their valuable time bringing us a buyer. They won't be left out, and we save them the time of preparing for and meeting with you. What do you think?

We Want to Interview Several Agents First: Script #5

AGENT: I understand. I really enjoy your home and I would like to represent you. Let me ask you this question: Do you feel that I have the skills and resources necessary to sell your home?

If the seller says YES:

AGENT: If you were going to Hawaii and you had the option to fly in first class or coach and there was no price difference, what would you do? So why would it be different when selling your home? I'm going to give you first-class service and business consulting that you can't get anywhere else.

If the seller says NO:

AGENT: Tell me more about your concerns.

We Want to Interview Several Agents First: Script #6

AGENT: *Mr. and Mrs. Seller*, I understand why you may think that interviewing other real estate agents might be in your best interest, but may I explain to you why it might not be?

SELLER: *Sure.*

AGENT: How would you feel if you applied for a job and you were not chosen for the position? Most people would agree that it wouldn't be a very good feeling. The same is true when you interview real estate agents. They are applying for a job with you. On the surface, this may not appear to be damaging, but let me explain why it can be. When you place your property on the market, your agent must sell your property to other real estate agents before they will promote it to their buyers. When you interview agents and then don't hire them, they are disappointed. Then, when you finally select an agent to market your property, your agent has the unenviable task of trying to get those same disappointed agents excited about selling your property. Does that make sense? As you can see, I am ready to market your home. I have color postcards addressed to top associates who represent approximately 80 percent of all the sales in the area. These agents are in my marketing plan to promote your home. The agents you are going to interview are probably included in that distribution. But there is an even more important reason! When you interview other agents, you engage in conversation. During these conversations, you typically discuss many issues, some of which are private and confidential. At this point you do not have a confirmed agency relationship with the agents being interviewed, and you may be disclosing important things, such as what you think your home is worth, why you are moving, and what you may consider an acceptable price for your home. For each person you discuss these issues with, you are effectively reducing your leverage when it comes time to negotiate a sales contract. These agents have no agency relationship with you and are not bound by confidentiality, and therefore are free to discuss what you have told them with not only other agents, but more importantly, with their buyers. By discussing these issues, you could be reducing the amount a purchaser will offer you on your property. What kind of offering price do you think you would receive if the buyer's agent already knew how much you would accept, or that you need to be moving in a matter of weeks instead of months? Neither of these two situations are in your best interest. If you agree, and if you have already made other appointments, as a professional courtesy, I will call those associates and cancel the appointments for you.

Explaining an “Easy Exit” Listing Agreement: Script #1

SELLER: *We want to sign a 30- to 60-day listing.*

AGENT: I would like to list your home for six months and give you my easy-exit listing. What this means is that if at any time you become dissatisfied with my service or with me as a professional real estate consultant, you can terminate the listing agreement with a ____-day [or hour] written notice. Does this sound fair?

[IMPORTANT: Consult with your Team Leader or Operating Principal to determine how many days or how many hours of notice they feel is appropriate and whether that notice must be in writing.]

If You Write It into the Contract

Insert the following in *Special Provisions*:

Either party may terminate this agreement with _____ days [or hours] written notice if such party becomes dissatisfied with the other party's performance.

Shortening the Listing Agreement Term: Script #1

SELLER: *We want to sign a 30- to 60-day listing.*

AGENT: I understand that you want to shorten the commitment. Rather than a 30- to 60-day listing, how about a 2-day listing? Would that be better for you? The way I work, your satisfaction is important to me. I can insert a clause into our agreement that either one of us can terminate the listing agreement with 48 hours written notice. This is, in effect, a 2-day listing for you. What do you think?

Commission Objections

Educating Prospect About How Real Estate Really Works: Script #1

AGENT: Ads don't sell homes, agents do. Let me educate you about how real estate really works. I am investing a percentage of my commission as an incentive to other agents to bring qualified buyers to see your home. As your agent, I will never waste your money and I certainly would not waste my own. Of my commission, part goes to the company I work with for being associated with them and the services they offer. And part goes to cover my business expenses. The part you are asking me to reduce is what I take home to my family.

Comparing Commission Reduction to a Pay Cut: Script #1

SELLER: *Will you half your commission?*
AGENT: Would you take a 3 percent cut on your current job? Do you cut the percentage you pay your doctor or attorney?
SELLER: *No.*
AGENT: Then why would you expect me, the professional you've hired, to work for less?

Explaining the Win-Win Situation a Commission Allows: Script #1

AGENT: I believe you have to give up something, to get something and if I discount my commission, I cannot give any commission up to get the deal done because I have no money to work with. In addition, the commission benefits both of us. It is a win for you because I am motivated to go the extra mile for you. It is a win for me because you have given me the leverage to take buyers away from their underperforming agents, who don't do any of the work other than lending their clerical skills in writing the offer, after I do all of the real work.

Explaining the Win-Win Situation a Commission Allows: Script #2

SELLER: *Will you reduce your commission?*

AGENT: As you know, commissions are negotiable. I'm a deal maker; I'm here to bring a deal together. I'm not going to let a commission stand in my way, if it's beneficial to all the parties involved. At this point, I suggest that we get together and take a look at your house, discover what price we can market it for, find out exactly what your plans are, and go from there. Does that sound good?

SELLER: *Sounds good.*

Using Commission to Attract Buyers: Script #1

SELLER: *I can get _____ to do it for a 4 percent commission instead of your 6 percent.*

AGENT: That may be true, but either they will have to work for 1 percent, which doesn't give them incentive or resources to market your home. Or they will have to reduce the commission to agents with the buyers, which, will reduce the number of willing and qualified buyers that will see your home.

Linking Commission to Integrity: Script #1

SELLER: *Will you lower your commission?*

AGENT: I wouldn't do that to you. If I can't maintain the integrity of my commission, how can you expect me to maintain the integrity of negotiating the value of your house?

Comparing Your Commission to 401(k) Administrator Fee: Script #1

AGENT: Would you want the person managing your 401(k) to cut his commission by half? Do you think your result would be good?

SELLER: *No.*

AGENT: Your house is your single largest investment. Why would you want its sale managed by a cut-rate, low-quality bidder?

Setting Up Commission as a Measure of Agent's Worth: Script #1

SELLER: *Joe at ABC Realty says he will list my house for 4 percent.*

AGENT: Well, Joe would know what he is worth better than I would.

Linking Full Commission Fee to Seller's Full Profit: Script #1

SELLER: *Joe at ABC Realty says he will lower his commission to 4 percent if I list my house with him.*

AGENT: Sure, Joe at ABC Realty will do it for 4 percent. But let me ask you a question. If Joe is willing to give up his money so quickly, how quickly will he be willing to give up your money? I am firm on my fee, and you can be confident that I will watch your money like a hawk. So, how about it—will you allow me to earn my full fee so I can get you your full profit?

Associating Commission to Service: Script #1

SELLER: *I know an agent who will work for less.*

AGENT: If they could really net you as much money as I can and offered a better value, wouldn't they have all the listings? The reality is, they get only a very small percentage of the total listings. When we sell your home and net you the money you need in the time frame you need, won't that be great?

Explaining How Commission Is Used: Script #1

SELLER: *Would you be willing to lower your commission to 4 percent?*

AGENT: You know, *Mr. Seller*, we have just gone over the marketing plan, and we've looked at all that _____ (team) and the Keller Williams Realty International team can offer you in marketing your home. When looking at a 4 percent commission, we wouldn't be able to offer all of those things to you. So, if you are looking for an agent who markets homes and has a proven ability to sell your house for top dollar, then let's sit down and look at the numbers. If you're looking for someone who's not going to give you our level of expertise and you're just interested in getting into the MLS, then maybe we are not the team for you.

Explaining How Commission Is Used: Script #2

SELLER: I know an agent who will work for less than 6 percent!

AGENT: Mr. and Mrs. Seller, I can line up fifty other agents in here who will do it for 3.5, 4, and 5 percent. However, you have to remember this. What are you getting for your money? Now, I want to remind you, I'm a very aggressive agent. So my statistics will show you that most of my clients get more for their homes than other people in the neighborhood have gotten for theirs. Why? Because, guess what? If it was all about pricing, then everybody would sell their home themselves. They would never hire agents. But, it's about more than that. It's about exposure. It's about marketing. It's about being reputable in the industry so other agents will show your home. Okay? See here on these other listings where they're asking just 2.5 percent for the other agent?

Notice the homes that are really selling almost always have 3 percent to the other agent. So you already know that half of what I'm asking you for is going to go to the other agent, and I've told you about my team, so you know how much they do. Here's what I want to ask you: are you going to get what you paid for? Remember, you want to hire an agent based on their honesty and competence. On your feeling that they will put your needs above everyone else's, including their own. Your ability to communicate with them. What you think they'll be able to handle for you. Those are the things to consider before you hire an agent. Then sit down together, *Mr. and Mrs. Seller*, because it's your home. Pick an agent based on these issues.

Explaining How Commission Is Used: Script #3

SELLER: Would you do it for less? I need to net a certain amount, so I'm concerned about the commission fee you're charging.

(continued on next page)

Explaining How Commission Is Used: Script #3 (continued)

AGENT: Absolutely. Just like anyone paying for something, make sure that you get your money's worth. One of the things to understand is that those agents who will reduce what they charge for the service are just as likely to reduce the value of your home to someone who's potentially going to buy it. In other words, if they'll give their own money away so easily, why wouldn't they give away yours? You want an agent who is willing to act on your behalf, because they know how to negotiate well and get you the most money for your home. One of the ways they know that is the confidence in their own ability to earn the money that they earn. If you don't mind, *Mr. Seller*, let me take just a minute to educate you about how real estate really works, economically. As far as the 6 percent commission you will pay, let me tell you where it goes.

SELLER: Please do.

Tip!

When real estate agents really know how real estate works, they are able to talk about the value of what they do. Therefore, they don't get misled by people who don't understand.

AGENT: Half of it goes as an incentive to other agents to bring their qualified buyers to look at your home. In other words, right away, I'm giving away half of my commission. Now, out of the 3 percent remaining, approximately 1 percent goes to the company that I'm with, because that company provides all the support services and the ongoing advertising and promotion of our general business. I pay approximately 1 percent of that 6 percent in that way. That leaves only 2 percent. Of that 2 percent, another 1 percent is what it costs me to do business—my car expense, my telephone, my assistant, my licensing fees, my MLS fees, etc. The cost for me doing business as a real estate agent is about 1 percent of that total, or about 30 percent of what comes to me. All that's really left for me to earn, and for my family, is that final 1 percent. I love the work I'm in and I do it well; this is not a complaint about how much money that is. But any time I shave away that commission, I'm taking money away from my family. Many agents have gone out with what we call a "discount" approach: "I'll do it cheaper than another agent." Here's what we've found: they don't last. People don't buy on discount. They buy on value and quality. Furthermore, these agents can't last. They can't pay their business expenses and still make a livable wage by cutting their commission. That's why the standard real estate commission has stabilized, over the years, at right around 6 percent. Does that make sense? I want you to know that you're getting your money's worth.

Explaining How Commission Is Used: Script #4

SELLER: *Can you reduce your commission?*

AGENT: Of course. As you know, commissions are negotiable. But let me ask you—what are you trying to accomplish by getting me to reduce the commission?

SELLER: *I'm trying to save money.*

AGENT: I understand. Do you know how a commission structure works?

SELLER: *Not really. I just know that I have to pay you a certain amount of what I receive for my house, and that means I get to keep less.*

AGENT: Let me explain what happens when you reduce a commission. First of all, half of the commission usually goes to a cooperating agent. When you reduce the commission, you reduce the incentive for that agent to bring a buyer to your house. If an agent has ten different houses, nine of which come with a 3 percent commission, one of which comes with 2.5 percent commission, which houses do you think they're going to show?

SELLER: *The ones with the larger commission.*

AGENT: Absolutely. You're putting yourself at a disadvantage competitively when you reduce your commission, wouldn't you agree?

SELLER: *I guess that's true.*

Explaining How Commission Is Necessary for a Win-Win Relationship: Script #1

SELLER: *Joe with XYZ Realty said he would list my home for 5 percent.*

AGENT: Do you remember at the beginning of our conversation when I told you that if I came across a need (expectation) that you have that I felt I could not satisfy (exceed) I would choose not to take your listing? I think we've just reached that point. You see, I believe in win-win relationships. I firmly believe one party should not have to lose for the other party to win. If I take your listing, I am going to provide you with exceptional quality and a consultative-type service that will be a definite "win" for you. If you want to discount me and pay me an agent's fee of 5 percent, that would be a definite "lose" for me because I can't operate a successful business on 5 percent. Does that make sense? Do you think I can do a professional job for you? Do you think you and your investment are in better hands with me or Joe?

(continued on next page)

Explaining How Commission Is Necessary for a Win-Win Relationship: Script #1 (continued)

SELLER: *You.*

AGENT: Great, then shouldn't we make this a win-win relationship from the start?

Explaining the Fiduciary Benefit of a Commission: Script #1

[This objection may come up after you explain the differences between fiduciary and functionary.]

SELLER: *Does this mean that I could get a lesser commission from this functionary person?*

AGENT: Well, there are other people out there who do offer commissions lower than what I would be charging you today. If that's something that's important to you, I would encourage you to meet with those people and have this type of meeting. They won't call it a consultation; they'll call it an appointment, because most of the ones I've met that offer a lower commission than what I'm offering do not offer the consultative approach. But more than that, they don't offer the benefit of all the marketing, the association with a number-one real estate company, and everything else that we're going to go through. I encourage you to compare the presentations that you get from that person to what I'm offering you. I think you'll find that, as in all other areas of life, you get what you pay for. I know that I'm worth the money that I'm charging, and that the benefit will be there for you.

Explaining Commission as a Matter of Fairness: Script #1

SELLER: *Will you work for 5 percent?*

AGENT: No, that's a win-lose situation, and with me, it's win-win or no deal! I firmly believe in win-win relationships, because one party should not have to lose in order for the other party to win. If I sell your home, I am going to provide you with business consulting and exceptional service—I am not a real estate agent, I'm a real estate consultant. Plus it wouldn't be fair if I charged you 5 percent and all of my other clients 6 percent. That wouldn't be win-win for them.

Comparing Commission to a Mutual Funds Investment: Script #1

SELLER: *Will you work for 5 percent?*

AGENT: I discount my services when one of two conditions exists: either I am selling a home for a former client and he/she is losing money on it, or you are buying another home from me. If neither of those conditions exists, my commission remains 6 percent. Is my commission of 6 percent acceptable to you? I know this wasn't what you had in mind, but you have to be okay with this before I can move on. By the way, do you own any mutual funds? How did you purchase them? Was it based on commission or yield to you? Keller Williams Realty has consistently outperformed the market, yielding our sellers more money and fewer days on the market. Is this something that you want?

Asking Seller if They Negotiate Their Fees: Script #1

SELLER: *Will you work for 5 percent?*

AGENT: May I ask you a question? In your line of work, do you negotiate your fees? Under what conditions?

Explaining How Full Commission Will Result in Higher Net: Script #1

SELLER: *We'd like to try selling it ourselves and not pay someone a commission.*

AGENT: I understand. Many people like to do for sale by owner to save on the commission. Most buyers are also trying to save on the commission. If you can tell me how you can save two commissions on one home, then obviously, I'll need to get out of the business. The challenge isn't to write up the sale. The challenge is to find a buyer who is willing to pay a price that you will accept within your desired time frame. Chances are it won't cost you to use my services. Instead, you will actually net more money than if you do it yourself. Wouldn't you rather have me handle it for you?

Educating a FSBO about Commission: Script #1

SELLER: *We'd like to try selling it ourselves and not pay someone a commission.*

AGENT: I understand. Many people like to do for sale by owner to save on the commission. But who actually saves on the commission? The buyer, because they know that appraisers include commission in fair market value and assume that they can deduct that amount from the amount they appraise the house to be worth. And the buyer feels justified in doing so, because they went through all the trouble of finding the seller's property the hard way—that is by studying classified ads, surfing the Internet, making appointments, driving around, and so on.

Most sellers are not professional real estate consultants. This lack of knowledge could cost money. Do you know where the lowest FHA points are today? Do you understand the various policies of title insurance? Do you understand the latest structural pest control laws? For a reasonable fee, based on the actually selling price, you can hire a full-time real estate consultant, such as myself. Additionally, you will get the advantages of all the tools and resources that I have available to me to sell your home, such as the Multiple Listing Service, homesbyauction.com, and an extensive network of professional relationships with other real estate consultants, agents, and mortgage officers. Will you let me sell your home?

Comparing Real Estate Commission to Physician Fees: Script #1

SELLER: *Will you unbundle your fees? We'd like to pay you to simply put your sign on our lawn and enter our home into the MLS system so that all real estate agents have access to it. We'll do the rest.*

AGENT: I can't unbundle my services any more than a surgeon can unbundle their medical services. My job as your licensed representative is to assure and protect your interests at every step in the selling process. It is very difficult to do it for just some of the steps.

Linking Commission to Superior Service: Script #1

SELLER: *Will you unbundle your fees? We'd like to pay you to simply put your sign on our lawn and enter our home into the MLS system so that all real estate agents have access to it. We'll do the rest.*

AGENT: Putting a sign in your yard and entering your home into the MLS are only two small parts of the selling process. My job really begins when we get our first offer. Let me take a moment to tell you how the selling process really works. As you can see, there are many points in the process in which I consult, negotiate for, and protect your interests. In my experience, it's very difficult for someone to do these things for themselves.

Linking Commission to Superior Service: Script #2

SELLER: *Why do you charge the rate you charge?*

AGENT: I charge the standard commission rate in the industry because of the liability I take as an agent. In addition, I am working on a contingency. Have you ever considered what an attorney makes when they take a contingent case?

SELLER: *I'm guessing it's a larger percentage.*

AGENT: Yes—usually it's 25 percent. You see, everything we do is on a contingency basis. We get paid only when we have a successful transaction. You have no up-front cost, no risk. As an agent I assume all the cost and risk involved in getting your home sold.

Linking Cut Fees to Substandard Agents: Script #1

SELLER: *Joe at ABC Realty said he would take 5 percent commission.*

AGENT: That's great. Do you see how easily Joe gave away his money? How do you think he will handle your money? First, he will easily give his money away, and next he will easily give your money away. Once someone like Joe believes cutting fees is acceptable, he will offer up everyone's money. Do you know if Joe is a real estate consultant or an agent? Did he ask you what you needed in the transaction? My fee is 6 percent. Is this going to be a problem?

Linking Cut Fees to Substandard Agents: Script #2

SELLER: *Joe at ABC Realty said he would take 5 percent commission.*

AGENT: Do you remember at the beginning of our conversation when I told you that, if I came across a need or expectation that you have that I could not satisfy, I would choose not to sell your home? I think we have just reached that point. You see, I really do believe in win-win relationships. I firmly believe that one party should not have to lose in order for the other party to win. I believe in this so much, that I am willing to let you list with Joe. If I sell your home, I am going to provide you with business consulting and exceptional service—I am not a real estate agent; I'm a real estate consultant. Do you think your home is in better hands with Joe or me? Then let's make this a win-win relationship. My fee is 6 percent. Is this going to be a problem?

Educating Seller on What Commission Pays For: Script #1

SELLER: *Our home was hardly on the market and it sold. You should take less because you didn't have to work that hard.*

AGENT: If time on the market is the problem, we can reject the offer. Would you like me to do that? What you pay for is my marketing knowledge to set the price right and position your home correctly in the marketplace. You pay me for my ability to make good decisions and provide you with business consulting so that you can make good decisions. This is where the real work is. We have a long way to go; this is just the start.

Educating Seller on What Commission Pays For: Script #2

SELLER: *I'd like to list my home with you, but I only want to pay 5 percent commission.*

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Educating Seller on What Commission Pays For: Script #2 (continued)

AGENT: In 2003, there were ____ properties on this lake sold. Of those ____ properties, only ____ of them were at 5 percent commission. There are ____ properties that have been on the market since last summer and of those ____ have been at 5 percent commission. Your house didn't sell last year at a 5 percent commission, and it's not going to sell this year at a 5 percent commission. Now, if you'd like to list it at a discount rate, I'll find somebody for you who'll list it at 4 percent. But if you want to sell it, you've got to pay at least 6 percent. There are a number of brokers that can list your property at 6 percent, and if you want I'll find somebody to list it at 5 percent. But I'd like to sell it for you at 7 percent.

So why do you charge 7 percent?

AGENT: We split that commission in half with the other agent. If you have a buyer's agent who has time to show these people eight houses and they're coming in from out of state, you can be sure they're buying a house that weekend. If she sells a few houses a year, don't you think she's going to look at what she's going to get paid on each of those properties? She has time to show eight and she has ten to choose from. Two of them are offering her 3 percent. The other eight are offering her 3.5 percent. Which ones do you think she's going to show? Why not increase the asking price of your house by 1 percent and not start off on the wrong foot with the brokers offering a discount. Now, my buyer agents get 3.5 percent on every deal they do. So if it's not paid by the listing agency, then the buyer's going to have to pay it anyway. They're going to deduct it from what they ask you for anyway. So why not just offer it up front, and I'll get you the money in the net price. Let's look at what you want to net, and not worry about what you're paying the broker. Now, if that agent is so willing to take money out of their own pocket, how quickly do you think they're going to take money out of your pocket at negotiation time?

Explaining Exceptions to Fee Structure: Script #1

SELLER: Can I get a discount on your commission rate?

AGENT: The _____ (team)'s policy is: we charge 6 percent unless the seller is buying another piece of property from us. Then, we charge 5 percent of the smaller piece of property. We can't deviate because we need to make a profit and most important, earn a living. We can't give the kind of service that we need to for anything less.

Servicing Sellers

Preparing for Successful Showings

Lights, Camera, Action!: Script #1

AGENT: Now that your home is for sale, remember always to have your home camera-ready. I call it "Lights, Camera, Action!" Music playing, lights on in every room. Remember, your home is now a stage, and I am marketing your most valuable asset.

Preparing the Home for Showing: Script #1

SELLER: *Do we have to fix up the house, paint, all of that stuff?*

AGENT: How much is it worth to *you* to keep your things the way you have them now? *[At this point, take a firm approach.]* You know, you're moving. You need to pack some of this up right now. Many of these beautiful treasures could be distracting to the untrained eye. It's going to make your house look smaller. When you buy a car, even a used car, they wash and vacuum it. They make sure it looks nice and it smells good. We have a similar process for your home. Your home is now a product. Part of my value is to help you be objective. Is it worth \$_____ (\$10,000) to go ahead and pack some things in advance? If \$2,000 in paint and repairs can get you \$5,000, is that a good investment? Did you mention to me that you wanted more money for your house?

SELLER: *But don't people appreciate getting a picture of the house as it looks when people live in it?*

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Preparing the Home for Showing: Script #1 (continued)

AGENT: They want to be able to imagine what it will be like when it's lived in by them. To do that, you need to have as little as possible so that they can visualize their own things. This is a critical point and a key reason agents help get more money for houses than the owners do by selling it themselves. Many sales have netted the sellers thousands less because the owner did not put the property into top shape. We're not talking a total renovation—just packing up some things and putting them away.

I used to be timid. "Your house is lovely," I'd say. And then there was no sale. Now I come through and tell it like it is. And they are so glad to hear that. People want something tangible they can do to affect the sale of their property.

-Marc Nicholson

Preparing the Home for Showing: Script #2

SELLER: *I think everything looks fine the way it is.*

AGENT: Here's the way it works. It's about price, it's about location, and it's about how your home shows. If you're hitting on only two of these things—like your price is great and your location's good, but your house doesn't show well—then we're going to have to reflect that in the price and maybe we can offer an allowance for repairs. If the house is priced too high and doesn't show well, but the location's good, guess what? It's not going to sell. We've got to offer an incredible price to stay competitive in the market.

SELLER: *That makes sense.*

AGENT: If you can't get your home in proper showing condition, then we may need to make some concessions, such as a redecorating allowance.

SELLER: *I just didn't know it was that important.*

AGENT: The whole goal is to get you the most money for your home. We're going to have to do a few things to get it in shape. If we're not willing to do those things, then let's just put an incredible price on the house and see if we can get it sold.

SELLER: *I'm not really a decorator. Can you help me with fixing it up?*

AGENT: I've got several people who can come over for a price and get it all together for you. Would you like for me to set that up for you? I'd be more than happy to make those phone calls.

SELLER: *Please.*

Preparing the Home for Showing: Script #3

AGENT: Do you remember at the listing appointment when I talked to you about staging and how to get your home ready in ten minutes or less? Many people will show up on short notice. In fact, many times they will call you from the street in front of your home. Kind of embarrassing if your home is not ready for a showing, isn't it?

SELLER: Yes.

AGENT: I can appreciate that. What we need to do is stay focused on our goal. I want to make sure we still share the same objective—to get your home sold. Do we still share that goal?

SELLER: *But why is staging so important?*

AGENT: Staging is important because the buyer, along with their agent, is making a determination while looking at your home from the street. That buyer has two things they can say. One, "This is an exciting home! Let's go look at it." If they don't say that, what do you think they might say?

SELLER: *It doesn't look appealing.*

AGENT: Exactly. The comment that I hear often is, "What else do you have to show me?" Which of those phrases do you want them to say about your home?

SELLER: *I want my house to be shown to them.*

AGENT: You want to get your home shown so you can get it sold, right?

SELLER: Yes.

AGENT: We need to keep the home ready for showing. I know it's a discomfort. I need you to leave the home in the morning like you'd want to have it shown, and I want you to enjoy the evenings. If an agent calls and they want to show your home and they're out front, why don't you say, "I was just finishing up dinner. Do you mind giving me two minutes and I'll slip out the back door?" After you leave, take a walk down to the mailbox and come back. Then I want you to call me and I want to know who that was that showed your home. I'm going to follow up with that person and get the feedback on what it's going to take to get your home sold.

Preparing the Home for Showing: Script #4

AGENT: If you've got an item such as an antique chandelier or something personal that you aren't willing to sell with this home, you need to remove it or take it down before we list the home. Exchange it out for a cheaper lamp or a cheaper stove, etc. If you don't, keep in mind that these buyers are probably going to ask for it.

Preparing the Home for Showing: Script #5

AGENT: I would suggest changing furniture around. Take some things off the wall, put personal property away. You'll want to clear off countertops and tabletops and declutter. Maybe move a couple pieces of furniture out of the house and into the garage to give it more space and open it up a little bit. If there are major repairs that need to be done, you'll either want to make a price concession or go ahead and make those changes.

Preparing the Home for Showing: Script #6

AGENT: We want to appeal to the buyers' sense of smell, which means you can use fresh scents, candles, or even bake an apple pie. You want to appeal to their sense of sight, so that means that everything should be clean and orderly. And you want to appeal to their sense of sound. Have some soft music playing in the background.

SELLER: *Why is this important?*

AGENT: Because it creates a homey atmosphere when buyers enter the house. We also ask that you take your personal photos down and pack them away. You'll also want to pack up your closets. Our goal is for the buyer to come into your home and say, "This house could work for my family."

SELLER: *So that's better than having it feel lived-in?*

AGENT: Yes. Because they can feel that *you* live in it. What we want them to do is feel how it would be for *them* to live in it. If they're in your home and they're not surrounded by all your family pictures, they can think about where their family pictures might go.

SELLER: *But don't I still live there?*

AGENT: Yes, but you're moving. We'll have your house sold within sixty days, so you may as well pack up some things now.

Preparing the Home for Showing: Script #7

AGENT: Let's go room to room, and as I'm measuring, I'm going to mention the things you might want to remove, or how you might change the placement of furniture to make the room appear bigger. I'll also mention some things that you might want to add, like a bouquet of fresh flowers. Something like that will be appealing to a buyer when they come into the house. The home is actually set up just like a stage. It's all set, and it helps the buyer imagine himself in your home.

SELLER: But my home looks lived-in right now. You don't think it's appealing?

AGENT: It's just like any home. We all have a lot of possessions. So the more you put away, the better. I'll give you some ideas on easy ways to clean up in a hurry when you've got people coming to see the house. Another thing you might want to do is take the leaf out of your kitchen table. Make the table smaller and take away two chairs. Your kitchen will look much bigger. *[Add tips as appropriate.]*

SELLER: You really think that will make a difference?

AGENT: It will make a huge difference.

Feedback from Showings

Getting Feedback from Other Agents: Script #1

AGENT: I am hoping you can help me. You know how important it is to communicate with our sellers. Can you please share with us your thoughts, comments, and impressions of the home that you recently showed at 123 Elm Street? I appreciate your help and I will make certain I help you in any way possible when you call me for feedback on your listings. Thanks.

Getting Feedback from Other Agents: Script #2

AGENT: Hi, this is _____ and I'm just calling for feedback on the property.

BUYER'S AGENT: *They didn't like it.*

AGENT: Can you tell me what it was about the house they didn't like?

BUYER'S AGENT: *They didn't like the carpeting.*

AGENT: If the carpeting was replaced, would your client be interested? Is there anything we can do to make this work?

Getting Feedback from Other Agents: Script #3

AGENT: _____ (buyer agent name) came by today and took a look at the house with his client. They liked it very much. Out of five homes that they looked at, we were number two on their list. The number one favorite house has a pool; we don't have a pool. The number one home is also \$10,000 less, and has a brand-new roof.

SELLER: *So, what does that mean?*

AGENT: We've been a bridesmaid twice now. We have yet to have the chance to walk down the aisle. The buyer is the one who determines the value. So with that in mind, it might be a good idea for us to go out and look at competitive properties to find out what kind of home you might end up buying in the marketplace today.

Getting Feedback from Other Agents: Script #4

AGENT: Thank you for taking the time to show my listing on _____ (address). What did you and your buyer think about it?

BUYER'S AGENT: *We liked it.*

AGENT: What did you like the most?

BUYER'S AGENT: *The yard is great.*

AGENT: What's it going to take to get an offer from you today?

BUYER'S AGENT: *There is some repair work that needs to be done.*

AGENT: No problem. Put it in writing and I'll go to work for you.

Getting Feedback from Other Agents: Script #5

[Ask the buyer's agent the following questions to get a feel for how much the buyer liked the property.]

AGENT: How many homes has the buyer looked at? *[You always want to know about the competition.]*

Did we place in the top three? Why? Why not?

Is your buyer planning to buy within the next week? Or are they waiting for some other event to happen first?

What would it take to get your buyer into a contract on this home? Is there anything that would have to happen for your buyer to purchase a house today?

Getting Feedback from Other Agents: Script #6

AGENT: Hi, this is _____ (name) with the _____ (team). How are you doing?

BUYER'S AGENT: *I'm doing great, thanks.*

AGENT: Excellent. I wanted to thank you for showing our home over on _____ (street).

BUYER'S AGENT: *No problem.*

AGENT: What did you think? Did you like the house?

BUYER'S AGENT: *We liked it.*

(continued on next page)

Getting Feedback from Other Agents: Script #6 (continued)

AGENT: I have just a couple of questions. How did the home show?

BUYER'S AGENT: *It was great.*

AGENT: Did your client have any comments regarding the home?

BUYER'S AGENT: *[Buyer's agent responds.]*

AGENT: How did you feel about my price? You recall that the price was \$ _____.

BUYER'S AGENT: *We felt the price was a little bit high.*

AGENT: Based on the condition?

BUYER'S AGENT: *It wasn't so much the condition as the size.*

AGENT: It was the size? Okay, what would it take for your client to make an offer?

BUYER'S AGENT: *A lower price.*

AGENT: Fair enough. I'll take that into consideration when I call the seller today. I appreciate you showing the property, and I look forward to working with you in the future.

Summary of questions:

1. How did the home show?
2. Did your client have any comments regarding the home?
3. How did you feel about the price/condition?
4. What would it take for your client to make an offer?

Placing a Weekly Call to the Seller: Script #1

AGENT: Hello, *Ms. Seller*, this is _____, calling to give you an update on the market and what's happening with your property. We've had _____ showings in the past week, which is very good, based on our average listing and our inventory. The feedback is _____ *[Give a detail of the reactions.]*, and so we're not getting any negative feedback per se. I think we're sitting pretty well with our price. I do want to let you know that right now there are _____ active listings for sale in your complex, and only two of them are under contract. We have a high inventory situation in the marketplace. In the past two months, only one home has gone under contract. If this is a situation where you need to move on your property, we should talk about timing. We might also consider lowering your price to reflect the high inventory.

Tip!

It's a good idea to call your sellers every week. Give them feedback on any showings that took place, and then your overall impression of the marketplace and tie that into their particular situation.

Placing a Weekly Call to the Seller: Script #2**AGENT:**

Hi, this is _____. How's the family? How was your weekend? The reason for my call is to update you for the week. We had ____ showings and the feedback was _____. *[Discuss feedback reports.]* How do you feel about the feedback? *[Listen to the response.]* What's on your scratch pad for the week? *[Answer all questions and concerns.]* Great! I'll call you again next Monday unless we receive an offer! Have a great week! *[Always positive and optimistic.]*

Tip!

Use this script weekly from the time you sign the listing agreement until the time it closes. Monday evenings are recommended.

Placing a Weekly Call to the Seller: Script #3**AGENT:**

Hello, is *Mr. Seller* there? Hi, *Mr. Seller*, this is _____ (name) from the _____ (team). Just checking to see if there are any questions or concerns at this time. Have you had any showings?

*If no showings:***AGENT:**

Mr. Seller, I can understand that would be a concern. It is one of ours also. We have placed your home in the Multiple Listing Service and let other agents know about the property, as well as making telemarketing calls to try to find a buyer. One thing we are tracking is the market. Should we not have any showings, the marketplace is telling us that we are priced too high. The reason we know it is too high is that we have advertised it to more than _____ agents and in order to sell a home once, we need to sell it twice. Once to the agent, so they can in turn sell it to their buyer. If the buyer has to get a mortgage, then we also have to sell it to the appraiser. Price and/or condition are how we get other agents and buyers excited. With the number of homes on the market increasing every day, and a large number of price changes daily, we need to be competitive. Let's give it two weeks and see where we stand. If at the end of two weeks we don't see a change, call _____ (Listing Manager) or me so we can review the market at that time. It has been my pleasure speaking with you again.

Placing a Weekly Call to the Seller: Script #4

AGENT: Hi, *Ms. Seller*, it's _____ with Keller Williams Realty. We've had three people tour the house in the last week, and I have some feedback that I want to share with you. The agent for the first buyer told us that your house didn't work and the buyers ended up buying a new home. She said they thought the floor plan was good and they liked it, but they could tell there were pets living in the house, and the house had a funny smell. It's hard for people who don't have pets or who don't like pets to tolerate the smell in a house with animals. That is why we lost that particular buyer. The second buyer had a problem with the dogs as well. They said when they toured the home the dogs were jumping on them. The buyer's little girl was scared and didn't want to be around the dogs. The third buyer got to the door, heard the dogs, and then wouldn't go in. I'm concerned. What I'm worried about is that we're losing buyers not because of location or price, but because of the dogs. We need to figure out a way to show the home without the dogs being there. Let's get the carpets cleaned and get rid of any smells. That would probably help you sell your house in less time for more money.

SELLER: *Don't buyers like to see a lived-in house? The dogs are part of the house.*

AGENT: I have dogs and I can relate to your thinking. But most buyers, even if they have dogs, don't like other people's dogs as much as their own. They don't want to see a home and have to think that they will be cleaning up behind somebody else's dogs. We always say that while the property's on the market, it's best to have only two-legged creatures living there, and anything with four legs should be gone while the house is listed.

SELLER: *Do I have to clean the carpets?*

AGENT: The carpets really need to be cleaned. If you spend \$100 or \$200 cleaning the carpets, it could get you thousands back when the home sells. Your home will show much better. The time to clean them is now.

SELLER: *Can you help me find a cleaner?*

AGENT: Sure. We've got a great carpet cleaner. We'll have them call you.

Soliciting Feedback from Seller after Showing: Script #1

AGENT: Is this process going the way you thought it would? Do you have any questions? Is there anything we're doing that you don't understand? All questions are welcome. I do this every day and am an expert in my field. Whatever is on your mind, feel free to let me know.

Price Reductions

Convincing Seller to Reduce Listing Price: Script #1

AGENT: It makes sense to reduce your price only if the price reduction is enough that we would be able to introduce your home to a whole new segment of buyers in the market.

Convincing Seller to Reduce Listing Price: Script #2

AGENT: The market is telling us your home is priced too high. What would you like me to do as we move forward?

Convincing Seller to Reduce Listing Price: Script #3

AGENT: *Mr. and Mrs. Seller*, research shows that if we have 6–8 qualified showings on a home with no offers, we have overpriced the home and we need to adjust the price.

Convincing Seller to Reduce Listing Price: Script #4

AGENT: Unfortunately, pricing your property correctly has very little to do with what your house should be worth. It has everything to do with the price that will allow your home to be the most attractive and marketable in the market today—which will allow your home to sell as quickly as possible.

Convincing Seller to Reduce Listing Price: Script #5

AGENT: *Mr. Seller*, in the market that we are in right now, all it takes is ten agents or about two weeks on the market to sell your home. If you've had ten or twelve agents through your house in two weeks and you haven't had an offer, then the market is telling you, right there, that something is wrong. And the main factor is going to be either your house—how well it shows, the floor plan you have, the upgrades you have; your lot—how private it is or its size; or it's going to be your price. Ultimately, both how well your home shows and the lot directly correlate to the price. We are priced above the market, as you can see from the feedback we've received: one agent said the house was too small, and another agent said it backs up against a busy road. So, we have the choice of staying priced above the market and continuing to be passed up by the buyers or we can price ourselves within the market and get top dollar today. Which would you like to do?

Convincing Seller to Reduce Listing Price: Script #6

AGENT: Hi, this is _____ (name). We've had your home on the market now for _____ days. We've had approximately _____ (5) showings. For those _____ (5) showings, I'd like to provide you with the feedback I've been receiving. *[Give feedback.]* Based on the feedback we've received, don't you agree that we need to reposition your home in the market? I want to expose you to a new set of buyers and have you compete with a new set of sellers. I would like to recommend a new price of \$_____.

SELLER: *I don't really want to lower my price, because it might affect my net.*

AGENT: It will affect your net. The issue is that the longer you sit on the market, the less you'll receive. It's kind of like inventory on a shelf. After inventory sits for a certain period of time, the store has to reduce the price on it in order to sell it. That's what happens with houses. You and I determined a price, but inevitably the market decides what the price will be. The current market is not accepting the value we put on your house. The only way I can change that is by repositioning you in the market.

Convincing Seller to Reduce Listing Price: Script #7

AGENT: *Mr. Seller, it looks like we may be overpriced. What do you think we should do?*

SELLER: *I don't know the market. Do you think it's been at this price long enough?*

AGENT: Well, we've had ten showings and no offers. Out of those ten showings, eight clients said they didn't make an offer on the house because it's overpriced. They all said that they wouldn't even make us a lower offer because we are too far out of line. What do you think about doing a price reduction?

SELLER: *Well, I really want to stay at this price, but I trust you.*

AGENT: In this marketplace, if we lower the price by \$6,000, it may make a difference in the response from the public. One, it will show them that we're willing to negotiate. Two, it will show them that we're sincere about wanting to sell the house since we're lowering the price. Would that be okay with you?

SELLER: *I could handle that.*

AGENT: I'll take care of it today.

SELLER: *Thank you.*

Convincing Seller to Reduce Listing Price: Script #8

AGENT: *[While looking through the Seller's Net Sheet, examining expected profit, etc.] Okay, we're going to list the house for \$_____, and let's suppose that, realistically, we're going to get an offer for \$_____*[slightly lower than list]*. But when I say we're going to list the house for \$_____, I mean that we're going to try that for thirty days. I'm going to write it here in the listing agreement [write] "In the absence of positive response to this list price or an offer within thirty days, the price will be dropped to \$_____."*

Convincing Seller to Reduce Listing Price: Script #9

SELLER: *I'll probably want to stay at the price we list originally, no matter how long it takes. I don't think price is the issue as much as the marketing is a problem.*

AGENT: We've had your property on the market for thirty days. We've had _____ (8) showings, and most of the responses we've gotten have been that the property is a little bit above market value. Even though we've suggested to buyers that they bring in an offer, we still haven't gotten any. As for marketing, let's see what we've done. We've contacted you a minimum of once each week. We've mailed you copies of the Internet ads, reactions from the bus tours, and copies of ads from the newspapers. You know I'm open to all suggestions. What else do you think we can do?

Convincing Seller to Reduce Listing Price: Script #10

SELLER: *My neighbor's house sold for much more than this.*

AGENT: Well, let's see exactly what it sold for. [Look at comparable.] Okay, they did sell it for more, but they also paid \$_____ (\$8,000) worth of closing costs. So all they actually received for the property was \$_____.

or

Did you realize that home is _____ (1,000) square feet larger than yours?

Convincing Seller to Reduce Listing Price: Script #11

SELLER: *I could probably net more money if I hang in there for another couple of months at this price.*

AGENT: Well, you're definitely speculating now, aren't you?

SELLER: *That's true.*

AGENT: Are you sure that interest rates are going to stay the same?

SELLER: *No.*

AGENT: I would just caution you about that.

Convincing Seller to Reduce Listing Price: Script #12

AGENT: *Mr. Seller, I don't have a crystal ball. I would certainly like to see you get this higher price, but the information that I'm using to price your home doesn't justify this price. But today might be the perfect day, and that perfect buyer might be out there who's willing to pay a little bit extra for your home. And if that happens, I wouldn't mind being proven wrong. But on the other hand, what I would like to do, if it's agreeable to you, is to say, "let's try it for thirty days, and if we don't have an offer within thirty days, are you willing to come down to the price that I suggested?"*

SELLER: *Okay.*

AGENT: *I would like to put your list price down at \$_____ [above-market price]. And we'll put down here that we're listing this on _____ [listing date]. If we don't have an offer by _____ [thirty days after listing date], we'll automatically reduce the price to the \$_____ [reduced price]. I will give you a courtesy call the day before, just to remind you that we're reducing the price, but we already have the price adjustment here in writing. Is that agreeable with you?*

Staging Objections

Can't We Just Offer a Carpet / Paint / Repairs Allowance?: Script #1

AGENT: Well, you know that most buyers have some difficulty visualizing a home's possibilities, so I have found if you replace the worn-out carpet with a good medium quality carpet in a neutral color, you will run less risk of the buyer deducting dollars for a carpet from the sales price. It will be an objection that we do not have to overcome.

Can't We Just Offer a Carpet / Paint / Repairs Allowance?: Script #2

AGENT: My experience has taught me that most buyers don't have the imagination to visualize how redecorating would look in your home. Most buyers purchase homes that look as much as possible like a model home (where real people don't live) with neutral colors, fresh paint, and new carpet. Decorating and carpet allowances just don't work. Let's figure out how to get these items done up front, and I guarantee you it will help your home get sold in the shortest amount of time and for the most money.

Can't We Just Offer a Carpet / Paint / Repairs Allowance?: Script #3

SELLER: *Can't we just include a repair allowance?*

AGENT: You could. But I'd rather you not even address it if you're not going to fix it up front. The buyers are going to come in with a repair allowance anyway, and we can negotiate it then. So if you don't want to fix it up front, let's just ignore the problem and price the house with a little bit of padding in there, knowing they're going to make a lower offer.

Do We Have to Replace the Carpet Because of Pet Odors?: Script #1

AGENT: Pets are always a very sensitive issue. Actually, we've received several comments about the cat. We need to have the carpet deodorized—I know of a company that will do a special treatment.

SELLER: *You've had complaints about the odor from buyers?*

AGENT: Yes. If the deodorizing isn't effective, we may have to consider replacing the carpet.

SELLER: *I don't smell anything.*

AGENT: You get used to it when you live in the house. People are particularly sensitive to cats versus dogs. I don't know why that is. Sometimes we have to take extra steps when we have cats in the house. So it's in our best interest to figure out a way to, as best we can, accommodate you, the cat, and mask the odor. Which solution do you think works best for you?

SELLER: *I don't know. Can't we offer a carpet allowance?*

AGENT: Yes, we can offer them a carpet allowance—Sometimes that is effective. One thing I want to tell you is that most of the time people only look at what is in front of them. And that is why model homes are staged so specifically. That's why the mall puts up Christmas decorations in October. It's all staging. It would be to our benefit to change the carpet out now, so that when they walk in, it looks the way it will if they buy the home.

Do We Really Need to Repair This?: Script #1

AGENT: This needs to be taken care of. Before we put the house on the market, let's have this repaired. People buy on an emotional basis. In the buyer's mind, two things are going to happen. They'll walk in, and have a good first impression, but then they'll see that nasty little spot on the floor and emotionally, in the back of their minds, without even realizing it, they will think "yuck" and rule out the home. This is especially true in this market, with so much for sale; they can go next door and see the same house, at the same price, without that "yuck." To allow them to get beyond that emotionally, we need to take care of that.

SELLER: *I understand.*

(continued on next page)

Do We Really Need to Repair This?: Script #1 (continued)

AGENT: Another thing that will happen is that, when they see a stain, they're already thinking, "Oops, that's a thousand dollars." So that even if they are willing to buy the property they will always exaggerate the expense of taking care of something.

SELLER: *But I don't know how to repair that.*

AGENT: We've got a whole list of people who can do it for you. That's one of our services—to provide a list of contractors who can help you with things like that.

Do We Really Need to Repair This?: Script #2

SELLER: *Do we really need to repair this?*

AGENT: Is it because of a financial reason that you don't want to make the repairs, or are you just concerned you'll make a bad decision in picking a carpet or paint color?

SELLER: *Yeah, what if I do choose the wrong color?*

AGENT: We need to go with something that's a popular choice. We can ask the employees at the carpet store about their biggest selling color. We need to be attractive to the largest percentage of buyers out there. Does that make sense?

SELLER: *Yes. I guess I'm okay with that. But I'm also concerned about the amount of money it will take.*

AGENT: When you got ready to sell your last car, what did you do before you sold it?

SELLER: *I fixed the engine.*

AGENT: You spot-cleaned the engine, cleaned the interior, cleaned out the glove box, and cleaned out the trunk—you made it presentable, right? Don't you think we need to do that with your home, as well? We're talking about a lot more money with a house than with a car. And when the dealership told you, "I'll give you \$_____, " how did that make you feel?

SELLER: *It was fair.*

AGENT: What if it wasn't a fair price?

SELLER: *I'd feel like he was trying to rip me off.*

(continued on next page)

Do We Really Need to Repair This?: Script #2 (continued)

AGENT: The buyers out there feel that we're asking top fair market value for your home, yet we've got these deferred maintenance items that we haven't taken care of. Do you think they might feel the same way?

SELLER: *Probably.*

AGENT: When somebody walks into the home, I want them to love it. I want them to sit here at this table and write an offer. Because here's what happens: if they don't write an offer here, they're going to get back in the car with their agent and go look at a few more homes. They might have an opportunity to find a better home of value than yours. If they don't find another home, and they decide to write an offer on this one, they'll go back to the agent's office. They're going to sit down with that agent and say, "let's do a Comparative Market Analysis and see if their price is right." That agent is going to try to find any possible way to lower the price. I don't want that to happen to you. I want them to buy from the emotion while they're in the home.

SELLER: *That's good.*

AGENT: I'm here to consult you, so you can make an intelligent, informed decision. It's all about you making the right decision—deciding what's best for you.

Do We Really Need to Repair This?: Script #3

AGENT: There are some things that you should address in order to get top dollar for the home—such as the water stain in the kitchen. You'll want to get that primed, sealed, and repainted.

SELLER: *Do I really need to do that?*

AGENT: Absolutely—if you want to get top dollar for your home. Many times buyers will assign a value to a repair item that's actually three times the cost of repair. It could end up costing you substantial dollars in the selling price. It's a matter of how serious you are about wanting to get top dollar for your home. If it's a matter of investing one dollar to make three, most sellers will make the repairs. Having minor repairs taken care of will also help your home to show better and sell faster.

Do We Really Need to Repair This?: Script #4

AGENT: They've asked us to fix the arsenic in the well. The cost is about \$6,000 to fix it. You have two choices: you can say no or you can say yes. They've done all the other inspections, and they're fine with everything else. If we say no to these buyers and we put this house back on the market—which you absolutely can do—we'll need to then disclose the fact that you have an arsenic issue to any new potential buyers. New buyers are going to say the same thing. We know for sure that these people want to buy your house. They've signed off on everything else, but the arsenic issue needs to be addressed. We have to address the issue whether it's with these buyers or with future buyers. Even if you decide not to sell, you might want to address it to protect your family.

Do We Really Need to Repair This?: Script #5

AGENT: You can do nothing to this house, and it will sell. Or you can put some money and time into the house, and it will sell. Either way, we can sell your house. It's really just how much you want to get out of the sale.

SELLER: *I don't want to put a single penny into repairs.*

AGENT: You don't have to. We can sell it just the way it is. But you're not going to get as much money without making the repairs. For example, the seal on the sliding glass door is broken. You could probably get that seal replaced for under \$100, and you could probably do the carpentry work for about \$200. If a buyer looks at the door, they're going to think, "We have to replace that whole door." They're going to take \$2,000 off their offer price, since they know they need to fix the door. But what they don't know is that it will cost only \$400 to fix. If you do it now, it won't be an issue.

Can I Increase the Listing Price If I Make These Repairs?: Script #1

SELLER: *Can I increase the listing price if I make these repairs?*

AGENT: Possibly. But probably not, simply because the condition you thought that the house was in is the basis for how we priced the house. It's true that if you put a new roof on, you're investing \$2,000. But you don't always get out of a home what you put into it. Not everything you put into a house appreciates. A new roof will add a little bit of value to the home. If you think you can put a \$2,000 roof on the house and raise the price by \$2,000, it probably won't happen. I'm not going to say it will never happen, but it probably won't, simply because in the Multiple Listing Service the house is at a set price. If we try to go back and list the house for more, all of the agents are going to know we raised the price. If we list that we've made repairs, we might be able to list for more, but I'm not going to tell you it's going to be a guaranteed thing.

I Will Not Invest Any More in the House: Script #1

SELLER: *Well, we know our pool is in pretty bad shape, and we were planning on getting that worked on in the next six months, but we'd really like to sell it "as is," if possible. And we know that the carpet's in really bad shape—what do you think? Do you think we should try to sell it in the present condition or replace the carpet?*

AGENT: *Mr. Seller, do you want to be the investor or do you want to sell to an investor?*

SELLER: *What do you mean?*

AGENT: Well, you can either sell your home in top market condition, or you can sell your home needing a little bit of work. And if you sell your home needing a little work, what type of buyer do you think you're going to attract? Somebody who's looking for a deal, right?

SELLER: *Yeah.*

AGENT: Or you could put a little bit of money into it, fix it up, and sell it in top-of-the-market condition, to a retail buyer that's looking for a mint-condition, "move-in ready" home. Someone willing to pay top-of-the-market price.

We Don't Have the Cash for Upgrades: Script #1

SELLER: *We just want to sell our house as is. We really don't have the money for repairs.*

AGENT: I understand exactly. Then it becomes a matter of where you want to price it. But I would not be doing my job for you in a professional way if I didn't point out anything that would help you get the higher value and sell in a shorter period of time. The longer we have it on the market, the less it'll be worth. In fact, the day your house will be worth the most will be the day we put it on the market. Any day after that it's not worth as much, because of the declining market. After it's been on the market awhile, you run the risk of people thinking something's wrong with the house, because it hasn't sold in a reasonable time period. The longer your home is on the market, the more it's going to attract an investor type—a person who's going to want to lowball it. A person who says, "That house has been on the market 180 days now, or 250 days. Maybe that seller is getting motivated. Maybe that seller's getting desperate." And from what I've heard you say, I don't think you want to put yourself in that position, do you?

SELLER: *No.*

AGENT: Right, because that's going to drive down the value that you're going to get. Now understand, it doesn't matter to me. I'll sell it however you want. It's your house and I respect that. But I would not be fulfilling my fiduciary responsibility to you if I didn't share that information with you. Does that make sense?

SELLER: *Yes.*

Tip!

Remind clients that when a house is on the market for an extended period, people assume there's a good reason it won't sell.

AGENT: Now in terms of your carpet problem and not having the cash to do that upfront, I've made arrangements with a contractor I've worked with over the years. Over time he has become confident in the fact that I always get my homes sold, so he is willing to work with my clients. If there is somebody who wants to have the carpet and flooring replaced and they don't have the cash to pay for it upfront, he's willing to do it for you now, and wait to be paid until closing. And so he'll be paid out of the proceeds at closing. You've got the equity in your house. I can assure you this is going to increase the value of this house by much more than the staging costs. Does that sound good?

SELLER: *Yes!*

I Don't Want to Spend Any More Money on My House: Script #1

AGENT: *Mr. Seller*, our three biggest marketing issues for your home are price, terms, and condition. The price at which you offer your home for sale and the condition that your home is in when it goes on the market are directly related. In order for both you and the buyer to feel like it's been a win-win situation, you're either going to have to do these repairs and improvements or adjust the price down. Does that make sense to you?

SELLER: *What's the correlation between price and condition?*

AGENT: Remember, you want to shine above the competition; to do that we have to do one of two things. If your home is in perfect condition, then we can justify the upper end of this price range. To get that price, we really need to have these things done.

Or, if you're not willing to make these repairs and improvements, then we need to take the price down to the bottom end of this range.

Why Can't We Sell the House "As Is"? Script #1

AGENT: You know, *Mr. Seller*, one of the things that's important to understand is that, by deciding to sell your home, you no longer live in it. *[pause]* Now, of course, really you still do, and it's here for your comfort as it always has been for the ____ years that you've owned it. But we're in a different strategy now, because your biggest goal is not the comfort of you living in your house; it's how much money you can get, and how quickly, for it. With that second priority in mind, we want to make sure, with a minimum of inconvenience to your family, that your home stands out from the other homes which people will be looking at in this price range. As you know, if you go into a store, and you're interested in buying, for instance, a new suit—the ones you'll be attracted to are the ones they have on display, the ones with the nice color-coordinated tie and shirt. Your eye will go to that, and what marketers know is that once you see something that you like better than anything else, you'll buy it. Right now, what you and I are doing is marketing your home. And just like the clothes in a clothing store, or the new cars on a showroom floor, we have to do everything we can to make your home look better; not just so people will buy it, but so they'll pay more for it. Does that make sense?

Why Can't We Sell the House "As Is"? Script #2

SELLER: *Can't we just sell the house "as is"?*

AGENT: Remember the Seller Disclosure Statement that shows any defects on the property? Now that we know about this issue, we have to disclose it on the Seller Disclosure Statement. When any future buyers are interested in purchasing your home, their agent will call and ask for the Seller Disclosure Statement. It will say on there that you have a roof leak and that will be disclosed to potential buyers. The next home inspector will find it. You have options and I represent you here. Is it better to put the home back on the market, and lose another 30–60 days? Or is it better to pay the extra money now and get it over with?

SELLER: *Definitely pay it now.*

AGENT: I'm behind you 100 percent. You have options here and I represent you on the _____ (team). It's all in your court. All I can do is recommend to you what I think you should do.

Why Can't We Sell the House "As Is"? Script #3

SELLER: *Can't we just sell the house "as-is"?*

AGENT: The buyers that saw the home today liked it. They liked the yard. But they are concerned about the repairs that you and I discussed previously. Do you want to make those repairs, now that it has been brought up to us, or do you want me to make a comment in the Multiple Listing Service that will address it upfront? You don't like surprises; do you—unless it's a birthday party?

SELLER: *No.*

AGENT: Neither do the buyers and their agents. I want them to be excited when they're parked out front looking at the house. Remember I told you they have two choices? One, to say, "This is an exciting home. Let's go see the inside." Remember the other comment they can make—"What else do you have to show me?" I want to make sure we get those agents coming back. Agents won't remember us from the bad things, but they will remember us from the great things, like the yard. Does this make sense?

SELLER: *Yes.*

Why Can't We Sell the House "As Is"? Script #4

AGENT: Let's say you have three apples for sale and they are all the same, except one has been cleaned and shined. Which apple do you think people will buy?

Why Can't We Sell the House "As Is"? Script #5

AGENT: The buyer can always make the repairs; however, I prefer to keep you in control by finding out what we need to repair and making the necessary improvements before your home goes on the market. Your improvements will increase your home's salability, reduce objections from buyers, and keep the transaction moving. You don't want to be a week or two away from moving into your new home and have to make improvements to it. Let's stay in control and keep you moving down the road.

Why Can't We Sell the House "As Is"? Script #6

AGENT: You pay me for my third-party objectivity. Would you prefer to pay \$100-\$200 to paint a room, or do you prefer to deduct \$500-\$1,000 from the sales price? Because that is what a buyer is going to do. Buyers will use outstanding repairs to negotiate a lower price.

Why Can't We Sell the House "As Is"? Script #7

AGENT: Are you aware that after the inspection process, there will be repairs that you will be required to fix? We need to take care of repairs now for two reasons: (1) you are required to make some repairs yourself, and (2) when an inspector goes through your home and sees that it is well-maintained, they are less likely to inspect it with a magnifying glass. Put yourself in the inspector's shoes. You walk into a home and one of the first things you see is broken cabinets. How will you conduct your inspection?

Why Can't We Sell the House "As Is"? Script #8

AGENT: Something that you need to consider is that some buyers are looking for peace of mind. And when you take care of the repairs for them, you're selling them peace of mind. This is important to a lot of buyers—especially those with busy lifestyles.

Why Can't We Sell the House "As Is"? Script #9

Tip!

When a buyer points out items for deferred maintenance, pay very close attention, because if they weren't interested in the house, they wouldn't bother pointing out chipping paint or a missing tile. That is a clear buying signal.

SELLER: *Can't we just sell the house "as is"?*

AGENT: That is an option. Usually that is your most expensive option—you're going to end up paying for this one way or the other. It's much cheaper if you do it upfront. Generally, only a sophisticated investor would buy a property as is, and they do that to effect deep discounts on what they buy. The retail buyer (that's what we want) doesn't really know what it takes to make repairs. The problem is that when they see chipping paint, they imagine that it costs \$700. You and I know that we could get that fixed for \$50. Do you want to just do it yourself? Or, do you want to give up \$700 and cause your house to sell more slowly, if at all?

Don't I Still Live Here?: Script #1

AGENT: Yes, I understand. But now your house is a property for sale, you have to live in it differently than when it was not on the market.

SELLER: *And how will that do anything?*

AGENT: Well, consider a store that sells crystal. The crystal is displayed beautifully, with clean glass and nice bright lights to make it sparkle in a way that makes you want to buy it. If that same crystal was just stuck on a shelf with no lighting, dusty, with stuff all around it so you couldn't even highlight the sparkle, would you want to buy it? Probably not. And a house is the same way. You need to make it really sparkle.

SELLER: *And that's better than having it look comfortably lived in?*

AGENT: Absolutely.

Don't I Still Live Here?: Script #2

AGENT: Yes, you still live here. But if you want your home sold within the thirty- to forty-five-day period, you have to leave here every day with your home ready to show. Our first thirty days of marketing, *Mr. Seller*, are so important! We're going to give you this sheet that shows you how to get ready for a showing, whether you've got ten minutes, half an hour, or a whole day. When you first go on the market, people are going to want to be in here, because it's my newest property on the market. People know that my properties are one of two things: they either show really well, or they're priced to reflect the condition. And so we're going to have a lot of activity within the first thirty days that we're on the market. You have to be ready to leave the house every morning with the bed made, the kitchen cleaned, and towels folded. Is that something you're willing to do?

SELLER: *It might be difficult, but I'll do it.*

Objections to Price Reductions

I Need to Net a Certain Amount for My Next Down Payment: Script #1

Touching Base:

AGENT: Hi, *Mr. and Mrs. Seller*, this is _____ with Keller Williams Realty, just touching base. I wanted to talk to you a little bit about the market and what's going on. When you get a chance, please give me a call.

When They Call You Back:

AGENT: Thanks for calling me back. As you probably are aware, it's that time for us to talk a little bit about the market. We've had some really good traffic through your home and feedback has been positive, but for whatever reason people are just not making a move. We know the condition and location is good. Therefore, it comes back to price. And so we need to make an adjustment.

SELLER: *How much? What do you think?*

AGENT: Market analysis says that \$350,000 is about right on the price. \$340,000 might get it. *Mr. and Mrs. Seller*, _____ (month) was an interesting month for the market. We've been dealing with a slow decline in the higher-end market sales, and I sat down in December of last year and looked at all the sales for this area and asked, why did these homes sell and why not these? I found out that, for instance, a home like yours, valued at \$350,000, was listed at \$359,000. And then thirty days later, it went to \$349,000. Thirty days later, it went to \$339,000. What I noticed was, when they made the final jump. They went from \$339,000–\$315,000 (the big jump), and it sold in under seven days within 1 or 2 percent of that price. So, the properties that are selling, people aren't listing at a higher price and saying, "Well, let's see what we can get." People who are making offers are making offers close to the asking price when it's priced right. So we've got to price it right. Let's take a look at what that price for your home should be.

You'll need to use your own market research for your market.

Tip! When you use examples, use prices that are within the same price range as your sellers.

I Need to Net a Certain Amount for My Next Down Payment: Script #2

AGENT: Unfortunately, to some extent, it really doesn't matter what you need when it comes to pricing. It really comes down to what the market will bear. We can't hinge this whole deal on what you need, if you really want to sell your home. It comes down to three things: location, condition, and price. We've got the condition at its best. The location is the location. What else is there? The price. And that's it.

Let's Stay at the Current Price and See What Happens: Script #1

AGENT: Well, if you want to keep your home just listed, not sold, that's fine. You're generating some buyer lead calls for me, but that's not going to help you. In the long process of trying to keep your house clean and maintained, I think you're going to become frustrated. My job isn't just to tell you what you want to hear, it's also to tell you what you need to hear. In my opinion, if you truly want to sell your house, after that fifth or sixth showing, we need to adjust your price, because you're getting the people there and we're getting them to you, but they're going out and buying other properties. The National Association of Realtors (Canadian Real Estate Association) statistics show that the longer your home sits on the market, the less your house will end up selling for in the marketplace.

I Don't Want to Lower My Price: Script #1

SELLER: *My house is unique and worth more!*

AGENT: I respect your assessment. Let's look back at these comparables and see if there's a way we can make that work.

[Look back through the comps.]

SELLER: *No.*

AGENT: I really wish we could get that price for it, because I know you really want that price. Do you see any comparables in there that support that? I'm just not seeing them. Do you?

SELLER: *But Mr. Agent, I just really think that our house is unique enough that we'll be able to get that price.*

AGENT: Well, here's a house that has upgrades that you don't have. It's got one more bedroom than what you have. I'm afraid you're just going to get torpedoed. You've got to make the decision, but if we put it on the market at that price, you're saying, "Let's get torpedoed by this guy," because when a buyer comes through our two houses, which do you suppose he's going to buy?

SELLER: *Okay, the data backs up what you're saying.*

I Don't Want to Lower My Price: Script #2

AGENT: Have you ever tried to chase a ball rolling downhill? If you do you don't catch it until it's at the bottom. If you get behind this market and economy in terms of your pricing, you're going to chase the market all the way down to the lowest price, just like you chased that ball. Let's adjust the price of your home to one that gets us in front of the ball. Because if you were to start in front of the ball when it rolls down, you're going to catch it. But if the ball is rolling down the hill and you're just walking behind it, you're going to accept a much lower price for your home than you should get.

Ongoing Service

Objections to Marketing

I Don't Think You're Marketing My Property Heavily Enough: Script #1

AGENT: Could I ask what you are specifically referring to?

SELLER: *I saw an ad of yours yesterday and it didn't mention my property.*

AGENT: Remember when we first sat down and talked about perceptions and misperceptions about what works and what doesn't? About how the real estate industry really works?

SELLER: *Yes.*

AGENT: Remember that very seldom does a person purchase a house that they call about in response to an ad. Remember my telling you that print advertising brings in only about 6 percent of the business? I do what works. You need to understand that 85 percent of our business is made up of buyer inquiries coming from the Internet. You need to understand that you are on every single one of those websites and that, even though you may not be aware of all the hits on your property, the Internet is where the business is coming from. You need to trust me that we are doing the right things to get your home sold.

I Don't Think You're Marketing My Property Heavily Enough: Script #2

SELLER: *I saw your magazine ad and my home wasn't in it.*

AGENT: We have more than twenty properties listed for sale. That magazine has room for just twelve. Can I tell you why that's a benefit for you? By having those twelve properties, we're going to end up talking to all the buyers who are looking in our area. We're going to be able to tell them about your home without them even seeing it. Isn't that great?

SELLER: *I guess so—is that better than if I were featured?*

AGENT: There are only a certain number of buyers who will be looking through that magazine, and another certain number of buyers who wind up calling. I believe, with the calls that we'll receive, we will be talking to each of those buyers about your property. I guarantee you, the person who looks at the home next door is going to end up looking at your home too.

Offers/Negotiations

Talking with the Buyer's Agent

Evaluating the Comparables Presented by Buyer's Agent: Script #1

[You should have an interview guideline sheet to make sure you cover all the points of the contract.]

Tip!

Most agents won't ask how comps were figured. This is a very effective tool to get more information about the property and your prospective buyers.

AGENT: If you don't mind my asking, you've offered \$20,000 less than the price we have listed. How did you and your buyer arrive at that price?

BUYER'S AGENT: Well, it's based on the comps we did ...

AGENT: Well, did you use comps only from right here in _____ (neighborhood A), or did you also use comps from _____ (neighborhood B)?

BUYER'S AGENT: Yes, we used comps from both.

AGENT: Well, I'm not telling you anything you don't know, but _____ (neighborhood A) is an entirely different kind of neighborhood than _____ (neighborhood B), isn't it? I hope your buyer knows that. You don't have nearly the construction quality, deed restrictions, or the amenity package in _____ (neighborhood B) that you have in _____ (neighborhood A). When I did my market analysis on this property, I used only properties right here in _____ (neighborhood A). It's got to be an apples-with-apples comparison. Does that make sense to you, *Mr. Buyer's Agent*?

BUYER'S AGENT: Yes.

AGENT: Can you tell me a little bit about the buyer? Where he works, whether he's new to town?

BUYER'S AGENT: *[Avoids the question.]*

AGENT: And another thing, is there any magic to that earnest money? I know there's no rule that says you have to offer 1 percent, but typically we try to get 1 percent of the sales price. And you've offered about 1.5 percent.

(continued on next page)

Evaluating the Comparables Presented by Buyer's Agent: Script #1 (continued)

BUYER'S AGENT: *I just always give that same amount ...*

AGENT: Oh, you do that on any price—no matter what the price is, you always offer \$1,000? Okay. I'll present it, just like you've presented it to me.

BUYER'S AGENT: *Sure.*

AGENT: Well, I know that you and I already know this, but remind me what the buyer was thinking when he wrote this offer to include a fourteen-day option period—kind of a long option period, and they're putting only \$100 down. If you look, that's less than what the owner is paying in their daily debt service on their principal, interest, tax, and insurance. That's running the owner \$____ *[Fill in with daily amount for PITI.]* a day. So you want us to take the house off the market for fourteen days while your buyer gets inspections completed, and we only have \$100? Do you think we can come up with a more equitable amount? Do you think there's some flexibility in that?

Tip!

Maintain your level of professionalism when negotiating. This is business—don't distinguish between what you would tell a friend and what you would tell the negotiating agent, like the attorney that plays golf with the opposing counsel on Wednesday and competes against him on Thursday in the courtroom, no holds barred.

BUYER'S AGENT: *I'll have to get back to you ...*

AGENT: So, is the buyer's workplace nearby? Is he new to town?

BUYER'S AGENT: *Yes, very close. They are relocating from Boston.*

Tip!

Try to work these questions into the conversation—if you don't get a response, try again later in the conversation, but reword them slightly.

Rejecting an Offer: Script #1

AGENT: Look, *Mr. Buyer's Agent*, please don't get upset, but we're rejecting your offer because we're so far apart. We would love to negotiate with you, but you need to come back with a better offer.

Making a Counteroffer: Script #1

AGENT: Hi, _____ (buyer's agent). This is _____ with Keller Williams Realty. Thank you for your offer—we appreciate it. It was quite a bit lower than what the seller had hoped. *[Pause and see if you can get them to agree with you.]* Perhaps your buyer was fishing and hoping to purchase a home under market. *[Pause again and see what they say.]* We've come back with a counteroffer that we think is reasonable and will work for both parties. We're countering back for \$_____. The rest of the terms in your offer are fine except for _____. We're sure this is something that will work for everybody—your buyer is getting a home within market, the seller is selling at a reasonable price—we can all move forward and get this closed.

Responding to Buyer's Agent about Requested Personal Items: Script #1

[In some states, items apart from the house must be part of a completely separate bill of sale.]

AGENT: *[To buyer's agent]* First, we've got to negotiate the price on the house. We can talk about the _____ (e.g., furniture), but that will be a totally separate item.

Presenting an Offer

Handling Multiple Offers: Script #1

AGENT: You have three choices for how to respond to an offer. You can reject it, accept it, or counter it. I would rather you not reject low offers. We should forget our emotions for a minute. This is a business decision, and we need to give our best counteroffer to this qualified buyer.

SELLER: *But how am I supposed to deal with such a low offer?*

AGENT: We don't have to accept it. But, at least they have shown some interest, so what have we lost if we respond by countering? Nothing, really. Also, keep in mind that you're never going to see this person again as long as you live. But if it helps you to accomplish your goals and get to _____ (destination) on time, what have we got to lose?

SELLER: *That's true.*

Handling Multiple Offers: Script #2

[Let all offers come in and present them all to the seller. One of two things will happen: either one will stand out above all the others and the seller is going to want that one, or they are all going to be kind of similar. If they are all somewhat similar, use this dialogue with the buyer's agents.]

AGENT: *Mr. Buyer's Agent*, you are one of _____ offers on the table. The seller would like to give everyone a fair chance, so we are going back to all of the buyers and asking that they submit their best and final offer. Based on those best and final offers, the seller will make their decision.

Handling Multiple Offers: Script #3

AGENT: Hey, *Mr. Seller*, we've got three offers. Now, the good thing about this is that we can try to squeeze them and get the best possible price, maybe even over list. I want you to get a pen and paper—I'm going to give you the three offers. One of them is quite a bit lower than the others, but that doesn't mean they don't want the house the most; it just means they're trying to get the best deal. What I recommend is that we counter all three of them.

Handling Multiple Offers: Script #4

AGENT: Let's talk about the pros and cons of each offer. The positive for offer number one is they're offering more money, but their financing is not good even though their closing date is great. Offer number two is a very strong offer. Their financing is good, their price is lower, and the closing date is good. And then the third offer is a cash deal, but that's our lowest price offer. Cash is king, so let's try to work it out between offer number two, where they're putting 20 percent down, and the cash deal and try to negotiate either one of these a little bit up in price. Let's leave the first one out for now, because it looks like there's going to be some financing contingencies. We want to make sure that you're not going to leave any money on the table, but we also want to make sure that it'll close. Let's look and see which offer is the best, credit-wise. If we're going to get a thousand dollars more from the guy who is more financially unstable, and then a month from now, find out that the deal falls apart, because of finances, you're going to end up paying that thousand dollars anyway in another month's mortgage.

Handling Multiple Offers: Script #5

[In a buyer's market, you are dealing with sellers who have been on the market 60–90 days and they are starting to get in a position of having to sell because of relocation issues, etc. Use this script when an offer finally comes in.]

AGENT: *Mr. Seller*, we have marketed the heck out of your home. The good news is that we finally have a buyer. We have the buyer that we have been waiting for and they're here and they've written us an offer. The other news is that it's not exactly what we want. So what we need to think about is what matters most to us right now. If it took us this long to get an offer, we can almost assure you that in another sixty days you're going to be looking at a lower offer. Let's take the contract that's in hand, let's review it carefully, let's decide what we're really willing to sell this house for, and let's make this deal work.

Handling Multiple Offers: Script #6

AGENT: We should really look at this offer. As you know, we have to sell the property three different times. First, we have to sell it to the agents in the area so they feel confident that the property will appraise. Then, the agents are going to bring buyers in and say, "look at this great value." Buyers determine value based on which properties sell. Then we have to get it sold a third time to the appraiser, that way the mortgage company will provide a mortgage on the home. We're going to look at this buyer based on what they've looked at in the marketplace—not what they can afford, but what they've been looking at—and find out how they determined the value of your home. They've chosen your home.

SELLER: *Well, but we're not giving our house away.*

AGENT: No, that's right. We're not giving your house away—but we're getting fair market value. What we could do, if you have some time tomorrow around _____ (time), we could drive around and look at the other competing homes that are for sale, and then you figure out which home you would buy.

Responding to an Offer That Is Lower than Asking Price: Script #1

AGENT: Hey *Mr. Seller*, it's _____, and I've got good news! We have an offer on your house.

SELLER: *Excellent.*

AGENT: Now, I don't want you to be disappointed; the best thing is that we do have an offer on your house. It might not be where we want to be, but it's an offer, and that's the first step. Don't be mad at the messenger, but also don't be mad at the person who's trying to buy the house. It's a business—they're trying to get the best deal possible and, obviously, we're trying to get the best deal we can get. The best thing we can do is to start the negotiations. If we need to get them up because the offer is really too low to justify, then certainly we need to work on them. Let me give you the offer and then we'll go from there. They are offering \$_____. Now, it appears that this is \$____ low. First of all, we did list a little high to leave a some negotiation room. With this, we have two plans of action. We can reject their offer. Or, we can give them a small counteroffer. I don't recommend rejecting, because sometimes you can upset the potential buyer and then they just go away. What I do recommend is that we come down \$____, and when I present that I'll explain to them, "Look, you came in a bit low; we need to get you up quite a bit." It's never a good idea simply to reject an offer.

Responding to an Offer That Is Lower than Asking Price: Script #2***Before the Offer Comes In:***

AGENT: Okay, *Mr. and Mrs. Seller*, we just received an offer on your house. Do you want me to fax it to your office, or do you want me to email it to both of you, since *Mrs. Seller*, you're in Canada today and *Mr. Seller*, you're in Missouri?

SELLER: *Email it to both of us.*

AGENT: I haven't reviewed it yet. I'll call you as soon as I get through reviewing it. *[This alerts them that something's going to come in.]*

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Responding to an Offer That Is Lower than Asking Price: Script #2 (continued)

When the Offer Comes In:

AGENT: *Mr. and Mrs. Seller*, the offer's come in. Let me go through everything with you first before you ask any questions. It is going to be lower than we are asking, but at least we have something on the table, and the goal of the game is getting something on paper. Let's be happy that they have given us an offer, and let's not forget the thirty people who didn't even send us an offer! And, I'm sure we can work this offer out. First, let me go over the price, closing costs, closing date, and all the terms and conditions. *[Go through ALL the details with them.]* Now, before I tell you what my thoughts are, tell me what your thoughts are. *[You want to hear what their hot points are before addressing anything. They may be happy having a lowball offer, but they're unhappy they have to move out in two weeks.]*

SELLER: *I'm upset about the low price.*

AGENT: I understand. If you remember, I showed you all the different comparables in the neighborhood according to prices. This offer is definitely coming in low. However, let's see where we can go from here. They're not asking for closing costs—and we talked initially that, at this price range, someone's going to come in and ask for closing costs. If, for example, they offered \$175,000 and \$5,000 for closing, they're offering a net of \$170,000. Whereas this offer is coming in at \$165,000 with no closing costs, thus a net of \$165,000. So we're not off the mark as much as it may first appear. Although it's a poor offer, let's counter as if it were a reasonable one. Besides, whether an offer is reasonable or unreasonable doesn't really matter, because both of them are usually lower than you are willing to take. Tell me the price level you are going to feel comfortable countering with. *[Let them throw out the first number.]*

If the Seller Counters Too Low:

SELLER: *How about \$168,000?*

AGENT: Let's go a little higher. I don't think \$_____ will scare them off. And, I feel that we may be leaving something on the table at \$168,000.

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Responding to an Offer That Is Lower than Asking Price: Script #2 (continued)

If the Seller Counters Too High:

SELLER: *Let's counter with \$180,000.*

AGENT: I don't think that's going to elicit any kind of response, but let's at least send it out and see what they say. I think the offer they sent over is way too low. But we're at least going to talk to them and keep the talks open. *[You want to acknowledge their emotions.]*

Responding to an Offer That Is Lower than Asking Price: Script #3

Setting a Meeting to Discuss the Offer:

AGENT: We have an offer on the house. Let's sit down and discuss it.

SELLER: *I just want to know what the price is now.*

AGENT: Well, it's not full price. But we can't figure out how good it is until we figure out how the net works out, and what the value is to you. We're going to go through the whole contract, and make a checklist of pluses and minuses, and figure out how we can make it a win for everybody.

At the Meeting:

Tip!

Be direct about the price. Put the thought in their minds that they may not have a sale, which they won't like, but you're showing them that you're not trying to shove the offer down their throats.

AGENT: This contract has a lot of pluses, but one thing you're probably not going to be too happy with is that they did not offer full price. However, let's look at all the pluses, and if the only issue we have left is the price, then we can work on that. However, if we have multiple little issues w

Responding to an Offer That Is Lower than Asking Price: Script #3 (continued)

AGENT: *[Go through all the other terms of the contract, and leave the price for last.]*

Let's see what this means to you in dollars and cents. Let's see if we can make this work. *[Figure both ends of the deal now, since that's what they are most interested in.]* Let's see if this gets you out of debt.

or

Let's see if this can get you into your next house.

or

Let's see if we can make these numbers work for you and for them.

SELLER: *But it's so much lower than what we're asking ...*

AGENT: Right. We don't have to accept this offer. But let's go through it and see what the good points are, then figure out what we're going to do from there. *[The key is to keep them talking until you can work something out.]* You have three options. You can accept this offer, you can reject it, or you can counter it. I wouldn't recommend rejecting it, because who we have seems like a ready, willing, and able buyer. So if we wind up not happy with this price, we can always go back and say: this is what we'll accept. But we need to work on it to figure out what that number is.

Responding to an Offer That Is Lower than Asking Price: Script #4

Notifying the Seller by Phone:

AGENT: *Mr. Seller, we have another offer on the property. I'd like to take a few minutes and go over it with you. Is your wife there? Let's get you both on the phone, and I'll present the offer from the bottom to the top. [Talk about any inspections that are going to take place, any attorney review periods that are involved in the contract. Then financing, taxes, the type of financing that the buyer is looking for, whether the buyer is prequalified or preapproved, and when they're going to have a final commitment. Then talk about personal property and earnest money. From there, talk about price.]*

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Responding to an Offer That Is Lower than Asking Price: Script #4 (continued)

If the Offer Is Close:

AGENT: We have an offer from a good, qualified buyer, and I want to go over it with you. I can tell you that I am really excited about this offer, and I think we should be able to put this together.

Responding to an Offer That Is Lower than Asking Price: Script #5

AGENT: Don't be offended by a lowball offer. If you want to be offended, be offended by all the people who looked at your home and didn't like it enough to even make an offer.

Responding to an Offer That Is Lower than Asking Price: Script #6

AGENT: I received an offer on your home today. Isn't that great? We've been on the market sixty days!

SELLER: *That's a long time.*

AGENT: It is a long time. If you remember, when we did our market analysis, the average number of days on market was twenty-four. We've had twenty-two showings and this is our first offer. So I'm excited to bring it to you today.

SELLER: *I'm excited to hear about it.*

AGENT: The buyer has offered us \$_____. How do you feel about that?

SELLER: *I'm shocked!*

AGENT: I think we should try to negotiate with this buyer. Out of the twenty-two people, they're the only one who has presented something on paper to us. Does that make sense?

SELLER: *It's a little encouraging.*

(continued on next page)

Responding to an Offer That Is Lower than Asking Price: Script #6 (continued)

AGENT: They've held their hand up and said, "We like your house." Now, they may be fishing and plan to negotiate much higher. Or they may truly feel that that's all the house is worth. So let's work together and decide how we're going to counter this offer today.

SELLER: *You're sure that's better than just waiting for a better offer?*

AGENT: I think that we should always respond to somebody who's courteous enough to put it in writing. Everybody negotiates from different levels. This may be somebody that just likes to start low. I don't think we should ignore the offer.

SELLER: *So, how do we counter?*

AGENT: First, decide what your comfort level is in terms of responding. When getting low offers like this, I have found that many of these buyers will negotiate up much higher. They just have the personality type that they feel like they have to make these low offers. I'm sure you have a bottom line in mind, so let's start from that point and we'll see if we can devise a plan that will help us negotiate this contract.

Responding to an Offer That Is Lower than Asking Price: Script #7

AGENT: We got an offer today. It's not what you would hope for, but it's not bad. It's somewhere between good and bad.

SELLER: *Well, if it's not good and not bad, what is it?*

AGENT: It's a starting point and something for us to consider. Remember, these buyers did make an offer. We've had a lot of people look at your home that didn't even make an offer. Keep that in mind. At least these people are sincere enough that they were willing to make an offer. Let's look at this offer and see if we can negotiate it back and get it more in tune with what you want to get for your property. Just keep an open mind and we'll meet tonight and take a look at it.

SELLER: *What if I say, "That's too low! I can't deal with that."*

(continued on next page)

Responding to an Offer That Is Lower than Asking Price: Script #7 (continued)

AGENT: You don't have to deal with it. I'll go over the pros and cons of the contract. If you're totally dissatisfied with the offer, I will advise you not to throw the offer away, but to counter it back. Even if you counter with just \$500 less than asking price, you're showing the buyers that you're not willing to take what they're offering, but you are willing to stay in this contract if they make a more reasonable offer.

Well, how much is the offer?

AGENT: The offer is not the total contract. There are some good parts in this offer too. I'd rather you keep an open mind. Let's look at this contract when I get there and go over the pros and cons.

Responding to an Offer That Is Lower than Asking Price: Script #8

AGENT: Hi, *Mr. and Mrs. Seller*, it's _____ with Keller Williams Realty. I wanted to let you know we have an offer on your property. My job is to represent you and to get the best price and the best possible terms in the shortest period of time. I have to present all offers that are given to me. The offer we've received is for \$_____.

Well, we're not going to accept it.

AGENT: I understand that. My job is to explain the entire offer to you and then we can decide what we want to do with it. *[Explain entire offer.]* We've got three options. We can accept the offer the way it is. We can reject it completely and tell the buyer, "No thank you, we're not interested." Or the most logical option—since we seem to have a valid buyer who could purchase your property—is to make a counteroffer. If we do that, we can address the issues that don't work for you.

Responding to an Offer That Is Lower than Asking Price: Script #9

AGENT: I know this contract that we've received today is lower than you expected. But I want you to look at how much you're going to be paying in mortgage payments, taxes, and homeowner's association dues for the next three to four months. Is that difference going to be greater or smaller? If you see that you could do the same right now, why don't we just sign this contract, since you're going to save money ultimately? We don't know when the next contract will be coming in.

SELLER: *But it's too low!*

AGENT: Well, you can choose to wait another six months. That's how long it's taken to get the first contract.

SELLER: *That's a long time!*

AGENT: Put your money to work for you.

Responding to an Offer That Is Lower Than Asking Price: Script #10

AGENT: I need you to look at this offer and think about it. We can accept this offer tonight and the house will be sold. If you counter this offer, the buyer may renegotiate and come back with a price higher than the original offer. But, if the buyer walks away and never comes back, can you live with that? Or will you go to bed tonight upset that you didn't sell it to the bird in hand, because you were looking for the birds in the bush? If you think you'll be fine with your decision, then don't worry about it.

SELLER: *You don't think they'll counter our offer?*

AGENT: They might, but you never know for sure. You have to be sure of your decision.

Responding to an Offer That Is Lower Than Asking Price: Script #11

AGENT: We have an offer on your home; let's discuss the pros and cons. Remember, the most important thing is getting your son into school on time. If we have a qualified buyer who is going to settlement and is putting a large amount of money down but the offer is for a little less money, he may be a sure bet compared to the buyer who offered a thousand dollars more but is borderline in qualification and is not putting much money down. So let's look at everything. It's not just the price. We'll look at the type of financing and at the buyer's qualifications. I know the bottom line is important, but getting to settlement is equally as important.

Responding to an Offer That Is Lower than Asking Price: Script #12

[When I'm working with a low offer, I pull the CMA and current statistics from the listing date.]

AGENT: I pulled up the information on what has sold in your price range since I put your house on the market. Here are the number of houses that have sold since then. Obviously, your house was not what these people were looking for in some way. We didn't create enough value for your property compared to what they bought. But we have an offer on the table now. It may not be exactly what you hoped for starting out, but let me go over the information with you. There are offers that come in that will be low. Often, the buyers are making an offer based on what a friend or relative is advising them to do. Perhaps they've heard of people who have bought a house for 10–20 percent off list price. I can assure you, they didn't do that in today's market. We're not going to turn them away because they've made this low offer. We know that they really like your house or they wouldn't have made it. We have the opportunity to sell your house if we can negotiate to the price that you need. We're going to make a counteroffer back to them, in writing—one that will reflect the price that you would like. We've already seen the price that they would like to pay.

SELLER: *So you recommend that we counteroffer?*

AGENT: I recommend that we counteroffer and try to get them up to the price that you would like. What's the bottom-line price you would consider? Then let's leave some negotiating room above your number. Most counters go back and forth 2–4 times.

Responding to an Offer That Is Lower than Asking Price: Script #13

[Usually we'll prepare the seller on the front end of the process that an offer may come in that's lower than asking price. We'll tell a couple of stories about low offers on properties, and include the fact that, in most of those cases, we've been able to get the price up to within 1 or 2 percent of the asking price.]

AGENT: We look at any offer as a positive thing, initially. We always recommend a counteroffer instead of rejecting an offer. It may be that we can negotiate this up to where we need it to be. Let's put together a solid counteroffer. We need to get it back to them quickly to keep things rolling and see if we can make this offer work.

SELLER: *That seems low. I'm turned off.*

AGENT: It looks like a low offer to us too. But we're not sure how they're coming up with that price, or if they're just trying to get a steal on the house. I think the thing to focus on here is the price you want to get for your house. Putting this offer aside, if you could get this home sold and closed in thirty days, what would you feel comfortable selling it for today? Let's put together a counteroffer that would put us in the range where you feel comfortable. Remember, not all offers are going to work, but it is a good sign that we're getting an offer. You've made this person's list as a house that they thought was one of the best homes for the money. They may not be educated on what comparable houses are selling for. I'll call the other associate, too, and ask them how they came up with that price.

Responding to an Offer That Is Lower than Asking Price: Script #14

AGENT: We have an offer on your property, and we can respond to it in one of three ways. We can accept it as it's written, which I don't recommend. We can reject it, which I don't recommend. Or we can counter it, which I do recommend. Let's go through the offer. I'll explain it to you, and we'll change what needs to be changed to make this contract acceptable to you.

Responding to an Offer That Is Lower than Asking Price: Script #15

[When presenting offers, particularly low offers, one of the first guidelines is that the price is going to be the last item you present to the seller before handing them the offer. First, you're going to introduce yourself, then you're going to talk about your buyer, then you're going to talk about whatever data or statistics the offer is based on—the falling market, the soft market, the bad economy, the price other houses have sold for in the neighborhood—you're going to talk about whatever is statistical and factual. Finally, you're going to say, "Based on all of this, here is what the offer is." You need to make your case before they hear the price and before you hand them the offer. Because once they hear the price and you hand them the offer, they're not listening to you anymore.]

SELLER: Well, that price is really low!

AGENT: Compared to what?

SELLER: My house is worth at least \$50,000 more than that!

AGENT: *[Smile]* Based on what? Show me what that is based on and I'll be happy to take that information back to the buyer. *[Spoken in a nice manner, without a confrontational tone.]* You see, look at all these other sales. This one sold in five days. This one sold in eight days. This one sold in eleven days. Your house has been sitting on this market for forty-six days. Why do you think that might be?

SELLER: We're waiting for that right person to come along.

AGENT: Whoever comes along—this is a lot of money people are spending—they're going to look at this same data, they're going to see that your neighbor's house sold for only \$_____, and the house around the corner sold for \$_____. They're going to want to pay fair market value compared to these other sales.

Counseling Seller in Responding to Offer: Script #1

SELLER: Hey! We got an offer. Let's take it.

AGENT: Whenever one of my clients gets an offer, before I say anything, I always sit down and think, "If this were my own house, would I really sell it for this price?" This is completely your decision, and time is, in fact, money. If you decide that this is what you want to do, then I'll support you. But I have to tell you, in all honesty, I think we can get \$_____ more. I'm speaking as _____ (name), your friend—not _____ (name), your real estate agent. This thought is coming strictly from my heart. But, the decision has to be 100 percent yours.

Counseling Seller in Responding to Offer: Script #2

The Laws of Logic

AGENT: Negotiations usually involve give and take, and logic. When negotiating, you should never respond from fear, (attributed to Althea Osborn) but respond from logic. Buyers are not generally fooled. And buyers will not generally overpay. Buyers buy on emotion and then justify with logic. If the buyer loves your home but evaluates your home as overpriced, he generally will not make a full-price offer—despite his emotional attachment. Buyers generally buy the best house on the market that meets their needs, but rarely pay more than market unless certain circumstances dictate—e.g., scarcity, rare upgrades, another offer, mature trees, greenbelt, next door to sick mother, etc. But, in general, buyers are very careful and will not make an offer if the home is overpriced. Therefore, it is logical that the closer you are to market price and the better your home is prepared to meet the emotions of the buyer, the more likely it is for your home to sell.

Counseling Seller in Responding to Offer: Script #3

AGENT: *Mr. Seller*, the way I look at an offer is fairly straightforward. How you respond is very much a probability analysis. If you accept this offer, the probability of closing and meeting your goals is obviously 100 percent (we are done). After that, the closer your counteroffer comes to the buyer's offer, the higher the probability that we will get to the closing table and that you will meet your goal to move on. The further your counteroffer is from the buyer's offer, the lower the probability of reaching that goal. What do you think about this offer?

Counseling Seller in Responding to Offer: Script #4

AGENT: Here is another law of real estate—buyers want a great house and a fair price ... sellers want a timely sell at the highest price with the best possible service. When we get the first offer and we negotiate a few thousand away or full price and the closing is at the right time, then our expectations are met and I am a hero. However, if that first offer is negotiated maybe \$7,500 away and the closing isn't quite right, and the buyers want your Grandmother's chandelier, then you have to make a difficult decision. Do you take the offer and move on and meet your moving goals—because moving on is your main goal, right? Or do you keep waiting? Because that first offer is so precious, I will urge you to consider that offer very carefully and consider the value of meeting your moving goals; in the long run, meeting your overall goal of selling your home is the more critical need, correct? Most sellers make the mistake of rejecting that first offer, not realizing it's the best offer they will get!

Counseling Seller in Responding to Offer: Script #5

AGENT: Why do you feel the buyers would be willing to pay you \$_____ (\$7,000) more than anyone has paid for any other property around here?

SELLER: *We have the nicest house in the neighborhood.*

AGENT: Let's look at what the appraiser says. If the property doesn't appraise for that price, we're probably not going to sell it for that.

Counseling Seller—“My Greatest Fault as an Agent”: Script #1

AGENT: *Mr. Seller*, my greatest fault as an agent is probably my confidence in my own ability to get close to full price, and to meet every single one of my seller's needs. After all, it is my responsibility to get you the highest possible price, in the least time, with the least amount of hassles. I have a tendency to fight for my clients, and I never allow my customers to be pushed around. (I might be compared to a boxing coach who has so much faith in his student that he allows him to stay in the ring just a bit too long and get knocked out.) So what my clients say is, “_____ (agent name), I would have really appreciated it if you had spent more time with us on the first offer. Sure, you recommended that we take it! But when we told you we were not interested, you should have pushed us just a bit harder to explain the *Law of the First Offer*. The first offer was the best, but after a long time on the market, we gave in, got tired, and accepted an offer that was ultimately much lower.”

Counseling Seller—The Law of Three: Script #1

AGENT: In my experience of negotiating, advice-giving, and persuasion, I have learned that you can go to the well three times ... most buyers will test your “low ground” first, and when you, the seller, make a counteroffer, you are testing the “buyer’s commitment” to your home. The second counteroffer is usually much more realistic, depending on the tendencies and personality of the buyer (this phase is where the art of negotiations comes in, and is also where things sometimes unravel). If we have gone back and forth with a buyer twice, then we know that both parties are serious. But after three times of back and forth, most buyers will get annoyed and lose their willingness to continue. We have gone back and forth three times with this buyer, so I predict that after this point the probability of losing this offer are greater—what do you think?

Counseling Seller When the Buyer Requests Personal Items: Script #1

AGENT: You know, *Mr. Seller*, the buyer in this offer is asking that you leave that stove that you're kind of attached to, and that light fixture in the dining area. How do you feel about that?

SELLER: *I really like those.*

AGENT: So those are items you'd like to take with you when you leave. Are you willing to replace that light fixture in the dining room?

SELLER: *Yes.*

AGENT: Okay. So we could put something else up there that was a decent light fixture, or give him a credit back for that.

SELLER: *Okay.*

AGENT: Well, let me see exactly what they want, and I'll try to keep us from giving any kind of credit or doing anything, but let me go back to them and tell them you really want to keep those pieces of personal property, and see if we might keep this deal together that way.

Negotiating Repairs

Preparing Sellers to Negotiate Repairs: Script #1

AGENT: In the state/province of _____, we don't put a price on repairs during contract negotiation when an offer is presented. That's not negotiated on the front-end. A buyer can ask for anything, and a seller doesn't have to do anything. They can ask, but we don't have to do. However, if you have put an addition on the house, and Uncle Joe did it and did not do it to code, you're going to be cited for all those code violations and they are going to have to be corrected if defects show up. However, anything that was up to code when the house was built does not have to be corrected. Cosmetic issues are things that do not have to be corrected. However, you want to sell and they want to buy, so we're going to have to come to a meeting of the minds somewhere along the way. If there is something big that shows up that is going to be a deal killer, and that item is something structural to the house, or becomes a material defect to the house (such as the interior of the chimney is cracked and becomes a hazard) and that item is found in an inspection and you choose not to repair it and the buyer walks away, that has to be disclosed to the next person coming along. So we want to make sure these things are all completed to everyone's satisfaction—we must come to a mutual agreement on things. Ideally, I would like to review the inspection list, see what can be done, what you want to do and eventually we can agree to an allowance for those repairs. That way, if you don't have the time to do them, they will be responsible for any repairs after closing, they will have control over those repairs which will be done to their satisfaction.

SELLER: *That sounds reasonable.*

AGENT: Right. But they cannot ask for any money on the initial inspection amendment. They have to ask for repairs. And because we're in a strong buyer's market right now, people are being picky, so you've got to play ball with the buyers.

When I represent a buyer, I always tell the other agent that my buyer may consider an allowance instead of having the seller do repairs. We just have to come to an agreement of what that allowance is.

- Peggy Devoney

Presenting a High-Cost Demand—Roof Repair: Script #1

AGENT: We've got a small issue here. We've received a repair request from the buyer. If you have a few minutes I'd like to go over it with you.

SELLER: Sure.

AGENT: The buyers are requesting a couple of repairs. One of the repairs appears to be quite major, and so I want to prepare you for that. They are requesting a new roof.

SELLER: A new roof?

AGENT: Yes. Their inspector has told them that the roof appears to be at the end of its lifetime. They are requesting a new roof. My suggestion is if you have someone you use on a regular basis, we could have them come out and take a look and get their opinion. There is a chance that there may be hail damage or something like that, in which case, the insurance company may help you pay for it. If not, then we'll have to go to Plan B, which is to get this roof taken care of, maybe taken out of your proceeds at closing, if you think you'll have enough proceeds.

Presenting a High-Cost Demand—Foundation Issues: Script #1

AGENT: We've received a repair request. The buyers have had a structural engineer take a look at the house, and the engineer is recommending that eight piers be put underneath the home. What I know from my experience is that piers cost approximately \$300 a piece. I can recommend to you some people who can give you bids within the next several days. Then we can get back to the buyer within their option period to let them know whether you think this is something you can take care of. And then get this home sold.

SELLER: *Do we have to listen to the structural engineer?*

AGENT: We don't, but the fact that we do have a structural engineer report means that it has to go with the Seller's Disclosure. If you decide not to put in any piers, perhaps you'll want to get your own structural engineer out there and get his opinion. Then if we can compromise with the two structural engineers' recommendations, we can call the buyer back and try to negotiate this—maybe you pay half and they pay half. Somehow, try to work this out with the buyer.

SELLER: *I see.*

AGENT: You should understand that if this contract does terminate, then you must amend your Seller's Disclosure because now you have a report in hand stating that you are aware of foundation issues. This will have to go to any potential buyers, from here on out.

Handling Emotional Response

Handling Seller Who Is Insulted by Low Offer: Script #1

SELLER: *I'm somewhat insulted. I would have expected a higher offer.*

AGENT: And I understand that, *Mr. Seller*. But please understand that an offer is better than nothing. You might not think of it that way, but I've had transactions that started ridiculously low and we were able to talk them up. Again, the best attitude is not to go into the negotiations upset, even though you might be. Let's not relate that to the buyer or the buyer's agent. Let's either give them a small counter, or let's reject it nicely and state our hope that they return to us with a better offer.

Handling Seller Who Is Insulted by Low Offer: Script #2

AGENT: Right. I can totally understand. That's why I said in the beginning, I was a little bit embarrassed about presenting this offer to you. But my job is to go back and bring this buyer up as high as the buyer's willing to go. I'm going to work really hard for you to get this done at a price that's acceptable to you and the buyer. However, I'm not going to determine that price. You and the buyer are going to determine what that price is. And if we can put this together, great. It's really important that you get to _____ (city), isn't it?

SELLER: *True.*

AGENT: We need to get this sold at a price that's going to be agreeable for you and the buyer, don't we?

SELLER: *Yes.*

AGENT: Okay. And once we get that done, we'll be able to find you a new place in _____ (city), right?

SELLER: *True.*

AGENT: So why don't we work on getting this buyer up. Let's not worry about what the offer came in at, but where we're going to be able to end up. How does that sound?

SELLER: *Great.*

Handling Seller Who Is Insulted by Low Offer: Script #3

AGENT: Hi, this is _____ (name) with the _____ (team). We have an offer here on your property, and I'm going to go through it with you—is this a good time? I'll go through the appliances first. They're asking for some things, and I want to make sure we're all on the same page. We don't want to end up buying someone a dishwasher at a later point in time. *[Take the seller through any appliance issues.]* They're asking for the refrigerator, the washer, the dryer, and the range—do all of those convey with the property?

SELLER: *Yes, I was planning on leaving those with the property.*

AGENT: Now, the offer that came in with this is \$_____. They're putting \$_____ in escrow. They want to close on _____ (date) and they're asking for _____% in repair limits. What do you think *[excitedly?]*

SELLER: *Well, I can't believe they came in at \$_____. That's pretty low.*

AGENT: It's better than the offer we had yesterday *[lightly].*

SELLER: *We had an offer yesterday?*

AGENT: No, we didn't, that's why it's better. The market is speaking to us, and we have an offer—those are good things. How many showings have you had?

SELLER: _____.

AGENT: The average should be 1 offer for every 8–10 showings, so let's entertain the offer. We never know how much a buyer will come up on the price. I've seen stranger things happen. So let's entertain this offer and give a counteroffer. How does that sound?

SELLER: *Sounds good, but do you think that's better than just throwing it out and hoping for the next one?*

AGENT: Yes, I do. Usually, your first offer is your best. I would never want to simply throw away an offer. I would entertain all offers. You never know how much a buyer will come up. Put yourself in the buyer's shoes. You would want to get as much house for the money as you can. But if you really loved the place, you'd probably pay full price, or maybe even above full price, wouldn't you?

SELLER: *Should we counter then?*

(continued on next page)

Handling Seller Who Is Insulted by Low Offer: Script #3 (continued)

AGENT: I think we should. I represent you, so I will do whatever you want me to do. If you want me to go back and say, "We are not counteracting. We reject the offer," I would be happy to do that. But I would strongly recommend that we come back with some kind of counteroffer. Something palatable to the buyer, but a price that does not give your house away. Would you like to counter?

SELLER: Yes, please help me with that.

Contract to Close

Communicating with Buyer's Agent

Emphasizing Your Role as Seller's Representative: Script #1

AGENT: *Ms. Buyer's Agent*, this is _____ with the _____ team. I wanted to let you know that I'm the contract-to-close coordinator here. I will be handling this file from here to closing. If you have any questions, issues, or repair amendments that need to be sent over, or if you need to discuss anything, it would be best for you to start with me, simply because I have the seller's file, so I will probably have the answers more quickly than anybody else on the team. If you feel that you need to talk to somebody else, please feel free to do so, but understand that most questions you need to ask are going to eventually come to me anyhow. Our team is set up a little differently than most agencies. We have quite a few people here, and each one of us is a specialist. My specialty is the contract-to-close phase. That's why they turn it over to me for the deal to go to the closing table. Again, if you have any repair issues or anything related to closing, please submit them to me and I'll be more than happy to negotiate those for you.

Surveys

Working with Anxious Seller as Closing Nears: Script #1

AGENT: The buyers want to know if you have a correct survey that can be used.

SELLER: *I have a survey, but I'm not going to let the buyer use it.*

AGENT: In the contract, you said that if you did have a good survey, that you would let them use it. If you choose not to do that, it's fine—there's nothing I can do to force you—but I would like to think that we're going to follow the guidelines of the contract in every aspect instead of picking and choosing which parts we'll follow.

SELLER: *What if I just don't think I should have to provide that information anymore—they haven't been exactly cooperative, either.*

AGENT: Then you should have discussed that more thoroughly with your listing agent. The contract does state that if you have a correct survey, you will allow the buyer to use it. Otherwise, the buyer will have to purchase a new one. If that's what you want to do—not release the survey—then I'll tell the buyer we do not have an existing survey that can be used. They will have to purchase a new one. You make that decision and let me know what you decide.

SELLER: *Well, we can give it to them.*

[Seller may also question agent loyalty at that point:]

Are you working for me? Whose side are you on here? This will lead to repairs that will cost me money.

AGENT: I understand that and I am working for you. Our goal is to get your house sold. I'm trying to help you see this situation from the buyer's point of view so that you don't feel they're being nit picky or trying to take advantage of you. That's not what they're doing. They're asking us to follow the rules of the contract and that's all I'm asking you to do.

Appraisal Issues

Communicating to Seller When Property Doesn't Appraise: Script #1

[Set up the expectation in your listing consultation that a house may not appraise.]

AGENT: *Mr. Seller*, we've just looked at the comparables, and we know this market definitely supports \$300,000. But because there are so few homes on the market and we would love to see you get top dollar, our recommendation is that we try for \$330,000. Now, you and I both know that that's an over-the-top price, and even if a buyer is willing to pay that, there is always the chance that your home doesn't appraise for that value. I want to prepare you for that. And in the event that your home doesn't appraise, we can either sell it for what it appraised for, we can put your house back on the market and try to get you another buyer with a different lender and an appraiser with a different opinion, or we can try to work out the difference with the buyer so that you come down a little and the buyer puts a little more cash down.

[When an appraisal issue comes up, then you can say.]

You remember when we first met, I mentioned that we may run into appraisal issues. Well, that lender and their appraiser, they didn't get the job done, and so we've got an issue and it's about \$15,000. This is what we can do. *[Reiterate the choices from your listing consultation.]* Now what would you like to do?

Communicating to Seller When Property Doesn't Appraise: Script #2

AGENT: Hi, *Mr. Seller*, this is _____ with Keller Williams Realty. We got the appraisal results today, and have a little issue here that we need to work on. Your sales price is \$180,000, and the appraisal came in at \$178,000. We have a couple of choices. You could, pay the difference; we could reduce the sales price to the appraised price, which is probably what the buyer wants. We could ask the buyer to pay the difference if they'd be willing, or possibly meet somewhere in the middle. How would you feel about that?

SELLER: *Let's see if the buyer will pay it.*

AGENT: Okay—let me go to the buyer's agent and we'll see what they say.

Communicating to Seller When Property Doesn't Appraise: Script #3

AGENT: Hi, *Mr. Seller*, this is _____ (name). I'm calling to let you know that the home inspection has been completed. The buyer didn't have any requests as a result of the inspection. We also had the appraisal done late last week, and we just got the final results from that. Do you remember when we talked about how we were going to have to sell the house three times? Once to the agent so buyers will come in, second to the buyer so they give an offer. Well, _____ (buyer's name) offered us \$5,000 more than we were asking, but the third time we had to sell your home was to the appraiser, and the appraiser didn't see the comparables regarding the value being \$5,000 more than we were asking. The appraiser actually came in at \$5,000 less.

SELLER: *Uh-oh.*

AGENT: We've got three options. First, we wait to see what the buyer's position is. They may come in with more money. Right now they're coming in with \$10,000; they may come in with \$15,000. The second option is that the buyer may come back and renegotiate the contract. They may say, "We paid \$5,000 more than the house is worth." So they're going to come in and possibly ask for a reduction in price. Or they could come in and just rescind the deal and back out completely. We're waiting to hear from them about what they decide. But, I wanted to call you as soon as I found out about the low appraisal.

Communicating to Seller When Property Doesn't Appraise: Script #4

AGENT: Hello, *Mr. Seller*, we have an issue. The appraisal has come in below the final sales price. We have several options. The first option is we can drop the price of the house. The second option is we can see if the buyer can come up with the additional amount, since they can only get a loan for the amount that the house appraises. Really, the only other option is to terminate the contract, because the buyer can't get the loan if the house does not appraise at the asking price.

Communicating to Seller When Property Doesn't Appraise: Script #5

AGENT:

Mr. and Mrs. Seller, we have a small issue that has come up. The appraisal has come in below the final sales price. It is my understanding that the buyer has rolled in closing costs. We have several options here. The first option, obviously, would be to reduce the price of the house to the appraised value. At the same time, we would reduce the amount of seller contribution to hopefully equal it out. The next thing we can do is, depending on where you are with your final number—and I know you want to get your house sold—we can reduce the price to the appraised value, but leave the amount that you already said you'd contribute on their behalf. Depending on whether or not this buyer has any money, this may be the best way for you to go if you feel you have enough room to play with. That is, if you expect to receive enough proceeds to allow you to do that. The third option would be to terminate the contract. This could occur if the buyer doesn't have enough money to come to the table, in which case, they won't be able to purchase the home.

Repair Issues

Explaining Repair Issues to the Seller: Script #1

AGENT: *Mr. Seller*, under the contract we did make an agreement that you would repair up to 1.5 percent of the sales price, which is \$3,000. The shower is going to cost you \$600. Now there are a couple of other items on here. Have you gotten estimates for those yet? You have? Great. So we're still under the \$3,000.

or

Mr. Seller, if you'd like, I have several plumbers with whom I work regularly. They do a very good job and are very reasonable. Perhaps we could get a couple more bids to see if we can do this and save you some money that way. Would it be okay if I made arrangements—if I called several plumbers and had them come out to look at your shower and get you some bids?

Explaining Repair Issues to the Seller: Script #2

AGENT: Hello, *Mr. Seller*, they did the home inspection. Here are the issues they came up with. You have a double tap on the electric circuit. Your toilet's loose. And they want the furnace cleaned. You know, I'm looking at this, and it looks like probably about \$100 of stuff you need to take care of. Would that be stuff you could take care of yourself, or would you need somebody else to come in and take care of that?

SELLER: *I can take care of it.*

AGENT: Great. Well, why don't you take care of those issues yourself. We'll let the attorneys know you're going to take care of it, and we'll be done.

Explaining Repair Issues to the Seller: Script #3

AGENT: We got the buyer's request today, and I just wanted to go over what's come up on that. They've requested that the shower be replaced. If you'd like, we can set up some appointments to get estimates on the shower, or I can give you some names and numbers to call if you want to set up the appointments yourself.

SELLER: *But if it's going to be more than my repair limit, I don't want to do it.*

AGENT: I understand that. I know that we're working on a budget here and trying to stick as close to it as we can. Do you have somebody in mind that you'd call to get an estimate to repair it?

SELLER: *No.*

AGENT: We've got a few people we've worked with in the past that I'd be happy to refer to you, if you'd like.

SELLER: *Do your people give a fair price?*

AGENT: Yes, they do good work for a fair price. Another option to the situation is this: I know you have \$3,000 budgeted for repairs. If the repair ends up being more than \$3,000, we could give the buyers the option of a credit at the close of escrow for \$3,000, and let them handle the repair on their own when we close.

SELLER: *What do you recommend?*

AGENT: If we can get it done for cheaper, then I would suggest we get it repaired, but most of the time it's a lot easier to just give them a credit. Then we don't have to worry about the work being done satisfactorily or meeting people at the house, etc.

Explaining Repair Issues to the Seller: Script #4

AGENT: When we listed the property, we talked about what was going to happen when we had a contract. Now, we're going into the contract period, and we have an option. During the option period, as I told you, they are going to do the inspection. Because they offered such a low price, we went back and told them, "it's going to be as is." They did their inspection and they accept it "as is." Well, now we've found some major repairs. They're going to have to put in a new shower pan and fix all of the tile work in the shower. It's going to cost more than \$4,000. If we do not accept this contract and work out something splitting the cost, whatever it is we can work out, you'll have to disclose this and you'll have to do 100 percent of the repairs before we can sell the house again.

Explaining Repair Issues to the Seller: Script #5

AGENT: *Mr. Seller*, I understand you probably weren't expecting this plumbing issue. Do you have a plumber with whom you regularly work? Have you used a plumber before since you've owned the home? You have? Well, good—then you'll probably want to have them come over, since you already know and trust them, and give you a bid. And perhaps we can look in the phone book and get a couple of other plumbers too, just to make sure there's not a cheaper way to do this.

Preparing Your Seller for Big-Ticket Repair Request: Script #1

AGENT: ... and they want a French drain around the house. What do you think, *Mr. Seller*? How does that sound to you?

SELLER: *Sounds expensive. Can we just not do it and wait for the next buyer who isn't as fussy?*

AGENT: We certainly could do that, but let's keep your time frame in mind. Also, keep in mind we've gotten a very good offer for the house. Do you want to go back on the market and start all over again?

SELLER: *No.*

AGENT: Okay, how much do you think it will cost to have this work done?

SELLER: *I don't know, upward of \$4,000 I would guess.*

AGENT: I would venture that it is less than that. Why don't we get an estimate and find out for sure. Then, if you don't want to deal with it, we can just give the buyer a credit in lieu of the work? Would that be satisfactory for you?

SELLER: *I could handle that, yes.*

Preparing Your Seller for Buyer's Inspection: Script #1

AGENT: *Mr. Seller*, the buyer is buying this house in its present, as-is condition, subject to their inspections. Keep in mind, they are paying a very fair price for your home. And they're going to want it to be in good, working order. In other words, when they do their inspection, they're going to kick the tires and they're going to find things in the house that are not in great shape. The inspector is going to write down lots of things. But, that doesn't mean you need to fix everything. All we'll be concerned with are those items the buyer requests us to repair. You are under no obligation to fix any of these things. Just keep in mind that if it has to do with a leaky dishwasher or an electrical issue, it should probably be addressed for health and safety reasons. If it's a cosmetic request, I'll tell the buyer, for you, to take a hike. Are you okay with that?

SELLER: Yes.

Dealing with Repairs that Exceed the Repair Limit: Script #1

AGENT: Okay, *Mr. Seller*, your house needs a new roof. That's going to be, let's see, five maybe six thousand dollars on a house this size. Your repair limit is only \$3,500. So, what we might try to do is offer the buyers a credit for the full amount of the \$3,500 and see if they'd be willing to put the roof on themselves. Does that sound like something that might work for you?

Termite Inspection Issues

Handling Past Termite Infestation: Script #1

AGENT: Hello, *Mr. Seller*. I have the results of the termite inspection. They did find some evidence of termites and, under this contract, if you have a transferable termite warranty, all you'll have to do is fix the damage; you won't need to treat. Do you have a transferable termite warranty? You do? Good. With whom? Well, why don't you give ACME a call and see if you do have that warranty. Then all we'll have to do is get somebody in to fix the wood damage, we'll give the transferable warranty to the buyer, and we'll be on to the next thing.

Handling Past Termite Infestation: Script #2

AGENT: Hello, *Mr. Seller*, we have received a repair request from the buyers. The only request is that you treat for termites. The termite report states that you do not have any active termites, but they are showing signs of previous termite infestation with no previous treatment. If you agree to do this, we will get the house treated for termites in the area where they noticed previous infestation.

SELLER: Even though there is no activity?

AGENT: Yes, even though there's no activity now. There are signs of previous infestation. The termites may be dormant at the moment—they could still be present, but just dormant—and we want to make sure that it is taken care of so the buyers can't come back and say, "You were aware of this issue and did nothing to take care of it." If that happens, you may have some major expenses that you do not want to incur. I can help you with this. We've already offered to purchase a home warranty for the buyers. We can call that home warranty company and have those termites treated for a \$200 deductible, which is a lot cheaper than if you try to do it outside of the home warranty, which could cost anywhere from \$650 to \$1,000 to get it treated.

Objections to Repairs

If I Make this Repair, Can I Sell to a Different Buyer for More?: Script #1

AGENT: Well, when you warranted the contract for the home, you wrote that everything in the home would be in working order. It's part of the contract. So if the buyer made the offer based on everything being in working order, I don't believe the house would be worth any more—it would be worth what the buyer offered.

I Don't Think I Should Have to Make All These Repairs: Script #1

AGENT: Well, *Mr. Seller*, the buyers have done their inspection, and I have a wish list here. Basically, that's what it is. I would like you to look at this list and agree to the things you would agree to if you were in the buyer's shoes. If you would ask for these changes, I want you to say, "Hey, I'll do those." Obviously, it's up to you—it's your money. Then again, we need to sell your house, and if you don't do these repairs, I have to turn over this inspection report to any future buyer's agent, so they're going to see this inspection report anyway. There's a high probability that these things are going to come up again and again. If you see something nit picky, throw it out—tell the buyer you're not going to do that. But if it's a major item or an item you would want addressed if you were in the buyer's shoes, I want you to strongly consider doing it.

Extension Issues

Handling Financing Delays that Affect Closing Date: Script #1

AGENT: *Mr. Seller, I got a call from the lender today. Everything's going well with the buyer's financing, but it may take them a little longer than they first thought. It's probably going to be about three days. Now, I know that probably wasn't in your plans, but we have a couple of choices: we could say "No," but if we do that, then, of course, we'll have to find another buyer because the lender is not going to be ready to close on that date. We could ask the buyer to pay us for the inconvenience. If you're going to incur additional costs because of their inconveniencing you, we could ask the buyer or even the lender to cover those costs. We've actually gotten the lender to give the seller some money. They could, of course, refuse to do that. If you have to borrow money out-of-pocket due to making another mortgage payment, certainly we'll try to get that money from the lender for you.*

SELLER: *I hadn't figured this into my schedule.*

AGENT: Well, I hadn't either. Do you think it's going to be possible for you to do that? Do you think you might be able to rearrange your schedule a little? I know you're moving into an apartment, so maybe we could ask for a little bit of reimbursement for your inconvenience. Would that be acceptable to you?

SELLER: *I think we can work something out.*

AGENT: Okay, great—what do you think would be fair? I'll go to the buyer and we'll see what we can do.

Handling Financing Delays that Affect Closing Date: Script #2

AGENT: *Mr. Seller*, I talked to the lender today for your buyer's financing, and they're having a little trouble getting everything done on time. So I took the liberty of calling the selling agent on the home you're purchasing. The seller on that side agreed that we could get a couple of days' extension without a problem; it wouldn't be a huge inconvenience for them. Now I know you probably already called everybody, so you're going to have to reschedule everybody—the utilities and the movers and all—there's not a whole lot we can do other than canceling the contract. At this point it would be kind of hard to get another buyer to close in that time frame. What do you think?

Handling Closing Company Delays that Affect Closing Date: Script #1

AGENT: *Mr. Seller*, we've got a problem. I've talked to the title company and it's my understanding that the documents are not ready for closing. We don't know exactly when they will be ready; the attorneys have the documents and they're trying to get them to the closing department, but they have not made it yet. Therefore, our closing will be delayed at least one day, maybe two.

SELLER: *That makes me a little anxious.*

AGENT: I understand. Unfortunately, it is something that is completely out of our control. We stay in contact with the lender as best we can. It is completely out of our hands, and we rely on a third-party source to get these documents to the title company in order for us to get closings completed. I will continue to call the lender and get you as much information as I possibly can. Again, as I said, this is completely out of our control.

Postclosing

Postclosing Follow-Up

Asking Seller to Complete Postclosing Survey: Script #1

AGENT: Congratulations on the sale of your home! We so enjoyed working with you. Would you be willing to fill out this survey evaluating our services? Please be totally candid with us, because in our endeavor to continue to increase and improve the services that we provide to our clients, we want to make sure we're acting on the input that we get from our buyers and sellers.

[Put them in your 33 Touch program. You, or someone from your team, should get in contact with them every couple of weeks.]

Notes

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