

How to Negotiate

10 Sure Fire Ways to Negotiate a Contract like a Pro

The art of negotiation is the procedure of communicating back and forth in order to come to a mutual agreement. Negotiation is done when two parties have different expectations and must come to a mutual agreement before a contract can be signed. The most experienced negotiators will bring an attitude of high expectations to the negotiation table. They work hard to solve the problems and are easy on the people. It's more effective to remain cooperative and efficient in order to preserve a civil relationship between the buyer and the seller, so they can work together to solve any problems and to complete the transaction as painlessly as possible.

When negotiating a contract over buying a home you want to get the lowest possible price and close on the house within a reasonable amount of time so you can move in.

1. Let the seller know what you need or expect in a clear and reasonable manner. Sometimes a buyer may submit a letter to a seller depicting why the property is not worth the asking price and pointing out the faults. This is a sure way to start the negotiations off with a defensive seller. It would be best to anchor a reasonable price, while continuing to remain polite and respectful of the seller's home.
2. Be prepared to solve any repair, title, survey or loan problems fairly; so there are no future problems to be addressed at closing.
3. Never respond to offers emotionally. This combative style of negotiating can turn the seller angry or defensive and can escalate into negative comments, table pounding and threats to walk out on the offer.
4. Keep your cool. Never argue. Arguing can sometimes make the seller want to work against you instead of working with you.
5. Do not be too quick to respond. Do not ignore or respond to the seller's arguments or statements immediately. Make it known that you are listening carefully and considerately, but do not reject or accept any offers until you have had time to carefully consider them.
6. Have any unclear portions of the proposals clarified completely.
7. Never discuss personal issues that involve the seller or buyer, such as an urgency to move in or a financial status.
8. Let trust increase the buyer's leverage by: listening and understanding what the seller has to say; convey an appreciation or admiration for the seller's home decorating and gardens; and respond to counter offers within a reasonable time frame.
9. Find a common ground with the seller. This can be a very powerful tool used to the buyer's advantage in the event of multiple offers. Sometimes a seller may select a buyer's contract for personal reasons, like if the buyer's family reminded the seller of themselves when they bought a home with their young children, or just by sharing the same religion.
10. Understanding your leverage as the buyer. The more the buyer can find out about the seller's needs, the better chance the buyer has to find solutions in negotiation. The buyer must be able to appeal to the seller's concerns. For instance, if the house has been on the market for over 300 days, the seller will have a lot more leverage than they would have with a brand new listing. If the seller's time frame is forthcoming, then the buyer can meet it with some leverage, unless the seller has multiple offers.

Most buyers usually offer less than the listed price of the house. So, how much under the listed price should you offer? That all depends if the house is listed in a strong seller's market and the market analyses of the recent sales in the neighborhood from where the house is being sold. The buyer should do their homework before submitting an offer so low, they might risk offending the seller and have their offer rejected immediately.

If there are multiple offers on one property, disclosure is favored among all parties. However, the seller or agent representing them will make the final decision as to how the offers will be handled. The seller may disclose the terms of one offer to stimulate another buyer to submit a better offer. Normally the procedure for multiple offers is to notify each party of the multiple offers that have been received. Each of the parties is then given an opportunity to amend their offer and submit it within a certain amount of time. After all offers are on the table, the seller is once again free to review the amended offers and select a buyer to negotiate with. Sellers are in no way obligated to accept the first offer that comes in. Any offer selected may be countered, negotiated, or accepted as is.

