

Five Keys To Successful Negotiation

Your success in the real estate market lies in how well you negotiate, which is a complicated matter. All the parties involved want things to go their way. Given these conditions, how can you make things work for your favor? How does one become a successful negotiator?

Based on experience, these five aspects determine a successful negotiation:

- **What the market says**

Study the market. There will be times when it's more favorable for buyers and there will be other times when it will lean towards sellers. The key is to strike when the time is favorable for your side. For example, as a buyer you are in a position to offer the seller a quick deal and you know that the seller is in a hurry to sell the property. Take it as an opportunity to make things work in your favor.

- **Determine who has leverage**

If word has gotten out that the seller has gone bankrupt, you are in a position to make reasonable demands. On the other hand, if you know that the house is a hot item, expect competition. Therefore, you are in no position to dictate the terms or ask for "extras". The owner has the liberty to choose the buyer they want; which is usually to the highest bidder with the best terms.

- **What are the details?**

What are the other costs (or savings) involved? Most people think that the price of the house is all there is to it. However, there are other things to consider. For instance, both House A and House B cost \$475,000. House A is an older home that needs costly repairs. Plus, the seller of House A agreed to pay a portion of the closing costs. On the other hand, House B also costs the same but the cost of necessary repairs will not be covered by the seller.

Think about all of the costs and savings involved and determine where you can get better value for your money.

- **Financing**

All transactions involve money. Money affects negotiations in so many ways.

Is the buyer pre-qualified or pre-approved by a lender? Finding your ideal house does not guarantee that financing will also be available. Your loan application can be denied because of several reasons; among them: appraisal problems, title issues, survey findings.

One of the advantages of being pre-approved is that buyers already know how much they could afford. Sellers like buyers who are pre-qualified. They pose less risk to the seller. They won't have to worry



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about waiting for the buyer to find a loan to seal the deal. Being pre-approved means that you have the financial capacity to pay for the loan.

Lower interest rates mean a broad market - a lot of potential buyers.

Nowadays, down payments are made easier. Now you can find loans with as low as a 5% down payment or less. 100 percent financing or no down payment plans may also be an option.

- **Broker expertise**

Brokers are now representing not only sellers but buyers as well. If you have competition, being represented by a reputable broker gives you an edge.



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