



SKILL  
CENTERED  
COACHING

**WORKING WITH BUYERS  
WORKSHOP**

## Prior to the Appointment...

### Types of Buyers

There are a number of types of buyers, all with different motivations and reasons for contacting you. You need to develop ways of classifying these prospects so that you know how to proceed in working with them. Buyers may be:

1. **Highly motivated and qualified.** These buyers are almost desperate to buy a home, are under severe pressure to get a home soon, and they have the resources to complete the purchase.
2. **Somewhat motivated and qualified.** These buyers have many reasons to find and purchase a new home. They have investigated mortgage options and clarified their new home needs.
3. **Barely motivated and qualified.** If the right home at the right terms comes along, these buyers will buy. It is doubtful whether they have established their purchasing power or investigated the steps they will need to take in a new home purchase.
4. **Not motivated or qualified.** These buyers are at the beginning stages of considering a home purchase. They place no priority in proceeding with the process other than having a mild curiosity about what is available and what such properties might provide for them.
5. **Fascinated with real estate** - These buyers are all curious but have no motivation or intent to act in any substantial way. Many of these buyers have devious motivations, such as "seeing what is in the house," "just checking out the decorating," or "checking out houses as a form of entertainment." These folks don't mind wasting your time or imposing on you and potential buyers just to satisfy their curiosity.

Ask yourself the following question about buyers:

- How can you move those in your buyer pool from a low level of interest to be more highly motivated buyers?

## The Relocating Buyer

Relocating buyers offer unique challenges. They are usually highly motivated people looking for real value and a sales professional who can flawlessly handle their move.

**Relocating buyers are motivated, yet demanding, and usually have special needs.**

Relocation buyer profile:

- Little or no knowledge of your area
- Very rigid decision-making time requirements
- Long-distance moving logistics
- Buyer may be unfamiliar with your local real estate practices

Your steps include:

- **Provide just enough information to make your buyers comfortable.** Use probing questions to determine the information about your area that is important to your buyer, and then provide it. Don't overload the buyer with too much data. Zoom in on their special needs and provide only what they want.

Sources of information include:

- Chambers of commerce
- School district newsletters
- Welcome Wagon publications
- Newspapers
- Recreation centers
- Club chapters
- Park systems
- Community-specific magazines
- Internet

- **Contact the buyer's listing agent to coordinate the move.** Stay in touch with the listing agent to synchronize the move with your buyer. Share your sales progress with the listing agent to make sure the buyer stays on track with their moving schedule. If you see that the pace of your home search needs to be increased, tell the buyer.

Prepare for options that can be used in case the buyer needs to move before they can close on a house (i.e., temporary housing arrangements, lease-to-buy options, pre-closing possession, I-buyer, etc.)

Help the buyer make arrangements for furniture storage, if needed, prior to closing. Often, you can partner with storage companies to offer special discounts to relocating buyers. Be sure to keep the lines of communication open with the listing agent during the entire process.

- **Be sensitive of potential cultural differences.** Your buyer may be from another country or another part of the United States. If the buyer is relocating from abroad, learn about their cultural differences and acceptable behaviors before meeting with them. Your local library, university, or cultural center may be a good source of information. Be sensitive to manners, language, attire, and acceptable gestures. Think about how difficult it would be for you to embark on a home search in a foreign country! Imagine how much more at ease you would be if your foreign sales professional made you feel at home in their country.

If your buyer is from another part of the United States, be aware of any geographically defined traits, language, and customs that may be different from your own.

A good resource for cultural information and appropriate behaviors is Terri Morrison and Wayne Conaway's book called *Kiss, Bow, or Shake Hands*. It is a good reference to add to your professional library.

- **Explain your local real estate practices to your buyers.** Take time to describe your local policies, laws, and customs in these areas:
  - Agency
  - Disclosure
  - Contingencies
  - Inspection
  - Remediation
  - Dispute resolution
  - Deposit money
  - Closing
  - Possession

- **Be sensitive to Internet shoppers' motivations.** The old adage that the real estate sales professional holds and controls the information no longer applies! All buyers are using the Internet to gather information themselves, not only about homes, but also about neighborhoods, schools, and demographic statistics. Your role with these buyers will rely on your ability to position yourself as a problem solver.

You will provide real value with your ability to supplement and interpret the information your buyers gather. Familiarize yourself with the various on-line resources your buyers are using so you can communicate intelligently with them. What are some sites that consumers are likely to visit?

Respect the buyer's initiative and desire to gather information and recognize that your worth will be evaluated on your ability to decipher and apply that information in a way that is valuable to the buyers.

## Getting Prepared

Buyers today are more informed, more demanding, and likely to be less loyal to an agent than ever before. The impression you make, initially and beyond, will determine your success with them. Obviously, it would be wise to have your “act together” for each encounter with buyers.

Questions to ask yourself as you prepare for a meeting with buyers:

- Do you have a buyer’s kit for immediate presentation?
- Can you quickly and tactfully establish the buyer’s experience in the marketplace?
- Do you have a list of questions to clarify the type of buyer?
- Are you prepared to invest time with this buyer (talk to, discuss properties, explain the purchasing process, etc.) to establish whether you should devote more time to them?
- Have you established criteria for buyers who you will or will not choose to service?
- Are you familiar with the agency service options permitted by your state and recommended by your company’s policy? Can you present and explain them adequately?
- What tools (brochures, booklets, exhibits, handouts, videos, etc.) will you use?
- How will you distinguish yourself as the sales professional the buyers will want to have service their needs?
- Can you deal with various situations that buyers faced (first-time buyers, lease obligations, have a house to sell, parents involved, previous bad experience with an agent, extensive use of Internet for property and purchase information, have a “friend” in the business, etc.)?

## Homebuyers Today – A Profile

On average, consumers buy a home once every seven years. Because real estate transactions are not a regular part of their lives, they need you to assist them. You will need to understand why buyers want to work with you, how they choose a sales professional, and what services they expect. Getting the appointment with the buyer will depend on your ability to convince them that you are best sales professional for the job.

**Buyers are liars!  
Probably NOT!**

**Typically, the problem is with agents who  
are not good listeners.**

Why buyers work with real estate professionals:

- Need insight about neighborhoods
- Unsure of the home-buying process
- Need to be hand-held through the process
- Don't know where to start
- Only you can show them the inside of the home
- Want someone to represent them
- Time constraints – need to buy soon
- Want a chauffeur or someone to take them on tour
- Get interior decorating ideas and free food at open houses
- See what the inside of the neighbor's house looks like
- Compare houses to their own because they are thinking of selling

As you can see, some of these buyer motivations are valid, but some are timewasters. Sometimes, buyer motivations can be difficult to uncover, but by using your consultative selling skills and a little common sense, you can stay away from the timewasters. Be aware that such buyers do exist, and they are very eager to use your time.

How buyers choose a sales professional:

- Referral from a friend, relative, or business associate
- Interview to find a compatibility match
- Compare personal promotion/advertising
- Expertise in the target neighborhood
- Reputation in the industry

## **Your Steps in Working with Buyers**

Enhance your chances of being contacted by buyers by having:

- A well-developed prospect-source network
- A large sphere of influence
- Compelling personal promotion materials
- Adequate and compelling advertising
- An extensive list of service options

Provide services buyers want, such as:

- Initial inventory of homes that meet their needs
- Information about the areas being considered
- Exclusive representation with fiduciary responsibilities
- Coordination of inspections
- Financing assistance – standard and creative
- Negotiation for the best agreement on their behalf
- Interpretation of information
- Knowledge and experience
- Availability of sales professional
- Advice about the entire home-buying process
- Complete estimate of total costs
- Seamless coordination of the closing process
- Assistance with utilities and other details
- A long-term relationship for future needs





## Ascertaining Needs and Wants

Once you have prospected for or have been contacted by a potential buyer, you will need to get the appointment. Use your consultative skills to secure the initial meeting.

You can meet the buyers:

- **In their home.** This *is not* the preferred option. Buyers seldom want to purchase a home that is too similar to what they already have. Meeting in their home can incorrectly influence your perspective of their actual desires.
- **In your office.** If you sense you need to gain control early, this is the best place to meet. Meeting here will also add credibility to your professional image by establishing you as a businessperson.
- **At a neutral place** (restaurant, hotel lobby, their office, etc.). Relocation buyers often need to meet close to an airport or hotel to save time. This choice is also used when convenience and practicality outweigh the benefits of meeting in the office.

## Buyer's Needs Analysis

The objective of the buyer's needs analysis is to determine the buyer's emotional reasons for buying. Often called a "counseling interview," this meeting is a chance to educate the buyers and determine if they are going to purchase a home soon. If they are not, any financial qualifications are irrelevant.

**Conversation guide:**  
**Ask 20% and listen 80%**

Your steps in conducting a buyer's needs analysis:

- **Set the tone for the meeting.** Put the buyers at ease and set mutual expectations for your relationship with them. Prepare an opening statement to create an atmosphere of cooperation.

Sample dialogue you might use to set the tone for the meeting:

**"Thank you for taking the time to meet with me and discuss how I can help you find and acquire the home that best meets your needs.**

**My role is not to try to sell you a home;  
my role is not to sell you on buying a home.  
I am here to discuss your wants and needs and, if appropriate,  
to help you find the best property for you.  
I will help you buy a home, rather than try to sell you a home."**



**Write an initial appointment opening statement that you will use with the buyers, such as "How soon will you be needing a home?"**



**Plan the track or itinerary you will follow when meeting with the buyers.**

- **Help buyers identify their needs, wants, and “whys.”** To help your buyers make the right housing decision, you must identify their needs and motivations. It is easy for customers to list the tangible specifications of the home they want, but difficult for them to express their emotional reasons for buying. You must find out why buyers want what they want.

Using your consultative skills, probe for the “why” with the following techniques:

- Use open questions and listen to the responses.
- Pay attention to body language.
- Ask about function rather than feature. For example, to find out what size kitchen will be needed, ask, “How often do you eat at home?”
- When a feature is identified, ask why it is important.
- Asking “why?” Five times can get to the root of the emotion. For example, the buyers say they need a three-acre lot. When asked why a three-acre lot is important to them, possible responses might be:
  - **Privacy** – “We hate being boxed in. We want some elbow room away from people.”
  - **Social Acceptance** – “All of our friends live on three-acre lots.”
  - **Ego Satisfaction** – “Most people have those little half-acre lots; we have got to have at least three.”

Can privacy, social acceptance, and ego be satisfied with features other than a three-acre lot? Yes, and now you have opened up more possible homes to show your buyer prospects!

Other questions you can use to determine motivations might be:

- “How long have you been looking for a home?”
- “Have you researched properties on the Internet?”
- “How many have you seen?”
- “Where have you been looking?”
- “Have you seen anything you liked?”
- “Why did you not buy any of the homes you have seen?”
- “Why are you moving?”
- “When do you need to take possession?”

- “Describe the perfect timing for your situation.”
- “What is the situation with your current home?”
- “Have you been working with any other sales professionals?”
- “Have you purchased a home before? When?”
- “Do you live in the area?”
- “With which parts of our community are you most familiar?”
- “What hobbies or interests do you have that will affect your housing needs?”
- “What do you like about your present home?”
- “Are there any future events we need to consider?”
- “Have you determined your purchasing power in today’s market?”
- “Do you currently own or rent?”
- “Do you have to sell your current home before purchasing?”
- “What expectations do you have for the agent who helps with this purchase?”
- “Are you familiar with buyer representation options?”

## Needs Analysis

A real estate home buying system enables both the buyers and you to feel focused and comfortable with the buying process. It will also help you guide buyers through the elements of the process and set mutually agreeable expectations for your working relationship.

**Preparing buyers for realistic expectations  
will save you time and effort and provide buyers  
with ultimate satisfaction.**

Your steps in helping buyers find the right home include:

- **Prioritizing the buyer's needs.** After you have determined the wants and needs of the buyers, it is time to prioritize. It is likely that not all of their wants and needs can be satisfied in one house and within their price range. Explain this to them.

These suggestions will help buyers rank their needs:

- Use an overview map of the desired area to aid in identifying location preferences.
- On a sheet of paper, draw two columns: "Needs" and "Wants" - to create a visual.
- List all "needs" and "wants" in the appropriate columns.
- Ask the buyer to select their top five needs and top five wants.
- Rank the order of the top five selections in each column.
- Identify one item in each column that can be disregarded if all the others are found to be top priorities.

Your buyers now have a workable list to use for their home-search efforts.

Preparing buyers to make compromises will lead to a win-win outcome for you and them. It is too rare to consider that a buyer will find just the perfect house that meets all of the wants and needs on their list. Even with new constructions, buyers usually must make compromises.

**Expectations are always met  
when they are understood.**

- **Set mutual expectations.** The best way to prevent disagreements or uncomfortable confrontations with your buyers is to plan ahead and set mutually agreeable expectations. Discuss these with your buyers and document them for future reference. Areas of mutual agreement should include:
  - Prioritization of wants and needs
  - Availability to look at homes - yours and theirs
  - Courtesy notifications for appointment cancellations
  - Immediate communications of new information or changes in the situation
  - Loyalty to the buying process
  - Open and honest communication
  - Identification of all parties involved in the decision-making process
- **Review the purchase process.**
  - Needs analysis
  - Selecting suitable properties
  - Evaluation of the inventory
  - Making a final selection
  - Developing a buying strategy
  - Determining the offer price
  - Financing options
  - Down payment amount
  - Mortgage pre-approval
  - Writing the offer
  - Deposit money amount
  - Negotiable items
  - Inclusions and exclusions
  - Inspections and contingencies
  - Critical dates
  - Closing and possession

## Demonstrating Value

Steps in the decision-making process:

- **Mental** - Buyers think through the decision without sharing it.
- **Verbal** - Buyers saying something to respond to a question that confirms what they think.
- **Physical** - Buyers act on the decision (consider payment, sign agreement, consult others for confirmation).

**Our Goal:**

**To make the decision process easy and routine!**




## **Paperwork and Forms**

Your instructor will guide you some useful sample materials.

## Sample Buyers Presentation

# find your place





Company  
Logo

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City, ST 00000  
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[www.website.com](http://www.website.com)

# to do: be your realtor®



**agentNAME**  
REALTOR®

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[email@website.com](mailto:email@website.com)  
[www.website.com](http://www.website.com)

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# what my clients say:

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**Testimonial Name**  
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**Testimonial Name**  
City, State

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# to do: choose a different kind of company

**Company  
Logo**

**Location 1**  
000 Address  
City, Tennessee  
00000  
615.000.0000

**Location 2**  
000 Address  
City, Tennessee  
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**Location 2**  
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**Core values:**

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## Community involvement...

### Company Logo

#### how to give

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#### Areas of giving include:

- housing
- community
- environment and smart growth
- the arts

#### Previous Organizations:

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- Vivamus sollicitudin
- Pellentesque habitant
- Idkiddid idslaidkttadk
- Bdlpepcnc tdotoow
- And Many More!

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## to do: hold true to my promises

What may matter more than the home you choose is your experience throughout the process. I will guide you through the home-buying process, help you find the right home, and help you reach a satisfactory agreement.

I will take your needs seriously and will use effective systems to help you find your new home. Together, we will develop a strategy for your home purchase. This is a well-organized, time-saving approach to the home-buying process. With my system, you will clearly:

- Determine how much you want to spend
- Establish a criteria for selecting homes
- Obtain information about houses and neighborhoods to help you make decisions
- Prepare for mortgage qualification
- Close on the house of your dreams

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## my role in the process

### I pledge to provide unsurpassed service to help you with all of your real estate needs.

- Provide vital information on available homes.
- Collaborate to establish a price range best suited for your finances.
- Keep you aware of changes in the real estate market.
- Provide information on area schools and key points of interest.
- Assist in identifying homes that meet your needs.
- Provide contingencies regarding inspections, financing, and insurance when you identify the "right" property.
- Provide and explain a complete estimate of all costs involved in the purchase of a home.
- Coordinate all negotiations and communication between you and the sellers.
- Help you attain a smooth and enjoyable home buying experience.

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## your home search

### I understand...

You are looking for something unique. You want something distinctive. Regardless of your budget, you deserve something great, something that reflects you and your style.

Perhaps a historic Arts and Crafts or a brick Tudor with a private courtyard that stirs the senses. Maybe you want a perfectly restored home in one of the city's oldest neighborhoods. Have you been dreaming of a big-city styled loft or a posh condo full of amenities? Do you want a neighborhood where you can stroll to local eateries, shopping and nightlife? Are you looking for the most progressive environmental and sustainable options in Nashville?

I along with my company represent the most diverse housing solutions in the city. Unique is our specialty. We are passionate about finding the best options whether it is on the market, or an upcoming opportunity. We center on the exceptional.

Search for your new place at XXXXXXXX.com. Search by neighborhood, zip code, price range, or any number of parameters.

I will also tap into my many resources to help find your perfect home. For example, I'll network with other agents to learn about upcoming listings before they hit the market.

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## purchasing process

### Step 1: Get your finances in order.

It is important to know what your credit report says about your financial history before you apply for a mortgage. The report plays an important role in the mortgage approval process and in determining the interest rate and other loan offered to you. If you haven't look at your credit reports, you might be surprised at their contents, because errors are common.

### Step 2: Get pre-approved for a mortgage.

I can help you understand how much you may qualify to purchase, however, an offer on a home with pre-approval documents from a lender is much stronger than an offer without them.

### Step 3: Determine your wants and needs.

Buying a home isn't as complicated as you might think; however, the process will go much more smoothly if you are familiar with your real estate market and narrow down your wants and needs before you start looking at houses. I can help you better understand the market and what choices you may need to consider.

### Step 4: Start searching for a home.

Together, we will find the right home for you. I will send you multiple listing sheets to study and decide which homes you would like to view. We can discuss the best way to narrow, preview or see prospective properties.

### Step 5: Make an offer.

Once you decide on the perfect home for you, we will prepare a purchase agreement with the stipulations that are specific to your situation. This will begin the negotiation process. During this time, we will work to settle on the best possible terms for you.

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## purchasing process

*If your offer is accepted...*

### Step 6: Get a home inspection.

Most likely you will want a home inspection. Many inspection options, and we are available to cover those that are available and the advantage of each. Typically, the inspection costs are the responsibility of the buyer.

### Step 7: On the way to closing.

During the transaction, checking on progress throughout the process is key. Working to provide your lender with necessary paperwork and ensuring all the information is correct will avoid last minute issues.

### Step 8: Closing. It's yours!

"Closing," also called "settlement," is the actual transfer of ownership. I will schedule your closing and help you understand all the paperwork with your closing agent.

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## condos and HOAs

For some people, a condominium may be a better housing choice than the traditional detached house. Such units are usually located with convenient access to office and shopping areas, and there's a lot less time-consuming home maintenance involved.

A condominium may be purchased and owned directly, just like a house. Generally you share a common interest with other owners in the surrounding groups and some other facilities. You are responsible for everything inside the unit. The management firm is in charge of the day-to-day care of the entire complex, taxes, and are responsible for everything outside, such as the pool and clubhouse.

When you buy a condo, you will pay a monthly fee, described as a maintenance fee, association fee or homeowner's dues, which pay for the operating costs of the building. You'll also make a separate payment for your own unit's financing if you financed it. You will want to review important items to check out the performance of the management company. These include information about the cash reserves, current operating budgets, and its legal status. Find out if the letters of incorporation are in good order and if there are any lawsuits pending against the property.

When you look at condos, check the exterior walls and common grounds to see if they're well maintained. If the paint looks shabby, and the lawn shows signs of neglect, lights are burned out or the water in the pool seems cloudy, you may want to dig deeper. If the management firm isn't doing a good job, you could be in for a huge bill for an assessment or repairs at some time in the future. If possible, it is a good idea to attend a meeting of the owners or shareholders. They're usually held once a month, and you'll get a good idea of what kind of problems come up.

Before you commit, get a copy of the rules for owners. Some units may exclude pets, pianos or even grills. Also, find out how recreation areas are controlled.

Depending on your lifestyle, a condo may be right for you – especially if you have little time for maintenance!

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## homeowner's insurance

Buying a home or condominium is one of the biggest decisions in a person's life. In addition to this, choosing the right insurance programs are equally as important. Many people buy purely on **price and convenience** and insurance is so much more than that. When "life happens" your insurance plans can become the most important documents in their lives...and the most important name alongside those policy pages comes with a 1-800 number and a headset, and not a flesh & blood person standing with you during these difficult times.

The Tennessee standard, state-wide contract includes the requirement that buyers provide proof of homeowners' insurance within 14 days of an accepted offer. So quickly identifying an insurance provider is extremely important.

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## your loan options

Several types of mortgage loans are available. Your lender will help you determine which is best for you and your circumstance.

### Conventional Mortgage

- Usually amortized over fifteen to thirty years
- Usually available for home purchase or refinance
- Fixed rate, adjustable rate, balloon loan, interest only, 3 option, etc.
- Minimum down payment as low as 5%, but usually 10%; less than 20% down payment requires PMI (private mortgage insurance)

### Federal Housing Administration Mortgage

- Loans insured against default by the United States government
- Down payment usually less than 10%
- FHA adjustable rate mortgage has 1% rate increase with 5% lifetime rate increase
- All FHA mortgages requires mortgage insurance

### VA Mortgage

- Buyer can finance up to 100% of sale price
- Buyer must have VA eligibility certificate
- Veteran can use VA program more than once
- Funding fee to guarantee the loan can be financed into the loan or paid in cash by buyer or seller

### Contract for Deed

- Seller may hold the mortgage for the buyer
- Usually a balloon payment to the seller in five to seven years
- Seller determines amount of down payment

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## info needed for loan

Your lender will likely need the following information in order to begin the loan process:

- Seven-year address history that includes names, addresses, and phone numbers of landlords.
- Two-year employment history that includes names and addresses of all employers, a copy of the most recent pay stub, and W-2 forms for the past two years. If commission-employed, federal returns from last two years; if self-employed, federal tax returns, profit and loss statements for last two years.
- Banks names and addresses, account numbers, current balances, and last two or three months' account statements for checking, savings, and investment accounts.
- Monthly payments and balances for debts and liabilities, mortgages, personal and auto loans, credit cards, and student loans. Creditors' names, addresses, phone numbers and account numbers.
- Childcare information, including names, addresses, monthly expenditure, verification of amount, and terms of child support and/or alimony payments and/or income.
- At application appointment, the buyer should be prepared to provide a personal check for property appraisal and credit report.
- Understanding your mortgage options now gives you an advantage as you negotiate your home purchase.

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## moving checklist

New Address \_\_\_\_\_

Before you move, you should contact the following companies and service providers:

### Utilities

- \_\_\_\_\_ Electric
- \_\_\_\_\_ Telephone
- \_\_\_\_\_ Water
- \_\_\_\_\_ Cable
- \_\_\_\_\_ Gas

### Professional Services

- \_\_\_\_\_ Investment Broker
- \_\_\_\_\_ Accountant
- \_\_\_\_\_ Doctor
- \_\_\_\_\_ Dentist
- \_\_\_\_\_ Lawyer

### Government

- \_\_\_\_\_ Post Office
- \_\_\_\_\_ Voting Registration
- \_\_\_\_\_ Schools
- \_\_\_\_\_ State Licensing
- \_\_\_\_\_ Library
- \_\_\_\_\_ Veterans Administration

### Clubs

- \_\_\_\_\_ Health and Fitness
- \_\_\_\_\_ Country Club

### Insurance Companies

- \_\_\_\_\_ Accidental
- \_\_\_\_\_ Auto
- \_\_\_\_\_ Health
- \_\_\_\_\_ Home
- \_\_\_\_\_ Life
- \_\_\_\_\_ Renters

### Business Accounts

- \_\_\_\_\_ Banks
- \_\_\_\_\_ Finance Companies
- \_\_\_\_\_ Credit Cards

### Subscriptions

- \_\_\_\_\_ Magazines
- \_\_\_\_\_ Newspapers

### Miscellaneous

- \_\_\_\_\_ Business Associates
- \_\_\_\_\_ Houses of Worship
- \_\_\_\_\_ Drugstore
- \_\_\_\_\_ Dry Cleaner

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## Buyer's estimated cost sheet

Prepared by: \_\_\_\_\_ Sales price: \_\_\_\_\_  
 Client: \_\_\_\_\_ Down payment: \_\_\_\_\_  
 Property address: \_\_\_\_\_  
 New loan amount: \_\_\_\_\_ Type of loan: \_\_\_\_\_

### Buyer costs:

1. Down payment*	\$
2. Loan fee (Point) (1% of loan amount)*	\$
3. Interest on new loan (1 month interest) (prepaid interest)*	\$
4. Attorney's closing fees	\$
5. Document preparation (charge seller if VA/FHA)*	\$
6. Buyer's title policy (simultaneous issue or \$5 per \$1,000 of the sale price + \$100)	\$
7. Transfer tax $(\frac{10.75}{100} \times \frac{SALE PRICE}{100}) + ((\frac{1400}{100} \times \frac{FHA}{100}) \times 1.1)$	\$
8. Property taxes _____ months (Prorations + 2 month imponds)	\$
9. Homeowner insurance policy 1 year (.005 X 80% of sales price)	\$
10. Insurance imponds (2 months premiums of line 9)	\$
11. Credit report*	\$
12. Appraisal	\$
13. Miscellaneous (processing fee – notary – funding – recording fees)	\$
14. Home protection insurance (optional)	\$
15. Private mortgage insurance payment (1/2% per year) (4 to 6 months upfront)*	\$
16. Retainer fee	\$
17. Wood-destroying infestation report (charge seller if VA/FHA)	\$
18. Other inspections	\$
<b>TOTAL ESTIMATED BUYER COSTS:</b>	\$

\* Non-applicable if the buyer is paying cash

Buyer Estimated Monthly Payments	
Loan amount:	\$
% for _____ years	
Principal & interest	\$
Private mortgage ins. premium	\$
Taxes (1/12 annual)	\$
Homeowner's ins. (1/12 annual)	\$
Special assessments	\$
Misc. (specify)	\$
<b>Total Est. Monthly Payment</b>	\$

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Deemed reliable for information purposes only but not guaranteed

## QUALIFYING USING RATIOS

Buyer 1	Gross Monthly Income	\$
Buyer 2	Gross Monthly Income	\$
Other Income		\$

Total Income \$ \_\_\_\_\_

## DEBTS: LONG TERM (MONTHLY – OVER 7 MONTHS)

Car Payment		\$
Student Loans		\$
Credit Card	(Minimum Monthly Payment)	\$
Child Support		\$
Other		\$

Total Debt \$ \_\_\_\_\_

## RENTAL INVESTMENT PROPERTY (IF APPLICABLE)

P.I.T.I.		\$
75% of Rental Income		\$
Difference		\$
Positive Income – add to “income”		
Negative Income – add to “debts”		

P.I.T.I. of Purchase Property ÷ Monthly Income = \_\_\_\_\_ %  
(Top Ratio)

P.I.T.I. of Purchase Property + Debts ÷ Monthly Income = \_\_\_\_\_ %  
(Bottom Ratio)

*90-100% Loan to Value – should generally not exceed	
	Top Ratio 26-30%
	Bottom Ratio 35-38%
90% and Below Loan to Value – should generally not exceed	
	Top Ratio 26-30%
	Bottom Ratio 35-42%

\*All subject to credit score and other financial variables. See your lender for formal approval

## Handling Objections

When you ask your clients for their business, they can respond in one of three ways:

1. No
2. Yes
3. Objection

You have really got a two-out-of-three chance to facilitate a decision to move forward! An objection means they are interested, but there is an issue that needs clarification. Here is your chance to solve a problem for the buyers and provide real value. Objections are really a natural part of the decision-making process. They often indicate a high level of interest and will lead to a decision. You do not need to overcome objections, only acknowledge and address them so you can proceed to draft an offer that meets their needs.

**Many objections are “yes” answers in disguise.**

**If the buyer did not like the property,  
why would they object?**

Try the Three-step solution:

1. **Acknowledge the concern.** Restate their concern back to them to make sure there is a mutual understanding. Let the buyers know that you believe their concern is real to them. Never dismiss the buyer’s concern as being unfounded or irrelevant, unless you want to lose the sale! You must first understand their position before you can expect them to understand yours.
2. **Ask questions to demonstrate your understanding of their concern.** This is where your value as a trusted counselor can shine. Make sure you ask the buyers for their understanding of your explanation before you proceed. Mutual understanding is the key to successfully diffusing objections. If you cannot get your clients to say they understand your explanation, do not go on to the next step! You and your clients must understand each other if your mutual trust and partnership is to successfully continue. Look for a different way to address the concern.
3. **Address the concern.** You will either get the go-ahead or you will encounter another objection. If you get an objection, go back to the first step and continue until you address all expressed concerns.

Demonstrate that you understand their objections:

- Restate the objection to the buyer and ask for an agreement in understanding of the objection.
- Validate the buyer's concern.
- Get to the root of the objection by asking probing questions, such as "What is it about the kitchen that concerns you?" Or "Tell me more about why the basement does not suit your needs?"
- Get an agreement in understanding for the *root cause* of the objection.
- Address the root cause and offer a solution. Remember, you are being called on as a problem solver.

### Handling the Buyer Who Always Seems to Have Another Objection

**When you get too many objections,  
review the objections.**

If you have done a good job of qualifying your buyer and building rapport, you will not likely encounter this situation. But people are unpredictable. Take a time-out with your client and revisit your mutual understanding of the buyer's needs. You may have missed something! If there have been major changes, then you will need to decide if the buyer is worth your continued time.



## Time-wasting Buyers

**The time you save will be your own.  
Don't confuse activity with productivity.**

If you are faced with time-wasting buyers, you should:

- **Spend quality time qualifying.** Much of this dilemma can be avoided during the qualification and rapport-building stages of working with buyers by mapping out a clear plan of attack and reaching an agreement about mutual expectations right up front. Both you and your buyer have points of reference that either can revisit.

Recognize the signs of a time-wasting buyer:

- Frequent major changes in buying criteria
  - Missed appointments
  - Comments about room decor instead of room function
  - Vague feedback on homes shown
  - Reluctance to narrow down the inventory of potential homes
  - Cash buyer is reluctant to share financial information
- **Be ready to cut the cord.** Your time is worth money! You only get paid when you sell a house. Doesn't it make sense to spend your valuable time with prospects that have a high probability of producing income for you? If you feel that you have a time-waster on your hands, don't hesitate to break the relationship. It is better to let a competing agent spend non-productive time with this person than for you to continue with them.

- **Be sure to do an accurate diagnosis.** You may discover that your buyer is not a timewaster after all, but just unable to make a decision. Use probing questions to get at the root of their concerns. Use the three-step objection process. There could be a communication gap that is causing their reluctance to commit.

Sample dialogue to use with timewasters:

- **Buyers:** "We want to see more homes."  
 – **Your response:** "You want to see more homes?"
- **Buyers:** "We don't know if we are ready to buy without seeing more."  
 – **Your response:** "How many more homes would you like to see to feel comfortable?"
- **Buyers:** "I don't know...a few."  
 – **Your response:** "How do you feel about this home?"
- **Buyers:** "Well, we really like it."  
 – **Your response:** "What would you hope to find in other homes that you have not found here?"
- **Buyers:** "Nothing in particular. We just want to be sure we are doing the right thing."  
 – **Your response:** "I sense your concern about making a decision without feeling that you have seen all your options. Just to be sure I understand completely, is it that you really don't like this home or do you like this one enough to buy it but want to know that you have seen all your options?"

Use a structured decision-making process with the buyers.

- Use a list of positives and negatives to evaluate a property.
- View three properties, then view one, kill one.
- Solicit feedback immediately after viewing the house.
- Provide a checklist for buyers to have with them while touring.
- Review the buyer's needs frequently to ensure they remain valid and consistent.

## Buyers Using Other Agents

Some buyers will use multiple agents. They are defending the argument that a real estate sales professional offers value only to negotiate a transaction and take it to a closing. They are reluctant to make an exclusive commitment with one firm or person.

**Loyalty is earned, not forced.**

Your steps:

- **Consider making a *loyalty pledge* to your buyers.** You must be able to articulate the advantages of entering a mutually beneficial relationship of trust, loyalty, and fiduciary responsibility with your buyers. Give your buyers a loyalty pledge.

**"I will pledge to give you 100% of my efforts to find a property that meets your needs and ensure that I will represent you exclusively in the negotiation and closing of that property, always keeping your best interest above my own.**

**I need your pledge of cooperation and your commitment to provide me with all of the information I need to best serve your needs."**

The loyalty pledge will not ensure that your buyers work exclusively with you. Not even a signed buyer agency agreement can do that! But the pledge will cause buyers to accept the responsibilities of cooperation and commitment upon which you can build your relationship to the point of mutual trust and support.

- **Determine if your buyers are using other agents.** Ask some of these probing questions during your initial interview:
  - "How long have you been looking for a home?"
  - "Have you seen any homes yet? How many?"
  - "Are you working with another agent?"
  - "Tell me about your past experiences in real estate."

- **Sell yourself to buyers.**
  - Have a “Levels of Service” statement prepared that shows the difference between your minimum and premium levels of service.
  - Ask the buyer if they have received a “Level of Service” statement and “Loyalty Pledge” in writing, from other agents.
  - Consider offering a performance guarantee that will allow the buyer to terminate your relationship.



**You must do everything you can to differentiate yourself from your competitors. Investigate what other sales professionals in your area are doing and make your approach different!**

## Buyer Has An “Expert” To Help

You will likely face situations where your buyers will use a trusted advisor to help them in the home-selection process. This “expert” could be a parent, relative, contractor, friend, neighbor, a real estate agent from another area...the list is endless. Your task is to determine if the “expert” is a detriment to the selling process or if the “expert” can contribute positively to the buying experience.

**Advisors (experts) used by buyers can rarely be eliminated.**

**Establish systems and attitudes to allow them to assist you as valuable resources.**

Your steps:

- Determine who the experts are and if their advice poses a threat.
- During qualification, ask if others will be involved in the decision-making process.
- Does the expert truly understand the buyer’s unique needs?
- Will the buyer accept the consequences of a decision they make based on advice that is inconsistent with their needs?
- Relatives will often give emotional advice.
- Professionals will often give factual advice.

Expert advice may not be a detriment to the buying process as long as the “expert” does not spook the buyer into irrational thinking. Be alert for statements from the “expert,” such as:

- “Oh, you don’t really like that kitchen layout, do you?”
- “You can probably get this house for 80% of what they’re asking.”

Together, with your buyer, separate the good advice from the bad:

- Question any inconsistent advice immediately - don't let it sink in.
- Compare your expert advice with the "expert's" advice.
- Identify inconsistencies between them.
- Distinguish between emotional and factual advice with your buyers.
- If there is a conflict, treat the "bad" advice like an objection.
- Use the three-step objection process.
- Get an agreement from the buyers to discard the "bad" advice.
- Never confront the "expert"!

You can also turn bad advice into a positive. By treating it as an objection, you can help your buyer determine if the advice has merit and whether it is advisable to continue respecting advice from that source. It is important to lead the buyer to a decision about the value of the advice rather than make direct judgments about the "expert" yourself. You may risk damaging your own relationship with your buyer by disparaging their trusted confidant.

## About the Author



Bobbie Noreen, ABRM, CRS, GRI, Broker

Bobbie Noreen is an award-winning real estate broker, manager, agent, author, and real estate educator. From 2003 through 2018, she served as the principal broker for Village Real Estate and prior to that for her own company, Legacy Properties LLC, and Dobson and Johnson in Brentwood. She served the real estate community in California beginning in 1975.

She holds many designations, including the Certified Residential Specialist (CRS) designations from the National Association of REALTORS® and the GRI (Graduate, REALTOR® Institute) designation from the Tennessee REALTORS®. She also earned the ABRM (Accredited Buyer Representative Manager) National Association of REALTORS®.

As a real estate educator and proponent of professional development, Bobbie is an approved course instructor of the Tennessee Real Estate Commission (TREC) as well as the author of several TREC-approved continuing education courses on real estate contracts, agency, licensing issues, buyer representation, and new construction. She works closely with the Tennessee REALTORS® and has served many years as a trustee of TREEF (Tennessee Real Estate Education Foundation) and currently serves as their 2020 president. She was named the Tennessee Educator of the Year in 2014.

Bobbie is the founder of a real estate coaching, training, and tutoring company, Skill Centered Coaching. Her primary mission is to raise the level of public perception of the REALTOR® community. Through this high-level skill training program, real estate agents will develop confidence and be empowered to deliver a strong message of value to their customers and clients.

She is a member of the National Association of REALTORS®, Tennessee REALTORS®, Greater Nashville Association of REALTORS®.

She has served as president of the Williamson County Association of REALTORS®, was selected as the 2004 REALTOR® OF THE YEAR by the Williamson County Association of REALTORS®, and served as State President for the Women's Council of REALTORS® in 2005.

Bobbie has served as the president of the Sales and Marketing Council for the Home Builders of Middle Tennessee, and in 2020, will assume the position of President of TREEF (Tennessee Real Estate Education Foundation).

*Comments from Bobbie Noreen...*

It is amazing to me, at this age, to look back and realize that my whole adult life and career has been spent in one industry – real estate. It is an amazing career choice and holds such a unique opportunity to all who participate.

Why do people choose a career as a real estate agent? Primarily, they want to take control of their destiny and they have an entrepreneurial spirit that empowers them to believe they can. Entrepreneurship is not for the faint of heart or those who want to make easy money. Managing your own business is difficult, challenging, time-consuming, yet unbelievably rewarding.

Working as a real estate agent for a brokerage allows an individual the ability to be independently “employed.” As licensees, we can earn an unlimited amount of money, but it is dependent on our efficiency, dedication, and productivity.

I have spent the past 27 years of my 46-year career teaching, coaching, and instilling the extremely important value of what a highly educated, ethical, professional brings to every transaction. I believe that our value lies in the difference we make in the lives of our clients and the communities where we live and work. Earning money, of course, is desirable; but making it as a result of service and purpose is truly the highest calling. No one will enjoy any long-standing career unless they find a purpose larger than themselves that motivates passion.

Skill Centered Coaching offers programs that assist real estate agents across the country to build businesses rather than chase deals and to discover their purpose by finding their center.