



CRANKING IT 24-7™



Monthly Mini-Seminar Membership For Real Estate Investors • Vol 0501 • Mike Butler

LET YOUR FINGERS DO THE WALKING FIRST

15 QUESTIONS TO ID MOTIVATED SELLERS *FAST*

Wouldn't it be great if you could "cherry pick" properties for sale in your town? You really can if you have a system to capture information allowing you to quickly handicap the property AND retrieve it again in the near future for good effective follow up.

Capturing great deals seems to be the most common desire of investors. But where are they? How do you find those great deals?

What sets the super successful investor apart from the slow mediocre investor? Are they luckier? Odds are they use a very powerful tool. This tool called KNOWLEDGE allows them to identify deals others can't see and gives them the confidence to pounce on a deal when it surfaces.

"You can't steal in slow motion" applies in capturing deals. If you have to go back and study some more before making your offer, a sharp investor will capture it while you're still cipherin'.

Almost every great deal involves a **MOTIVATED SELLER**. Without a motivated seller, it's very difficult to create a great deal in real estate. They need you to make their problem(s) go away.

Sharp Investors Create Deals

They're not limited to price alone to identify motivated sellers and great deals. Let's use a house with a market value of 100K. Good investors will buy this house all day long for 60k, but would you pay 105K for this 100K house? My answer would be maybe. To exaggerate the educational point here, you could give them 150K for a 100K house if you could pay \$1.00 per month until it was paid off.

Sharp investors create great deals from marginal opportunities. Some factors to consider include cash flow, appreciation, and equity.

There are a few critical pieces of information to allow you to quickly identify a motivated seller. This "pre-screening" can be done using your phone. You shouldn't have to drive all over town and view dozens of houses for sale. There's just not enough hours in a day to operate this way.

You must have a system in place to capture this critical information in a routine manner and the ability to retrieve it again in the future for follow up. Many of my great deals were the result of referring back to opportunities previously passed over.

INDEX CARDS make a great system

In the beginning while working a full time job, index cards gripped together with an "acco" clip became my database on wheels. Do you scribble notes about a FSBO in your day planner? How do you quickly find it when a seller calls you back or your real estate agent phones you about it?

Graduates of "Make Your 1st Million With Your Job" 3 Day Boot Camp use the Index Card System with great success in their office on wheels and they use Mike's Property Information Sheet if they sit behind a desk most of their work day. The same information is captured with both systems.

Picture yourself driving and your cell phone rings from a seller who got your business card announcing "I Buy Houses." First of all, stop driving. Pull over or stop in the emergency lane. but don't

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drive and talk. Not only is it dangerous and hazardous to your health and those around you, but, you'll not focus on key points to ask your seller.

Here Are Your Questions. It's important to ask them in this order because you're gonna ask questions many folks would label private and confidential. There's a method to my madness here in developing rapport with your seller. It allows them to feel comfortable with answering sensitive private questions:

- 1.) **Name and Phone Numbers.** Make this your number one question because cell phones seem to drop calls at the most inopportune time, like right now. Get the phone number they're calling from first and blame it on the cell phone, they'll understand. Later during this same conversation, get as many phone numbers as they can think of or remember. Get their home phone, cell phone, work phone, pager, etc.
- 2.) **Source:** Ask how they found you. Most investors ignore this question. Not only will this help you track your marketing or advertising, but it will also immediately identify any existing relationship from someone who recommended you. This could put you in the driver's seat setting the stage for immediate loyalty. Perhaps you bought their neighbor's house or their uncle's and they were happy with your results.
- 3.) **Address and Cross Street.** Ask for the address and the nearest cross streets. Keep asking the cross streets until YOU can identify the neighborhood or part of town that rings a bell with your noggin. Don't confuse this with specific driving directions. You're simply trying to locate the area quickly on your local mental map. It doesn't matter if you use landmarks, grocery stores on major streets, just something to give you a quick idea what end of town this property is located.
- 4.) **SALE PRICE:** Ask for the sale price of the property along with how they got their sale price. They may use a tax assessment, a recent appraisal from some kind of recent refinancing, or a relative or friend who's a real estate agent.

5.) **Vacant:** Is the property vacant or occupied? If occupied, who's living there? This will also be helpful in identifying a motivated seller.

6.) **"Tell Me About Your House"** This is one of your most powerful statements. Keep in mind, you're in the people business. It's so much easier to create deals when you have a motivated seller who likes you. Folks love to yap. This is how counselors make a living. People who have problems go to a shrink to "vent" and verbalize their problems. They get to talk about it, get it off their chest, and they feel better. Amazing. Do the same for your seller. If they really are a motivated seller, they'll bump their gums a lot on this one. Don't cut your seller off and force them to answer "Yes, No, 3, 4, etc." Let them talk and they'll like you better. Remember, you have two ears and one mouth for a reason. Use it. When you say "Tell Me About Your House" the seller will ramble on and on and on....

Here's the information you should be able to capture while they're responding. (*This prevents you from asking them a bunch of Yes/No questions*):

- Number of Bedrooms
- Number of Bathrooms
- Square Footage
- Year Built
- Style – Ranch, 1 story, Cape Cod, etc.
- Construction – Brick, Siding, Wood
- Garage - #, attached, detached.
- Basement, Crawl, Slab

PAIN: There's a very painful component involved with asking a seller to "Tell Me About Your House." It never fails. They always tell you how much they've done and were planning on doing. **BITE YOUR LIP** and let them ramble on about this stuff. **IT MAKES THEM FEEL GOOD** because you're listening. They'll tell you about all the stuff and material they've already purchased and have stacked up downstairs or in the garage. You must have patience. You're not taking notes on this part.... Just listening.

7.) **REPAIRS:** Ask the seller what repairs are needed. Sometimes they get confused and try to

revert back to all the wonderful things they've done. You must be a tad bit firm here and explain what they've done is nice; however, you must ask them straight up "If I buy your house, what repairs must be done?" If they answer "nothing" follow up with "Doesn't it need paint and carpet?" If they need a little help here, ask them about the roof, electric, plumbing, kitchen, bathrooms, windows, doors, furnace, and air-conditioning. Jot notes on items you suspect may need updating.

8.) **"Why are You Unloading this Property?"**

Don't ask them why they're *selling* this house. ***This one powerful question should immediately identify whether you're dealing with a motivated seller.*** The word "unload" is very powerful and it communicates immediately you expect a deal. If they frown, back-peddle, or say they're not unloading this house, you may not have a motivated seller. Many common reasons involve settling estates, divorce, job loss, medical tragedies, downsizing, moving to assisted care facility, job relocation, family growth, and more.

If your seller has a reason such as trying to sell in order to buy another home sometime soon.... Odds are, your wasting your time. But don't trash this information now. Save it and follow up with them in a month or two. They may become motivated later.

9.) **IDENTIFY THE OWNERS:** Ask who owns the property. This may seem elementary, but many investors have wasted days, not hours, dealing with friends, in-laws, out-laws, and even helpful neighbors of the real owners. Most of the time, only owners can sell a property to you. Why not make sure you're dealing with the right person in the first place.

A real eye opener in my state involves married folks. Odds are you're gonna get a married couple getting divorced and one party owned the house BEFORE they got married. This same person honestly believes it's their house and they can sell it on their own without their spouse. Unknown to them, they must have their soon to be ex-spouse sign off on the deed to properly sell the property even though their name is nowhere on the deed. This sometimes

makes them madder than a mashed duck. So if your state is similar, and their reason for selling is a divorce, you should ask about the ex-spouse's involvement in the sale up front.

10.) **Liens / Encumbrances / Mortgages:** You must position yourself to make the seller comfortable by asking questions in a manner that's not offensive to them. Don't start off by asking them how much they owe. Ask them who gets their monthly mortgage payments. It's implied it's ok to have a mortgage on their house.

If they hesitate with this question, tell them you're not asking them for their account number or any personal information. Tell them you have relationships with some lenders and mortgage companies and it could be a big factor in your decision to buy their property. That's pretty easy and not very personal. If you fire them a question of how much do you owe, they'll usually immediately retreat telling you "it's none of your business." When this happens, you might have shot down all of the rapport building that occurred during the "tell me about your house." Asking the lender's name is a baby step forward to getting the information gracefully.

Ask:

- how much is their monthly payment?
- does it include taxes and insurance?
- interest rate, fixed or adjustable?
- When did this loan start? (with this info you should be able to ball-park the balance if loan is current)
- **"How Many Payments Behind Are You?"** Do NOT ask "Are You Behind?" The first question implies it's ok and acceptable to be behind on your house payments. The second question sets the stage for the seller to be perceived as not being responsible. Nobody wants to be called something bad. If they say they're 3 months behind... **DOUBLE IT.** Always double the numbers of months behind on payments as a starting point. You can even ask them "You say you're 3 months behind, could it be 6 months?" Surprisingly, they'll usually say "yes."
- Now you can ask "How much do you think you owe to XYZ Mortgage Company?"

- Repeat the same for a 2nd position mortgage and even 3rd position mortgages and loans. Remember, some sellers consider refinancing a 1st mortgage results in their 2nd mortgage. This can be frustrating at times.

The purpose of asking these questions is to allow you the opportunity to pre-screen and quickly identify not only a motivated seller, but your ability to make a marginal deal into a very good deal. Many homeowners now have very low fixed rate interest loans making very good “subject to” opportunities for you.

For example, the property involved may be exactly the kind of property you desire and your seller may already have a 2 year old, 30 year, 4.0% fixed rate loan in place. This might be right up your alley. Caution: buying property “subject to” existing loans usually allows lenders the opportunity to call the entire note due and payable with the sale of the property. In other words, the lender could choose to make you pay the loan off in full or foreclose on the property.

This isn't meant to terrify you, only to inform you of the risks associated with certain strategies. Learn how to properly and successfully use the “subject to” technique with minimal risk in the **Make Your 1st Million With Your Job** boot camp.

- 11.) **How long have you owned this house?** Is an easy question to help verify the integrity of their information without leaving your desk. Most towns now have public records available on the internet. Use it to your benefit.
- 12.) **Listed with a Real Estate Company?** If yes, how long has it been listed? This speaks for itself. If you're licensed, you're probably forbidden from talking directly with the seller since they've hired an agent to represent them. If you're licensed you *should* ask this question and not try to ignore or play “ostrich” because you're held to a higher standard as a licensed professional. No big deal, just call their agent and work with them.
- 13.) **Would You Consider Owner Financing?**
Sets the stage to get them thinking about it even if

they say no now. Most of my super deals involved seller financing.

- 14.) **Do you have other properties to unload?**
You may stumble onto a retiring investor or someone expecting to sell other properties in the near future. Most things are cheaper when you buy in bulk. Consider a package deal.
- 15.) **“If I offered you all cash in 2 days, what's the least amount you can accept?...*(their answer)*.. is that the best you can do?”**
Memorize this one. If you're dealing with a motivated seller, they'll ALWAYS reduce their price from the beginning of the conversation. I've had as much as a 50k drop during the first phone call. It's very important to get their sale price at the beginning and use this question at the end.

With this information captured correctly, you should be able to pre-screen and identify a motivated seller and the property. If you know your market and you feel an opportunity, you can make arrangements to see the property to “verify” the information learned on the phone.

If you don't know your market, get on your computer and check it out or call your real estate agent. You should know your market to operate effectively in your town. Sharp investors could already identify an opportunity with the information learned because they know their market.

*Happy Investing, Have Fun and
Keep on ... **CRANKING IT 24-7!***

Mike Butler