The Five Questions



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6 minute read

Your calculator…has never talked to a seller… Keep that in mind before you let it negotiate your next transaction… You can figure out what a house is worth… subtract the mortgage… estimate the repairs… and calculate a monthly payment down to the penny… None of that tells you whether the seller would consider getting paid that way.

You might have a beautiful spreadsheet…and still be **the only person interested in your offer…**

Before I start solving anything, I want to understand the situation… Then I want to find out whether there's some … **flexibility**. And when I say flexibility, I'm not talking about whether the seller is willing to sell the house… Of course… they want to sell it… There's a sign in the yard… That's not a breakthrough in your negotiating skills……The real question is whether they're flexible about…**how they get paid**…

I'm talking about whether they would consider being paid in a way other than getting all their money at closing… A seller can be ready to sell, eager to move, and willing to lower the price without being willing to accept monthly payments… **Motivated… and Flexible on terms … are not the same thing.**

That flexibility usually has a reason behind it… a problem they want resolved… an inconvenience they're tired of dealing with… or a preference for what they want their life to look like next …**The right conversation helps you discover whether that reason exists…** The numbers in your calculator? They don't tell you that……

Without flexibility on terms, we don't have a creative financing conversation to work with…That's why I teach my students to find out early. We're not trying to win an award for the longest phone call with someone who was never going to consider our way of buying.

…After confirming that the person wants to sell, these five questions help you find out whether there's something worth exploring.

01

“What can you tell me about the house? Is it rented, vacant, or are you living in it?”

When I say, “Tell me about the house,” I’m not asking for a history lesson… I don’t need to know that Uncle Bob built the back porch in 1987… (My apologies to Uncle Bob)… but right now I want to understand **how the house fits into the seller’s life.**

If it’s rented… how is that working out? If the rent comes in every month and everything is wonderful, what’s making them want to sell? If it’s vacant …how long has it been sitting…and what were they hoping to do with it? If they’re living in it…what’s changing? Where do they want to go, and what needs to happen for them to move?

None of those answers automatically makes someone a better prospect… A vacant house doesn’t come with a seller who will accept your terms… A rented house doesn’t mean the owner wants to keep collecting rent forever… **The answer tells you where to take the conversation…**Whether there’s flexibility? You find that out by listening to what comes next.

02

“What’s making you think about selling now?”

There’s usually something behind the decision… Maybe they’re tired of tenants, the house needs attention they don’t want to give it, or they want to move closer to their daughter… Maybe they saw what the neighbor got and thought, “Well, for that kind of money, I could pack.” …Fair enough. But those are very different reasons for selling.

If someone tells me they’re tired of being a landlord, I ask them to tell me a little more… Are they tired of chasing rent, taking repair calls, or managing the property from another state? **What…specifically…would they like to stop doing?** Sometimes there’s no big problem… They simply want something different… That matters, too.

Flexibility may come from something the seller wants to get away from …… or something they want to move toward… But one complaint… and suddenly you’re putting a deal together? Slow down… “I hate fixing toilets” is not the same as “Scot, please pay me monthly…” It’s a reason to keep asking questions.

03

“Whathappens if you don’t sell it?”

Ask this because you want to understand their options, not because you’re hoping to make them uncomfortable. ...If they don’t sell, will they rent it again, keep paying for an empty house, or put their plans on hold? Or will they happily keep it? Let them tell you…

A seller who’s comfortable keeping the property is in a different situation from someone who’s tired of carrying the expense and responsibility… That doesn’t mean one will accept terms and the other won’t... It helps you understand what selling would change for them and what staying where they are would mean.

Sometimes their answer reveals an inconvenience they hadn’t mentioned… Sometimes it tells you there’s very little reason for them to consider a different arrangement… **Both answers are useful...** I would rather understand that early than spend an evening creating an offer the seller has no interest in considering. ...My calculator won’t be offended… It’ll get over it!

04

“Whatwould need to happen for selling this house to work for you?”

The seller may start with a price… Fine, but a price alone doesn’t tell you everything… Do they need the money to buy their next house? Would they prefer income without managing tenants? Do they want the property handled so they can move on? **Wanting a certain amount ... and needing that entire amount at closing..... are two different things...** Find out which conversation you’re having.

Don’t make the opposite mistake, either… Just because you would like to pay monthly doesn’t mean monthly payments will solve their problem… Their next home or their plans may require cash… You don’t get to erase that because it makes your offer harder to put together.

Ask what matters most and listen for concerns… If they’re uneasy about a different arrangement, find out why. ...**The seller needs a reason your terms could work for them...** Your excitement about creative financing? Not that reason.

05

“Would you consider taking a monthly payment for a period of time until I canpay you off in full?”

This is where we find out whether the flexibility we’ve been exploring is actually there. ...I explain how I typically buy… I make a monthly payment for a period of time, and then I pay the seller off in full… Then I ask, “If I can put something together that makes sense to you, would you consider taking a monthly payment for a period of time until I can pay you off in full?”

The important word is … **consider**… I’m not asking them to agree to a payment amount we haven’t discussed or pretending we’ve negotiated a transaction… I’m finding out whether the door is open… And although this is question five in the article… please don’t take 45 minutes to get here… You’re having a conversation, not conducting a census.

If they’re open to monthly payments, we can gather more details and arrange a time to see the house… I teach my students to qualify the opportunity on the phone… The detailed negotiation happens at the house… If they say no, understand what that means… Do they need all their money now? Are they concerned about being paid over time? Do they understand what you’re asking?

You can clarify a concern and explain what you mean… But if they understand and aren’t willing to consider terms, respect that answer… **You cannot calculate your way around a seller’s unwillingness…**

Find the flexibility before you build the offer…

These questions aren’t magic words…You don’t get a deal because you asked all five in the right order… You’re listening for a connection between the seller’s situation, what they want, and whether they would consider a different way of getting there… **A problem or an inconvenience doesn’t guarantee flexibility…** Even a seller who really wants to sell may have no interest in your terms… That’s why … you ask.

Once there’s an openness to terms, the numbers help you evaluate what might work… You still need to verify the details, do your due diligence, and reach an agreement that makes sense… But first, find out whether you have a willing person on the other end of the conversation.

Until the seller is willing to consider the way you buy, **you’re doing math…on a conversation you haven’t had yet.**

Got a seller situation you’re trying to figure out?

Go back to my email and hit reply… Tell me what’s happening with the seller… what they want… and what they’ve said about accepting monthly payments… **Where does the conversation get stuck?**

You don’t need a perfect explanation. ...Just tell me where you are.