

Talking To FSBOs On The Phone

The most important thing you have to remember is that people want to do business with people they like. On the first conversation, you are doing 2 things: building rapport and making friends - NOTHING MORE. You are probably not even going to make an offer. You want to find out the information about the house and its condition. Then you want to know about the loan information. Is it fixed or adjustable? When did they last pay? Lastly you need to find out about why the seller is selling and what they intend to do with the money. How much cash do they really need and why? If they need all cash to buy another house, you probably can't help them. You are probably NOT going to qualify for a new loan to cash them out. Any other scenario is fair game for you.

In today's market in LA, if you can't get a SERIOUS discount, you are looking for seller financing of some sort. Either they hold the mortgage or the loan stays in their name. There are many ways to structure a deal and that is what you tell the seller if they want to know why you are asking all this information. Have a list of questions but don't fire them off. What you will do is have a yellow sheet of paper and take notes as they talk. Remember they are doing the talking and you are doing the listening. By the way, you don't immediately identify yourself as an investor. The first question is, "Tell me about the house". Then weave your questions into your conversation. When you get off the phone, then you fill in the blanks. Whatever information you have missed can be gotten with a call back after you get the information, run comps to see if there is any equity. If there are no good comps, check with realtor.com to see what your competition would be. How many other houses like the one you are considering, are for sale? Take the lowest nice ones and know that your sales price has to be below them. (If they were realistically priced they would be on the sold comps- not active. Remember it is not necessary to have equity in order to make money.

Then decide if there is a deal here. What you first must determine is what you intend to do with the property if you get it. You cannot make an offer unless you know up front what your intentions are.

Call the seller back and be very friendly and folksy.

Make the offer in pieces - don't just blurt it out. Build up to it. Make the price the last thing you talk about. Focus on the terms and what is in it for them. They don't care about you - only themselves.

If they hate your offer, say to them, "I hope you get what you want. Is it ok if I call you back in a few weeks to see how you are doing?" Nothing intimidating at all here, just good folks talking to each other. Sometimes, in the beginning, if they are being out of touch with reality, you can just be helpful and try to do something for them. When reality sets in and they realize they can't solve the problem alone, they will remember that nice person who tried to help them.

The deals are in the follow-ups. Keep calling them until the deal CLOSES ESCROW. Sometimes things fall out of escrow. That is a good time to find a motivated seller.

Don't worry about being professional.

Make them like and trust you!!!!

Phyllis Rockover

**President and founder of the Real Estate Investors Club of LA
LA's Original Real Estate Club
10 years and going strong. We're the "Real Deal".**