

Dos and Don'ts of Negotiating



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Avoid the pitfalls of making the deal for your house with these top tips.

For better or worse, buying a house will likely require haggling. Some people enjoy the process, while others would rather have root canal. Landing the home of your dreams, and feeling good about the deal you get, can be tricky. Here are some dos and don'ts to help you navigate the negotiating so you'll come out a winner.

Do:

- **Know the market.** Learn all you can about your local market before you come to the bargaining table. Get comps – the recent selling price of houses comparable to the one you want to buy – from your broker; determine if yours is a buyers' market (better for you), a sellers' market (better for the owner) or a red-hot market (bidding-war frenzy); seek advice from friends and family who've recently bought a house.
- **Know the seller.** Use what you know about the seller to your advantage. Is the seller looking for a quick sale because of a job transfer, a divorce or bankruptcy? Is the seller negotiable on price because the house has been on the market a very long time? Is the seller sentimentally attached to the home and in no real hurry to move? Understanding the seller's motivation could put you in the driver's seat.
- **Know what you want.** Figure out what's most important to you during negotiation. Are you more interested in getting a rock-bottom price or in having the owner make costly fixes (like a new roof or sewer system)? Is the closing date more important to you than who pays closing costs? Knowing where you're willing to compromise will make the art of the deal easier.
- **Get it in print or pictures.** Understand exactly what conveys with the purchase of the house. Are all the appliances included? What about the pool table? Don't assume your house comes fully loaded. Get it in writing. If you've negotiated any special items (i.e., furniture, window treatments, artwork), put those in the contract too. Take pictures if you can – remember, they're worth 1,000 words.
- **Negotiate in person.** In our tech-centered world, it's tempting to do as much as we can virtually. But not buying a house. When you negotiate the purchase of your house you need to be present. Actually, it's your broker and the seller's broker who most likely will handle the transaction. But you should insist that they do so in person, not by phone or fax. Face-to-face contact is the most effective way to influence or persuade, which is what negotiation is all about.

Don't:

- **Lowball.** We all want a good deal. But making an offer that's too far south of the seller's asking price or the home's fair market value may get you prematurely thrown out of the game. It's OK to make a low first offer, just not too low. Use your broker's experience and expertise to come up with a number that keeps negotiations open.
- **Show your hand.** It's great if you establish a rapport with the seller. Letting the owner know that you love the house and see your children (and grandchildren!) happily playing in the yard just might be the scenario that seals the deal for you. But the seller needn't know how much you'd be willing to concede to make the house yours. Don't get so chummy that you divulge information which, as they say in court, could be used against you. Play your cards close to the vest so you'll end up with the winning hand.
- **Negotiate without options.** When you begin negotiating, have a Plan B. That is, have other houses in your back pocket that you'd be just as happy with if you can't come to terms on this house or the deal falls through. Having a backup means you won't be so desperate to buy that you'll give in to whatever the seller wants.
- **Ask for the moon.** It's good strategy to ask for what you want during negotiation. In fact, you may even want to ask for more so that when you need to make concessions – OK, you can keep the pool table as long as the refrigerator stays – you end up with what you really want. Just don't ask for the moon; keep your requests reasonable.
- **Forget the bottom line.** Remember that the name of the game is Let's Buy a House, not Let's Beat the Seller. It's easy to get so wrapped up in the process of negotiating (best price, best terms) that you lose your cool, or worse, your dream house over something fairly insignificant. Check your ego at the door and remain cool, calm and collected.

