

## An Article of Interest

Tips for home-buying and selling negotiations (Part 1)

There's no "right" way to buy or sell a home. But, some people feel uncomfortable with the traditional way that real estate transactions are handled. Sometimes that's simply the result of being unfamiliar with the process. Others find the transaction doesn't suit their personal negotiating style. In either case, some simple tips can help you successfully navigate the purchase or sale of a home or apartment.

First, some basics. The core principles of negotiating are Convince, Collaborate and Create.

- Convince refers to changing the way the person you're dealing with sees things.
- Collaborate involves both sides changing the negotiating focus to one of problem solving.
- Create takes a fresh look at how you've done things in the past and comes up with more effective ways to achieve your objectives.

Consider Maxine Hartley's experience. She's an executive coach and the president of MTH Consulting in New York City. Ms. Hartley started her career working out of a small office in a townhouse on New York City's Upper East Side. Eventually, she needed a larger office but wanted to stay in the same neighborhood. Her landlord wanted more for the additional space than Ms. Hartley could afford at the time. Space elsewhere in the area was exorbitantly expensive. So she took a different approach.

She went to the owner of one of the brownstones on the block. She asked him if he'd allow her to gut the first floor of the building, which he was using for storage, and put in an office. She offered to hire the architect and build the office for the owner. In return, she wanted a 10-year lease at below-market rates. At the end of the 10-year period, the owner would get the office space, which he could then rent at the market rate.

Everyone made out well in this deal. The owner had never thought about using his first floor as office space. It didn't cost him anything to do so. He immediately

began receiving rent from Ms. Hartley that he hadn't been receiving before. In addition, at the end of the lease, he had office space that he could rent out very profitably. Ms. Hartley got a beautiful office in a great location for less than she'd been paying in rent, even after the cost of the architect and building the offices. Why? She came up with an idea to create something to negotiate about.

The Convince, Collaborate and Create principles that Ms. Hartley used effectively are the common themes that run through the negotiating techniques that follow.

When buying a home understand the market.

Your preparation begins with studying the market where you want to buy. Whether the market is strong or weak, there's no substitute for knowing what you want and what similar properties are selling for in the area. A thorough understanding of the market, including how quickly houses are selling, is important.

In a "hot market," you often need to be ready to buy immediately. Good properties don't remain available for long. If a house is fairly priced, there won't be much room to negotiate. The key is to recognize value. If you're in a hot market or dealing with a unique piece of property, the ability to act quickly can make all the difference. Your goal should be to close the deal quickly before other buyers make competing bids.

On the other hand, if the market is slow, you can afford to browse. You can negotiate about the price, ask the seller to throw in such items as appliances. Have the seller take back a mortgage, or just extend a low offer to see if there's any interest.

A basic negotiating principle is to start with making the right offer. If you offer too much, you'll pay too much. If you offer too little, you might not have the opportunity to negotiate further. So how do you determine what to offer?

*By Jessica Miller and Lee E. Miller,  
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Tips for home-buying and selling negotiations (Part 2)

### Learn the seller's situation.

In deciding what to offer, begin by looking at what comparable houses have sold or rented for recently. This information is a matter of public record that your broker can get for you. Then find out what the seller's situation is. If an owner has to sell quickly, he or she is what brokers refer to as a "motivated seller." When this is the case, you usually can negotiate a good deal, particularly if you're willing to close promptly.

People who have been transferred, lost their job, purchased another home, or are divorcing usually need to sell quickly. Similarly, if the owner has died, the estate generally will want to sell the house as quickly as possible.

On the other hand, someone looking to buy a house elsewhere but who doesn't have to move will be more likely to "wait for his (or her) price." When it comes to determining the seller's situation, you can learn a lot from your broker. As Carolyn Klemm, a broker in Litchfield, Conn., puts it, "A good broker is like a gossip columnist: She knows everything about everyone." Your ability to negotiate also will be affected by how long the house has been on the market, the number of other offers on the house, whether any have fallen through and any special problems with the house.

### Look for what others don't see.

It helps to have vision. The market takes advantage of people who have no tolerance for renovation. Lisa Brown, a broker at Stribling & Associates who sells condominiums and co-ops on New York's Upper East Side, advises looking for "a well-priced property that's poorly presented." Most people can't see the potential. People who can see what other people miss will be able to find bargains in any type of market, Ms. Brown says. Remember, however, that decorating can't fix problems with a house. A structural inspection will

reveal any major problems with the house and allow you to renegotiate the price or persuade the seller to correct the problems.

### Relationships can work to your benefit.

One advantage some people use when negotiating is developing a relationship with the sellers' broker or the sellers themselves. Margery Hadar, a broker at William B. May Co., who specializes in handling co-ops and condominiums in Manhattan, recommends developing a relationship with the people with whom you're negotiating. If possible, it's best when the relationship is directly with the sellers, but having one with their broker also can be useful.

It's a mistake to try to bring down the price by "knocking the property," says Ms. Hadar. People are usually proud of their homes and what they have done with them. It pays to appeal to that emotion by complimenting the property, rather than trying to denigrate it.

Ms. Hadar says a potential buyer once told her, "I'm making what you might consider a low offer because this is the worst apartment in this building." She says that even though she's a professional and was only the owner's broker, the remark made her angry. She liked the apartment and her initial reaction was: "How dare he?" In the end, she sold the apartment to someone else. But had this buyer said he loved the apartment, Ms. Hadar says, she would have made every effort to help him purchase it.

It's always harder to say no to someone you know, especially if you like them. So if you can, get to know the sellers and their agent, because it will make negotiating with them a lot easier.

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## An Article of Interest

Tips for home-buying and selling negotiations (Part 3)

So...you gave and you gave and you gave. And now, of course, you get to pay and pay and pay.

Such is your lot if you charged your holiday gifts, travel and entertainment and now can't pay off your balances in full.

If you value yourself and your bank account, getting out of this pickle should be a top priority in the New Year.

Otherwise, you might become a card-carrying member of the forever indebted. Have a look at this ugly finding: In a random survey of 1,000 consumers across the country in December, Consolidated Credit Counseling Services found 52 percent still had holiday debt leftover from last year.

Still need convincing? Consider this: Holiday debt isn't like those five pounds you pack on over holiday dinners. You have several months before bikini season to work off the extra weight. But when it comes to your debt, there's no such thing as a big sweater to hide the bulge.

Debt costs you almost from the moment you incur it. There's the accrual of interest on unpaid balances, which is a pricey premium to pay for anything, even if it was on sale or you got frequent flyer miles for buying it.

So the sooner you can dispense with your debt, the better.

### Face facts, and then make a plan.

Your first step should be to tally the damage and write down exactly how much you owe, suggested Mary Hunt, founder of Cheapskate Monthly. Then post that number on your refrigerator as a friendly reminder you're on a mission.

Next, come up with a pay-down plan.

Use a debt reduction planner where you can play out different scenarios to figure out how long it will take you to pay off your debt, if you pay a set amount each month. Or, you can figure out how much you'll need to pay each month if you want to be debt free by a certain date.

One trick to paying your debt down efficiently is to pay the most money toward your highest rate debt while continuing to make on-time payments worth at least the minimum due on your other bills. Once the priciest debt is paid down, apply the payments you were making on it to your other balances.

If you have a balance on a card with a low rate that is set to expire soon, make sure that balance is paid off by the

expiration date; otherwise you could find yourself being slammed with a much higher rate.

### Make it palatable.

Hunt recommends setting a deadline for yourself and sticking to it.

If the monthly payment required meeting that deadline seems daunting, break it down so it's palatable.

Brown-bagging your lunch might save you \$5 to \$7 daily, Hunt suggested. Eating out less often can save you even more.

You also might save a couple of dollars a day by giving up your cable or cell phone for a few months or cutting back on some of your phone services, she said. Or, how about those extra features on your land line that you don't use much, such as call forwarding or caller ID?

In fact, any service or item you pay for on a regular basis that cannot rightfully be described as a necessity is a candidate for temporary cost-cutting.

It sounds silly, but don't discount your change. Throw it into a jar every day and turn it into the bank at the end of the month. After a few months, you easily may find yourself with a few hundred dollars you didn't know you had.

### It's all in the attitude.

If at any time you start feeling discouraged, remind yourself that "your situation is short-term," Hunt said.

Rather than viewing your credit card payments as a matter of deprivation, consider it "a matter of sacrifice, something you do in the short-term to get something much better in the long-term," she said. "Most of us can endure anything if it's temporary."

"There's another sacrifice you might consider making today in favor of tomorrow," said certified financial planner Pat Jennerjohn. Put aside a small bit of cash every week or month that you earmark for your holiday spending next year.

After all, why star in your own version of "Groundhog's Day" next December?

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