

Negotiating Tips

Buyers - Limit the Deadline to Your Advantage

When it comes to real estate contracts, time is of the essence. In many cases, placing time constraints on your offer can often work to your advantage.

If you've ever seen a telethon fund-raiser, you would notice that over 90 percent of the donations are generated in the last half hour. Even if the telethon has been running for weeks; it doesn't matter. In the last few moments, just before the telethon goes off the air, the money starts rolling in.

In many sports, the game is often decided within the last few minutes. Take for example the two-minute drills in basketball or the two-minute warnings in football. How often does the game rest on the final basket or field goal?

The same rules apply in getting sellers to accept your offer. If you don't set a deadline for acceptance, the sellers may simply procrastinate to the point the deal falls through; even if it's an offer they might otherwise have taken!

Often, buyers underestimate the importance of limiting the sellers time to accept. This is unfortunate since it is a critical element in formulating the deal. Remember that by allowing for a lengthy deadline, you (the buyer) are committing yourself while the seller takes their time to either accept or reject your offer.

By setting a strict deadline, you are forcing the sellers to either accept, reject, or counter your offer. By placing the ball in their court, you are demanding they take action or risk losing a potential buyer. By countering or accepting your offer, they will be "locked in", thus preventing other buyers from offering competing bids.

How Much Time Should You Give the Sellers?

Now that you understand the importance of setting a deadline. The question remains: How much time should you give the sellers?

From my experience, give them the shortest time possible. So, if you know that it is possible to present your offer within an hour, then give them an hour. By doing this, you are forcing them to seriously consider your offer or risk losing a potential buyer.

Don't be worried about having your offer rejected. At least if it is rejected, you won't be wasting your time with indecisive sellers. If they counter your offer, you can always increase your price or revise the terms.

Since decisions typically require the coordination of several individuals -- one may be working, out shopping, or otherwise unavailable. Naturally, it may be difficult to have your offer considered within an hour. In most cases, allowing until midnight of the same day is reasonable.

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Sometimes, it may be hard to get the sellers together all at once. They may be on vacation, have dinner plans, or be off on a business trip. Whatever the reason, I recommend offering no longer than 24 hours. If they need more than 24 hours, wait!! In today's age of cell phones, fax machines, and next day delivery, there is no excuse for taking longer than a day to decide. If the seller is serious, they will make themselves available to consider your offer.

Don't be Pressured by Agents Insisting on More Time

Some agents may hesitate to place pressure on sellers. Many are unsure of their negotiating skills. Others may be unwilling to present an offer that has a potential of being rejected.

Some agents may suggest that it's impolite to demand such a short deadline. Others may say "since your offer is weak, you should give the sellers more time to think about it." This is very bad advice. Whatever the reason, don't back down on forcing a strict deadline.

Buying a house is serious business. Sellers should not be offended by any offer you present. Instead, they should be thankful to get it!

Remember that the sellers' only motivation for letting your offer sit is that they are hoping for a better deal to come along. It is very possible this will happen. By setting a strict deadline, you minimize the possibility of opposing bids.

The deadline applies the pressure to get the deal you want.