

Distressed Seller Script

How to speak to distressed sellers and win their trust

Takeaways:

- A lot of people see house flippers as opportunists — tread lightly and be prepared.
- Use a script, but don't sound like you are following a script.
- Start by listening and figuring out what the seller needs.

As professional property investors, we love finding distressed properties. A house that's vacant and in need of repairs might look like an eyesore, but to people like you and me, it looks and smells like money.

Unfortunately, a lot of people see house flippers as opportunists. They think that we swoop in on distressed sellers at their weakest points, give them as little cash as possible and then turn around and make a fortune off the back of their misfortune.

You and I know that's not true, and you can do a lot to dispel that bad reputation by showing distressed sellers what you can do for them and by speaking to them in a way that will earn their trust. Remember, they're in a bad place right now. They might not be in the best mood for hearing from someone trying to buy their house as an investment. But if you approach the topic the right way, you can show them that you're here to help.

If the seller calls you:

I've received a lot of my leads on properties by driving around, finding vacant houses, researching their owners through the tax assessor's office, and sending them postcards telling them who I am and what I do. This practice is common with flippers, and I highly recommend it. If you do it, though, you need to be prepared for your sellers to call you.

Even if they're reaching out to you, a lot of distressed sellers are going to be wary about selling to a "flipper." A lot of people don't even understand what being a "flipper" means, and they also might have some preconceived ideas about working with Professional Property Investors. It's your job to help them over these hurdles.

So, when they call, you should have your general script practiced and ready to go so that you don't sound like a robot.

First and foremost, you need to sound like a regular person, not some big real estate corporation that requires the seller to listen through many menus before they can reach an actual person.

When you answer the phone, start by asking them how they heard about your service. Then ask them for a good number where you can reach them just in case the call gets dropped.

After that, ask which address they're calling to talk about so that you can pull up any research you've already done on the property. That way you'll both be on the same page. From here, whether the seller calls you or you're coldcalling them, your basic script should be about the same.

Build trust by asking the right questions

You might be tempted to make an offer fast and try to hard-sell them on it, but don't do this. It just makes you look like you're after their house and like you're trying to offer them a bad deal.

Instead, start by asking questions about their situation and the property. When you do this, you'll not only show the seller that you're trying to help and work with them, but you'll also learn about the property, too. So, what questions should you be asking?

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“What can I help you with?”

If the seller is calling you, you can ask them how you can help them. Ask questions like “What’s the situation I can help you with?” If you’re cold-calling them, you’ll want to ask more precisely what’s going on with the property and their financial situation.

It’s not just “My house is about to be repossessed on XYZ date.” Instead, it’s something like “I’m going through a really expensive divorce. I’m trying to put my kids through university, and I just can’t afford the bond anymore.”

“How does the house look?”

Next, ask about the condition of the house. If they’re not living in it, ask how long it’s been vacant for. If they were previously renting it out, ask about the tenants.

Ask about any repairs that have been done or that need to be done. Be kind and don’t put pressure on them. If they start to hesitate and falter, back off just a little bit, and let them know that it’s OK and that you’re just trying to get an idea of what you’re looking at and how you can help.

“How much do you owe on the property?”

Any outstanding rates and taxes, bond etc will all be crucial to know when you make an offer on the house. When you ask about what the seller owes, make sure that you say something like “Let’s see how we can get you out of debt.”

This is a good time to go ahead and ask if they have an idea of the price they’d like to get on the house, as well.

If they have an unrealistically high asking price, you can remind them of the repairs and maintenance that need to be done, but don’t be aggressive.

You could also ask them if they would mind meeting you and your contractor or an inspector at the property for a walk-through. That way you can both get an idea of what the house is worth “as is.”

This kind of offer shows good faith and demonstrates that you’re willing to work with them and consider a fair price for the property.

Listen, listen, listen

As you ask questions, remember that this conversation is all about the seller. The more you let them talk, the more they’ll open up and begin to trust you.

People like to talk to people who listen – so be a good listener. Ask questions naturally, as related subjects come up. Don’t act like you’re reading from a script, even if you’re working from the same basic idea of a script that you use for all of your calls with sellers.

When the conversation starts to wind down, and you feel like you have the information you need to make an informed decision, tell the seller that you need to run some numbers and that you’ll get back to them within a certain time frame, so they know what to expect. Don’t leave them hanging.

Tell them approximately when you’ll have an offer for them and ask if that will be a good time to call. Once you’ve established a good time to discuss your offer, tell them you hope they have a good day and then get to work on your proposal.

When you call back, be friendly and open...

Follow these steps and you might just get that property into your portfolio before the end of the week!