



Dealing with Deal Killers
Presentation Slides Student Handout
by Josh Cadillac

KAR will not provide printed class materials at the conference.



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Blaine Rodman
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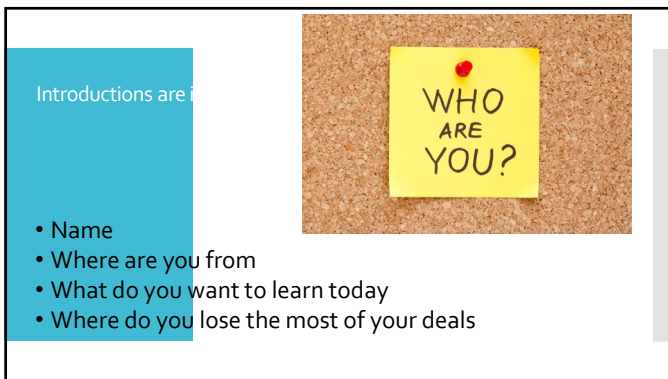
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Why should we listen to you?

- Joshua Cadillac
- ACE, CCIM, CDPE, MCNE, CRS, CRB, ABR, GRI, RENE, SRES, RSPS, GREEN, MRP,
- CSSA, CFA, CIAS, e-Pro, SFR, BPO-R, C-RETS, CFA Master, TRC,
- CDEI, LMB, AHWD, C-Rep, M-rep, CPMS, CIPS, DPP
- CAM, LGC, LHI, Leed AP, RRP, LMA, LMR
- Top selling agent since 2008
- Managed a real estate investment fund
- Founder of several businesses
- Creator of "The ACE (Accredited Closing Expert)" Series of Courses
- Author of "Close for Life" & "The Roadmap to the American Dream"
- Most of the deals I lose are because of financing issues

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ACE 101 - "What you don't know, you don't win" (2 & 3 hrs)	ACE 101 (1 hr)	ACE Negotiator - The art of persuasion and negotiation (1 hr)	ACE Negotiator 2 - Advanced Negotiation (1 hr)	ACE Negotiator 3 - Advanced Negotiation (1 hr)	ACE Contracts, Writing & Reviewing (1 hr)	ACE Loans (1 hr)	ACE Advanced Loans (1 hr)	ACE Investor - Dealing with an attorney and the "Buyer's Agent" in the market (1 hr)
ACE Investor 1 - Investment Concepts (1 hr)	ACE Investor 2 - Advanced Investment Concepts (1 hr)	ACE Investor 3 - Cash Flow Investing (1 hr)	ACE Investor 4 - Advanced Investment Concepts and Projections (1 hr)	ACE Investor 5 - Real Estate Real Estate Investment (1 hr)	ACE Investor 6 - Real Estate & Real Estate (1 hr)	ACE Investor 7 - The King of the Hill (1 hr)	ACE Investor 8 - Commercial Real Estate (1 hr)	ACE Commercial - Commercial Real Estate (1 hr)
ACE Commercial Investment Analysis (1 hr)	ACE Commercial Investment Analysis (1 hr)	ACE Commercial Investment Analysis (1 hr)	ACE Commercial Investment Analysis (1 hr)	ACE Commercial Investment Analysis (1 hr)	ACE Commercial Investment Analysis (1 hr)	ACE Commercial Investment Analysis (1 hr)	ACE Commercial Investment Analysis (1 hr)	ACE Commercial Investment Analysis (1 hr)
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Close4life.com

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- Open your phones browser
- Go to www.Kahoot.it
- Game pin I will give you
- Create a screen name
- No dirty screen names!!!

6

What we will discuss

- Chapter 1: Dealing with Deal Killers
- Chapter 2: Title Trouble
- Chapter 3: Inspection Issues
- Chapter 4: Appraisals Aggravation
- Chapter 5: Financing Frustration
- Chapter 6: Agent Apoplexies
- Chapter 7: Miscellaneous Mayhem

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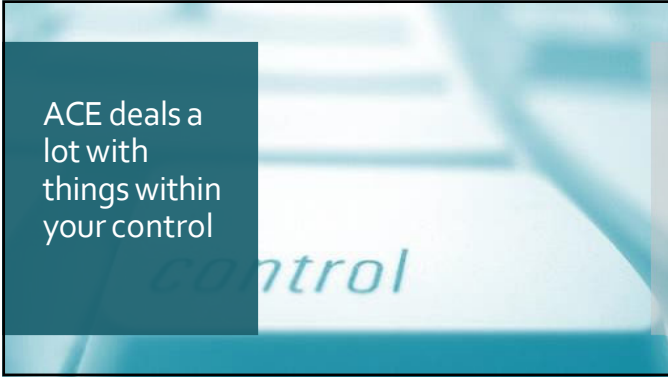


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Our Primary Deal Killer

Us

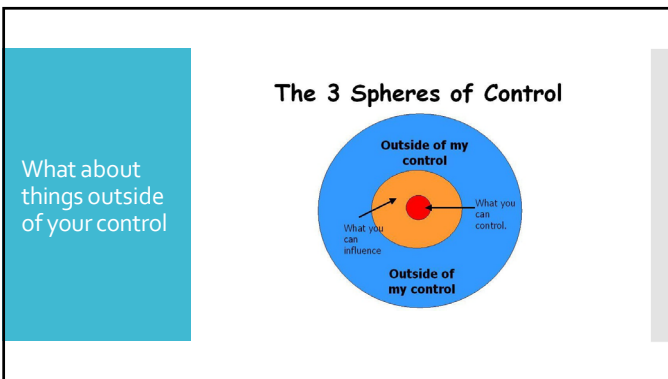
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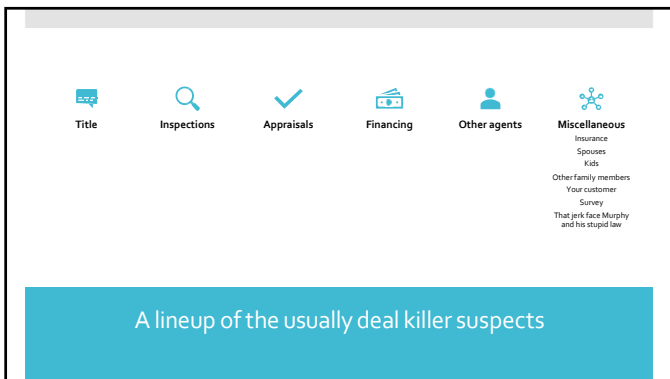
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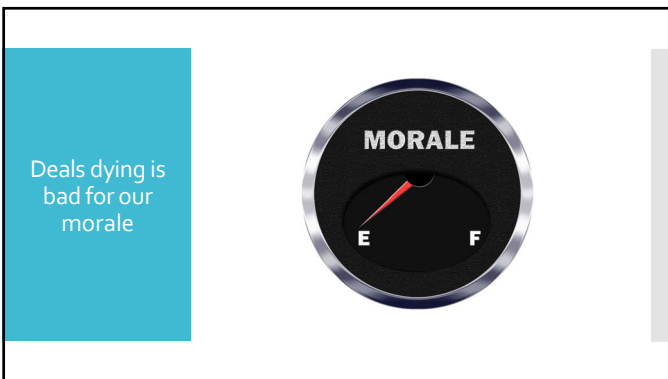
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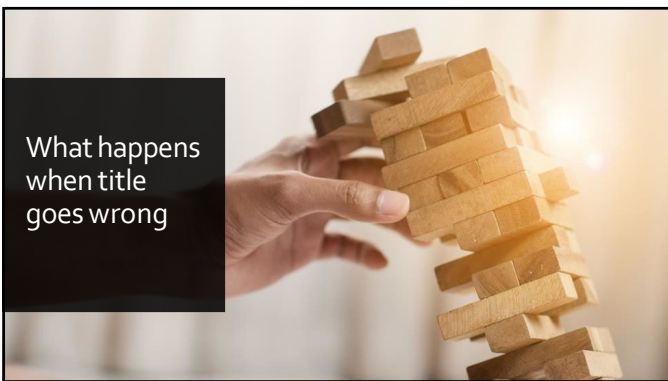
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Tax Liens



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Contractor Liens



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Municipal Liens



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The Problems with liens

- ✓ Seller is the one needing the extension
- 🏠 Creates a situation where the buyer can get out
- ✗ The contract does not allow the seller some additional time to correct a title issue
- 💰 The buyer may want remuneration for the extension especially if it cost them money to extend
- 🕒 If inspections are needed or plan approval it can cost a lot of time
- 🔧 City fines need to be dealt with

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Dealing with Liens & Fines

- 🔍 Push for lien search to be done asap
- 👉 Try to get the extent of the problem
- ⚠️ Be prepared to help the title company with gathering info to close the lien
- 📄 City fines can usually be negotiated to a fraction of what they are on the books for
- ✓ Make sure to explain that to your customer
- 🗣️ Communicate with all parties
- 🤖 If you don't the customer thinks you are...

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Re-Occupancy Certificates

MIAMI SHORES Building Department
 10050 NE 2 Ave, Miami Shores Fl 33156
 Tel: 305-795-2204 • Fax: 305-756-8972

Permit No. REOC-12

Certificate of Re-Occupancy

reference property has been
 sentsly comply with
 ing solely

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Handling the Re-Occ

- 1 Find out right away if a re-occupancy inspection is needed
- 2 Order the inspection as soon as possible
- 3 Start the work on getting any issues resolved right away
- 4 Communicate with all parties regarding the progress on the issues
- 5 Be prepared if it takes more time with potential solutions

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Open Permits

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Things to know about open permits

- Not all contracts require sellers to close them
- Find out the status of the permit
 - No work ever done
 - Permit issued but no inspection called
 - All inspections passed but missing final inspection
 - Something in between
- Get an estimate to close the permits out
 - This gives a dollar figure to a nebulous problem
 - It gives you a solid basis for negotiation
 - It removes the fear from all parties of the unknown
 - The other side loses the ability to over or underestimate the cost of this thing
- Know what the contract is committing your customer to
- Make sure to tell the buyer if they are going to be responsible

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NOT SO
Special
Assessment's

There is nothing special about them!!!!

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Condo Approval

- Also required to legally record title
- One of the top three reasons deals die
- If you don't know if its needed ask....in writing
- Don't just depend on the MLS
- As a listing agent always verify the info you put in the MLS
- There are rare cases where there is an association, but approval is not required to buy there.
- Get it in writing: either an approval or letter saying its not needed

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Liens on the Building

Sometimes liens exist on the building where a condo you are buying is located.

Often occurs when major work is being done

Can also be from work the city is requiring

Title companies won't write a title policy in this case

A sufficient funds affidavit from the association will fix this

If the association can't or won't provide SPA then the title company will require a hold harmless from the buyer

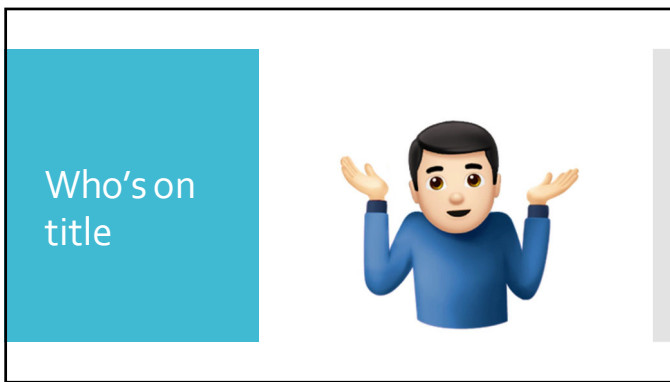
With a hold harmless only a cash deal will work

Tell your customer early and let them make the decision on how to proceed

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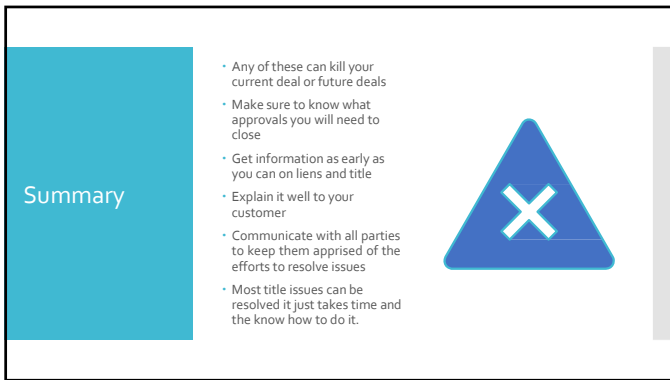
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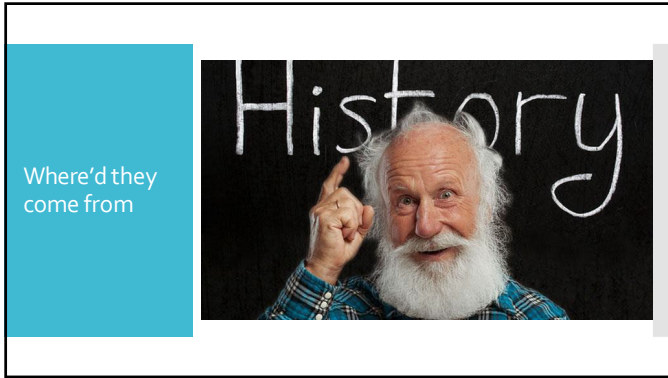
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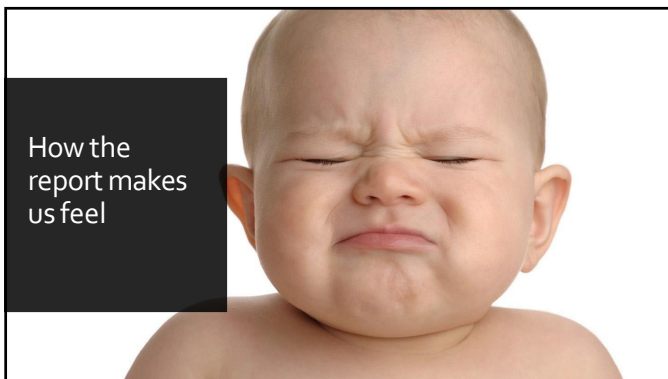
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How the report makes them feel


Say it ain't so!!!



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Brings us to 2 questions

1. Who is the inspector
2. Why do they hate us so much




47

What is the home inspector's motivation



48

Our deal dies
but they keep
their fee
Not cool right?



UNCOOL

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Some agents
don't know
the inspector
they hired



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How to stop
inspections
causing deal
homicides
w/Buyers

- Discuss the motivation of the inspector with your customer
- Remind them the home is usually not brand new
- Adjust their expectations
- We need to give the customer context
- Remember they don't see these reports often

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The seller's side of home inspections



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How to stop inspections causing deal homicides w/Sellers

- Explain it is an exposure
- Let them know as-is doesn't mean they can stick it to the buyer
- Make sure you tell them in advance
- Discuss a seller purchased home inspection

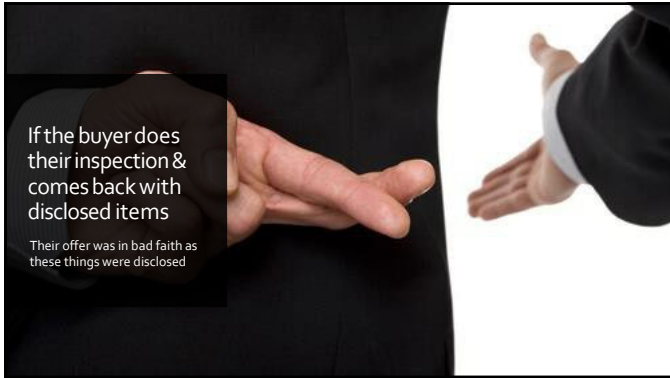
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BENEFITS



- Explain it is an exposure
- Let them know as-is doesn't mean they can stick it to the buyer
- Make sure you tell them in advance
- Discuss a seller purchased home inspection

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How to deal with inspector estimates

- Assess the actual cost for repairs from contractors or handymen
- Assess what the seller is willing to do Some items will be issues with any buyer for the house especially with a mortgage
- See if the buyer will accept if the seller makes some repairs
- If not prorate any useable life left and try to come up with a credit that is as small as possible.
- With an as-is contract this is almost always a second round of negotiation

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The tools we use to get an agreement

- We need to bring all our tools to bear
- It requires knowledge and negotiation
- Be clear on repair vs. replace vs new
- Insisting on "new" can kill your deal
- Use a home warranty to mitigate risk
- As an agent sometimes the home warranty is cheaper than a commission cut

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Be clear

- WHAT WORK IS BEING DONE
- WHO IS RESPONSIBLE FOR VERIFICATION
- WHAT WILL THE BUYER ACCEPT AS VERIFICATION

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What to do when the seller doesn't get the repairs done

- Don't close (not cool at all)
- Sue for specific performance
- Give the seller more time to finish the work
- Escrow money and close
 - Always have the agreement drawn up by an attorney
 - Always have it be specific
 - Give an amount of time for work to be done
 - Escrow more than the cost of the work
- If the work is not done the buyer has the money and some profit for their aggravation

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Have a full tool belt

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WITH JOSH CADILLAC

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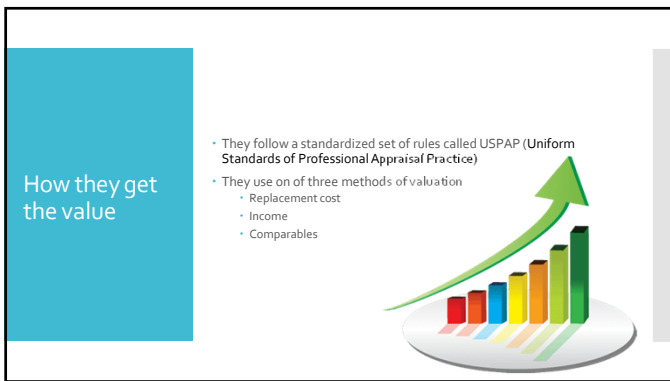
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✓ LEAST COMMONLY USED
✗ USED WHEN THERE ARE NOT ENOUGH COMPS
\$ USED WHEN THE PROPERTY EITHER DOES NOT GENERATE ANY INCOME OR THE INCOME IT GENERATES DOES NOT REFLECT THE PROPERTY'S TRUE VALUE
🏠 THEY ADD THE COST TO BUILD THE PROPERTY TO THE LAND VALUE AND THEN SUBTRACT ANY DEPRECIATION

Replacement cost

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This is a very common method of valuation
 It is used on investment properties
 It compares the property's income to the typical market rate of return for a similar property
 If car washes are selling for an 8% rate of return on the market and the one being valued generates \$100,000.00 worth of net income annually the property should sell for \$1,250,000
 This is used to eliminate the issue that there are far fewer commercial sales
 Also income properties are vastly different
 Risk is different based on different business types and the market rate of return already has that risk figured in
 Higher risk = higher rate of return = Lower purchase price

Income approach

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🏠 Requires a lot of market activity
✓ Requires similar properties
📍 Requires similar usually close location to the subject
📊 This method requires adjustments to the comps to allow for differences between the subject and the comparables
🏠 Should be very accurate as it compare what people have actually paid for a similar property in the area
✗ Requires the use of the most similar comparables

The comparable Method

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Adjustments

- Amounts for adjustments are not always so cut and dry
- In theory a pool or 4th bedroom should have a market value but determining it isn't easy
- Maybe someone just got a good deal
- Different values on adjustments often lead to discrepancies between appraisals



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The other big issue


- Different types of sales matter
- Distressed vs traditional sale matters
- Use of distressed sales as comparables for a non distressed subject also often leads to an inaccurate appraisal



71

How to avoid appraisal issues

Only make offers on properties that will appraise



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Active comps show only one thing

What people have been unwilling to pay for these properties to this point



73

Closed comps show

What someone has chosen to pay for a similar type of property recently in the area



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Look to your closed comps for your offer price



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When sellers are unrealistic

- Enlist the listing agent
- Tell them you are looking for the comps to justify the price for your buyer
- Ask them to send you the ones they are looking at for their price to help you convince your buyers
- This helps to build a relationship which can be a difference maker
- You are asking them to help you get THEIR price

Three things that can happen

- They won't help and will have appraisal issues
- They get you comps that justify the price and you put in the higher offer
- They can't find any comps and can help persuade the seller that your offer may be the best they can do

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Putting in the high offer hoping it won't appraise

The contract has a financing contingency that allows the buyer to get their deposit back if the home does not appraise

The hope here is that if the appraisal comes in low the seller will adjust their price

The benefits are

- We are in the game
- We have an appraisal in hand
- The seller has invested time in our transaction and would have to start from scratch with someone new
- No guarantee the property appraises higher with someone else

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Risks of putting in the high offer hoping it won't appraise

- This requires complete transparency of the risks associated with your customer
- Three risk the buyer must be made aware of

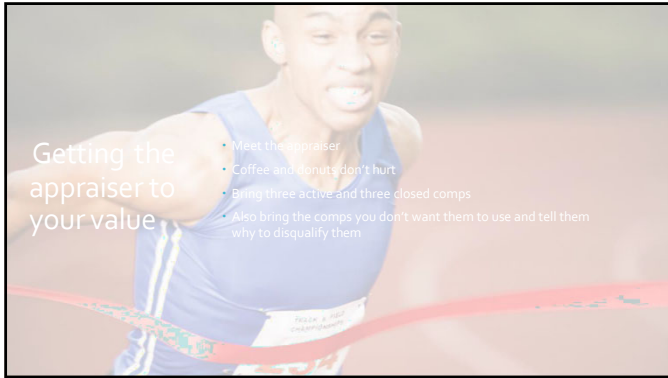
- The buyer is stuck paying for the appraisal if it closes or not
- The appraisal comes in at the higher price and the buyer must pay that
- The seller is not required to adjust the price

RISK

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Getting the appraiser to your value

- Meet the appraiser
- Coffee and donuts don't hurt
- Bring three active and three closed comps
- Also bring the comps you don't want them to use and tell them why to disqualify them



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Motivation



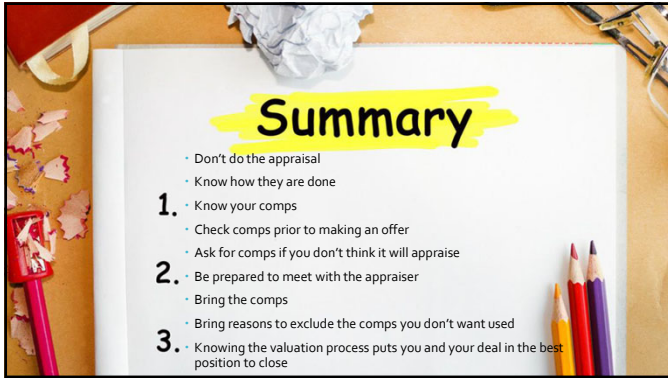
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Sometimes the pros drop the ball

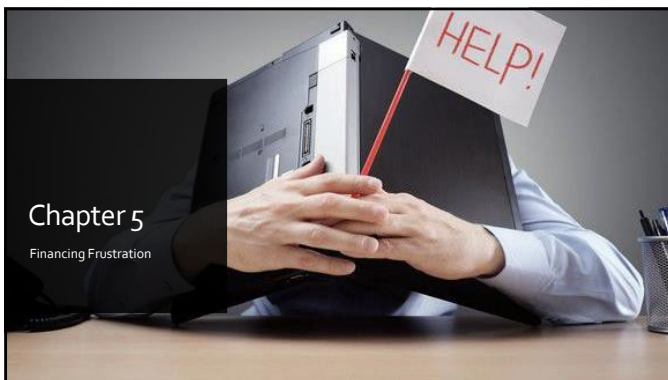
- Sometimes appraisers make mistakes
- They use bad comps
- Don't adjust for something that makes a huge valuation difference
- Etc
- This is when you contest the appraisal
- You need to have your data tight and never make it personal
- Make sure to show why your comps are a better fit
- Or why your adjustments are more accurate



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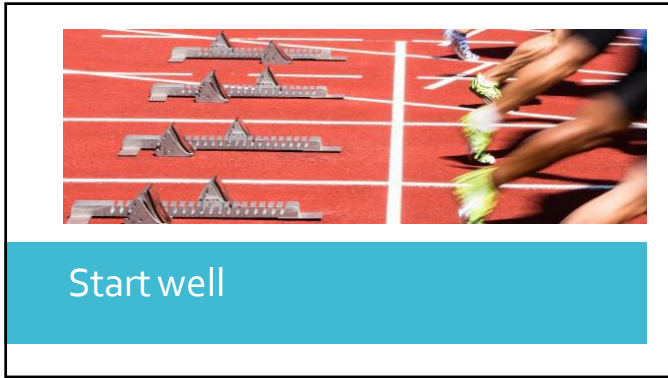
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The Buyer consultation

- Just like a good listing presentation
- Goes over the process and what could happen
- This is designed to leave the buyer with no surprises so it needs to be comprehensive
- This is a meeting that I schedule
- The mortgage broker comes in on it
- We will also discuss mistakes they can make they will kill their deal as well
- This meeting is where you show them you know your stuff

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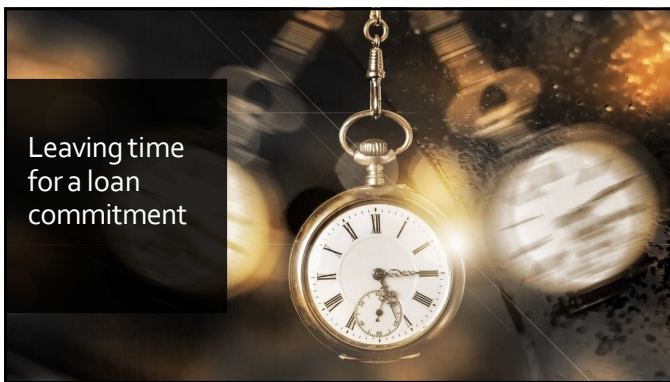
Common Financing Issues

- Sourcing funds
- Major purchases
- Don't countersign for anyone
- Buy the furniture after closing
- Buyer not letting you know about bad news right away
- Fluffed up job titles
- Vice president in charge of facilitation of difficult deposits at their bank
- VS. In charge of clearing clogged toilets

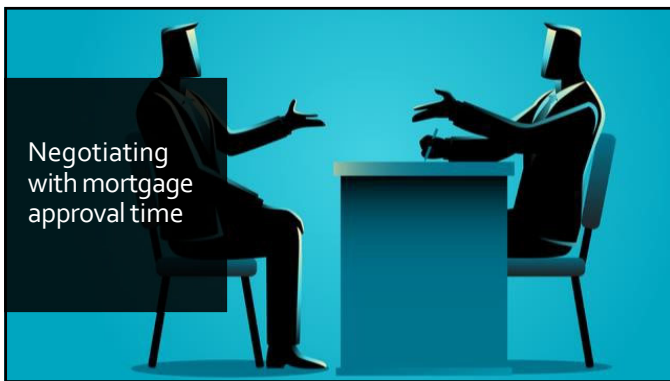
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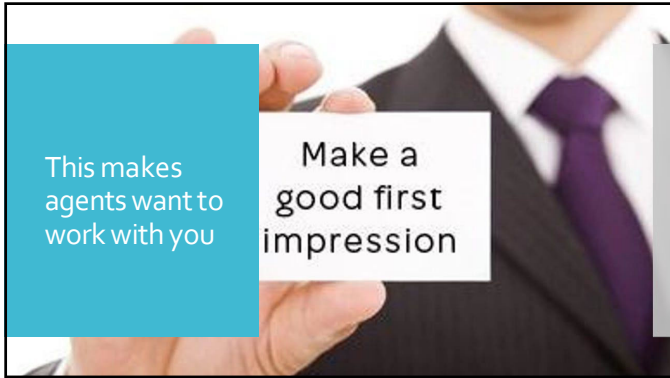
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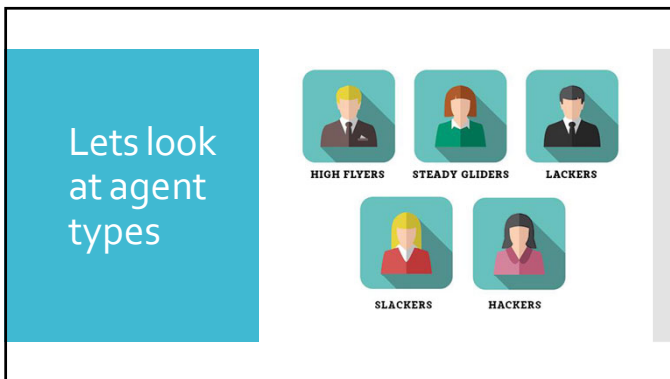
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New agents

- 1 Don't know what they are doing
- 2 Don't know what they are screwing up
- 3 Don't know how to talk to their customers
- 4 Don't know how to manage expectations
- 5 Don't know what they should disclose and discuss in advance
- 6 I.e. home inspections

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Dealing with new agents


- Offer to help them through the transaction
- Remember they are probably nervous and undertrained
- Take on some additional responsibilities:
 - Let them know what things they need to make their customer aware of
 - Help them formulate the best way to explain things to their customer
 - Get a feel for where the buyers feeling are with the transaction



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The lazy agent

- Doesn't want to do anything
- Makes their problems your problems
- They are not in a rush which can be mistaken for competence
- They are hoping delay will make someone else do their job
- They can be an energy sucker



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Lazy agent issues

1. Dates and deadlines can get missed
2. Their refusal to get off their butts can result in vendors killing the deal
3. It is very easy to get roped into doing it yourself rather than dealing with them
4. Their laziness could sour their customer on the deal and them at any point and kill the deal

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Dealing with lazy agents

- Great follow up
- Unwillingness to do their job
- Make up your mind to be diligent
- Don't get angry or bitter
- Write your emails so they can be easily shared with their customer
- If all else fails, contact their broker to assign a new agent or get the agent moving

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The Uncommunicative Agent

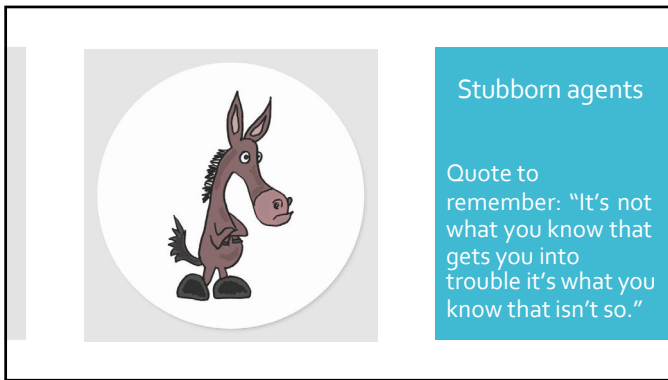
- Doesn't answer their phone
- Doesn't respond to emails
- Doesn't text back or responds once and not again
- Only responds in the communication format they like

** If you are this type of agent, STOP!!**

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100



101



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Dealing with the stubborn agents

- Figure out which type of stubborn agent you are dealing with
- For overprotective agents
 - Explain how what you are doing is in their customers best interest
 - Be patient with them
- For proud agents
 - Find terms that allow them to frame it as a win for them
 - i.e. give them the price they want but get a closing cost contribution
 - i.e. if they wont replace the a/c have them provide a home warranty
- Be willing to sacrifice your ego to get the deal closed

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Stubborn agents

- Be patient with them
- Explain how what you are doing is in their customers best interest
- Find terms that allow them to frame it as a win for them
- i.e. give them the price they want but get a closing cost contribution
- i.e. if they wont replace the a/c have them provide a home warranty

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Dealing with ignorant agents

- Will be like dealing with the new agent and the lazy agent
- Make sure to write your emails so they can show them directly to their customer
- Let them know to share your emails with their customer
- Be prepared to do both sides of the deal




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Angry agents & Fight syndrome

If you or someone you love suffers from these symptoms:
 Get angry with little or no provocation
 Yelling
 An inability to temper one's response
 The need to fight over every little thing
 A tendency to demean and belittle other people
 Not considering the effects of their responses on the long-term results of their deal

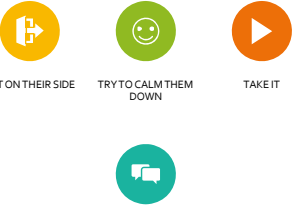
They may have "fight syndrome"
 Often occurs in those who have practiced real estate for any length of time



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Dealing with angry agents


- GET ON THEIR SIDE
- TRY TO CALM THEM DOWN
- TAKE IT
- REMOVE YOURSELF FROM THE CONVERSATION



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Chaotic Agents

These guys run from crisis to crisis
 They have hundreds of unread emails
 They are always out of breath
 Oh that closing was today?



108

Dealing with Chaotic agents



- Be the noisiest crisis in their life
- Keep the pressure on them
- We need to be
 - Very structured yourself. We need to be structured enough for both us and them.
 - Have a very organized email and file system also goes a long way to squeezing out ways where they can screw your deal up.
 - Follow up with them frequently. Become the squeaky wheel and take the role seriously.
 - Enlist the other folks in the deal to help you keep the other agent, and your deal, on track.
- Be patient, lots of great people lack structure and need help

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Arrogant/Know it all agents

More of a nuisance than a deal killer

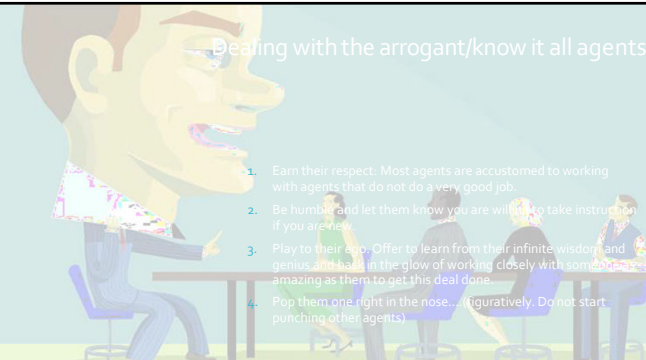
Do not let this happen to you

Always think more of other than you do of yourself	Stay humble	Always be willing to pay it forward
--	-------------	-------------------------------------

Being this way will kill deals for you before they start as agents won't want to work with you

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Dealing with the arrogant/know it all agents



- Earn their respect. Most agents are accustomed to working with agents that do not do a very good job.
- Be humble and let them know you are willing to take instruction if you are new.
- Play to their ego. Offer to learn from their infinite wisdom and genius and bask in the glow of working closely with someone as amazing as them to get this deal done.
- Pop them one right in the nose... (figuratively. Do not start punching other agents)

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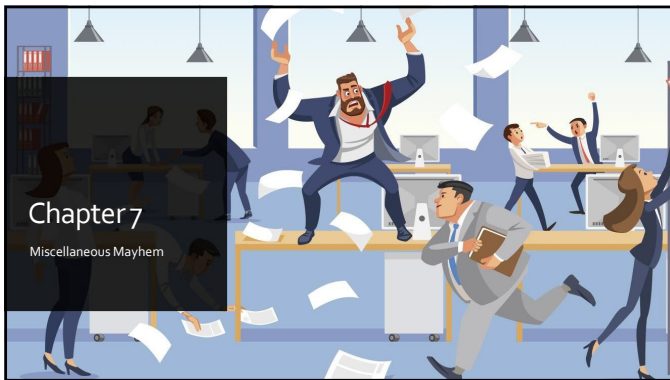
Summary



- Determine the type of person you are working with
- Tailor your response to best get the results you want based on the other agent
- Get you deals closed

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Chapter 7
Miscellaneous Mayhem




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Insurance



114

Spouses



115

- 

No, I don't mean a fair housing violation kid yet this I mean adult kids



Young they are a reason for a bigger house as they age, they can morph into a secret deal killer



Older owners may defer to their adult children
- 

Or older children may take control



To avoid ask if they have children that they run those things by



If they do preemptively invite them to be part of the process
- 

Children tend to be protective and to assume you have bad intentions if they didn't pick you out




For this reason you want to make sure that it is your idea to loop the kids in

Kids

116

Other family members



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The experienced in a different market customer




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Your customer

- Buyers remorse is a real thing
- You go under contract and the buyer now wants to see it again
- You can tell they are second guessing
- How to handle this
 - Don't use an As-Is contract
 - Make note of the reasons they lied the house to begin with
 - If they do then remind them of all the reasons they made the offer in the first place
 - Be prepared to expound upon their reasons
 - Discuss the financial benefit of owning a home


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Surveys



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That jerk
face Murphy
and his
stupid law



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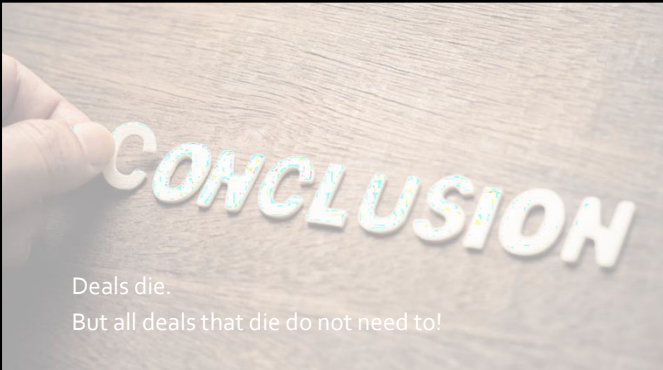
**YOUR
SUCCESS
YOUR
WAY.**



ENROLL TODAY!



122



Deals die.
But all deals that die do not need to!

123



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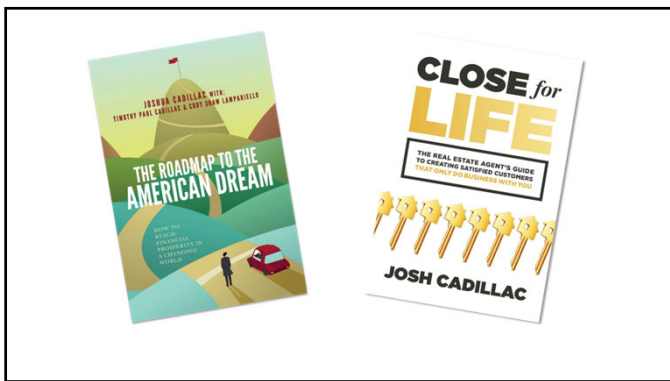
Coaching Available

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ACE 1001 - "What you don't know can hurt you" (2 & 3 hrs)	ACE 1002 - ACE 1001 (2 hrs)	ACE Negotiator - The art of persuasion and negotiation (2 hrs)	ACE Negotiator 2 - Advanced Negotiation (2 hrs)	ACE Negotiator 3 - Advanced Real Estate Negotiation with Leverage & Power (2 hrs)	ACE Contracts, Writing & Reviewing Your Offer (2 hrs)	ACE 1004 - ACE 1001 (2 hrs)	ACE 1005 - Dealing with an unresponsive seller or buyer (2 hrs)
ACE Investor 1 - Investment Concepts (2 hrs)	ACE Investor 2 - Advanced Investor Concepts (2 hrs)	ACE Investor 3 - Cash Flow Investing in real estate (2 hrs)	ACE Investor 4 - Advanced Investor Concepts and Progression (2 hrs)	ACE Investor 5 - Real Estate Real Estate Progression (2 hrs)	ACE Investor 6 - Real Estate & Real Estate (2 hrs)	ACE Investor 7 - The King of Real Estate (2 hrs)	ACE Investor 8 - The King of Real Estate (2 hrs)
Commercial Investment Analysis - Understanding the Numbers (2 hrs)	Commercial Investment Analysis - Understanding the Numbers (2 hrs)	Advanced Commercial Investment Analysis - Understanding the Numbers (2 hrs)	Commercial Investment Analysis - Understanding the Numbers (2 hrs)	ACE Dealing with the Deal (2 hrs)	ACE Business Agent (2 hrs)	ACE Disposition Sales (2 hrs)	ACE Entrepreneurship - Understanding the Numbers (2 hrs)
ACE 1006 - ACE 1001 & ACE 1002 (2 hrs)	ACE 1007 - ACE 1001 & ACE 1002 (2 hrs)	ACE 1008 - ACE 1001 & ACE 1002 (2 hrs)	ACE 1009 - ACE 1001 & ACE 1002 (2 hrs)	ACE 1010 - ACE 1001 & ACE 1002 (2 hrs)	ACE 1011 - ACE 1001 & ACE 1002 (2 hrs)	ACE 1012 - ACE 1001 & ACE 1002 (2 hrs)	ACE 1013 - ACE 1001 & ACE 1002 (2 hrs)
ACE 1014 - ACE 1001 & ACE 1002 (2 hrs)	ACE 1015 - ACE 1001 & ACE 1002 (2 hrs)	ACE 1016 - ACE 1001 & ACE 1002 (2 hrs)	ACE 1017 - ACE 1001 & ACE 1002 (2 hrs)	ACE 1018 - ACE 1001 & ACE 1002 (2 hrs)	ACE 1019 - ACE 1001 & ACE 1002 (2 hrs)	ACE 1020 - ACE 1001 & ACE 1002 (2 hrs)	ACE 1021 - ACE 1001 & ACE 1002 (2 hrs)

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