

## Learning Objectives

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- Determine the right offer price using data
- Structure offers with protective contingencies
- Master negotiation tactics for investment properties
- Work effectively with real estate agents
- Handle multiple offer situations

## The Investor's Offer Mindset

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As a coliving investor, your offers are different from a typical homebuyer's. You're not buying based on emotion—you're buying based on numbers. Your offer price is determined by what the property can **produce**, not what the seller wants.

### THE GOLDEN RULE OF OFFERS

You make your money when you **buy**, not when you sell. A great deal at the wrong price is a bad investment. Never let emotions push you above your maximum offer price.

## Determining Your Offer Price

### Step 1: Work Backwards from Your Target Return

Use your Deal Analyzer to figure out the maximum purchase price that still hits your minimum cash-on-cash return.

#### WORKING BACKWARDS

Target: 15% cash-on-cash return

Expected monthly rent: \$3,750 (5 rooms × \$750)

Estimated expenses: \$1,500/month (40% of rent)

NOI: \$2,250/month = \$27,000/year

If all-in investment = \$80,000, need \$12,000 annual cash flow

Max mortgage payment: \$1,250/month (\$15,000/year)

**Maximum Purchase Price: ~\$185,000**

### Step 2: Check Comparable Sales

Research what similar properties have sold for recently:

- Same bedroom count within 0.5 miles
- Sold within last 6 months
- Similar square footage ( $\pm 20\%$ )
- Similar condition

## Step 3: Factor in Renovation Costs

If the property needs work, subtract renovation costs from comparable values.

### RENOVATION-ADJUSTED OFFER

Comparable sales: \$220,000 average

Estimated renovation needed: \$30,000

Investor discount: 10%

**Your Offer:  $\$220,000 - \$30,000 - \$22,000 = \$168,000$**



## Structuring Your Offer

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### Essential Contingencies

Never submit an offer without these protective clauses:

### **Inspection Contingency**

10-14 days to inspect the property. This is your escape hatch if you find major problems.

**Tip:** Even if you plan to renovate, always inspect. You need to know what you're dealing with.

### **Financing Contingency**

Protection if your loan falls through. Typically 21-30 days.

**Tip:** If paying cash or using hard money, you can waive this to strengthen your offer.

### **Appraisal Contingency**

Protects you if the property appraises below your offer price.

**Tip:** DSCR and hard money lenders may not require appraisal, giving you flexibility.

### **Title Contingency**

Ensures clean title with no liens or encumbrances.

**Tip:** Never waive this. Title issues can cost you the entire investment.

## Offer Strengtheners

When competing with other buyers, these tactics can give you an edge:

- **Larger earnest money deposit:** Shows you're serious (\$2,000-5,000+)
- **Shorter inspection period:** 7 days instead of 14
- **Flexible closing date:** Let the seller choose

- **Proof of funds:** Bank statements showing you have the cash
- **Pre-approval letter:** Shows you're already qualified
- **As-is offer:** No repair requests (with inspection contingency for walkaway only)

## Negotiation Strategies

### Strategy 1: The Anchor

Start lower than your maximum. This gives you room to negotiate up while staying within your range.

#### EXAMPLE

Max price: \$185,000

Initial offer: \$165,000 (10-15% below max)

Counter from seller: \$195,000

Your counter: \$178,000

Final agreement: \$182,000 ✓ Under your max

### Strategy 2: The Terms Play

When the seller won't budge on price, negotiate on terms:

- Seller pays closing costs (\$5,000-8,000 savings)
- Seller provides 6-month home warranty

- Seller leaves appliances and fixtures
- Extended closing to align with your financing
- Seller carries back a second mortgage (portion of down payment)

## Strategy 3: The Problem Solver

Find out the seller's **real motivation** and solve their problem:

- **Moving quickly?** Offer fast close with hard money
- **Need income?** Offer seller financing at good rate
- **Property needs work?** Buy as-is, save them hassle
- **Inherited property?** Make it easy—handle everything

### RED FLAG: EMOTIONAL BIDDING

If you find yourself saying "but I really want this house," you're in danger. Step away, re-run the numbers, and remember: there will always be another deal.



## Working with Real Estate Agents

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### Finding an Investor-Friendly Agent

Not all agents understand investment properties. Look for agents who:

- Invest in real estate themselves
- Understand cash flow analysis
- Are comfortable submitting "low" offers

- Know your target neighborhoods well
- Can set up automated property alerts

## What to Tell Your Agent

### AGENT SCRIPT

"I'm a coliving investor looking for 4+ bedroom houses in [target areas]. My budget is \$150-250K. I'll be looking at many properties and making offers based on my cash flow analysis. I need an agent who's comfortable submitting offers below asking price and understands investment criteria. Can you help with that?"

## Action Steps

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1. **Set your target return criteria** (minimum CoC, DSCR, cash flow)
2. **Find an investor-friendly agent** in your target market
3. **Complete the Offer Preparation Checklist** for your next deal
4. **Practice the negotiation scripts** until they feel natural
5. **Get pre-approved** so you can move fast on good deals

## Key Takeaways

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- **Your offer price comes from the numbers**, not from what the seller wants
- **Always include inspection contingency**—it's your primary protection
- **Leave room to negotiate**—start below your maximum
- **Solve the seller's problem** and you'll get better deals
- **Work with investor-friendly agents** who understand your strategy



## Your Deliverable

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Prepare everything you need before making your next offer.