



The Superior Area Association of REALTORS® Newsletter September, 2008

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Dear Tracy,

Welcome to the new and improved SAAR
Newsletter!



Volunteer at SAAR!

If you are interested in serving on the MLS Committee or the newly formed Public Relations Committee, simply call the Association office at 715-392-7002 or [e-mail Tracy](#).

Worried about the travel? The Association will be providing the ability to participate in Committees via remote communication!

These terms start October 1, 2008.

Plan to Attend the SAAR Annual Meeting

The Association's Annual Meeting will be held on Wednesday, September 17 at 12:00 noon at Barker's Island. Lunch will be available for only \$5.00!!!!

Agendas will be mailed to SAAR members and posted on the Paragon and Association's website.

RSVP by Monday, September 15 at 5:00 pm and be entered into a drawing to be held at the meeting. Prizes are: (2) Garmin Navigation System or a digital camera!!! You must be present to win.

[Click here to RSVP.](#)

Understanding the Homeownership Tax Credit

NAR has prepared a brochure on how the tax credit passed as part of the housing stimulus bill last month can help home buyers.

[Click here for the brochure.](#)

How to Win the Negotiation....Without Being a Jerk

By Mariwyn Evans

By focusing on collaboration and shared goals rather than hardball tactics, you'll increase your odds of coming out ahead. Here's how to do it. By Mariwyn Evans | September 2008 You won't get through even one day without the need to negotiate. So if you have to do it, why not get

better at it?

Perhaps the first thing to learn about negotiating is that "better" doesn't necessarily mean being the nasty guy. "There are basically two approaches to negotiation-the adversarial and the interest-based," says Richard Reuben, associate professor at the University of Missouri-Columbia School of Law.

Today, most negotiators favor the interest-based approach. This method, popularized by negotiating guru Roger Fisher, director of the Harvard Negotiation Project and co-author of the negotiation classic *Getting to Yes: Negotiating Agreement Without Giving In* (Houghton Mifflin, 1992), emphasizes collaboration and shared goals over hardball tactics. But don't think interest-based negotiation equates to weakness.

"You can still negotiate aggressively on your interests; you just don't want to be a jerk," Reuben says.

Part 1: Prenegotiation Planning

Scope Out the Goals. At the core of interest-based negotiation is understanding the goals and desires of all parties to a negotiation. In a real estate transaction, that includes you, your client, the other associate, and the other associate's client, says Adorna Carroll, ABR®, ABRM (sm), vice president of Realty3 Carroll & Agostini in Berlin, Conn.

Another part of preparing to negotiate involves compiling objective criteria, from CMAs and relative ratings of local school districts to the maximum mortgage a buyer can qualify for. These facts are key tools in what Fisher calls principled negotiation-the ability to negotiate on facts, not emotions. Armed with the facts, you don't need to argue when a buyer indignantly claims your client's house couldn't possibly be worth that much. Instead, you point to the objective criteria of what comparable houses have sold for in the last few months. "Real estate is a classic example of the objective standard. You can calculate replacement cost and market value; you can create a formula for value outside the transactions," says Palm Springs, Calif., attorney John Patrick Dolan, author of *Negotiate Like the Pros*.

Asking the person on whose behalf you're negotiating about factors such as bottom line price, timing, and terms is your next step, says Tom Hayman, president of Negotiation Expertise LLC in Peoria, Ariz. "You have to set the ceiling and the floor."

But while facts are critical, don't focus on the nuts and bolts and ignore a client's emotional needs, says John Ritchie, an associate broker with Gables & Gates, REALTORS®, in Knoxville, Tenn., and a certified trainer. "People make an objective decision after they satisfy their emotional needs."

Emotions may play a particularly large part in today's market, which features longer times on market, sellers who may have lost equity to dropping prices, and buyers convinced they can bid down the price further.

The way to understand these emotions is simple: Just listen, says Laurence Tamkin, broker-owner of Total Success Realty in Austin, Texas. "Really listen to what the other person is saying and repeat back what you've heard to validate their opinions," he suggests. "You've made the emotional deposit by listening, so now they're willing to let you make the withdrawal."

Understanding goals is also a matter of questioning your assumptions about what another party wants and values, says Steven Cohen, president of Negotiation Skills Co. in Pride's Crossing, Mass. "You have to try to put yourself in the other person's shoes and understand his or her view of the issue. Often a conflict is not about facts, but about how those facts are perceived," he says.

For example, says Cohen, a sales associate who came to list his house assumed that the property's nearness to a train line was a negative. "She didn't work downtown so she thought only about the noise from the train. I commuted every day so I thought being able to walk to the train was a big plus."

Decide on the Bottom Line. Another important aspect of prenegotiation research is

determining your client's best alternative to a negotiated agreement, or BATNA, says Cohen. Having a BATNA lets you weigh the risks and rewards of not making a deal against these alternatives.

For real estate buyers, a BATNA can be walking away from the deal and looking for another home, renting until you find what you want, or staying where you are.

One form of BATNA might be to continue to look at other homes during the negotiation or to have a second home already selected before you make your first offer, suggests Joeann Fossland, e-PRO®, PMN, a master certified coach with Advantage Solutions Group in Cortaro, Ariz.

The strength of your alternatives is a big factor in who holds the power during the negotiation. The more powerful your client's position-whether that results from market conditions, the ability to buy for cash, or a greater willingness to walk away from a deal-the more aggressive your negotiating tactics can be, says Michael Benoliel, director of the Center for Negotiation in Potomac, Md.

Also remember that in a negotiation, power can be real or perceived, says Rhonda Hamilton, ABR®, LTG, a speaker and trainer who heads LiveWire Presentations in Longview, Texas. If you have a strong personality or are much more knowledgeable about your local market than the other sales associate, for example, it might create a perception of power that actual market dynamics don't justify.

Scope Out the Other Side. Researching the goals and motivations of those on the other side of the transaction-both the client and the sales associate-is just as important to negotiating a mutually acceptable agreement. Before you begin a negotiation, ask peers in your office about the other sales associate and how he or she negotiates.

Find out how long the house has been on the market. Search Google for information about the sellers and read up on their local job and charity activities, suggests Cohen. Everything you know works to your and your client's advantage.

"People behave based upon their backgrounds and experience. Knowing the past is a good predictor of the future," says Herb Cohen, founder of Power Negotiations Institute in Delray Beach, Fla. "You need to understand what's of long-term importance to all parties so that they'll be satisfied with the transaction."

One of the biggest untapped sources of information on the other party is that party's agent, says Carroll, author of the revised "Effective Negotiating for Real Estate Professionals" course offered by the Women's Council of REALTORS®. "Ask questions like 'Are your clients in a hurry to buy?' or 'How long has your client been looking?' or even 'What is it about the property that appeals to your client?' You'll be amazed at the information other sales associates will share with you."

"Before presenting an offer, I'll often ask the other sales associate what it's going to take to make a deal. Most of the time people will tell me," says Ritchie, instructor for the REALTOR® University course "The 3 Ps of Negotiating" and author of Leading the Real Estate Transaction. Ritchie uses the information he gains to subtly "train" the other sales associate in how to present his offer.

For example, he'll tell the other associate how he and his client arrived at the price they're offering. Then if a question arises, the other salesperson will be able to explain the offer more fully. "Someone has to manage the negotiation; it may as well be you," he says.

Part 2: In the Thick of the Deal

Listen and Learn. If asking questions and listening are critical before beginning a negotiation, they're just as vital during the give-and-take portion. "The words 'tell me' are golden," says Hamilton. When the other party makes a statement, say, "Tell me again what is most appealing to you about this neighborhood" or "Tell me what about the price seems inconsistent to you."

Keep questions gentle, suggests Reuben. You don't want your questions to seem like an

interrogation that puts anyone on the defensive.

Also, pay attention to seemingly irrelevant or throw-away comments spoken as asides or at the end of a conversation, suggests Rich Birke, director of the Center for Dispute Resolution at Willamette University in Salem, Ore. "People say things when they think no one is listening that will often ring true," he says. Listening-without agreeing with the other party's position-also shows that you're a nice person and makes the other person more willing to hear your position.

Once you've received a response to your question, paraphrase the answer back to your counterpart, and then ask if that's what the other party meant.

"Often it won't be, so it gives you a chance to clarify a position," says Herb Cohen, who has negotiated on behalf of presidents and corporations. He also favors taking notes of responses to your questions, both to ensure you get key information right and as a way to show respect for the other person's point of view. "Always show respect for the other party and set a positive tone for the negotiation," he says. "That isn't a sign of weakness, only of decency."

Connect Through Emotions. Listening is also a way to understand another party's emotions and build rapport. Emotions are present in every negotiation, says Daniel L. Shapiro, associate director of Harvard Law School's Harvard Negotiation Project and co-author of *Beyond Reason: Using Emotions as You Negotiate* (Viking, 2005).

"Buying a house is an incredibly emotional experience. Clients will trust you more if you appreciate their emotions-their fear of getting a bad deal, their excitement about moving, their sadness at leaving their home of 30 years. Connecting with them on a human level will make the whole negotiation flow better," he says.

Shapiro recounts his own attempt to buy a newly constructed home. The developer refused to live up to some of the terms of the purchase agreement-and refused to talk to Shapiro about his concerns. When they finally did connect, days before closing, Shapiro started the conversation by appreciating the developer's craftsmanship in the house and asking questions to understand the developer's perspective, not berating him for what hadn't been done.

"I listened first," says Shapiro. "Once he felt heard, then I asked him to appreciate my perspective on wanting the terms fulfilled. This set a tone of collegiality, and it paid off." Shapiro and his wife live in the house.

Another important way to build rapport is through affiliation, says Shapiro. Turn an adversary into a partner, like Shapiro did with the developer. When the two spoke, he said, "It looks like we have a shared problem. You want to sell; I'm interested in buying, but we have some obstacles, no? What's your advice on moving forward?" Asking for advice immediately turned the adversarial developer into a partner seeking a mutual solution.

But while understanding and responding to the emotional context of a negotiation is essential, it's also important not to let emotions control you. "The crucial thing is to use your emotions rather than letting them use you," says Steven Cohen.

And no matter what, never lose your temper and escalate an angry situation. "You can address anger by saying that you feel uncomfortable with the statement a person is making, but never, ever attack someone personally," he says.

Be Flexible, Stay Focused. Keeping your emotions under control will prevent you from digging in your heels when you're pushed hard by the other side. Instead, look for ways you can alter your positions to reach agreement without making a concession you're not comfortable with, suggests Hamilton.

It's this ability to be flexible and look for alternatives during the negotiation process that's the mark of a great negotiator, says University of Southern California professor Kathleen Reardon, who's the author of several negotiating books, including *It's All Politics* (Current Doubleday, 2005).

Hamilton suggests asking "what if" questions to elicit points for further negotiation. Try something like: "What if we offered to reduce the price by \$3,000? Would you be willing to let

my client stay in the house for another two weeks?" "Such statements don't commit your client to anything, but they open the door for a way to resolve a problem," she says. If you're not sure just what to reveal, "analyze what and how the other side is disclosing information and use that as a guide for your own disclosures," Reuben suggests.

To conduct this sort of negotiating, you must have discussed with your client in advance what information you should share and how and when you're going to share that information during the negotiation, especially anything of a confidential nature. "It's part of your fiduciary duty," says Fosslund. Ritchie suggests asking clients to prioritize options so that you'll know where to make concessions first.

Discussing options with your clients and letting them make the final decision on concessions also give the client a sense of autonomy that reinforces their trust in you, says Shapiro. Clients want your advice, but sometimes they want the freedom to make a decision that you may not agree with. And even if you don't agree, it's still critical to find merit in the client's point of view and communicate that understanding to the client, he says.

Even a BATNA isn't a fixed point, says Steven Cohen, who's also the author of *Negotiating Skills for Managers* (McGraw-Hill, 2002). "You'll have one BATNA when you begin a negotiation, but once you've learned more about the other parties, you'll have to modify it. Still, you should always have a point of no return."

As goals evolve, it's important to keep all parties focused and not let them get distracted over one small point in the negotiation, says Birke. "Part of the salesperson's job is to keep both parties focused on their goals, that they want to buy or sell the home."

Likewise, salespeople have to exercise care not to let egos get in the way of a settlement. Positional bargainers, those self-styled tough negotiators who refuse to budge, often hurt themselves and their clients in just this way. "Sometimes, they make a bad deal, just so they can win," says Steven Cohen.

"You have to differentiate between negotiating to produce an agreement and haggling," says Howard Chung, vice president of Washington residential operations for John L. Scott Real Estate in Bellevue, Wash. Negotiators often get caught up in getting more and use tactics like splitting differences down the middle that may not really benefit their clients, he says.

Also, keep in mind that beating down your opposite number can have a bad effect on your reputation. You will probably have to do business with this sales associate again, or someone else in the same company, so "don't let a negotiation turn into a turf war," says Chung.

In addition, if the other side isn't really satisfied with the deal, they'll place endless roadblocks in the way of getting the transaction closed. "People who have made major concessions up front will perceive even minor concessions later as major stumbling blocks," warns Carroll.

Win-win doesn't mean that everyone gets an equal share but rather that all parties get an agreement they can live with and fulfill, says Steven Cohen. As long as you never, never, never do or say anything contrary to your client's interest during the negotiation, you'll end up with a successful negotiation, whatever the market. In negotiating, as in life, having a goal and sticking to it is what gets the job done and leaves everybody satisfied.

Nine Ways to Tone up Your Tactics

Although most negotiators favor an atmosphere of mutual cooperation and emphasize strategies over tactics, that doesn't mean they don't have a few tricks of the trade. Those include:

1. **Start Simple and Build.** Negotiate small points first, especially those on which you share a commonality, and get agreement on those, suggests Herb Cohen, founder of Power Negotiations Institute in Delray Beach, Fla. "Once people have invested the energy in a negotiation, the goal becomes more desirable. Always save the price for last." Negotiating small points first also allows you to assess the other party's negotiating style and build trust, says Michael Benoiel, director of the Center for Negotiation in Potomac, Md. The exception may be a deal-breaking point.

2. **Chip Away and Gain.** Another common tactic is "the nibble." After everyone is in agreement, you bring up an "Oh, by the way" type of minor point. Most people will give a concession then just to be finished with the negotiation, says Palm Springs, Calif., attorney John Patrick Dolan, author of *Negotiate Like the Pros*.
3. **Break the Deadlock.** If you reach an impasse, take a break. Go to the bathroom, go to lunch, resume tomorrow. Faced with a tough question, Herb Cohen says he often slowly takes out his fountain pen, shakes it, writes a few notes, and returns it to his pocket before responding. "It gives me time to think," he says. If your impasse is over one issue, such as price, it may be beneficial to move on and get agreement on other points and then return to your point of disagreement, says Benoliel. A similar idea is to backtrack to places where you have agreed earlier and remind the participants that you're most of the way to a deal, suggests John Ritchie, an associate broker with Gables & Gates, REALTORS®, in Knoxville, Tenn.
4. **Try Again.** If the offer really is as high as your buyer can afford, you can return a counter with the same price again, and the words, "This is our highest and best offer," suggests Betty Byrnes with Coldwell Banker ERA Dave Trueblood, REALTORS®, in Kokomo, Ind. "It works like a charm when the asking price and the offer price are fairly close." No matter what you're offering, you can make it look better by using perceptual contrast, says Tom Hayman, president of Negotiation Expertise LLC in Peoria, Ariz. For example, to a seller faced with a low offer, you might say, "I know that this is \$10,000 less than you wanted, but when you compare months of \$3,000-a-month mortgage payments, it's not too off base."
5. **Try the Silent Treatment.** Silence is another tried and true tactic that seldom fails, suggests Susan Kuttner Schiffman of Keller Williams Realty in Carmel, Calif. "Salespeople who get nervous during a silence and jump in with one more sentence or thought just display their own insecurity. Don't be afraid to be quiet and give the other person time to process the information you've shared so they can come around to your position."
6. **Offer Tit for Tat.** Never make a concession without getting a reward, says Steven Cohen, president of Negotiation Skills Co. in Pride's Crossing, Mass. If you give something-ideally something you don't care much about-you should get something in return.
7. **Give the Illusion of Choice.** Present concessions in pairs to give the other side a sense of control, says Lynn Johnson of Lynn Johnson Realty in Fulton, Texas. Johnson suggests something like "My seller could make the repairs indicated in the home inspection or we could give the buyer a check for \$1,000 at closing to make the repairs." Just be sure that your client will be equally happy with either choice.
8. **Act Up.** If you're confronted with an unrealistically low offer by a buyer, you can use a classic negotiating tactic-the flinch, or wince. This can be a truly physical reaction or just a "wow" or "gosh," anything that is an overreaction to someone's position, says Dolan.
9. **Never Say Never.** Remember that impasses are just a part of the negotiating process. "One of the biggest mistakes negotiators make is walking away too soon," says Benoliel. Adorna Carroll, ABR®, ABRM(sm), vice president of Realty3 Carroll & Agostini in Berlin, Conn., says she'll call up a buyer's representative some weeks after a negotiation that didn't reach an agreement to see if the buyer has made a purchase. "If not, I tell the sales associate that something has changed at the property and that they should take another look," she says. "Providing new information is a great tactic for getting people back to the table."

September's Green Tip - Bring your own Bag!

You see them lying on the side of the road, caught in a nearby tree branch, or taking a swim in a nearby lake. You also see them lining wastebaskets, carrying lunches to work, and adorning the arms of happy shoppers. Plastic bags are everywhere and have become a part of our everyday lives but at what cost? Here are a few facts about plastic bags:

- Each year, an estimated 500 billion to 1 trillion plastic bags are consumed worldwide, only a small fraction of which are recycled. Billions end up as litter each year.

- Plastic bags are made from ethylene, a petroleum byproduct. In the United States alone, an estimated 12 million barrels of oil is used annually to make plastic bags that Americans consume.
- Plastic bags don't biodegrade, they photodegrade-breaking down into smaller and smaller toxic bits contaminating soil and waterways and entering the food web when animals accidentally ingest them.

It may seem that the age-old "paper or plastic" question may finally be answered! However, paper bags have their own environmental cost as well. According to the American Forest and Paper Association, 14 million trees were cut down in 1999 to produce 10 billion grocery bags for Americans.

The real answer to the "paper or plastic" question is neither! By now you have probably seen those bright green bags hanging around grocery and department stores and maybe even seen a few patrons packing their goods into them. They are usually around \$1 to purchase and are extremely sturdy and actually a bit bigger than your standard plastic bag. True, they may not match your outfit, they may seem a bit too "tree-huggerish," but when you consider the costs to continue using disposable bags, the pros should outweigh the cons. However, if after all this you're still a diehard plastic user, please remember to recycle these bags. Residential recycling services in our area have started accepting bags in your normal recycling but if your service does not, many stores will accept bags for recycling.

If you would like further information on our monthly green tip or have a suggestion for one, please contact Maranda at the Association office at maranda@daar.com.

Thank you for helping us make a difference!

2008 REALTOR Conference and Expo Early Bird Deadline Extended.

NAR's largest event and fall governance meetings will take place Nov. 5-10 at the Orange County Convention Center, Orlando, FL.

Registration is \$300 if you sign up by **September 15**.

Go to: <http://www.realtor.org/convention.nsf/>

Are you missing out on important news and information sent from the Association office? Please take a moment to add the following email addresses to your contact list to ensure you are receiving all correspondence from the Association staff.

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