



# CRANKING IT 24-7™



Members Only Monthly Mini-Seminar For Today's Real Estate Investor • Vol 0607 • Mike Butler

# NEGOTIATIONS

## UNDERCOVER POLICE DETECTIVE TECHNIQUES USED IN REAL ESTATE!

First of all, I must admit, my job as a police officer, plainclothes detective, and about 7 years as an undercover police detective had to be about the best job on the planet... or at least I thought so. FYI, myself along with most police officers think firefighters are the crazy folks on the planet.

The public and the firefighters believe the police officers are nuts. Here's our position, short and sweet. Here's what most police officers hear..."but a bad guy can come after you with a gun"... our replay is "OK, then duck or just shoot him or shoot back."

Now on the flipside from the police officers perspective... we believe the firefighters are nuts. Here's why... The fire alarm rings and the fire trucks and firefighters roll out to a mini-storage warehouse facility fire. As they arrive, the firefighters are trained to "attack" the fire. One of their procedures or a command given from a boss is to have a firefighter get on top of the roof of this burning building form some reason.

If I were a firefighter and a boss told me to get on the roof,,, oh, no... not me. I'd rather stand back here with a big hose or squirt gun and shoot water on it. I'm NOT gonna climb on top of a burning building.

Now, who is nuts? Isn't it safer and easier to just duck and shoot back?

Unfortunately, the above short story is true in my town and one of our finest firefighters in Louisville, Ky lost his life several years ago as a result of getting on the roof of a mini-storage facility fire. The roof collapsed and the firefighter was trapped inside the burning building. The investigation revealed this fatal fire was intentionally set by arsonists.

Until recently, there was a great rivalry of some kind, very similar to sports rivalries among police officers and firefighters. Today, especially since that horrible day in U.S. history, all "first responders" (police, fire, EMS) are all on the same page.

This little story above serves a very special purpose for this Cranking It mini-seminar. It demonstrates a huge critical element in setting the stage for "NEGOTIATIONS" including the real estate investing arena.

If you've attended my boot camps and seminars and have heard any training involving dealing with "motivated sellers" you know you must bite your lip and be very patient.

In fact, the simple structure of this month's mini-seminar on negotiations will be structured to almost force this one aspect upon you.

In the big picture, many investors have repeatedly asked me to write another book... on "negotiations" because they are just blown out of the water and report this system is amazingly simple, powerful and can polish a "marginal deal" into one of your killer deals of the year or your career.



Sergeant Roche had already been warned about his excessive adherence to the good cop/bad cop routine.

First of all, let's step back in time. As a police officer, the "good cop, bad cop" routine happened all of the time and still happens today.

Does it work? Unfortunately, it does work; however, it consistently works on the wrong kind of people.

Here's my point. Police officers used this well known made fun of skit on what we call "**Tax Payers with bad luck.**" These folks, although they committed some kind of crime, they don't behave this way on a regular basis. They are terrified when captured. They are

concerned about losing their job, family embarrassment, criminal record, going to jail, attorney fees, and much, much more. There just good folks like me and you who've had some bad luck or a really bad day.

When a **"Tax Eater"** is captured for some criminal offense (usually much "serious-er" than a tax payer offense), they actually laugh at police officers who try the "good cop, bad cop" routine. They view it as entertainment.

"Tax Eaters" are in a revolving door sort of cycle with the court system and justice system. They usually are unemployed or have some menial labor job and it was absolutely amazing to me how much time, effort, due diligence and research many of them put into their criminal careers.

If these bozos would apply their extreme efforts on the right side of the fence, they would be super successful entrepreneurs! Sure, some are bricks and close to brain dead, but some of these tax eaters are pretty sharp. They're just not educated.

As a Detective, here's the challenge. You might have a tad bit of evidence here, or some evidence there... it's nothing like you see on TV. You might have an ugly fuzzy video from an ATM machine or security camera system from a food mart. You might have a witness who saw a guy with a blue jacket driving a blue car. Long story short, you might have enough little pieces of evidence to "arrest" and charge this person with the offense, but, you are nowhere near having enough evidence to **"NAIL HIS COFFIN SHUT!"**

After doing things the hard way pursuing the tail waggin' the dog chasing nickel and dime pieces of evidence, including smudged up fingerprints and palm prints and more.... I found it to be a SLAM DUNK, if the "bad guy" simply told his version of what happened involving this crime.

Sure, those "reality" TV shows say every piece of evidence tells a story. I agree. But I tell you what... nobody can tell the story better than the person(s) who did it, why they did it, who they did it with, where they went before, during, after, and where all the stuff is now. Talk about "shootin ducks in a barrel."

I discovered in short order, if the bad guy(s) and/or bad girl(s) would tell me the real story, it made my job as a detective so much easier and "funner."



**COLUMBO** had the right idea. He NEVER baffled them with B.S. or his qualifications or certifications. Most of the time, he **kept his mouth shut** and listened and observed. Occassionally, he would ask a very well thought out

POWERFUL question and mentally record every word of their reply and response. He presented himself as the dumbest person on the planet, when in fact, he was playing the role "dumb as a fox."

Think about this, last month you read about the Easter Egg Hunt on finding deals. Imagine going on an easter egg hunt with the person who hid the eggs. Your results will be absolutely staggering! Here's the folks who committed the crime(s) eagerly escorting you around town to round up and collect evidence to use AGAINST THEM. These little "round ups" were huge, huge, nails in their coffin... providing you've done everything legally, properly and by the book. *(There's a lot of very technical and legal dotting your I's and crossing your T's when it comes to law enforcement. Done improperly, all of your evidence can be thrown out and not used to prosecute the dirt bags.)*

The written or verbal statement from the TAX EATER by itself was great. But many times, their own statement should not be the only piece of ammo or evidence against used in the prosecution of your case. Their statement along with "physical evidence" to support their version of their statement makes your cases a SLAM DUNKS for your prosecutors.

So, the result is not only did the dirt bags tell me their version of what happened, etc, they also led the collection of evidence to support their statement.

Some of the things collected on these cases ranged from buried stolen cars in cemeteries, guns and knives with identifiable blood evidence, all kinds of stolen property with and without serial numbers, audio recordings, voice mails, jewelry, robbery victims identification, and much, much more.

Just imagine the bad guy telling you their version of what happened and where they and/or others involved hid or disposed of stuff and you go and retrieve it from the exact same place they said it was located! WOW! This is tough to beat in court. It would be very hard to say this was a fabricated story on the part of your bad guy.

HERE's the magic. We get so darn excited about DOING SOMETHING, when the best thing you can do is probably the opposite. It is a lot easier for you to have the bad guy tell you their story in detail and take you to the evidence. This is fun too.

I made it a high priority and perhaps even a mission to polish my "interviewing" (*interrogation in the old days*) skills. I researched, studied, practiced, and documented little things that worked and did not work with almost every interview I conducted. In summary, I developed a "system" of systematically searching for the right "button" to push mentally to trigger them to start bumping their gums frantically! It almost forces the bad guy to tell me what happened. It's pretty fascinating to see it in action. On another extreme, they've begged me and screamed, cursed at me if I refused to listen to their story.

The hard core, cop-hater career criminal ends up eating candy out of your hands. My superiors observed this and were fascinated. These bad guys honestly believed I was their friend, probably their only friend in the world at the time, and they would THANK ME as they were led away in handcuffs. They call from prison with more information and stories, and they still call my old police office looking for me today. I still get phone calls

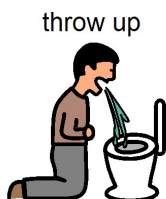
from my old intelligence unit informing me that “bad boy billy bob” phoned the office wanting to talk to me.

Now, their families, girlfriends, and buddies are another story and they all hate my guts and think I’m the most ‘evil-est’ (*Kentucky word*) person on the planet.

Even as a uniformed police officer, I discovered this powerful technique. So many officers were just excited to be like the energizer bunny and just go, go, go. I was told my interviewing skills as a uniform police officer, along with my results, was the key component for my relatively quick promotion to detective.

Here are some basic critical key components used successfully in real estate investing.

## STEP 1: LET THEM THROW UP!



You absolutely, positively **MUST** allow them the opportunity to throw up. As an investor, you want to deal with “motivated sellers” and only “motivated sellers.” You will spend countless hours spinning your wheels with no results if deal with sellers who are not motivated.

So, who is, or what is a “motivated seller.” A motivated seller is someone who has a “serious problem.” It seems like we deal with folks who’s problem is some kind of terrible tragedy. This is the most common, but some folks actually have a good problem as the cause to be motivated to sell. A couple of good problems... job promotion, bought a new big beautiful home, and even divorces are viewed as a good problem sometime.

Now, think about how all of the gurus and courses “teach” you to deal with motivated sellers. From bandit signs on telephone poles to full page ads in the yellow pages, these investors miss the boat. Sure, they have the shotgun approach and are blasting their market. They are simply picking up a handful of darts and throwing them all at the same time hoping something hits.

How bout “cherry pickin’ your leads and you can streamline your effort and deal only with motivated sellers. Those investors who utilize an answering service or have a script of preset questions to ask when a seller calls will end up spending more time and effort and money. These investors remind me of my peers in law enforcement.

Imagine yourself in the “motivated seller’s” shoes. You phone a number of some outfit who claims to buy houses or properties and you either have to leave a message, or you get some goofball answering service who wants to ask you a list of 32 questions, many of which are personal information. All you want is somebody to buy your problem now.

Think about the noise coming out of the motivated sellers mouth when they are quizzed this long list of questions. Here’s an example of a typical phone call to a “We Buy Houses” ad. You should call these folks and just to see what is going on in your town.

**Here’s an example of the conversation involving most of these calls I;ve made to my competition. This is also an example of what NOT TO DO:**

Calltaker (CT): “Hello We Buy Houses and What is Your name?”

Seller(S): “Mike”

CT: Please give me your phone number just in case we get disconnected?

S: **502-896-2595**

CT: What is the Address of your house for sale?

S: **123 Main St.**

CT: How many bedrooms does it have?

S: **3**

CT: How many bathrooms are in this house?

S: **2**

CT: Do you have a Garage?

S: **Yes**

CT: How many Cars will fit in your garage?

S: **2**

... and it goes on and on with more questions for the seller. Look how this phone conversation is going! Now, take a moment and look EXACTLY what the seller gets to say or speak. Here’s what they get to say:

**“Mike”**  
**“502-896-2595”**  
**“123 Main St”**  
**“3”**  
**“2”**  
**“Yes”**  
**“2”**

**Pretty exciting, isn’t it?** This is horrible. If this is a motivated seller you have just pissed them off royally with your wonderful answering service.

FLIP A SWITCH and try this. Begin your “conversation” with name, address, and get their phone number in case the call gets dropped, then simply say this:

## “TELL ME ABOUT YOUR HOUSE”

Now, just imagine what a real true “motivated seller” will do. True blue “motivated sellers” have a problem. You’ve given this seller an opportunity to bump their gums and THROW UP. They get to VENT. They get to relieve themselves of a lot of pent up stress, frustration, whatever.... **And they will LOVE YOU because YOU are the only investor who has LISTENED to them!**

Sure, it can be painful and it might eat up a tad bit more time, but you know what, your motivated sellers will usually tell you all the information (# of bedrooms, baths, garages, etc) while they are throwing up! You just fill in the blanks. As investors, we all need some good solid

basic fundamental information to make a decision to move forward or punt.

The whole purpose of the phone call is to “pre-screen” to identify both a “motivated seller” and an opportunity for a good investment opportunity.

This one little step can make a big difference in building a relationship with your motivated seller. It might be the little bit of something that will keep your seller loyal to you if another investor tries to back door you and snatch your deal away. Several times sellers have stayed with Mike even when another investor has offered them more money. This is awesome!

## STEP 2: LISTEN

The good Lord gave most of us 2 ears and 1 mouth. Use them accordingly. Your seller doesn't give a flyin' rat's kahuna if you are an IPD, STP, PDQ or licensed RER. They have a problem they need solved.

NEVER baffle your seller with YOUR knowledge. From the Seller's perspective, they see it as you trying to BAFFLE WITH BS.

## STEP 3:

### “He Who Mentions Price First Loses”

Simply put, listen to your “motivated seller” enough to identify the problem(s) associated with or causing the need to sell the property. There's almost always other problems or challenges for your seller along with selling the property. Pay attention and focus and listen to their “outside the real estate” problems and be creative on ways to solve those little pain in the butt things that might be huge obstacles to overcome for your seller.

A recent example of mine involved a seller who promised her nephew in Cincinnati the fridge in the basement would be placed in the garage for him to pick up the following weekend. You and I know this is no problem for us, but it was a very huge concern of hers.

## STEP 4: ASKING PRICE

At the beginning of your phone conversation, you should ask the seller what their ASKING price is. They will fire out a number. The very last thing you ask your seller on this call, after they've thrown up, is

**“If You Got All CASH in 2 Days, What's The Least Amount You Can Accept?”**

Let them answer: \_\_\_\_\_

Then pause, (this means silence) for 5 seconds...

**“Is that the best you can do?”**

Let them answer again: \_\_\_\_\_

This simple step 4 process has produced the most EASY profit I've ever made, including NEVER using my mouth to ask the question. Sellers have dropped their “asking price” \$50,000 with the one simple little step.

The important thing to note here is this will NEVER happen without letting them throw up first.

If your seller is not allowed to throw up, they will almost always stick to their guns on their “asking price.”

## STEP 5: SILENCE is More “GOLD”

Almost always when negotiating face to face with a dirt bag criminal or motivated seller, when it comes to “nut crunchin” time and the question is popped..... ALWAYS, ALWAYS, say absolutely nothing. ... perhaps at most, a sigh on your part, a gentle sigh, along with a frown, but SILENCE is GOLD!, not golden. This one simple step in face to face negotiations makes your seller feel very, very, uncomfortable, so much so, most of the time, they will DROP their price again!... all of this without saying one word!

## STEP 6: NEVER SAY OK

### Make Your Seller Believe They EARNED IT.

Let me nip in the bud the exception to this rule. If you are working with real estate agents, and they are bringing you deals, remember, they are representing their seller. You are fortunate if you are on their special list to bring deals to you first. In these situations, if they bring you a home run deal, you've got to POUNCE ON IT NOW.

Now, the exception is over and we're back to dealing directly with the motivated seller. Etch this in stone. NEVER SAY OK. Always, pause, silence, frown, and after 20-30 seconds or so, (this will make you feel uncomfortable too)...and then respond with something along the lines of this... “I can do blah, blah, blah, if you will blah, blah, blah...” The point is, make them give something else, do something else, in addition to what they requested.

Let's jump back in the seller's shoes. They're motivated, they've got a problem, and they say they want \$150,000 for this property. Your heart starts a frantic pace, ready to go to the hospital because you know this is a killer deal. If you immediately say OK, it's a deal, I promise you, your seller will have second thoughts and will feel very nervous about what just happened because you said OK so fast. But imagine, you pausing, silence, and responding with they have give something else, or do this or that... now there's absolutely no hesitation or second guessing on their part because **THEY EARNED IT** and **YOU MADE THEM WORK FOR IT.**

Sure it may seem strange, and these are just some of the key components of my NEGOTIATIONS system. If you're interested in this negotiation system, drop me a note or email, and I might schedule an “Undercover Police Detective Negotiations Course for Real Estate Investors”

**Register Now- Live Training, Chalk Talks, and Mike's Mondays at [www.MikeButler.com](http://www.MikeButler.com)**

**KEEP CRANKING IT 24-7!**

*Mike Butler*