



Guide to Negotiating Repairs or Credits for Realtors

ProCoaching Infinite Resources

Negotiating repairs or credits after a home inspection is a critical part of the real estate transaction. As the Buyer's Agent, you play a key role in helping your client navigate these negotiations, ensuring they get a fair outcome without jeopardizing the deal. This guide will walk you through the process of negotiating repairs or credits effectively, providing both strategic tips and practical steps to follow.

1. Understand the Inspection Report

- **Review the Findings Thoroughly:** Ensure you understand the inspector's report fully before taking any action. Highlight both major and minor issues, focusing on those that affect the safety, structural integrity, or value of the property.
- **Identify Key Issues:** Prioritize significant issues that could impact your client's decision to move forward. These include:
 - Structural issues (e.g., foundation problems)
 - Safety hazards (e.g., electrical or gas problems)
 - Systems or appliances in poor condition (e.g., HVAC or plumbing)
 - Water damage or pest infestations (e.g., termites, mold)



2. Determine the Buyer's Goals

- **Discuss Repair or Credit Preferences:** Have an open discussion with your client about their preferences. Do they want to negotiate repairs, a credit towards repairs, or a price reduction? Knowing this upfront will guide your approach.
- **Consider Buyer's Budget and Timing:** Sometimes, a credit might be a more practical solution if the buyer doesn't have the time, resources, or willingness to handle repairs immediately.
- **Know When to Walk Away:** If the issues are too costly or significant (such as structural damage or foundation issues), it may be best for your client to walk away from the deal. Be prepared with alternatives in case negotiations fall through.

3. Prepare a Repair Request

- **Compile a List of Issues:** Create a list of all the inspection findings, categorizing them into major and minor issues. Present this list to the seller in an organized, clear manner.
- **Focus on Critical Items:** It's important to address the most pressing issues that could affect the livability or safety of the home.
- **Request Specific Repairs:** For each item on the list, specify the repair or action required. For example:
 - "Repair the leak under the kitchen sink."
 - "Replace broken window pane in the living room."



- “Fix the HVAC system so it functions at optimal performance.”
- Include Estimates for Repairs: If possible, provide estimates or quotes from contractors to give the seller an idea of the costs involved. This can strengthen your request for repairs or credits.

4. Negotiate Repairs vs. Credits

There are two primary ways to approach negotiations: requesting repairs or asking for a credit or price reduction.

- Requesting Repairs:
 - Seller’s Obligation: In some cases, sellers may be more willing to make repairs if the items are clearly important to the buyer’s safety or the home’s overall integrity.
 - Seller’s Ability to Repair: If the seller has the means to do repairs quickly or at a reasonable cost, they may agree to handle them instead of providing a credit.
 - Use a Skilled Contractor: If the seller agrees to make repairs, ensure they hire a reputable, licensed contractor. You may want to request proof of completion after repairs are done.
- Requesting Credits or Price Reductions:
 - When to Ask for a Credit: If the repairs are relatively minor or if the buyer prefers to manage repairs themselves, you may negotiate for a credit instead. This can be applied to closing costs, a price reduction, or direct



compensation for repair work.

- Credit Amount: The credit should reflect the estimated cost of the repairs or upgrades. It's also important to consider how much negotiating room there is in the sale price.
- Negotiation Tip: Be reasonable about the amount. Excessive requests for credits can lead to a standoff or cause the seller to walk away.

5. Keep the Negotiation Professional

- Maintain a Positive Tone: Throughout the negotiation, keep the tone professional and respectful. Sellers are more likely to work with you if you approach the situation as a collaborative effort rather than a demand.
- Be Prepared for Pushback: Sellers may be unwilling to meet all your requests. Be ready to make compromises, but don't lose sight of your client's main objectives.
- Present the Buyer's Position Clearly: Clearly explain why certain repairs or credits are essential. For example, if an inspector has flagged an issue that could affect the home's value or livability, use that as a basis for your request.

6. Know When to Compromise

- Be Flexible with Solutions: Sometimes, sellers may offer alternative solutions. For example, if the buyer requests a full price reduction, the seller might offer to reduce the price by half of the requested amount while agreeing to make



repairs to the other items.

- **Evaluate the Seller's Situation:** Consider the seller's circumstances—are they in a hurry to close? Is the home in a competitive market? If the market is hot, they may not be as willing to accommodate repair requests. In a buyer's market, they may be more inclined to negotiate.
- **Meet in the Middle:** If the seller cannot meet all of the buyer's repair requests, be ready to negotiate a fair compromise. For example, they may agree to repair major issues but offer a small credit for minor repairs.

7. Put It in Writing

- **Amend the Contract:** Once an agreement has been reached, ensure that the terms of the repairs or credits are added to the contract through an official amendment or addendum.
 - **For Repairs:** Outline the scope of the repairs, the timeline for completion, and any warranties or guarantees from the contractor.
 - **For Credits:** Specify the amount of the credit and how it will be applied (e.g., toward closing costs or as a price reduction).
- **Timely Execution:** Ensure both parties sign the amendment and understand the new terms, especially if the seller has agreed to perform repairs by a certain date before closing.



8. Final Walk-Through

- **Inspect Repairs:** If repairs are made, arrange for a final walk-through to verify that the work has been completed to satisfaction.
- **Ensure the Seller Has Completed Agreed-Upon Work:** If the seller has agreed to repair certain issues, confirm that these repairs have been done properly before closing. If there are discrepancies, address them before closing to avoid delays.

9. Handling Disputes

- **Stay Calm and Solution-Focused:** If there are disagreements about repairs or credits, remain calm and focused on finding a mutually agreeable solution. If necessary, suggest mediation or seek legal advice.
- **Know When to Walk Away:** If major issues arise and the seller is unwilling to cooperate, it may be necessary for your client to walk away from the deal. Always keep your client's best interests in mind.

Conclusion

Negotiating repairs or credits requires a delicate balance of professionalism, strategy, and flexibility. By being well-prepared, understanding the importance of each issue, and maintaining clear communication, you can help your client navigate this stage of the transaction and ensure that they get the best possible outcome. A successful negotiation will leave both parties satisfied and pave the way for a smooth closing.