

Steven Morris' Real Estate Sales Success System Training Manual

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Introduction

Welcome to your new career in the real estate industry. Whether you have had your license for a while or are new to real estate, by applying the principles in this guideline book you will have a successful career as a real estate professional. If you have just received your real estate license, you may be asking yourself "What now?". This book will give you all of the up-to-date information on how to prevent failure and succeed in the real estate industry. An important key to using this book is to remember that knowledge alone does not create success. As with many professions, it requires a great deal of practice and repetition. There are many attorneys and physicians that are licensed and practicing that are not successes. Even though one would think that all of them are successful just because of their higher degree and stature. The ones that have succeeded have practiced their skills and built their business in an efficient and practical matter. Take for instance Arnold Palmer, one of the greatest golfers to ever play the game. His success did not come from the knowledge of golf alone. It came through practicing thousands of hours hitting hundreds of thousands of golf balls. In addition to that he has promoted himself and become a highly skilled athlete as well as a good businessman. This book will give you all of the knowledge you need and more to become a successful real estate businessperson. However, you must practice the techniques and skills that you will be taught through this book to become a highly skilled real estate professional.

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Many people enter the real estate profession from having been an employee in their previous career.

Therefore many people entering the real estate profession believe they are taking on a new job. While this may be true in a sense, the reality is that you are becoming a successful entrepreneur and business owner. It is essential that you approach your new career as a new business. Many people entering real estate feel that because they are now self-employed they will have complete control of their time, can do things the way they want to and when they want to. In some respects this is true. However, for the most part, to become successful you'll be working longer and harder and longer hours than you ever have before. What you may think of as your free time will be spent at the call of your clients and customers. As you grow in the business that will also expand to include time managing your own employees. While compared to many other professions, such as doctors and lawyers, the real estate profession is a relatively easy and inexpensive career to get into. Even so many people make a great fortune in the real estate industry. Unfortunately, most do not. The average real estate person in America earns less than \$7,000 per year and only lasts in the real estate industry for less than 24 months. This should not discourage you. The reason for this failure is that most people do not approach a real estate career as a new business but instead approach it as a new job. The real estate business is not rocket science. The people who fail in the real estate business do so for one of two reasons. They either do not get the proper training to build their real estate career or, more tragically, they have the knowledge to be successful and have had the proper training but they failed to practice and apply it. I have personally taught the principles in this book to thousands of real estate licensee's over the last 28 years. I have not personally witnessed anyone who has learned, practiced, and applied these principles that has not succeeded.

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This book is designed to give you an eclectic overview. It is not designed to make you a clone of any other successful real estate professional. You will learn such things as how to set up a business, what tools you will need, how to find business, retain customers, close sales, marketing, advertising and in general, create a business that will thrive even without your presence. Any successful business should be a "going concern". Which means that it's not necessary for the entrepreneur/owner to be there for the business to operate successfully. This will allow you the time to reap the rewards of being a successful real estate professional. Of course, you will be the one to build this business and create an image for your real estate "practice" that will allow it to thrive and be successful.

I have found from experience that most new real estate licensees have a great fear of getting started as a result of feeling that they don't have the proper knowledge. If you feel this way, you must consider that the state that has issued you a real estate license is confident that you do have the proper knowledge. You must create confidence in yourself. I am confident that if you learn and apply the principles of this book you will indeed be successful, as well as competent. Remember that the confidence that you have in yourself is apparent to others. Especially to your customers and clients. There is an old saying that can come into play at this point. If you don't feel confident in yourself, "fake it until you make it". Confidence comes easy for some people. For others it takes a series of small successes to create it. As I mentioned previously, the real estate business is not rocket science. Even though the average real estate person makes little or no money and doesn't last long in the business, part of that average is the numerous successful real estate professionals

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that I have had the pleasure to meet and work with. Some of whom earn in excess of \$250,000 per month! They all have many things in common, but the things that stand out most to me is their undying commitment to success, organization, planning, customer service and hard work ethic.

Most successful real estate professionals find a niche that is the most fun and lucrative for them personally. This will be discussed in a later chapter to help you decide what your niche will be. However, most people that say, "I love my job" will admit that there are necessary portions of their job that they do not like to do. You'll find this as well in the real estate business. Initially, it will be important that you accomplish these unpleasant tasks anyway. Avoidance of these things could spell disaster for your new career. It would be best to look forward to your successes and the ability to then hire assistants that you can pay to take care of those unpleasant tasks for you.

Another thing to be considered as you become more and more successful is the fact that some of your friends and acquaintances will become jealous. You may have already experienced this. There are those that will tell you that you are making a mistake by entering the real estate business. You may have been told that it's an extremely difficult career and that there is a great deal of competition. Competition exists in any profession and so does difficulty. To reduce competition you must ensure that your clientele and potential clientele like you and trust you. Consider the fact that most people return to the same physician over and over when they feel ill. In spite of the fact that if you open any Yellow Pages publication, you will find hundreds of other physicians. The reason that people return to the same physician over and over is that

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they like them and they trust them. To those individuals, their physician has no competition. You must create the same feeling toward yourself from your own client base. Not only will they repeat their business with you, but they will refer their friends and relatives as well. You may find it wise to begin to distance yourself from anyone who is negative about your ability to be a success. This will be an extremely difficult task if the person is a friend or close family member. For the most part I have found that these people are afraid of losing you as a friend and they try to keep you in the same realm of non-success that they are experiencing. It is important that you stay positive about your new career. Like most successful people, you will experience success as well as failure. You must dwell on the success and not on the failures.

Many people also consider "trying" the real estate business on a part-time basis at first. I consider this a huge mistake. As Yoda said in the movie Star Wars "There is no try. Only do or do not there is". I have personally never witnessed a part-time agent succeed. As I mentioned earlier, this is a business not a job. I would recommend if you are considering entering the real estate industry on a part-time basis that you reconsider and wait until you have the financial ability to make a full-time effort. Usually the consideration of part-time is a financial consideration because of the necessity to keep an income during initial start up period. The problem that you will have on a part-time basis is the time itself. Real estate is a very time intensive profession. You have to consider that you will need to work with ancillary businesses such as escrow settlement companies, title companies, attorneys, insurance companies, appraisers and many others that are only available during the day during the week. Even if you are working an evening or third shift job, adding an extra 40 to 50 hours to your work schedule will seriously affect your mental and physical health as

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well as your personal relationships. What usually happens when someone works part-time at a real estate career is that they do not put in enough time doing the proper things and as a result they don't receive the reward and benefit soon enough. By this time the individual is discouraged and ends up leaving the real estate business as a failure. That is why I recommend that you wait until you can pursue your real estate career on a full-time basis and more.

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Chapter 1

Setting Up Your Business

Since you are starting a new business rather than taking a new job you will need to make a business plan much like every other business does. You'll also need the proper tools and to prepare a budget. Like any other business you must have operating capital to start. A good rule of thumb for this is to total all of your startup costs and add six months living and business expenses to it. Be sure that your new career is not under capitalized. Undercapitalization will cause undue stress and could prevent your success.

Bank Account

I would recommend setting up a separate business checking account from your personal checking account. It will be easier to track your expenses and tax deductions by doing so. I would also use a money managing software such as Microsoft Money, Quicken or QuickBooks to categorize your expenses. Remember you're in business for yourself now and many of your purchases will become tax deductions. Be sure to keep all receipts and records so that you'll be able to reduce your year-end tax liability.

Home Office

Many individuals now have home offices or workspaces. The Internal Revenue Service makes it difficult for real estate salesperson's to deduct the space in their home as a home office because one of the requirements

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is that your home office must be the principal place that you earn money. The IRS considers real estate sales to be an outside profession and that is where you earn your income. Additionally most real estate brokers offer workspace for agents in the broker's own offices. As a result the IRS can easily disallow a deduction for your home office. If your company does not provide you with an office it is easier to justify a home office on your tax return. However, you will find that it is extremely convenient to have an office at home. The following are some of the tools that you will need in your office and in the field. The proper tools are very important. Not only do they make your career easier but also they send a message to your customers and clientele that you are well equipped. I would doubt that you would take your automobile for repair to a mechanic that had only a screwdriver and pliers to work with. Your clientele will feel the same.

Lap Top or Notebook Computer

We are indeed in a technological age and you must realize that the real estate industry is mobile. For that reason you will need a notebook computer that is fully equipped with a wireless modem, printer, charger and extra battery. A wireless modem will allow you to access information from the Internet at your customer or client's home, a coffee shop, a library, or in the front seat of your car in many locations. The printer will allow you to print contracts, flyers and property information. The charger and extra battery will prevent you from not being able to complete a computer task at hand. Almost everyone has a computer these days however it is extremely inconvenient and will put you at an obvious disadvantage if your only access to a computer is at your home or your office.

Most real estate contracts these days are written on computer programs. As well as all Internet based MLS searches and other important communication methods such as e-mail. Many real estate salespersons use

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their laptop or notebook computers to give listing presentations and many other visual presentations to their clientele.

Multiple Listing Service

Your real estate company undoubtedly is a member of the multiple listing service for your area. Almost all multiple listing services these days are Internet based. The multiple listing service includes all of the listings of properties and property details available from all of the members in your area. You will need to join as a separate member. This is a vital tool for searching for information for buyers and comparable sales, expired listings, and properties for sale for your sellers CMA's or Comparative Market Analysis. Some market areas will require more than one membership to various multiple listing services. Even though most residential multiple listing services include some commercial properties most commercial properties will be found in a separate commercial multiple listing service such as Loop Net. Most multiple listing services also will supply you with an electronic lock box key. There are some areas that do not use lockboxes and in these areas you will need to make appointments to show properties. I would recommend that you buy additional insurance for your lockbox key, as they are often lost or damaged easily.

Computer Software

There are a number of softwares available on the market and I will recommend a few to you. The Microsoft Office Suite is invaluable. The basic software includes Microsoft Word, a word processor, Explorer, a Web browser, Excel, a spreadsheet, PowerPoint, for presentations, and I would recommend adding Publisher, for brochures and postcards, and FrontPage, for building your web site if you plan to build it yourself. A contact manager will be necessary. Microsoft Outlook is a contact manager included in the MS Office suite.

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Other contact managers that you might consider are ACT! and Top Producer. Top Producer is an ASP or application service provider type of software that resides on their computer servers and not on your computer. For this type of contact manager you must have Internet access. This can pose a problem if you cannot access the Internet however, an advantage to this type of program is that if you have an assistant they can easily access your calendar and contact list as well. Contact management software will allow you to keep track of all of your clients, your schedule, e-mail, and correspondence. Photoshop by Adobe is also recommended. This will allow you to manipulate photographs of properties for use in the MLS and advertising. There are other property information softwares available, which even connect to GPS transmitters such as Xmap and Dataquick. These softwares can be invaluable for retrieving property information and owner records.

Internet Website

In the real estate industry of years ago a business card or calling card was all that was necessary. However, the development of the Internet that has changed this dramatically. It is important that you have a personal web site and understand the mechanics of how to drive traffic to your web site and use it to its greatest potential. In the early 1990s less than 5% of the American home buying population used the Internet for research prior to buying a home. That figure is now approaching 90% of homebuyers researching real estate on the Internet prior to purchasing. This is why it is extremely important that you have an Internet web presence. It will become your cyber storefront. You can decide to buy a web site template that can give you the basic start to using Microsoft FrontPage and build your own web site.

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Registering your domain name and web site hosting is relatively inexpensive. www.godaddy.com or www.catalog.com Web site templates are also relatively inexpensive. www.crystalgraphics.com You may also choose a web site service that sells complete, finished real estate web sites. You merely add your own personal information to the site. These are somewhat more expensive both in setup fees and monthly fees. The most expensive way to have a web site is to have a custom web site built for you by a web site developer. In any case, you'll want to include an IDX in your web site that will allow people visiting your site to search properties on your MLS system. This is a link type system that can be inserted into your web site to allow your web site visitors to be able to do a search for available properties. Driving traffic to your web site will take diligence on your part. If you plan to use a search engine such as Yahoo, Google, Overture or ePilot, you will need to pay for each click on your chosen keywords to drive traffic to your web site. You must make sure that the descriptions of your keywords and meta tags in your web site match the descriptions that you use on the search engines. By signing up with a search engine they will guide you through selecting your keywords and help with bidding for each click with your competitors.

Another way to drive traffic to your web site is to make sure that your web site address is on every piece of literature that you disseminate. You'll find that over time you will acquire a group of repeat unique visitors to your site which will increase your incoming lead base and contact database. Be sure to tell everyone you know and meet to visit your web site. You may want to include regular newsletters and ask your visitors to sign up for an "opt in" e-mail newsletter. This will be discussed in a later chapter in more detail.

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Digital Camera

A digital camera is a very useful tool both in photographing interior and exterior shots of properties but can also be a great marketing tool for repeat business. It will also expedite having pictures of your listings on your web site and in the MLS. As with all electronic devices operating on battery I highly recommend having extra batteries available at all times. Daniel Pendley, a highly successful real estate broker and real estate trainer from Southern California, uses his digital camera as a marketing tool to increase his customer database. After closing a home that he has sold to a buyer he generally sends a dozen red roses to them as a gift to their new address. He will usually then receive a phone call from the new homeowners thanking him for the flowers. At this point he asks them if he may come by with his digital camera and photograph the three of them with the flowers in front of their new home. When he arrives he sets up the camera on a tripod and uses a timer mechanism to snap the shot. He then immediately shows the photo to his new homeowners and asks if they would mind if he sent a copy of the photograph to all of their friends and family giving the new homeowners friends current contact information and saving the homeowners from having to notify everyone themselves. He therefore creates an entirely new database of potential customers of the friends and family of his buyers.

Financial Calculator

Even though you aren't expected to be a financial wizard a financial calculator is an essential tool. It will allow you to calculate amortized payments for new homebuyers for the purpose of meeting their budget and making sure that they qualify for the homes that you are showing them.

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Facsimile (Fax)

A fax machine is an essential tool for transmitting contracts and offers, disclosures and any other documentation that needs to be received immediately. Faxed signatures and electronic signatures are legal on contracts and can save an entire transaction when received in a timely manner.

Cellular Telephone

Even though almost everyone has a cell phone these days I'm still amazed by the number of people who do not. The National Association of Realtors reports that 5% of all real estate agents do not own cell phone. That's over 60,000 Realtors! In selecting your cell phone be sure to monitor the number of minutes that you will use and adjust your plan accordingly. There are many plans now that include long-distance and roaming charges. To maintain your budget it's best to monitor your monthly statement on a regular basis. You will be using your cell phone more than you may imagine. There are also cell phone dial-up systems for Internet access when you're wireless modem cannot find a connection. The systems are somewhat slow however, invaluable when you need them.

Personal Digital Assistant (PDA)

A PDA is an invaluable tool to access information about your clientele, your schedule, your e-mail and much more information at times when you're notebook computer may not be available or convenient. All of the information that is stored in your notebook computer can be easily transferred to your PDA and vice versa. Once again, extra batteries and/or a charger are highly recommended.

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Automobile

Your car is one of your most important tools. It must be a practical vehicle for touring properties with customers and clients. Many real estate agents feel that they must drive a luxury vehicle to impress their clientele. While it is true that people in general enjoy working with successful real estate professionals and a luxury vehicle is a demonstration of your success, it is not absolutely necessary. What is necessary is that your automobile be kept immaculately clean and maintained. Your automobile will be a representation of your personality and will be discussed in a later chapter regarding goal setting. It would be best to avoid automobiles that are not comfortable for less than four people. You may want to save the two-seater convertible as your second car.

Wardrobe

Many companies have a dress code regarding your apparel. While you needn't be dressed in a suit and tie or lady's business suit at all times, you should maintain a professional and groomed appearance. I would recommend that you consider the apparel of your customers and clientele. If they wear cowboy hats I would recommend that you do as well. If they wear business suits I would recommend dressing in a suit. Commonality is very important for your customers and clients to feel comfortable with you. An example might be that you are attending a costume party with a Pirates Of The Caribbean theme and you arrive dressed in an Alice In Wonderland costume. Probably not a good idea. It's best to be yourself but consider your clientele and environment as well.

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Goal Setting

Setting goals is an important part of your planning process. In later chapters we will discuss other types of plans such as your business plan, your advertising plan, your prospecting plan and your budget. Setting goals is an often overlooked process however it is one process that will expedite your success in the real estate industry. There are different types of goals that I recommend that you establish. The types of goals that you wish to set will vary for each individual. You can set financial goals, recognition goals, educational goals, personal goals etc. There are two essential elements to goal setting. One is that you be very specific about what goal(s) you want to achieve. The other is to set a specific date that you want to have your goal(s) achieved. Take some time and make a list of everything you would like to achieve or own in the next five years. You may list a new car, a new house, a yacht, a degree, a professional designation or anything else that may be important to you. Do not limit your goals because you can achieve anything you wish with the proper planning and execution. Once you have completed your list go back to each item individually and be specific about what you desire. For instance, if part of your goal list is a new automobile, be specific about the year, the make, the color, the options, the interior and any other detail that you can think of. Then go to the dealership and get brochures and photographs of your goal. You must review and look at the photographs and descriptions of your goals on a regular basis. You might frame the brochures and put them on your desk or post them on your bathroom mirror so that you will see them every morning. You also might place them in a three-ring binder and look at them at the end of each day. Again, do this with each item on your goal list. If you keep your goals firmly in mind on a regular basis you will find that they will manifest themselves into your life. You may achieve your goals without doing this exercise however, I

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will guarantee you that it will take longer to achieve. An example of this is when I personally began in the real estate business, I carried with me a 3 x 5 inch spiral notebook. On each page of the notebook I had a separate goal and a deadline date to achieve each goal. Some of my goals were quite simple. Three new white shirts, a new suit and a pair of brown shoes. Others were a yacht and a month vacation in Europe. As I achieved each goal I wrote across the page "Victory!". It was a very satisfying experience to prove to myself that I could achieve these things. It was on a day in the summer two years later that I made a realization. I had grown up in Illinois in a family of very modest means to say the least. There were six of us in a two-bedroom one-bath home for my entire childhood years. After college I relocated to Southern California and began my real estate career. In the back of my mind I had always wanted a home with palm trees and a swimming pool. However, it was not listed in my notebook of goals. It was on that summer day as I was lying face down on the diving board of the swimming pool of my new home, staring at the glassy water that I realized that I had achieved a goal that I had never written down. Because of my experience in achieving my written goals I realized what a mistake I had made. If I had written down my goal of having a pool home with palm trees, I would have achieved it much sooner. That has been a mistake I have never repeated. A commitment to your goals is very important. Therefore feel free to share your goals with your friends and loved ones. You may feel insecure about this as you may feel that they will find your goals lofty. However, your goals should be lofty and you will gain the respect of your friends and loved ones as you accomplish them one by one. As well as gaining the respect of your friends you will gain confidence in yourself. Plan your goals and have fun doing it. It truly is window-shopping for the future.

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Also keep in mind that goals can change. Once you have attained the goal of a 5,000 square-foot house or a 60-foot yacht you may realize that it's not what you imagined. If you've achieved a goal that no longer suits you don't feel bound by it. It would be best to constantly set new goals and possibly sell or discard the old goals once they've been achieved. It is said that "success is a journey not a destination" and this is very true. As you become more and more successful your life will change in many ways. Always look towards the future and never the past. Thusly your journey of success will constantly be rewarding.

Work Hours, Days Off, and Vacations

Part of your business set up is deciding what hours you will be working, what days you will take off, and planning vacations. You may be very ambitious, as many people are starting a new business, however you do need time for relaxation. It's important that you plan this time for your personal life. I was told when I entered the real estate business that I should take at least one day off per week. I was quite ambitious and found this difficult to do. On that one day off I found myself thinking about all the things that I wanted to do for my business. So my one day off per week was not really relaxing. I found a personal solution for this by working seven days a week and taking a four-day mini-vacation at the end of each month. It allowed me to plan to be away for a short time as well as the time to actually wind down and enjoy myself. You may find other solutions and possibly one day off a week will work for you.

I'm frequently asked if you must work evenings and weekends as a real estate salesperson. The answer is no. However, evenings and weekends are the times that most consumers are available. The best planned use of

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your time is to plan to be available on evenings up until 9 p.m. and both days of the weekend. If you plan to take one day off per week I would recommend that it be on Friday. Most consumers have plans for Friday evenings and it will allow you to rest up for a productive weekend. We will discuss more planning in later chapters however, I will make note here that it's best to review your next day's activities as the very last thing you do each day.

Vacations are sometimes thought to be a distraction by many entrepreneurs. You may believe that it's difficult to plan a vacation at some time in the future when you can't afford the vacation today. Vacations should be part of your goal plan. I have often personally found that the time off from my day-to-day routine allows me to think creatively. I have had many vacations that have allowed me the time to ponder new innovations for my business. Sometimes allowing your mind to relax can make you more productive at a later time. Plan your vacations and use them wisely. It's an important time for you to rejuvenate yourself and your relationships.

Partnerships

Some people choose to partner with other real estate salespersons. Many times the reason for this is insecurity to perform and negotiate with the general public alone and by yourself. I feel that this is not a good reason to have a partner. In an ideal partnership each partner should have strengths and weaknesses that the other partner does not. For instance you may be a great planner but a poor executor. If your partner is the opposite it makes a great partnership. Many people plan partnerships because of their commonality with each other. This can be a mistake. Consider first of all that every commission you

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receive will be divided by two. Unless your partnership creates twice as many transactions, at least, as you could produce by yourself the partnership may be an expensive arrangement. If you choose to partner with another real estate agent be sure to have a written agreement that clearly indicates whose responsibility is who's and an exact allocation for individual expense and income. I would recommend that a copy of this written agreement be placed in your individual files with your real estate broker. It is very difficult if not impossible to have a partnership with a real estate agent that is not with the same company and broker that you are associated with. While I have seen it done it poses many legal and policy challenges. Some real estate salespersons join what are called "teams". This is common in today's real estate market place but you should be very cautious and analyze the strengths and weaknesses of your team members to make sure that you are in an effective partnership.

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Chapter 2

Prospecting

The term prospecting is used for the process of seeking out new prospective real estate buyers and sellers. Prospecting is one of the most cost efficient ways of finding new business. We will discuss a number of ways of prospecting and targeting potential new clients and customers. In the beginning of your real estate career most of your time should be spent prospecting. Normally in the first few weeks you have no customers or clients to service so your focus should be on finding new prospective customers. In a later chapter on planning and scheduling you will learn how to schedule your prospecting in such a way that you can continue to prospect even when you have a number of customers and clients to service. A common mistake made by new real estate agents is prospecting until they have a single buyer or seller. Then spending all of their remaining time with that buyer or seller while discontinuing their prospecting activities. This will result in an extreme up and down effect in your income as you close transactions and have no new customers to work with. You must continually prospect and advertise for new customers and clients.

Friends, Family and Acquaintances (Warm Market)

One of the most important things to accomplish with your prospective buyers and sellers is to make sure that they like you and they trust you. Most of our friends and family, or “warm market”, think of us as either "Uncle Bob", "Bob at the grocery store", and other reference points to which they have experienced in your relationship. As a new real estate licensee it's important that you make sure that your warm market now think of you as a real estate professional. You can't just tell them one time that "Hey, I got my real estate license". They will soon forget that and will probably revert to thinking of you in the same “old” way.

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As you meet new people and tell them that you are in the real estate business, they will only think of you as a real estate professional from the beginning. However, when you meet new people they don't necessarily like you or trust you. It's how you treat them from that point on that will create their trust in you. This is the advantage you have with your friends, family and acquaintances. Almost all of them like you and trust you. Most new real estate licensee's either aren't taught or forget this very important fact. I cannot count how many times I have been approached by a licensee that is depressed and disappointed that a brother, sister, or friend has bought or sold a home through another real estate agent. The real estate agent is generally angry with their friend or relative. However, can their friends be blamed? It's only because the real estate agent failed to recondition the people that they know to think of them as a real estate professional. This will be your initial task.

Start by making a list of everyone you know in the entire world. Include their address, telephone, e-mail, birthdays, anniversaries and any other information you have. For those that you have incomplete information, either write them, telephone them or e-mail them for the additional information you need. By doing so you will have the opportunity to inform them that you are now in the real estate business. I mentioned "everyone you know in the world" because even if your friends do not live in your immediate service area, and they wish to buy or sell a home in another area, it will be a potential referral for you to send to a real estate agent in your friends service area and you will receive a referral fee from that agent. Many of the people you know probably have not heard from you in several months or more. You must change this. You must contact them in some way at least once per month. You can do this by e-mail, telephone, letter

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or personal visit. You needn't try to sell them or be "salesy", just a call or a note to say "hello" and "how are you doing" is the best approach. Merely close the note or conversation by saying "Don't forget that I'm now a real estate agent if you know of anyone who wants to buy or sell a home OK?". Remember that if you do not condition them to remember you as a real estate person there is a reasonable chance that when they buy or sell real estate, they may do it through another real estate agent. As you develop your marketing program you may also have a monthly newsletter sent by mail or e-mail. Your warm market should be added to your list. This is the beginning of what will hopefully be a large database of prospective customers and clients. Another important thing to remember is that if your initial warm market supplies you with enough business to survive, it will be short-lived. The average person buys and sells a home every five years between the ages of 25 and 55. You must also prospect in other areas to build your database and keep a constant flow of new prospective buyers and sellers coming to you.

Telemarketing

Telemarketing can be a very effective way of soliciting new business. You must be very careful not to call any telephone number that is listed on the National Do Not Call Registry. The Registry was created and went into effect on October 1, 2003 by the Federal Communications Commission. It is regulated by the Federal Trade Commission and to telemarket you must register with them. Once registered you can download the list of telephone numbers at no cost for up to five area codes. Additional area codes are \$56 each. You also must recheck the telephone numbers at least every 31 days. If you call a telephone number that is listed on the Do Not Call Registry and a complaint is filed you could be liable for up to an \$11,000 fine.

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There are many approaches to telemarketing and the advantage of using this prospecting technique is that you can contact a relatively large number of people within a short amount of time. If you are diligent you should expect to be able to call 50 to 60 people per hour. Generally you'll average around 2% as prospective customers and clients. This can mean a new customer or two every hour. Some telemarketers prefer to get straight to the point and ask very simply, "Are you interested in buying or selling a home?". This is obviously such a short question that the advantage of using it is that it will allow you to contact more people in a short amount of time. Other telemarketers prefer longer scripts. It may be in the form of a survey. Even though true surveys are exempt from the Do Not Call rules, if you at any time during the call try to solicit business from your telephone survey you may be in violation if the telephone number is on the Do Not Call list. In your survey you might ask such questions as, "How long have you lived in the neighborhood? Have you looked for homes in the last six months? What attracted you to the neighborhood? When do you think you might be selling your home?" If you were targeting an area with mostly single-family homes that are owner occupied you may offer such things as a free market evaluation of their home or a CMA. You could also target an area which is largely apartments or rentals. These areas are a terrific source of first-time buyers. While telemarketing may not be the most fun way to prospect it is very effective. Consider this, if you were to diligently telemarket for two hours everyday six days per week, contacting 100 to 120 people per day, you will average approximately 2 to 3 new customers per day. That's 12 to 18 per week and 48 to 72 new prospective buyers and sellers per month. As you can see that's not bad for two hours work per day.

Notes:

Many people are reluctant to contact people that they don't know to solicit their business. There is a fear of having a telephone hung up on you or a door slammed in your face. In my experience neither of these two things happen often. It's best to change your thinking about your fear of talking to strangers. When you were very young you were probably taught that the word "no" is bad. You may have reached for a pot of boiling water on the stove as a child and had your mother slap your hand and say "no!". After having this happen a number of times it would be easy to associate "no" with being a bad. You may have also been taught as a child, that strangers are to be feared. This can be a crippling fear for a real estate salesperson. You must overcome these fears to become successful. You will find that most people are quite friendly and pleasant. You will, however, meet people who are not. This is just part of life. Just consider that if you do run into an unpleasant person, have pity on them, as they are probably merely having a bad day. That is a better way to look at the situation than to assume most people will be unpleasant.

Door To Door

Another very simple and inexpensive way to find new customers is merely knocking on doors. You will find it very similar in response to telemarketing at around 2%. It does take longer to go from door-to-door than from telephone number to telephone number. Therefore you won't be able to contact as many people in the same amount of time. The advantage is that you will be there in person and face-to-face. Face-to-face is always the best way to meet new people. There are many things that you can do and say while knocking doors. One method is to knock doors immediately around one of your new listings. You can even knock doors around another new listing that isn't yours. You might say "Good morning. My name is

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John Smith with XYZ Realty. I'm sorry to bother you but we have a new listing on the next street over and I was wondering if you knew of anyone who is interested in moving in to the neighborhood. No? Well thank you very much. By the way, when do you think you may be selling your home? Thanks again and here's my business card if I can ever be of service." I recommend that when you're knocking on doors that you appear to be as nonthreatening as possible. After you knock on the door stand back a couple of paces and turn sideways. This will allow them to get a good look at you before they open the door. And remember that smiles are golden. You'll find that meeting people with a nonthreatening question is a great way to increase your database of prospective clients.

Much like telemarketing you may want to knock doors in apartment buildings that allow it. Once again this is a great method of meeting potential first-time homebuyers. Some real estate salespersons also leave door hangers or other literature at the doors of people who do not answer. I would be cautious with this in that some people are offended by it because they are not interested in buying or selling real estate and it could alert burglars that they are not home. However it is an accepted practice and you must be the one to choose. There are other methods of door knocking called "geographic farming" that we will discuss a bit later. The method of door knocking discussed in this section is primarily used for homes that you visit once and may not ever visit again.

Expired Listings

Expired listings are ones that have been previously listed by a real estate broker but have had the listing contract date expire without the property being sold. Even though you cannot legally solicit someone else's

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active listing, once it has expired it is no violation to contact the homeowner. It would be best to check your multiple listing service daily for recently expired listings. It is best to contact these expired listings no more than one day after they have expired. The reason is that there are other real estate salespersons that may get there first. I recommend this to be a morning activity and daily. Although you may decide to look up the homeowner's telephone number and telephone them you must make sure that they are not listed on the National Do Not Call Registry. It could be a violation and you might be subject to an \$11,000 fine. As you know, there is no "Do Not Knock" list. It is always better to go to the homeowner in person. You must consider that the reason that the property did not sell could be that the home is overpriced, difficult to show, or in severe disrepair. This could make listing and selling the property a challenge. It is better though to have a difficult listing than none at all. When you approach the expired listings be prepared. You may be able to take the listing right on the spot. Have your listing contracts and property information available with you when you arrive. If no one is home I suggest leaving a handwritten note that says the following:

"Dear Mr. and Mrs. (name)

I noticed this morning in our multiple listing service that the listing on your property at (address) has expired. I was wondering if you are still interested in selling because I believed I could sell it for you. Please contact me as soon as you can so that we can discuss it. I hope you're having a great day and I will look forward to speaking with you.

Your Name

Morris Williams Realty

407-568-3413

Notes:

You should leave your note in a sealed, plain envelope, without your company's name or logo on it and with the homeowner's name written on the front. This will deter any other unscrupulous real estate agents from removing your note and replacing it with their own.

If the homeowner is home when you arrive then you merely ask the same question in person. "Good morning. My name is John Smith from XYZ Realty. I'm sorry to bother you but I noticed this morning in our multiple listing service that the listing on your property has expired. I was wondering if you're still interested in selling because I think I can sell it for you."

You must keep in mind at all times when working with buyers and sellers that they may not only be a buyer but may also be a seller and vice versa. When speaking with the expired listing homeowner inquire as to whether or not they will be buying another home in the area. They could be a potential buyer customer for you. If they tell you they're moving away to an area outside of your service area they could be a potential referral for you to send to another agent. This agent could be within the geographic area that they are looking for home. You could receive 25% to 35% of that agent's commission at closing. They may also tell you that they've decided not to sell for a while. Ask at this point when they think they may be ready to sell again. Be sure to follow up with them in about half of the time that they tell you to. I recommend in doing your follow-up with any prospective buyer or seller that you contact them in half the amount of time that they say to. If they tell you one month then call them in two weeks. If they say six months, call them in three months. Expired listings will give you a number of prospective buyers and sellers if you are diligent.

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For Sale By Owners (FSBO'S)

Many people try to sell their own real estate without the help of a professional real estate person. They are For Sale By Owners or referred to in the real estate industry as a FSBO (pronounced fizbo). It is usually thought that the reason for this is to save paying the commission. Many times you'll find that this is not true. This is evidenced by the fact that many FSBOs will agree to pay a commission if you sell the home but refuse to list the home with a broker. Many times people will try to sell their own real estate simply because they do not want to deal with real estate salespersons. The reason is that they don't know a real estate salesperson that they like and trust. They may feel that they have the technical competence to engineer the transaction and sell the property themselves and have no need for a real estate professional. Most FSBOs don't realize the disadvantage that they have. In a seller's market when there are more buyers ready and willing to buy than there are sellers ready and willing to sell it can be much easier for the FSBO to sell the property on their own. In other markets such as a buyer's market this becomes very difficult for them. One of the things that it's best to keep in mind when working with FSBOs is that statistically we know that 8 out of 10 FSBOs in a normal market will end up listing their property with a real estate broker. Every FSBO that you contact will tell you that they will not list their property with a real estate broker. But you now know that they probably will at some point. We have found statistically that most FSBOs that list their property with a real estate broker do so within about three days of meeting a real estate broker that they like and trust. That is your objective. You must make them like you and gain their trust.

Notes:

There are two ways that FSBOs normally advertise. One is newspaper classified advertising and the other is a for sale sign. If you decide to telephone the FSBO rather than an impromptu visit be sure to check their telephone number against the National Do Not Call Registry. I believe the best way to contact FSBOs is in person. Upon contacting the FSBO you might say, "I've noticed that you are selling your home by owner and I was wondering if you are cooperating with real estate agents?". This merely means that they are willing to pay you a commission to sell their home. If they say they are willing to pay a commission they may ask, "Do you have a buyer?". Your reply might be "I work with new buyers all the time and I can't be sure until I've seen the inside of your property. May I take a quick peek?". On the other hand, they may say, "No we are not paying commissions. We are going to sell the home ourselves". In this event the following conversation may ensue:

Real estate agent; "I understand. However, would it be all right if I find that I have a buyer that may be interested in buying your home to send them directly to you so that you don't have to pay me a commission?"

FSBO; "Yes, that would be all right, but why would you do that?"

Real estate agent; "Well, Mr. FSBO, I work with a lot of new home buyers and one of the most important things to me is that my customers find the right home. If I can't find them the right home and feel that your home would be right for them, I would rather that they buy yours than none at all. Besides, I know that they would appreciate that and when they are ready to sell they will list their home with me. That makes sense doesn't it?"

The FSBO; "Do you have a buyer that you think our home would be right for?"

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Real estate agent; "As I mentioned I work with a lot of buyers and I won't know until I see the inside of your home. May I take a quick peek?"

Either of these two methods should get you inside the home, which is where you begin your conversation with the FSBO. Remember to ask questions while you preview the interior of the home. Look for items in the home that may have something in common with you. For instance, if you are a golfer and see a set of golf clubs, you may strike up a conversation about golfing. People enjoy having things in common with other people. It's a first step to starting a friendship. The thing in common could be a work of art, a piano, a tennis racket or anything that you might find in common with the FSBO. Spend as much time with the FSBO as you possibly can while not overstaying your welcome. Ask them how they came up with their asking price. Ask where they will be moving. Remember this FSBO could be a potential buyer for you for another home. If you are working with the FSBO to sell them a new home they will be much more likely to list the property with you rather than another real estate agent. All that you're doing at this point is trying to build a friendship and to gain their trust. At the end of your visit asks the FSBO this very important hypothetical question. "If I could prove to you beyond a doubt that I could sell your home for you faster than you can and for more money than you can would you consider listing the home with me?" They may repeat themselves and say, "No we are not going to list the home with anyone.". At this point just continue to repeat your question until you can close them for an appointment. "Yes Mr. FSBO, I understand, but if I could prove to you beyond a doubt that I could sell your home faster and for more money than you could, would you at least consider talking to me about it?" If you continue to repeat yourself at one point they will

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probably give in and say, "Okay, I guess we could talk about it." Remember it doesn't really matter whether you will be able to prove that you can sell the property sooner or for more money. It's a hypothetical question. Your main motivation is to come back and make a listing presentation. At this juncture I recommend that you say "I will need to go to my office and gather some pertinent information for you. I can bring the information back to you this evening or would tomorrow be better for you?" This particular close for an appointment time is called the "two choice" close. When trying to close for an appointment it's always better to give them two choices rather than leave the question open ended. That is to say rather than ask, "can we get together again?" Which could allow them to say no. It would be best to ask them "I can meet you at 10 o'clock or would 4 o'clock be better?" or "I can meet you this evening or would tomorrow morning be more convenient for you?" By only giving them two choices you will increase the odds of securing an appointment.

It's best to at this point prepare a comparative market analysis or CMA for them and when you return for your appointment give them your full listing presentation with the addition of some of these items.

Point out the difficulties that a FSBO has selling the property on their own.

- They only have one property to sell. You get leads from all of the listings that you have and your company has that can be transferred to other properties that are more suitable for the potential buyer.

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- They only have classified advertising and a for sale sign for marketing. Your marketing includes many more things including the Internet and multiple listing service that will provide a 90% chance of selling their home.
- When they receive a call they have to give out the address of the property. Potential buyers may just drive by without having seen the inside.
- After listing with you only qualified buyers that not only have the financial capability but also the motivation to buy will be brought through their door.
- It will take longer for them to sell the property and as a result they will continually be making interest payments on their mortgage which eventually could cost as much as your commission alone.

If at the end of your presentation you fail to convince them to list with you then leave your materials with them and follow up with them on at least a weekly basis. Most real estate agents do not get the opportunity to make a presentation to FSBOs. They merely make a call or a visit and then follow-up. You will now be in follow-up mode as well however you have an advantage now over other real estate agents. You have made a full presentation to them. From this point continue to be helpful to them. You may offer to have an open house for them to show them how one is professionally done. You might continually give them tips on showing the property to prospective buyers. Make a copy of every contract, disclosure and agreement that you can find and give them a folder full of these legal documents. Once they see how complicated the paperwork could be they may begin to feel insecure about their ability to actually close the

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transaction. It's important to continue to build their friendship and gain their trust. Remember that 8 out of 10 of the FSBOs that you are working with will list with someone. Hopefully it will be you.

Networking and Relationship Marketing

Networking is an often overlooked or ignored method of prospecting for most real estate salespersons. Many real estate salespersons attend networking breakfasts or lunches. I don't recommend this type of networking because most of the people who attend are other salespeople trying to sell each other their services and products. Networking works best, in my opinion, in large groups of people such as seminars. Attending seminars to learn more about your craft and career is always a good idea, of course. However, to find new customers and clients I recommend that you go to seminars that do not necessarily have a speaker that you wish to hear but has a speaker that your target market may want to hear. There are numbers of free seminars on topics such as home improvement and estate planning, where you will find a great number of potential home sellers and homebuyers. You should introduce yourself to as many people as possible. Try to determine in your initial conversation whether they might be a good connection for you or not. If within the first couple of minutes of the conversation you realize that this individual might not be a good contact for you, then merely say, "Could you excuse me for a minute? I've just noticed someone that I would like to say hello to." Then carry on your conversation with a new person. If you are attending a highly specialized seminar such as a seminar for relocation specialists or asset managers, they will probably have registered early for the seminar. When you register for the seminar ask if you can receive a faxed copy of the list of attendees. Most seminars will be happy to do this for you. By doing this you can see in advance who will be attending and whom you would most likely want to meet. Always arrive to the seminar early for a couple

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of reasons. The first reason is to get there early enough to introduce yourself to the speaker. Meeting them and a short conversation could get you a mention during their presentation. The second reason to be first to arrive is that most seminars will have nametags ready for the registered guests. You can watch the nametags of the individuals that you wish to meet the most. As they enter the room you can immediately introduce yourself. You often find at specialized seminars that there are many people who attend who know other people there. They will tend to cluster in groups together after entering the seminar room. After this happens it will be very difficult for you to intrude and introduce yourself. Remember no one enters the seminar room in a cluster. On the contrary, they usually enter alone. This is the best time to introduce yourself. Sometimes starting a conversation with a stranger can feel awkward. You may just "break the ice" by saying, "Hello my name is John", and offer your hand for a handshake. They will probably introduce themselves and then you can say, "Did you have any trouble finding a parking place?". Something just that simple can start a conversation. Be sure to get their business card and offer your own. Continue to repeat the process as much as possible.

Another important thing about nametags is that many people being right-handed will place their nametag on their left lapel. On the contrary make sure that you place your nametag on your right lapel and never on the left. The reason for this is that a handshake is always right hand to right hand. For the most part that's how you will be introducing yourself. By having your nametag on your right lapel it is very easy for the person you are meeting to see your name. This rule also applies to your professional company name badge. I recommend that you use your name badge rather than a paper nametag.

Notes:

As the seminar begins always wait to be one of the last to sit down. Make sure that you sit in a single seat next to someone you have not met so far. Make sure that there is someone sitting on either side of you. Therefore never sit in an aisle seat and never sit next to an empty seat. At this point introduce yourself to a person on either side of you. Strike up a small conversation. Then turn and introduce yourself to the person on the other side of you. After that short conversation turn and introduce the two people on either side of you that you have just met. Encourage them to introduce you to the person on the other side of them. The potential here is for four new contacts at one time.

You will find in most seminars there are several breaks. Most people returning after the break will tend to return to the same seat. I recommend that you not do this. Find a new single seat and repeat the above process to make four more new contacts. The important thing in networking and most types of prospecting is to meet as many people as possible. The real estate business is a numbers game. The more people that you meet that know you are in real estate, like you and trust you, the more real estate sales and listings you will create. Get business cards from everyone you meet and be sure to follow up with a note to each individual. Place them on your mailing list or e-mail list for your regular newsletter. You are building a database of individuals that may end up knowing you better than any other real estate agent. The more people in your database the better. We are in a unique business in that everyone lives somewhere and will move from time to time, buying and selling homes. This type of personal branding and database building will be a tremendous resource as you build your business.

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Farming

There are several types of farming for prospects. It is called farming because it has similarities to raising crops. A farmer selects his land and you select your group. A farmer plants seeds and you make introductions. A farmer cultivates and nourishes his crops and you cultivate and nourish relationships. When the crops are ready the farmer harvests and when your relationships are cultivated you will harvest new sales and listings.

The first type of farming is the traditional real estate "geographic farm". This is a group of contiguous homes all side-by-side within a specific neighborhood. Generally the size of this type of farm is around 500 homes. In this type of farming you will go into the neighborhood and introduce yourself to every household personally.

Selecting your farm is very important. Be certain that the farm area that you select is within a relatively close proximity of your own home or office. It may be your very own neighborhood. A common mistake by real estate agents is to select a farm that contains families that the real estate agent has little in common with. I made this mistake personally when I started in the real estate business. The mistake that I made was to select expensive homes that were inhabited by a group of people that were much older than I and were from a different culture. It wasn't long before I realized that the lack of commonality between myself and they was going to make it very difficult for me to establish a relationship. Realizing the mistake early on I shifted to an area inhabited by people much like myself and my background. I began to have success almost

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immediately after making the change. Take the time to survey the area that you plan to farm. Drive through the area and look for clues such as automobiles, number of children playing etc. to determine if the neighborhood feels comfortable for you.

If you visit 25 homes per day five days per week this will equal 500 homes per month. Once per month is the minimum amount of contact for each household that it's best to have. You are starting a process of getting to know each of the 500 families in your farm. As you meet each person in the household make notes on each one. Get to know them as you would get to know any friend. Find out their birthdays, anniversaries, children's names, pets names, what they do for a living, what they do for fun and recreation. Send birthday cards to children as well as parents, anniversary cards, give them information on their recreational pursuits such as magazines and periodicals. This will all help you build a friendship and relationship with each family. Much like a traditional farm of crops it will take a while to build your farm to a successful harvest. Even though you may see some initial results be prepared for this process to take up to one year. Consider the potential. If we know that the average person sells and buys another home on the average of once every five years then we can conclude that any general population will turn over completely every five years. Meaning that in a farm of 500 homes on the average 100 of them will sell every year. If you are the real estate agent that every homeowner in your farm area likes and trusts that could mean 100 listings in your farm per year. Of course, it will take time to build relationships with 500 families. Visiting with each one once per month is the minimum for building these relationships.

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It would be best to plan 12 annual promotions monthly in your farm area. Some real estate agents deliver a small American flag every Fourth of July. Others give flower seeds attached to their business card. The point is that each promotion doesn't matter as much as the fact that you have a reason to visit them each month or more. There are many other types of promotions such as renting a pony and photographer to take photographs of the neighborhood children or reverse trick or treating by delivering candy to each door during Halloween. Be creative and have fun. I once had a real estate salesperson tell me that they hated farming. I in turn asked them if they liked to go to parties. When they replied yes I said why don't you think about the possibility of farming being a party? It really is the same thing isn't it? You're going to meet new people and say hello to all the friends you've already made. Make farming fun. It really is fun to meet new people.

Another type of geographic farming is by direct mail. In this type of farm you can literally have thousands of homes. I would recommend at least 2500 homes. This is obviously a much more expensive approach to farming considering printing costs and the cost of postage. However it can be very effective and will more than pay for the cost of the advertising materials. Because you will not be making a personal appearance to the homes in your farm you must increase the frequency of your contacts with them. In a direct-mail farm you should contact the families by mail at least twice per month and once per week is recommended in the beginning. You may be able to reduce the mailings down to twice or even once per month after approximately a year.

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The types of things that you can mail are letters, postcards, flyers, or newsletters. Much like I mentioned earlier it's best to plan your mailings for the entire year. Make sure that each mailing that is sent has a professionally taken photograph of yourself. Many real estate agents have a photograph taken that is more like a "glamour" photograph. Because of the additional makeup and elaborate hair preparations I don't recommend this type of photograph. Be sure that the photograph looks like you do every day. There's no point in sending literature with the photograph of yourself that doesn't look like you. The point is to "brand" yourself with a specific group of people. If you create a slogan use it on everything that you send. Be sure to be consistent in the message that you are sending to your farm area. Do not send the mailings offering discounts one week and then herald yourself as a prestigious real estate professional the next. Some sample postcards, letters, flyers, and newsletters are listed in the appendix of this book. There are also many web sites where you can buy generic newsletters at a small cost to personalize for your mailings.

There are other types of farming that are not geographic. This would be targeting specific groups such as apartment renters, doctors, lawyers, relocation companies, asset managers, absentee owners or any other specific group that you may have something in common with.

I have previously mentioned apartment renters as a valuable source of finding first-time homebuyers. The difference being that farming apartment renters is a process of contacting them on a regular basis. If you are to target apartment and home renters then I recommend that you customize your marketing services to accommodate them. It would be best to research available first-time home buyer mortgages. Also many

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municipalities have first-time home buyer programs that subsidize their purchase. These are normally programs designed for individuals and families who not only reside in that specific community but also are employed there. There are also income tax exceptions for IRA accounts that prevent penalties from using retirement funds to purchase your first home. I would recommend that you research all of these options and coordinate your marketing, advertising and services to be an expert in this specific niche.

Doctors and lawyers, as a group, tend to be quite social with their professional peers. By farming these groups it's best to specifically target getting referrals from their peers. Since this group of people tends to be in a higher income bracket your marketing expenses may be more then working with groups of an average income. One idea that you might pursue is getting a season box at a national sports arena or concert hall. While this might be an expensive pursuit it can more than pay for itself. Upon closing a transaction with one of your doctor or lawyer clients, give them 5 or even 10 tickets to an upcoming arena event. Tell them that you are arranging a little party for them in your private box. Have them use the tickets to invite some of their colleagues. By doing this you will have many new potential clients to add to your database. This can be a very effective way of entertaining and gaining new business.

A relocation company or third-party relocation company is one that generally handles all aspects of a company's employee relocations. These aspects of the relocation include selling a relocating employee's home, finding a new home for them, temporary housing, household goods moves and any other aspect of an employee's relocation for their company. Third-party relocation companies typically employ real estate

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brokers nationwide and refer buyers and sellers to them for a referral fee. Typically a relocation company will receive 35% to 50% of the real estate brokers commission for the referral. While this fee may seem high you must consider the volume that a relocation company can possibly send you. There are several hundred relocation companies nationwide and a number of which are directly affiliated with national real estate companies. It is very difficult to get relocation referrals from these real estate affiliated relocation companies if you are not part of their referral network. There are other third-party relocation companies that have no affiliation with national real estate firms. These would be the best to target. The same principle applies as the direct mail farm. You should consider joining a relocation trade organization such as ERC or the Employee Relocation Council. Also many companies handle their employee relocations internally without the help of the third-party relocation company. These are large companies such as Home Depot. You will need to research and build your list of relocation companies and diligently contact them.

Asset managers are generally employed by financial institutions such as banks and credit unions to manage their REOs or “real estate owned”. These are basically foreclosed properties. Asset managers choose which companies to list their foreclosures with and also monitor the management of these properties. A solid relationship with only one asset manager can produce dozens of listings per year. Since these asset managers are typically local to your area I highly recommend a personal approach rather than direct mail. This would include lunches, dinners and general entertaining to establish your relationship with them.

Absentee owners are real estate owners that do not live in the property that they own. This group of real estate owners does not have the same emotional attachment to their real estate as an occupant homeowner.

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Many times and in most cases these properties are rental properties. From time to time many landlords have tenant problems, repairs and maintenance that frustrate them to the point of wanting to sell their investment. By farming this group of people, largely by direct mail, you will be targeting a group of people that typically sell more often and buy more often than the average homeowner. You can find a list of absentee owners in your county's tax assessor's records. Most title insurance company's customer services divisions are more than happy to produce this list for you at no cost. You will find that absentee owners will have their property tax bills sent to a different address than the property. This will make an absentee owner easy to spot on the tax records.

You may choose one or all of the methods described to you above for your farming activities. Or sadly, none of the above. However, the highest producing and earning real estate salespersons I have ever met were diligent farmers. In any case, I recommend that you establish a niche and become an expert in that specific area or with that specific group. Build your database of prospective customers and clients!

Open Houses

Contrary to what most consumers and many real estate agents believe, open houses are not an effective way to market a home. On the other hand, open houses are a very powerful way to prospect for new homebuyers and home sellers. One of the reasons that open houses are not an effective way to market a home is that less than 3% of people who buy a home find a home as a result of an open house. If you think about it, it is quite logical why this would be the case. When a buyer drives by an open house and decides to go in the only references that they have is the visual effect of driving into a neighborhood and seeing the

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front of the home. While the neighborhood might look suitable, without the proper information the home buyer has no real idea if that is true. Much like the home itself, the interior and the back of the home may be nothing like what the prospective home buyer is looking for. It's a crapshoot.

I have heard the argument from other real estate trainers that open houses are a waste of time for a real estate salesperson. Their reasoning is that it is difficult if not impossible to determine how many new potential leads you may get from your open house. Many real estate agents have open houses that no one attends for the entire day. This obviously would be a waste of time for that specific day. I believe, on the other hand, that open houses are not a waste of time unless you don't properly promote your open house. If you're not going to promote your open house I would agree with those other sales trainers in that it will be a waste of your time. If you were going to have a party don't expect anyone to attend if you don't invite them. The same principle applies to open houses.

An open house is much like having a retail store. Anyone that you may find in a bicycle shop is probably interested in buying a bicycle. If a consumer is not interested in buying or selling real estate they will probably spend their weekend doing something else than attending an open house. With that information you must consider that anyone attending your open house is a highly viable prospective customer or client.

As I mentioned previously to have a successful open house you must properly plan and promoted it. The first step is to select what property you will have open and when. The open house may be your own listing

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or with the permission of another listing agent, you may have their listing open. I suggest selecting and getting permission for an open house at least one week in advance. Many agents decide to have an open house at the last minute, place a few directional signs on neighboring corners on a Sunday afternoon and wait for dozens of buyers to walk in the front door. This is why their open houses fail. Improper planning and improper promotion. The typical day to have an open house is a Sunday in the afternoon. However Saturday afternoons work nearly as well. If you've done a great deal of promotion you might consider both afternoons. Another overlooked time is on Friday evenings. This can have several advantages. First of all you must be in an area that has daylight after five o'clock and as late as possible. A three to four hour span is the minimum time necessary for your open house. One reason Friday evenings can be a good time is that in most people's mind it is the beginning of the weekend. Another advantage is that many people plan to go to open houses on the weekend rather than deciding last minute. Friday evening is an opportunity to meet people that would otherwise meet other real estate salespersons on their weekend tour. You might suggest to your Friday visitors that rather than blindly searching through open houses you can show them the homes that specifically meet their needs and budget on the weekend. "The early bird gets the worm!"

After scheduling your open house and getting permission, the next step is to prepare written invitations. These written invitations should go out by mail or e-mail to your entire customer and client database. Including those outside of the geographic area of your open house. Even though people in your database in another state or county will, of course, probably not attend, it still sends a message to them that you are an active real estate professional. Once again conditioning your friends to think of you when they think of real

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estate. The other invitations should be hand delivered to at least 100 and preferably 200 homeowners in your open house's neighborhood. This group of people is invaluable for two reasons. One is that they may be thinking of selling their own home and would like to look at your open house to get an idea of what their home may be worth. The other reason is that they may have friends or family that may wish to move nearby. I would recommend that you mail invitations to your database a week or six days in advance of your open house. In addition, the hand delivered invitations should go out one to two days in advance. You may also consider running a classified ad in your local newspaper and post the open house event on your web site. Many real estate salespeople have open houses from 1 p.m. to 4 p.m. on a Sunday afternoon. That's only three hours! You normally wouldn't have a party from 7 p.m. until 10 p.m. would you? If you're going to spend the time, money, an effort to promote your open house it's best to be open for as long as practical. The longer that you are there, the higher the chance that you will receive a lot of potential customers.

On the day of your open house it would be best to arrive at least 1 to 1 ½ hours early. You will need this time to make sure the home is ready to be shown, set up any literature and business cards that you may have and place your open house directional signs strategically. Make sure that the home is clean and straightened. If the homeowner has not done so then you must do it yourself. Don't be afraid to straighten, put things away and even run the vacuum if necessary. Make sure that the lights are on through out the house including lamps and all window coverings are open. The home should be bright and attractive. Check the exterior of the home to make sure that garden tools and toys are put away as well. Run the sprinkler system

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on the lawn and gardens for 30 minutes to make everything looks green and fresh. If there is a fireplace light a fire. Even if it is in the summer and hot outside, turn up the air conditioning and light a fire anyway. Remember you want to show off the features of this home. If they have a swimming pool and spa, turn on the jets. Be sure that the seller will be away during the open house. Their presence and comments can interfere with your prospecting activity. Ask the seller to put on a fresh pot of hot coffee and hot water before they leave. You should also have several quarts of the ice cream that you have brought in the home owners freezer. I will explain the necessity for these later. Approximately 30 minutes before your open house is to begin, lock all of the doors and place a note on the front door saying, "My open house will begin at 11 a.m. I just stepped out and I will be right back." This will prevent anyone who arrives early from leaving thinking his or her information was incorrect.

At this point it's best to drive to place your directional open house signs. I recommend a minimum of 12 signs with either flags or helium balloons. The flags or balloons will attract attention to your signs. You will find many signs on a busy commercial street, boulevard or avenue will compete with your open house signs. This is what is known as "advertising noise". With too many signs in an area a person could not be expected to notice any one sign over another without some sort of moving attraction. Place your signs on corners and intersections. Try to direct all traffic to your open house in the same path. That is to say that there may be many entrances to your open house's neighborhood or subdivision however make an effort to place your directional signs in such a way that all traffic enters the same way. Also, keep a notebook or notepad to write down the intersections where you have placed your signs. It is sometimes difficult to

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remember several hours after the fact where you placed them. Your notes will allow you to retrieve them without forgetting where they were. Place your last open house directional sign in front of your open house upon returning. Also use flags, balloons, banners or anything else that will attract attention and make your open house appear festive.

At this point I would like to mention that I suggest that you have your open house with another real estate salesperson. There are several reasons for this. The first is that your invitation process will be doubled through your individual databases. You will also be able to contact more neighbors personally to invite them to your event. Another is for security reasons because if you promote your open house well you may be overwhelmed with visitors. For this reason an open house partner can be a great asset with crowd control.

If there is not a flying insect or pest problem in your area, open all doors wide and leave them open. It will be much more inviting for your visitors. I have seen many open houses in which the salesperson has the front door closed and is reading or doing paperwork in the rear family room. As people arrive this will not seem very inviting. Stand outside of the front of the home with your partner and greet people as they arrive. You will find that some people drive by slowly deciding whether or not to stop and come in. At this point I recommend that you encourage them by waving them in and saying welcome. As people arrive, you and your open house partner should alternate viewing the home with your visitors. You take the first visitors through and your partner takes the next and so on. This will allow you and your potential customers the

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privacy to see the home on your own. Your partner can wait outside to greet new visitors and tell them "We have another couple looking through the home right now so if you don't mind waiting a moment I can take you through privately as well". As a result a crowd may gather outside which will attract more people. Anyone who has been at an open house and in the middle of a conversation with a visitor knows that as someone else walks in the entire mood changes. By alternating visitors with your partner you will eliminate this problem.

We will discuss in a later chapter regarding showing homes, however, at this point I would like to jump ahead a bit and warn you to not make a common mistake. Many real estate agents will show a prospective buyer through a home and mention things such as "Here's the kitchen" or "This is the backyard" etc. DUHH!! I am sure that these people know what a kitchen and a backyard are. You don't need to tell them. You are not a tour guide you are a real estate professional. Your job in walking through the home with them is to question them and qualify them as a prospective buyer or seller. We will discuss qualifying later but it would be best to use the same techniques here, as you would to qualify any prospective buyer. The only features of the home that it's best to demonstrate are ones that are not obvious and enhance the potential buyers view of the value of the home. This could be a hidden closet, entertainment center or any other feature that may not be seen at first glance.

I don't recommend having a "guest sign in book". Many real estate agents use them however I find that the information that your visitors leave is not always factual. I recommend that when you introduce yourself

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you ask their name as well. Write it down on a clipboard. Then immediately ask for their telephone number without pause. Most people will find this immediate question too quick and direct to misrepresent. If they say "Why would you want my phone number?", merely inform them that because this is a private home you merely want to be able to tell your seller specifically who was here. Another initial question that should be asked at an open house is "Do you live in the neighborhood?". Most people do not sell their home and buy a home in the same neighborhood. While this is not always true it could be an indicator that your visitor is not really a buyer but, is a prospective seller looking for information on the value of his or her own home. If they do tell you that they live in the neighborhood you should immediately offer them a free home evaluation. I would recommend that you offer to do this the same day at the end of your open house.

Many times your open house visitors will be married couples or couples of significant other. Some couples will stay side-by-side through their entire visit and other couples have a more independent nature. It is important while viewing the home at an open house or in any other situation with prospective buyers that you maintain control. I will mention again that you are a real estate professional not a tour guide. The more independent type of couples may try to split up to view different parts of the home independently. You must prevent this at all costs. One reason is that you have lost control and the other is that you can't effectively listen to their mutual desires when they are separated. One way to prevent this type of situation is to gather them back together and walk them through the home while walking slightly sideways or backwards in front of them. This will allow you to keep eye contact and maintain control. Be sure as you

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walk them into a room with only one doorway that you let them pass by you thereby leaving yourself in the only exit. Repeat this process while viewing the entire home.

If you find that you have a qualified prospective buyer you will also probably find that 97% of the time your open house is not what they are looking for. This is why I recommend that you start to build your relationship with them so that you can show them homes that more suit their needs. This is why the hot coffee, tea and frozen ice cream are important. Pour them a cup of hot coffee and say "How would you like it?". Don't ask them if they want a cup, just pour. If they don't drink coffee, offer them hot tea. The reason for this is that no one can immediately drink hot coffee or hot tea. They must wait for it to cool thereby giving you the opportunity to get to know them better. If they are a qualified buyer and they must leave go to the freezer and get a quart of ice cream. Tell them "You seem like really nice people and I like to give the nicest people a little parting gift at my open houses.". Do not give them plastic spoons or any way of eating the ice cream. They will soon realize that the ice cream will melt and they must take it home. This very well may end their visits to any other open houses and reduce your potential competition.

If done properly an open house can reward you with dozens of weekly new prospective buyers and sellers. I will reiterate that if you do not promote your open house and conduct it properly you may very well be wasting your time.

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E-mail and Fax

Solicitation versus Spam

E-mail and faxing are very cost efficient ways to stay in touch with your customers and clients. I would caution you about using e-mail or faxing as a method of blind solicitation. Both are illegal. If you receive a complaint for e-mailing spam, or unsolicited e-mails, your Internet service provider may shut down your IP address and not allow you to send e-mails. However, if a potential customer has "Opt In" or otherwise given you permission to contact them via these methods it is entirely legal. You can either verbally or expressly (in writing) get their permission or better yet on your web site allow them to sign up for regular newsletters, promotions and the like. Your contact manager or e-mail manager will have a function that will allow you to send out form letters, newsletters and other promotions with the click of a button. By this method you can reach thousands of people in a matter of moments. I would be sure to include an option for your e-mail database to "opt out" thereby giving you a request to no longer receive your materials.

E-mailing promotional materials and newsletters are very similar to print advertising and direct mail. Most computer softwares allow you to differentiate between a print version and an HTML or PDF file for e-mailing. The same rules apply to e-mailing as any other print type of advertising. Make sure that your message is consistent. It's best to also include your photograph and contact information. We will discuss branding at a later point but keep in mind that you want your potential customers and clientele to remember you over all other real estate professionals. If you use this medium effectively and regularly you will keep yourself and your image firmly in mind of your potential and current customers.

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Scripts, Postcards, Flyers, Newsletters And Form Letters

have provided for you in the appendix of this book an array of sample scripts, postcards, advertising ads, newsletters, and form letters for various applications in prospecting. There are many more available to you by searching the Internet and reading real estate professional periodicals. All of them should be of course, personalized and be creative. However, make sure the two create a professional image for yourself in every way that you promote.

Scripts are used much like it sounds. A script is a presentation that you memorize word for word or even read if you are telemarketing. It can be used as a solicitation script or as a presentation script. You may use a script that you have written yourself, or some of the ones that I provided in the appendix, or from any other source you wish. Many real estate salespersons find using scripts initially is very awkward. It's not uncommon to stutter or stammer while reciting your script. For this reason many real estate salespersons choose not to use them. However in the beginning I do recommend that you memorize what you are going to say word for word. Whether your script is being used with an initial customer while prospecting or during a buyer or seller presentation. Becoming comfortable with the script comes in time. I would suggest that you practice with a friend, other real estate salesperson or even in front of a mirror prior to using a script with a customer or client.

The importance of using a script initially is to make sure that the information that you want to convey is complete. Sometimes in prospecting or presentations it is easy to forget due to nervousness or distractions

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some very important elements to your value proposition. A value proposition of your sales presentation is what separates you from all of your competitors. After using a script for a short amount of time you'll become comfortable, confident and fluid. You'll also find that your script as a matter of course will evolve to include more and more important information. However it is very important that you can convey everything that you wish to convey in the amount of time that you have.

I'm sure that you have been called on the telephone by a number of telemarketers in the past. In most cases I am also sure that you were not impressed by their telephone skills. As a matter of fact, I was just called by a telemarketer while writing this paragraph. Most of them sound like they're reading, don't they? The reason that they sound like they're reading is because they all are reading. This is why it would be best to memorize any script that you will use. All actors use scripts but you would agree that most are very believable in their performance. This is accomplished by practice and repetition. You should do the same with any script that you use so that you don't sound stiff or unnatural.

As I mentioned earlier using a script initially will feel awkward. But if you don't use them in your solicitation and presentations you might find yourself at a disadvantage. By using a script you will be asking questions and for the most part will know that your prospective client will probably give you one or two answers. By knowing what you're going to say next will give you an advantage in controlling the situation. Control is a very big part of becoming a successful real estate salesperson. Using a script will give you much more control than "flying by the seat of your pants".

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Postcards, flyers, letters and newsletters in print are widely used by real estate professionals as advertising solicitations. It is for this reason that you must make sure that any print material that you use is largely different than your competitors. It is also important that you convey a consistent message in all of your print advertising. I have seen flyers sent by real estate agents that have such low quality as cartoon like graphics and multiple fonts that they appear to be more like a ransom note than a professional marketing tool. As you become more and more successful I highly recommend that you hire an advertising agency or marketing group to produce high-quality marketing materials for your marketing and advertising efforts. In the mean time high quality templates will do.

Direct mail can be highly effective as I mentioned earlier in the farming section. We'll discuss direct mail more in a later section. However the difference being that in farming you will be mailing to the same households repeatedly. The true direct-mail campaign using postcards, flyers or form letters should be no less than 5000 mailings at a time and of course 20,000 mailings is better. You can expect approximately 1/10 of 1% as a response therefore one lead for every 1000 pieces mailed. However the effectiveness of your message will increase your response and ineffectiveness of your message will decrease your response. Postcards should be approached much the way that billboards are. You must assume that your postcard will find itself in the trash very shortly after being received in a direct-mail campaign. Therefore it should stand out from the rest of the mail received that day by the recipient. This can be accomplished by the size of the postcard being larger than average or colors being brighter than normal. In any case the message should be

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short, compelling and easily read. Making your postcard wordy with a lot of information is not effective. Much like a billboard your entire message must get through to the recipient within three seconds. Your message should also include a call to action. These phrases are such as "call now", "don't wait", or "won't last". If you are trying to do a mass mailing, that is to say not a repeat mailing group, I would recommend not using "image" content. Meaning that your postcards should offer a property or a service.

Form letters and newsletters are not great mass mailers. Because of the information content in both of these forms of print advertising they should be restricted to a group of repeat mail recipients. On the other hand newsletters and personal magazines can be highly effective if used as throw away or pick up types of periodicals. This means they could be included in your local newspaper distribution. Your local newspaper can potentially print them for you and insert them into their regular distribution. Another option is to have your newsletter or personal magazine placed in a rack at the entrance or exit of a supermarket. If you happen to be in a marketplace, which has a great deal of tourism, you may consider placing your newsletter or brochure in the lobbies of your local hotels. Many hotels if not most have a rack in their lobby with many "trifold" brochures of local attractions. You might prepare a newsletter or a trifold brochure to place in these racks. For the higher end 4 or 5 star hotels you may contact the concierge and ask them if you can provide them with community information for your area including your personal newsletter, brochure, or magazine.

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Chapter 3

Advertising and Marketing

A great number of small business owners including real estate salespersons choose not to spend their working capital on advertising and marketing materials. This could be a fatal mistake. While it is true that the best business that you can build is one that is built purely on referrals, advertising and marketing are tools that will help a small business owner or real estate agent reach that goal. I highly recommend in creating your budget that you project a percentage of your gross income to go directly to advertising and marketing. You might ask yourself that if someone were to offer you the question, "If you were to give me \$500 would it be all right if I gave you \$2000 back?". This may seem to be an absurd question but that it is really the principle behind marketing and advertising. It's best to think in terms that every dollar you spend on your business should return you at least two dollars. Proper advertising will do just that. It is said that you must spend money to make money, however, I'm amazed at how many real estate salespersons forget that rule. Any product or service will not be sold or used unless the potential customer knows it's available. I have mentioned before that the real estate business is a numbers game. The more people that know you're in the real estate business the more real estate business you will receive.

On the other hand you must be cautious in spending your advertising budget. You must make sure that the advertising and marketing that you are conducting is effective. If you find that you are not getting a return of new leads, customers, and clients in your advertising you must make an adjustment. You must analyze

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whether or not the wording in your advertising or the graphics in your marketing materials are representing a message that will attract new business. By closely monitoring your results you will be sure not to waste any of your advertising dollars. This may sometimes be a difficult task but a very necessary one. We will discuss many types of advertising and marketing, some very simple, and some very elaborate.

Business Cards

Business cards are an absolute necessity but like all other advertising and marketing your business cards must present a message to your customers. Be sure that your message is clear, especially including your name (as it appears on your real estate license), all of your phone numbers including your cell, fax, business, and home. I suggest that in place of calling your cell phone number "Cell" that you refer to it as "direct". Many people hesitate to call someone cell phone because they know that every call normally creates a charge to your cell account. Also be sure to include your mailing address, e-mail address, and web site address. Most real estate agents also include a title of some sort on their business cards. Some call themselves "real estate consultant", "Realtor associate" etc. Your company may require a specific title on your business card however if this is not the case I recommend no title at all. The reason is that someone may see "real estate consultant" and think to themselves, "I don't need a real estate consultant I need a real estate salesperson" or vice versa.

Many real estate salespersons include a photograph of themselves on their business card. While I feel that this is an acceptable practice I would recommend that you make sure that your photograph is a good representation of what you look like on a daily basis. Don't take a photograph of yourself using a hairstyle

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that you normally don't wear a beard or hat that you don't wear on a daily basis. Don't take a photograph of yourself using more makeup than you normally would. There is no point to putting a photograph of yourself anywhere to promote yourself if the photograph is not an honest representation of what you normally look like. The point of using a photograph is so that you will be easily recognized.

Always have your business cards available and ready at a seconds notice. Never put yourself in a position of having to dig through your pockets or purse to find one. Everyone that you meet should immediately have one of your business cards in their hand. And I mean Everyone! Business cards will do no good whatsoever if they are in your pocket, desk, briefcase, purse or still in the box. Set a goal for yourself to distribute at least 10 or 20 of your business cards per day. Always be sure to ask as you hand someone your business cards, "May I have one of yours as well?". Also it is a common practice to hand several business cards to someone that you have just met. Never do this unless they ask for more than one. It makes you look desperate and that's certainly not an image that you want to convey. Besides it's a rare that someone else will hand out your business card.

You probably find yourself from time to time standing in a line at a supermarket or waiting for your car at a car wash. There are generally people all around you on these daily occasions. Meeting new people is essential in building your business. Do not be afraid to introduce yourself to as many people as possible. You may feel that this is awkward and difficult to do but it isn't. Merely walk up to the person stick out your hand and say "Hi, I'm John. And you are?". Then you can begin a conversation such as "I love this

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supermarket. Do you come here often?". A general conversation may come up and as follows. It's important to note here that most professions can have some connection to the real estate business.

You: Hi my name is (your first name) and you are?

Stranger: Oh hi I'm Bob. (Handshake)

You: They do a great job here at this car wash don't you think?

Bob: Yes they do. I try to come here once per week.

You: I do too. What you do for a living Bob?

Bob: I'm an architect. (Plumber, CPA, Dr., attorney, etc.)

You: Really? I'm in the real estate business. (Immediately hand them your business card) I meet people every day that may be interested in your services. May I have one of your business cards?

You just made a new contact and as you can see, it's very easy and nonthreatening. Remember as you're standing in line somewhere there's someone in front of you and probably someone behind you. Think of being in public as similar to being at a party. Introduce yourself and make new friends and of course new clients and customers.

Personal Brochures

I recommend that you have brochures made that you can hand out or distribute. The brochure should not only have information about you as a real estate salesperson but also as being a non-business person. It

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should not only include your accomplishments as a real estate professional but also your accomplishments as an individual. This could include your charity work, love of family life, or your interest in a sport or artistic achievement. You want your potential customers and clients to know how great you are as a real estate professional however, it is equally as important that they know how personable you are. In all aspects of promoting yourself you must remember the important principle of making people like you and trust you.

You can design your brochures yourself by using Microsoft Word or Microsoft Publisher programs. Both have templates that will help you create your brochure. However, make sure if you are designing your own brochure that you have an artistic eye to make the brochure look very professional. If you do not have this type of talent and accomplishment you would do well to refer the design to a marketing or graphics designer to create on your behalf.

In using photographs of yourself on your brochure be sure that they are professional looking. Have not only pictures of yourself in your professional attire, but ones also with view of yourself in a casual setting. These might include pictures of you and your family or yourself and a pet. The photos may show yourself playing tennis or playing piano. These things will help personalize you as an individual and will give you commonality as a “regular” person. In any case make sure that the photographs and content of your brochure adequately convey the image that you wish the public to see. As with your business card make sure that all of your information is included in your brochure. All of your phone numbers, physical, and virtual addresses.

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Make sure that the content and text of your brochure is written in third person speaking about you. For instance, "John spends much of his time working as a volunteer for the elderly delivering lunches for Meals On Wheels". Writing about yourself in third person will give validity and credibility to your content. It's much better for your potential customers to hear someone else tell them that you're great rather than you saying it yourself. It's important to note here however that in a personal presentation it is necessary for you to tell them how great you are rather than no one tell them at all. Don't be afraid to "toot your own horn" from time to time but be cautious not to appear to brag.

In some instances a brochure may be better to distribute than a business card. Not necessarily in introducing yourself to a stranger however when you meet someone and tell him or her you're in real estate they may tell you, "We've just been looking for a house to buy". Much like your business cards be sure to always have a few brochures handy. In this situation a brochure would be much more impacting than a business card.

Newspapers

There are two types of newspaper advertising. One is "classified" advertising and the other is "display" or "institutional" advertising. The two types of ads have very different purposes. Make sure that when you're creating an advertisement that you realize what you're trying to accomplish with your ad.

Classified advertising is a type that will make your phone ring much more in the beginning than through display advertising. This is where you will place an ad in the classified section of the newspaper advertising

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a property for rent, for sale, or for lease. Remember that classified advertising is used to collect new real estate leads and not to sell an individual property. You want to design your classified ad in such a way to make the property sound interesting but do not give all of the property's information. The reason for this is that if you give out all of the information such as the description, amenities, a price, and address, the person reading the ad will have no reason to telephone you. A well-written property classified ad can get you five to twenty new leads or more. A poorly written ad may get you no phone calls at all.

Some general elements of the classified ad should include some glorification of the property. However be sure not to exaggerate to the point of making the information false. False advertising is illegal and could result in the revocation of your real estate license. Also make sure that your ad is written for a specific property or properties. All of the United States requires at least some reference to the fact that you are a licensed real estate person. Some states only require that you refer to yourself as a broker or Realtor and others specifically require your company name in the ad. Be sure to abide by your state's regulations.

Some phrases that are typically used in classified advertising are words such as "new, huge, beautiful, stunning, terrific". All of these types of descriptive adjectives can glamorize the property and make it sound interesting enough to telephone. Other phrases that create a "sense of urgency" are "Call now this one won't last long" or "there is only one of these left". These phrases are sometimes used too much and don't succeed at their intended purpose. Read the other ads that other real estate sales persons are running and make yours stand out above the rest.

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You needn't necessarily run an ad on your own listing. If another agent in your company has a listing on a property that you think would make a good ad, get their permission to run an ad on their property listing. You may even contact an agent that is not with the same company that you are. Most agents will not mind other agents from other companies spending money to advertise their property.

Some types of properties can draw more interest than others. Such properties as vacant, fixer uppers or probates can seem attractive as bargains. Keep in mind that the leads that you will receive from whatever type of property will probably be leads that will be used to sell properties other than the ad you are running. You'll find in most cases by receiving telephone calls on your ad that the property will not be suitable for the caller. In a later chapter we will discuss how to use these leads and turn them into successful closings. The important part here is to run an ad to make your phone ring.

In classified advertising you will normally be charged by the line of print. A line will generally be 26 to 30 characters long and you will normally be charged a minimum of three to five lines. It would be best to be able to write an effective ad using five to six lines. If your budget allows more than five to six lines I would advise writing more than one ad rather than eight or ten lines describing one property. This will diversify your lead base and provide more leads per dollar of your advertising budget. Keep track of how many calls you receive and the cost of each ad. This should be done with all of your marketing and advertising money spent. Divide the cost of your ad by the number of telephone calls received. For instance, if your ad costs

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\$100 and you receive 20 telephone calls your cost per lead is five dollars each. ($\$100 / 20 = \5) If your ad costs \$100 and you only receive two telephone calls that would be \$50 per lead. That's an extremely high cost per lead unless your average sales are in a multimillion dollar range. Make sure that you're spending your advertising budget effectively. Remember that the reason that you are running a classified ad is to make your telephone ring as much as possible.

I have found that the best days to run your classified ad will be on the weekend. This is obviously when most people have the time to look for a home or investment real estate. However you must calculate this for yourself within your local marketplace. I recommend that you initially run at least one classified ad per week. As you build your business you may find other types of advertising more effective to create referrals.

Display or institutional advertising is used in a much different fashion and for a much different reason. You'll find that this type of advertising does not necessarily create a lot of incoming lead telephone calls. The purpose of this type of advertising is to create an image within your marketplace for yourself that will position you as outstanding and above your competitors. A number of years ago a company selling diamonds placed full-page ads in major newspapers across the country. There was nothing printed on the entire page except a small four line ad in the middle of the page being approximately 1 inch by 1 inch in size. You can imagine that this full-page of white paper with a small ad in the center was indeed eye-catching. This was of course a very expensive type of advertising however they were assured that everyone turning to

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that page would read the small ad in the center. Your ad must stand out above all others to be the most effective that can be.

Display advertising can be placed in almost any section of the newspaper. Many newspapers have weekly or daily sections with articles regarding homes or real estate in general. However keep in mind that this is where many real estate brokers place their display ads. You must stand out among the rest and in these sections of the newspaper you may find yourself lost in advertising noise buried with the rest of your competitors. If the image that you are conveying on a personal level is one of an athlete or artist, you may consider running your ad in the sports section or the entertainment section of your newspaper. These sections attract those people that may have things in common with you and make them more likely to work with you over any other real estate salesperson.

Display advertising is much more expensive than classified advertising. Do not expect your display ad to work immediately or by itself. A display ad should be part of a campaign designed to produce your local image. It's best to run a display ad at least weekly and continue for at least six months and preferably 12 months per year. Display advertising takes repetition over time to be truly effective. If your budget does not allow for a continuous image display ad over a long period of time I recommend that you use your advertising dollars in a more effective way. Any marketing campaign that is under capitalized will probably fail.

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As with all other marketing materials you must ensure that your ad has a professional look. Review your local newspaper for ads of all types and get a feel for the type of image that you want to convey. You will probably be assigned an account representative from the newspaper. Use their expertise and experience to help design your display ad. Discuss the different demographics of each section in the newspaper. Make sure that you're advertising to the type of individuals that would find you most compatible with themselves.

Magazines

Advertising in magazines is almost always of the display type. However many magazines do have classified sections with a real estate for sale subsection. You'll find this type of classified advertising less effective than your local newspaper. There are various types of magazines that you may advertise in. Some may be local lifestyle magazines and other magazines are specifically real estate oriented. Be sure that the magazine that you are to advertise in will focus on your market area. Some magazines are typically statewide or national. Advertising in these types of magazines could dilute your advertising budget by advertising to people who will not buy or sell real estate in your local area. However if your local area caters to out-of-town buyers as a result of tourism or other local attraction these types of national or regional publications can be very effective.

In magazine display advertising you will purchase 1/8 to a full-page of advertising. The best pages are inside the front and back cover or the back cover itself. These are also the most expensive pages. As in any display advertising you'll want to convey your image message on a regular basis monthly or quarterly as the magazine is distributed.

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A type of magazine that is regularly used by real estate agents and brokers are real estate specific magazines such as "Homes And Land" or "The Real Estate Magazine". Typically a real estate agent or company will purchase 1/8 to one full-page in these magazines to display their listings for sale. This type of advertising is somewhere between classified and display advertising. They are also offered for free to the general public and distribution is usually done by free magazine racks at retail establishments. Real estate specific magazines are generally less expensive than lifestyle magazines and may have a more specific target for your marketing and therefore may be a good vehicle for your advertising.

A third type of magazine is your own personal magazine. This type of magazine allows you control to be the only real estate salesperson in it. The listings in the magazine do not need to be your own listings. You can solicit other agents and offer to advertise their properties listings for free. This type of magazine can be expensive, however, can be limited to around a dollar to two dollars each if you produce a large quantity. Your magazine can also be financed partially by selling advertisements to other businesses. These can include mortgage companies, title companies, insurance companies, local restaurants or any other type of retail establishment in your local marketplace. Distribution of your own magazine can be either door-to-door, direct mail or a free distribution at local supermarkets or department stores. These are also good tools to use at local hotels and motor inns. Most of these establishments have information on the local area and will allow you to leave a few for their patrons to read. You can also write short articles regarding the real estate market in your area or any other information that you may want to share with potential customers and

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clients. Be sure to include the same information that you would use in your own personal brochure in your magazine. Once again your magazine can be designed by yourself and put together in Microsoft Publisher or you can ask your local printer to assist you with the design. This type of marketing can put you over and above all of the other local real estate salespeople in your market. Always focus on your advertising and marketing to separate yourself from the crowd. Many real estate salespersons claim to do this but few actually accomplish it. This is why you must never lose sight of this goal in all of your advertising and marketing.

Press Releases

Press releases are news articles that are written by an individual or company regarding a recent development or news about themselves. Many publications either do not have enough material and articles to meet their deadlines or reserve space in their periodical or publication just for press releases. As you become more successful you may even want to hire a press agent to write press releases for you. Press releases are in very valuable tool in keeping your name present in local newspapers and magazines.

In writing your press releases you can use nearly any content or news about yourself. It could be an award that you've won or even a story about the fact that you attended a seminar. A sample is as follows:

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Press Release

Date:

Steven Morris Attends SHRM Conference

Steven Morris, one of the most visible and well-known Realtors in the Sugar Hill area, attended the Society for Human Resources Management national conference last week. Part of Morris' practice as a real estate professional is working with relocating employees into the Sugar Hill area. "It's important that my relocating clients get the best of service." Morris said, "Human resources professionals are the relocating employee's main contact with their company. The more I know about their job the more I know how to help my relocation clients". Morris has relocated over 20 families in the last several years into the Sugar Hill area. For further information you may contact Steven Morris at 407-568-3413.

Writing regular press releases such as the one above will keep your name in the news. I recommend it to write at least one press release per month but one per week is better. Send copies of them to the editor of all of the local publications both magazines and newspapers. Include photographs of yourself and / or the event. You may find that many publications would prefer that you e-mail the article and photographs rather than mail. The format for your press release should be as above with the heading Press Release, date,

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headline and body of the article. Always included at the end "for more information contact (your name and telephone or e-mail)".

The great thing about sending press releases is that the expense is almost nothing. It's free advertising. Even though your article may not get printed much of the time it will be printed occasionally. If you are advertising regularly in a publication get your advertising account executive to guarantee a certain amount of press releases that will be printed. In all cases when sending a press release ask them to send you what is known as a "tear sheet". This is merely a copy of the article after it has been printed. Save copies of every article or press release that is printed about you to use in your presentation to new customers and clients. This will give you not only visibility but also credibility in your presentations.

Direct Mail

I touched on direct mail previously and will give you more detailed information here. Direct mail can be a very effective way to advertise. Even though most people consider it "junk mail" it can catch the eye of the potential customer or client. You must think very carefully about what you wish to promote in your mailing. You must also monitor very closely your results. You should receive approximately 1 to 2/10 of a percent response. This means one or two leads for every 1000 pieces of mail. As I mentioned before you must calculate the cost per lead to make sure it is within your advertising budget. Postage is a large cost consideration. You can apply for and receive a bulk mail permit from the United States Post Office. This will reduce your postage costs tremendously however all of your mail must be sorted by ZIP code and follow the United States Post Office procedures very closely. This can be time-consuming but cost saving.

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Postcards are also a cost-saving method of mass mailing as the postage on postcards is less than regular first class letters. What ever you send must be eye-catching and created to promote a response from the recipient of your mailing.

The content of your mailing can be in many forms. The methodology of your mailing can vary as well. That is to say that a mass mailing can be to a new group of people every time you mail, or to the same group of people repeatedly. You may want to mail more of an image style content which will display your photo and your slogan or business tagline. You may want to mail information regarding a property or properties for sale, a new listing, an open house event, or special offers.

It is important to make sure whatever message you are conveying can be delivered to the reader in three seconds or less. The exception to this is mailing a newsletter. But even in this type of mailing, much like a newspaper, your headline must be eye-catching.

As you become more successful in the real estate business you will find direct mail is a very useful tool. As you are spending more and more time with clients and customers you will find it more and more difficult to find time to prospect. Direct-mail advertising can be done with very little of your own time spent. There are direct mail services available that will print your mailing and mail it to your mailing list for a fee.

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As I mentioned the methodology of direct mail can vary. If you choose to mail to the same group repeatedly then I recommend that you follow some basic rules. Mail no less than once per month and no more than once per week. Continually add people to your mailing list. Every time you receive a business card from someone you just met or a new lead from some sort of advertising add them to your mailing list. I recommend that when you first begin mailing to your group mail once every week or two for two to four months. Then you can reduce the mailing to monthly. Follow the same process for each new person that you add to your mailing list until they have reached the once per month level. Make your direct-mail part of your annual business plan. Decide how many mailings you will do in the year and specifically decide what each one of the mailings content will be. Getting all of this organized once per year will save you a great deal of time.

As I mentioned in an earlier chapter other direct mailing may include such niche groups as apartment dwellers, or first-time buyers. Absentee owners are people that have rental homes. You can search these owners by looking at public records and determining which properties have their county property taxes mailed to a different address than the subject property. Many times absentee owners are more likely to sell to reinvest the equity in their property to buy other real estate. Others may include doctors, lawyers, schoolteachers or other groups that you can specifically target by their individual interests.

Billboards

Billboards are thought to be too expensive by many real estate salespersons. They are a very powerful way to reach a high number of the public. Hundreds of thousands of people see highway billboards. Your

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billboard message must be conveyed with the same rule as direct-mail postcards. You only have about three seconds to get your message across. Because of the expense of billboards I would recommend hiring a marketing agency with billboard experience. They can help you refine your message and be sure that the amount of the impact is economically worthwhile. While the expense of billboards can cost \$2,000 to \$20,000 or more per month, in most cases only one or two closings will pay the expense. Remember tens if not hundreds of thousands of people will see your message and/or photo.

Radio and Television

Advertising in radio and television should be seriously considered for a real estate salesperson becoming ultimately successful. Many real estate professionals successfully use this media. You must be sure that your radio and television advertising is targeting the specific market that you are seeking. Obviously this advertising should be on local radio and television stations. Even though you may have specific interests in certain types of music or television programming it's best to carefully examine the demographics of your target market. For instance, you may be a fan of rap or hip-hop music, but if you find that this style of music is being listened to primarily by people who are not in the demographic that will be buying homes in the near future, it would be best to concentrate on the music in your area that is more listened to by homebuyers in the 25 to 55 year old age group. Likewise, in advertising on local television stations you might find that 24-hour news cable stations are a better demographic than a local ABC, NBC or CBS affiliate. By researching with your local radio and television stations sales departments, you will easily be able to determine which stations are most economical for your primary demographic target.

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Also, your radio and television advertising will require an audio or video production. Radio and television stations can provide this production for you. Another alternative is to contact a local community college or university that has a media arts study program. In this way you may be able to find a student that will be able to do your production at a fraction of the cost of a professional studio. Once again, be sure to make your production as high quality is possible.

Internet and Website

Many years ago real estate brokers had very few tools. If you can imagine not having a calculator, computer, fax machine or cell phone you must remember that these tools have only been available for the last 20 years or so. The Internet has become an important part of the real estate business. The National Association of Realtors reports that nearly 90% of all homebuyers and sellers research real estate on the Internet prior to contacting a real estate professional. Having your own personal web site has become as important as having business cards.

There is a distinction between having a web site and truly creating e-commerce. There are millions of web sites and it's important that you remember that your customers and clients must find yours.

The first step in creating your web site is to secure your domain name such as, www.BobJonesRealEstate.com or www.yourname.com. You can register your domain name for as little as \$10 at such sites as Godaddy.com, Catalog.com or Yahoo.com. You should do this sooner than later. Even if your web site is not ready to launch or publish you will still have reserved the domain name.

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There are a number of ways to create your own personal web site. The most expensive of which is hiring a web site developer. A web site developer will create your web site based on your specifications and your web site will function in exactly the way that you wish. In addition to having a web developer, who as a group are generally great at creating a web site, you may want to contract with a web site “optimizing” company to make sure that potential customers and clients easily find your web site. Another option for creating your web site are companies that sell complete real estate web sites and merely add your photos and personal information to the site. I will caution you to make sure that these web sites are not advertising based to save you money. This type of web site will place ads on your site that may be advertising your competitors. While these types of web sites may be relatively inexpensive comparatively you might find that they do you more harm than good.

You may want to build your own web site. There are some relatively inexpensive and easy to use software's available such as Microsoft Office FrontPage. While you may find this to be too cumbersome if you are not computer savvy you can find many companies on the Internet that sell web site templates for as little as \$50-\$100. This will give you a basic web site to start in which you can add your own personal information and photos.

Whichever method you choose to create your web site there are some important considerations for e-commerce. Search engines are critical for people finding your web site. Your customers and clients will

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find your web site primarily by using keyword and key phrase searches. If your web site does not contain the keywords or keyword phrases they are typing in they will not find you. If someone else is building your web site be sure that they include whatever keywords and keyword phrases you choose in your web sites "index page meta files". Your keywords and key phrases can be anything you choose such as (your town) real estate, hot properties, affordable homes, etc.

Most search engines have some form of allowing you preferential advertising results. Some allow you to pay for keyword searches and are called "pay per click" search engines such as overture.com and epilot.com. On these sites you will be able to bid on specific keywords and phrases however you will be billed for each time an Internet visitor clicks on your web site. The fees range from \$.10 to several dollars per click. This will depend on the popularity of that specific keyword or keyword phrase. This type of search engine generally has partnerships with a number of other search engines. If you're keyword or key phrase bid places you in the top three or five bidders this will generally place you in the top three or five results pages of a number of other search engines. Considering the fact that nearly 90% of real estate buyers and sellers searched the Internet prior to contracting with a real estate broker, search engines are a very worthy fee to pay for advertising.

Take some time to review other real estate agents web sites. It's best to know your competition well when entering the world of the Internet.

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Chapter 4

Answering Ad Calls and For Sale Sign Calls

Once your advertising begins to pay off and your phone begins to ring, it's important to make sure you maximize each incoming lead call. Even though as a result of the Internet and web sites you will receive leads by e-mail the incoming telephone lead is by far the most common and elusive. Nearly all of the calls that you will receive will be requesting information on real estate properties for sale. You must remember that you are in the business of selling real estate and are not a free real estate information service.

A technique that is key to capturing business from incoming phone call leads is not answering questions but asking them. You also must immediately determine what has generated this incoming telephone call. Ad calls are treated differently than sign calls. Generally an incoming caller from a newspaper ad will have some information regarding the property, possibly even the price, but not have the exact address. Likewise, an incoming caller from a properties yard sign will have the address but little more information. It's not uncommon for someone to call on a real estate yard sign asking the price. An average real estate person may find themselves giving the price and hearing, "thank you very much", (CLICK...DIAL TONE). This type of phone call is not in your best interest. A lead has been wasted. It is important when answering questions on an incoming call that you answer the question and immediately ask a question without delay.

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An example of the **INCORRECT** way might be as follows:

Caller: "I'm calling on a property that I saw at 123 Atwater Drive. What are they asking for it?"

Real estate agent: "They are asking \$220,000".

Caller: "OK thank you very much." (CLICK.....DIAL TONE).

A better way to handle such a phone call is as follows:

Caller: "I'm calling on a property that I saw at 123 Atwater Drive. What are they asking for it?"

Real estate agent: "Yes that is a terrific property and they are asking \$220,000, (*quickly and without a pause*) is that in the price range that you're looking for?"

(The quick part is essential here. You must assume that the answer is not what the caller wants to hear and be prepared to IMMEDIATELY ask them a question)

Caller: "No that's more than I can afford. Thank you very much"

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Real estate agent: *(quickly, you only have a fraction of a second. Be prepared!!)* "Wait a sec, I have a number of other properties, what price range are you considering?"

Caller: "About \$180,000 to \$200,000 is my max."

Real estate agent: "There are properties for sale in that price range would you mind if I prepared a list for you?"

Caller: "Yes that would be OK."

Real estate agent: "Great. What's your name?"

Caller: "John Smith"

Real estate agent: "What's the best number to reach you John?"

Caller: "555-1212"

Real estate agent: "And your e-mail address?"

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Caller: "John@JohnSmith.com"

Real estate agent: "Thanks John, I will put the list together and get right back to you."

As you can see in the second example the real estate agent was able to get enough information from this caller to make them a potential buyer prospect. You must remember that the person who is asking the questions is the person who is in control. You'll note in the above example that initially the prospect was in control by asking questions, however, the agent quickly gained control by answering the question and immediately asking another. This is very important. You must know exactly what question you're going to ask after answering the prospects question. This will take practice on your part that you must be very quick with your question so as not to lose the prospect. This would be an example of a real estate yard sign call, as the potential prospect knew the address of the property. In an effort to make the example somewhat brief I excluded some additional questions that it's best to ask. Such questions as how many bedrooms, bathrooms, and other amenities such as garages and pools. Basically, get as much information as you can from the potential prospect. We will discuss in a later chapter qualifying a buyer and you may use many of those questions in the initial phone call from the prospective customer.

If you receive a call on a classified ad you would use a similar dialogue. However your ad would normally not include an address but merely a description and possibly a price. Usually the caller will sound something

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like this, "I'm calling on the property that you have advertised that says Handyman Special." I recommend that you respond in this way. "Yes I have that property right here. What can I tell you about it?" At this point the prospect will ask you a specific question about the property such as, "What is the address of the property?" You must be very careful here. Once the prospect has received the address they may no longer want any additional information from you if the ad is very descriptive. As I described before, he must be prepared to immediately ask another question after answering the prospects question. Never end a sentence without immediately asking a question. This will keep the prospect on the line and keep you in control. You may say something like this, "Yes, that property is located at 123 McDonald St., is that the area that you were looking for?" Once again, asking the question to maintain control. Continue asking questions to get as much information from the caller as possible.

If at any time the prospect caller on a classified ad or a yard sign call answers "YES" to your initial question (Don't fall out of your chair here. Maintain your composure.) merely, close for an appointment to show the property. It would be best to then use the "alternative of choice" type of close. This is when you will ask for an appointment but not ask a question that would require a yes or no answer. An example of what **NOT** to ask is "would you like to see the inside of the property?" That would allow them to answer no. The correct way to ask would be something like, "I can show you the inside of the property this afternoon or would tomorrow morning be better for you?" In this way you have given them two choices of this afternoon and tomorrow morning and not a **yes or no** answer. The alternatives can be anything you wish such as now or in an hour, tomorrow morning or tomorrow afternoon, Friday or Saturday, etc. If the two choices that you give them are not acceptable then continue to give them two more choices until one of the

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two fits their schedule. Such as, " If this afternoon or tomorrow morning won't work, how about tomorrow afternoon or Friday?"

Remember that you are investing money in advertising. If you have spent \$100 on an ad and get five phone calls, that's \$20 each. You do not want to throw away that \$20 by not at least getting a name and telephone number. Your goal in advertising and prospecting is first of all, finding interested customers and clients but secondly and more importantly, GETTING AN APPOINTMENT to meet. Even though we have had great strides in technology in the real estate industry over the last two decades, no one has yet invented a method of selling real estate by the telephone alone. Selling real estate requires a written signature. While that it is now legal to electronically sign contracts, a real estate sale is rarely made without meeting the customer face-to-face.

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Chapter 5

Broker Referrals, Rebates, Relocations and REOs

Broker Referrals

Another often-overlooked method of getting new business is broker referrals, offering rebates and corporate relocations. Receiving referrals from other brokers outside of your area and sending referrals to other brokers outside of your area can be a very lucrative form of income for the real estate sales associate. This is a practice that has gone on from nearly the inception of the real estate industry. From time to time it is typical to hear that someone you know is buying a home or selling a home in another part of your state or even another state in the country. By giving this home buyer or home seller's information to a real estate broker that services the area that they are interested in can earn you a referral fee. Upon closing of the listing or sale it is typical for the agent who received the referral to pay the referring agent a fee of 25% to 35% of the gross commission that the broker receives in the transaction. For instance, if you refer a buyer to another broker who sells a home to your referral for \$250,000 and receives a 3% commission, their gross commission would be \$7,500. If you were receiving a 25% referral fee your gross commission would be \$1,875. Not a bad income for merely making a phone call. There are many real estate agents and brokers nationwide that earn most of their income from referral business from other brokers. There are other brokers that never leave their office because all of their business is by referring buyers and sellers to other brokers. If you join a large real estate company or one that is part of a national franchise, you may find that they have a relocation or referral coordinator that receives and sends company based referrals. If you have not yet proven yourself as a skilled real estate salesperson you may find a referral coordinator reluctant to

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give you referrals. These referrals typically go to the agents that have a higher closing ratio. For this reason, it's best to seek your own referral business and not rely on company referrals.

There are many methods of finding referrals either outgoing, meaning you are sending referrals to other brokers or incoming, meaning you are receiving referrals from other brokers. One method is by attending social gatherings. This can be fundraisers, grand openings, seminars or even parties. While this is of course, a good way for you to meet local buyers and sellers, you will find that you will meet people who are interested in buying or selling in another area. Many real estate agents will merely ignore these potential leads simply because they cannot service themselves. Once receiving this information you might say "My company has affiliate Realtors in that area. May I have one of them call you to see if they can assist you?" Once you have the name and telephone number and the type of property they're interested in buying or selling you can then contact a Realtor in that area. If you don't already have a contact in that area, you can go to such web sites as Realtor.com and select an agent or company in that area that is dominant. Always get a referral agreement in writing between yourself and the agent receiving your referral agreeing on the terms of your referral. In addition to the percentage of their commission that you will receive, it is common to have a clause that says that any future transactions with your referee will be paid in the same way for up to two years after you have sent the referral.

Another method is by working on For Sale By Owners. Many times when you contact a FSBO you will find that they will be moving out of the area after they sell their home. In the same way that I mentioned before,

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ask them if you may have someone in their new area contact them to see if they can be of assistance. Even if you don't get the FSBO's listing you could still receive a commission on the purchase of their new home.

If you have friends, family or acquaintances around the country, send them regular postcards, notes, or other literature explaining that if they are buying or selling in their area, or know of someone who is that you can find them a broker who can help them. This group of people like you and trust you and in most cases would be happy to have someone referred to them by a friend.

By building relationships with other real estate professionals around the country you will find yourself able to receive referrals from them as well. If you're willing to travel from time to time attend real estate seminars and conventions outside of your market area. Have information and literature about yourself and your service area and distribute them to all of the real estate sales persons outside of your area. Be sure to include in your literature the fact that you will pay them a referral fee and will reciprocate by sending them referrals. Remember that these seminars and conventions have hundreds or even thousands of attendees. Be sure to be armed with enough literature, postcards or flyers to effectively canvass the event.

Also consider that your web site, although probably designed for your local market, can be viewed by anyone worldwide. You may want to adjust your keywords to receive buyer and seller leads anywhere. While the most money will be made in your market area you could find it very lucrative getting leads from your web site that you can refer almost anywhere in the world.

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Cash Rebates

Giving cash rebates to buyers and sellers at closing has become quite a common practice in luring business. While it is a legal practice in most of the United States at the time of this writing it is not legal in the following states. Arkansas, Iowa, Kansas, Kentucky, Louisiana, Minnesota, New Hampshire, New Jersey, Oklahoma, Tennessee, West Virginia. Check with your local state regulations on the limits or legality of such cash rebates. Many times you can approach organizations and offer cash rebates to their members or employees when using your services. This can be a great benefit to a company that wishes to offer as many benefits to their employees as possible or to an association or organization that is seeking new members. Many real estate sales persons even offer rebates in their institutional advertising to attract new buyers and sellers. While I feel it is best to attract new buyers and sellers based on your performance and expertise you may find this as a tool that will help you increase your income.

Corporate Relocation

Many large companies nationwide relocate their employees or new hires to new cities. Most of these companies contract with what are known as third-party relocation companies. These companies will generally handle all aspects of the employees relocation including, household goods moves, expense reimbursement, travel itinerary, area tours, and home sales and purchases. In most cases these third-party relocation companies receive a great deal of their income by referring these different aspects to relocation related industry pros. Since there are only a little over 100 of these companies they are very easy to contact and stay in touch with. You can send them brochures on your market area and the services that you

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provide. Most of these companies organize their sales and listings by ZIP code. Along with your literature send them a list of all the ZIP codes that you service. Virtually all of these companies are members of an organization called ERC or Employee Relocation Council. You should consider becoming a member of this organization, as you will be listed in their member roster. Also the organization offers an array of educational programs that will educate you in the relocation process and give you various professional designations. One of the more common is the CRP or Certified Relocation Professional. With this designation you will find it much easier to receive corporate relocation referrals from third-party relocation companies. This can be a very lucrative industry to be involved in. I have personally received over 250 referrals in one year from one company. Prepare a relocation package that can be sent to employees that will be relocating to your area. Include maps, local magazines, local attractions, local school ratings, and the like. Most of these materials are free and can be found at such places as large area hotels. Most of these hotels have literature in or near their lobby in racks that can be collected to be sent to your relocation candidate. Of course, I recommend that you include information on yourself, company and properties available in the area.

REOs

REO's or Real Estate Owned are generally properties that are owned by banks, thrift and loans, savings and loans and credit unions that have been acquired by these institutions through foreclosure. In nearly all cases these properties need to be resold. A person with the title of Asset Manager is generally employed by these institutions to handle the property management and sale of the properties. This person is usually the person who decides which broker to list the real estate with in their local area. While we have recently been in a

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seller's market and there have been few foreclosures, buyer's markets tend to have a great number of foreclosures. The best way to get these listings is establish a relationship with the asset manager. The best time to establish a relationship is during a seller's market when the asset manager has few listings to provide. This will give you time to establish a relationship and get to know them so that when the foreclosure market becomes strong they will be more likely to give listings to the real estate professionals that they know well.

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Chapter 6

Qualifying For Financing and Motivation

After receiving a new buyer lead the first and most important step to take is in qualifying the buyer for their financial capability to purchase and their motivation. It's not uncommon for real estate agents to waste time working on a buyer because they've missed this important step only later to find out that the buyer was incapable of buying for financial reasons or was just interested in looking around. Remember that you are a licensed real estate sales professional and not a tour guide. Licensed real estate sales professionals can earn a fortune tour guides typically earn very little.

Buyer Motivation Qualifying

Qualifying a new buyer for motivation I believe should be your first step. In many cases even if the buyer is financially capable of buying a home they are not motivated to do so. There is a form located in the appendix of this book called "Buyers Customer Service Analysis Worksheet". Many real estate professionals call this worksheet a Buyers Qualification Worksheet. However, I believe that customer service analysis sounds better to a buyer than qualification. As you read the next section follow along with the form and I will explain the reasons for each question to help in your qualification process.

The beginning of the form is merely the buyer's contact information with the addition of where they work, how long they have worked there, and their gross monthly income. Additionally they may have income from spousal support, child support, real estate rental income, or investment income. All of this should be

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noted. Also knowing their marital status and if multiple buyers their relationship to each other will be important for their mortgage processing.

The next section is to determine the amenities of the home in determining what amenities are required as opposed to what amenities are just on their wish list. You'll find in the qualification process that if you do not determine the difference between these things you may place too much importance on things that they tell you to look for in a property that aren't really essential. It's important for you to research properties that have amenities that they need and require and secondarily amenities that they merely would like to have if possible.

The first question in this section is do you own a home now? If you find that they now own a home it would be best to inquire further because this may be the source of a new listing for you. The next question asks if they need to sell that home before buying another. This will tell you a couple of things. One of which is that there may be a delay in when you should begin to show them a new home. If their home will not close for a month or two you may find that any home that you show them now will be no longer on the market at the time they're ready to purchase. You can advise them, however, that they can make an offer to purchase another home making the closing on the new home contingent upon the concurrent closing of their present home. Many homebuyers choose not to sell their current home and will rent the home. This will be another financial consideration for their new mortgage in the event that they will need to sell their home and it is not currently listed with another broker. In the event that you discover that they must sell

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their home and it is not currently listed with another real estate salesperson it's best to pursue that listing right away.

The next question you'll ask them is when would they like to close their new home. Again, if they are not interested in closing for three or more months this may not be the appropriate time to begin showing them homes that will not be in the market at that time.

Asking if they have been prequalified or preapproved by a lender is also a very important question. If they have not been preapproved you would do well to suggest that they do so right away to discover how much they truly can afford in buying their new home. We will be discussing later in this chapter how to financially qualify them on your own but it is highly suggested that you use a licensed mortgage broker, or banker to determine what their financial capabilities are and to review loan programs that are available to them.

Asking what price range they're interested in can be a very elusive question. Most buyers have done some research on their own to determine what they can afford. They have also done their own mathematics to come up with the purchase price. While they may be in the ballpark, a professional financial qualification process is a much more effective way to determine what they can afford. Likewise, most homebuyers are not going to pay all cash for their new home so a more important question is how much do you have for a down payment and how much you can afford in monthly payments.

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It's important to know how much experience they have had in the current local market and ask them if they have seen any properties so far that they have liked. If the answer is "yes" you must inquire why they didn't purchased that home. Their answer could be very important to you in that it could give you a "red flag" as to their ability to buy a new home. Also it's important here to ask them if they have been working with any other real estate professionals. If they have been you must inquire as to the nature of their relationship with that real estate professional. Many times a buyer will work with several real estate agents to find the property they're looking for. This is not a good situation for you. Explain to them that you will work very hard to find them a new home and that their loyalty is important to you. Explain to them that no one likes to work for free and that this is what you do for a living to support your own family. Many real estate professionals use a "Buyers Broker Agreement". An agreement of this sort legally binds the buyer to working solely with you as a real estate professional. In any case make sure that you have their loyalty before spending hours and hours trying to find them a home.

The next question is asking them why they are interested in buying a new home. This question will give you some keen insights to their motivation. Their motivation can be financial, functional, emotional or all three. This insight will help you in selecting the right homes to preview.

Ask them if there is anything that would prevent them from buying a new home right away. Again, anyone who is not interested in buying a home in the next 30 to 60 days is not worthy of your time today for more

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than a few minutes. If they won't be ready to purchase a home for the next two months merely stay in touch with them and follow up on a weekly basis until you feel that they are ready.

If they have given you the right answers so far continue with finding out what is the best time of day and the best days per week to see new homes. This will allow you to divide your time accordingly between your existing clients and new prospects and provide them with the best possible service.

Next you will need to find out what area they are interested in geographically. More importantly, it would be best to find out why they are interested in that geographic area. As you know, any answer that they give you that violates the Civil Rights Act regarding race, etc. must be avoided. However, knowing their motivation for area amenities, schools, area shopping, and so on will greatly enhance your search. You will also need to know what they consider a reasonable commute time from home to their employment. In many large metropolitan areas long commutes to work are a fact of life. In large cities a 30 minute commute maybe a few short miles whereas in more rural communities it could be 30 miles or more.

Next you will need to inquire about the amenities that they are seeking in their new home. You will differentiate their motivation by asking what amenities are required and what amenities that they would like to have that are not required. The first is how many sleeping rooms. You'll note here that I did not say bedroom. The reason is that many times buyers will use a bedroom as an office, studio, workout room or even storage. If you ask them how many bedrooms you may find yourself looking for a four-bedroom

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home rather than a three-bedroom home with an office. Make sure that you make the distinction with them between a sleeping room and a bedroom. In asking how many bathrooms they would like or are required it's important to find out if they need full baths or half baths.

Asked them how many cars they will be parking in the garage. Once again many people use garages for other things than parking cars. Possibly an art studio, workshop, band rehearsal area, or storage. You could once again find yourself looking for a three-car garage instead of a two-car garage with a workshop.

The next series of amenities you will again want to find out what is required and what is not required. Such as a den, family room, office, formal dining room, large kitchen, breakfast area, workshop or studio, patio, swimming pool, spa, fireplace, fence around yard, or a view.

When asking people how large of a lot or yard they're interested in be sure to get specific dimensions or as close to it is possible. Many people will use such terms as large, small, nice and other such vague descriptive adjectives. What is large to them may be small to you and vice versa. It's important to truly understand what they mean by these words. Early in my own real estate career, I was contacted by a man who was interested in buying a home with a small lot in Hollywood California. Being new to the business and not understanding how to fully qualify a buyer I proceeded to show him homes in Hollywood with very small backyards. After the first two homes that I previewed with him he inquired as to why I was showing him homes with postage stamp sized backyards. I reminded him that he had instructed me to show him homes

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with small yards. As it turned out, he had just sold his home on 30 acres in Michigan and wanted a home in Hollywood on a small yard of about one acre. An acre-sized yard in Hollywood California is considered extremely large. What he considered small I considered large. It was at that point I learned the importance of qualifying buyers and to require them to be specific.

Next you'll need to know how much cash they have available to facilitate their home purchase and if they are aware of any potential credit problems that need to be addressed. Finally, just summarize and ask them if there's any more information that they feel that you need to know to find them the right home.

Buyer Financial Qualifying

I would suggest that all of the buyers that you're working with be financially qualified by a mortgage lender. Once qualified your buyers will be issued a pre-qualification or pre-approval letter. This letter should be presented with all offers to seller and the seller's agent. However, if your buyer has not yet met with a mortgage lender I recommend that you have the basic skills to qualify them yourself. Even though you won't be able to issue them a letter of pre-qualification or pre-approval you will, at the very least, know that they have the financial capability of making the purchase that they wish.

You'll find in the appendix of this book a form called "Buyers Financial Qualification Worksheet". Refer to this form during this section.

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Initially we will need to know how much of a mortgage they will need. The mortgage plus their down payment will equal the purchase price. On the first line of the form, fill in the mortgage amount. The next thing that we will need to know is how much they have in liquid assets. This will include their savings accounts, checking accounts, investments and the gifts of cash they will receive to purchase their home. You will need to total up their gross monthly income including monthly salary, business income, support payments, rental income or any other income they receive on a monthly or annual basis.

You'll need to determine what their monthly PITI payment will be on their new home. PITI is principal, interest, taxes, and insurance totaled on a monthly basis. Even though taxes and insurance are typically annual payments you must total these annual payments and divide the total by 12 to determine the monthly expense on these items. It's best to also include any monthly, quarterly or annual HOA (homeowner association) fees as well.

At this point you will be able to determine their mortgage to income ratio. This is sometimes called the "front-end ratio". You do this by taking their total PITI and dividing it by their gross monthly income.

$PITI \div GMI = \text{Mortgage to Income Ratio (front end ratio)}$

For conventional mortgages this figure should be .28 or 28% or smaller. For FHA it should be .31 or 31% or smaller. Remember that this is a GUIDELINE and not a RULE. This is where a knowledgeable

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mortgage professional is necessary. If their ratio is smaller than the guideline they will almost always qualify for the mortgage. If their ratio is higher than the guideline there are many loans available and an experienced mortgage professional may be able to qualify them on non-conventional financing.

The next calculation that you need to make is their mortgage to debt ratio. Sometimes referred to as the “back end ratio”. This calculation adds their PITI plus all of their monthly credit card, car payments and any other personal obligations together and then is divided by their gross monthly income.

$$(PITI + DEBTS) \div \text{Gross Monthly Income} = \text{Total Debt Ratio (back end ratio)}$$

For conventional mortgages this figure should be .36 or 36% or smaller. For FHA mortgages the figure should be .43 or 43% or smaller. Remember these numbers are merely a guideline and a professional mortgage banker or broker should be used in the ultimate qualification of your buyer. These calculations will give you an indication as to whether your buyer is capable financially of purchasing a home.

Many real estate agents use such things as indicators of financial capability as the car that their buyers drive, the clothing they wear or even their jewelry. These things are no indicators of net worth or income. Do not be fooled by such things. Be sure to qualify all of your buyers before spending your time showing them homes that they cannot afford.

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Seller Motivation and Financial Qualifying

Potential sellers must be qualified too. You'll be contracting with the seller and it's important to understand their motivation and even their financial ability to sell. You must determine whether they want to sell or need to sell. If you take a listing with a seller that is not motivated you may find yourself working long hours on trying to sell an overpriced property. Likewise, if the market value of your listing is not enough to pay all of the expenses of the sale you may end up finding that you're working for free. Most sellers will not sell their real estate if they have to take money out of their pocket to do so at closing. This type of property is called "upside down". That is to say, that after paying off all of the mortgages, closing costs, commissions, and expense of sale there is nothing left for the seller and they may have to pay out-of-pocket to sell the property.

It would be best to always inquire as to why the seller is selling. Such answers as, "we need a larger home, I'm being relocated for my job, I want to be closer to my family, we would like to downsize," are reasonable answers. Such answers as "we can no longer afford the payments" could be a red flag that the property is "upside down". There are two calculations that you will need to make to determine the seller's financial ability to sell. The first of which is a CMA or Comparative Market Analysis. The second is a Seller Net Sheet. First we will discuss a CMA.

A CMA is similar to a real estate appraisal. It is used by real estate professionals to determine the market value of a potential property for sale. A CMA consists of three to five nearby and similar properties each

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that have recently sold, are currently on the market, and properties whose listings have expired and have gone off the market unsold. Properties that have recently sold are the strongest indicator of what your potential listing or "subject property" will sell for. You must make adjustments to your "comparable property" for such things as size, amenities, location etc. You will never make adjustments to the subject property value. That is to say, if your subject property has three bedrooms and your comparable property has four bedrooms you will adjust down the value of the comparable by the value of one bedroom. This will make the value of the comparable "compare" to your subject property. Likewise, if your subject property has a swimming pool and your comparable property does not you will adjust up the value of your comparable property by the value of a swimming pool to make the properties compare. You will need to make these adjustments on all of the features of the property that will add to or take away from the value. After making the appropriate adjustments you will provide the seller with a potential range that their property should sell within. Your seller would be wise to price their home above what comparable homes have sold for but below the asking price of other similar houses currently on the market.

The use of expired listings is to show what properties were on the market but did not sell. There can be several reasons why the property did not sell. One reason could be that the property was overpriced. By comparing the expired listing to sold listings you should be easily able to make this determination. Other reasons could be that the property was in severe disrepair or the fact that the property was difficult to show because of no lock box, by appointment only, or could only be shown at odd times when potential buyers were not available.

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The use of properties that are on the market currently will show your seller the competition. A seller must be cautioned that these are only asking prices. A seller can potentially ask any price they wish however, if the property is overpriced it most certainly will not sell. Many sellers use other asking prices as a determination of value. As I mentioned earlier recently sold properties are a much better indicator of what buyers will pay in your current market.

Include in your CMA local statistics and trends. Also include information about yourself and your company. Many real estate professionals use their CMA as their listing presentation. In any case the CMA should be part of your listing presentation. Your CMA can give your potential seller an idea of your marketing skills so make sure that your CMA is professionally presentable.

After determining the seller's asking price you will need to prepare a "Sellers Estimated Net Form". A blank form is included in the appendix of this book. This will give an approximate indication of how much cash the seller will realize at closing.

On the first line write in the estimated sale price. You'll subtract from that the payoff of any mortgages, title insurance, attorney or closing agent fees, recording fees, transfer taxes, unpaid county property taxes and commissions. If the seller plans to "carryback" or "hold" a mortgage themselves on the property, this will need to be deducted as well. Also deduct any buyer concessions such as buyer's closing cost paid by the

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seller. This process is extremely important to determine if the seller has the capability of selling at the property's current market value. If the Sellers estimated net proceeds is a negative number they will not have the ability to sell without paying money from their pocket. This happens quite frequently in a buyer's market after a seller's market has created rapid appreciation in your subject properties market. Many people who have purchased a property during a seller's market with a low down payment and subsequently try to sell in a short period of time may find themselves with a negative equity or what's known as "upside down". This is what causes many foreclosures in a buyer's market due to the fact that the seller is unable to sell because of negative equity and is also unable to make their monthly payments. We will discuss buyer's markets and seller's markets in more detail in a later chapter

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Chapter 7

Selling Homes vs. Showing Homes and Working with Buyers

Even though telephones, cell phones, and Internet e-mails are a valuable tool for today's real estate salespersons, most real estate buyers will not buy without actually seeing the property in person. Even though it is a common practice to e-mail listings to buyers I do not recommend this unless you are certain that your buyers are loyal to you and are motivated to buy only through you. If you are not certain of this you must meet with the buyers and take them to the houses or properties personally. Meeting them you will have the opportunity to create a bond with them and secure their loyalty. Many real estate agents show a great number of properties that they never sell many due to the fact that they haven't properly qualified their buyers or are performing like a tour guide. As I have mentioned several times in this book, your profession is a real estate SALESPERSON not a real estate TOUR GUIDE. You are not just showing real estate you are selling real estate.

I would suggest that when you are selecting properties to show to your buyer that you select no more than five properties per outing. The reason for this is that most of the property you will show them will be very similar and after five properties many features of the individual properties will become blurred in their mind. Do not indicate to your buyer how many properties that you plan to show them. If asked just say that you have selected "a few". The reason for this is you'll find yourself in an awkward position if they find that the third property you show them is the one for them and you have two more on the list. If they know how

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many properties that you have selected they will want to see the additional two properties and could dilute your sale.

Many buyers will also suggest that they meet you at the property forcing you to give them the addresses. Always avoid this. By picking them up in your car and driving them to the properties you'll have the time to continue to qualify them for their motivation and have the time to get to know them better as well as get to know their wants and needs better. You'll also be able to better assess their feedback while driving from property to property. Much like I mentioned in the section regarding open houses, while showing your buyer through a property continue to ask them questions about their likes and dislikes rather than to describe which room you're in. Look for "buying signals". These are such things as lingering and walking through each room again and again. This indicates that they are very interested in that particular property. If they say something as simple as "we like it" or "we like this one", then you might say "that's great, now all we have to do is sit down and figure out how to get this home for you". At that point suggest that you return to your office or local coffee shop to "review some numbers". Do not say, "Would you like to make an offer?" Or, "do you want to write a contract". The statements may be thought to be too forward or aggressive. I merely suggest that you sit down and go over some numbers which is much less threatening. However, when you do sit down with them begin to fill out an offer to purchase form. Usually by this time they will have already mentally committed to trying to purchase the home.

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You may find yourself from time to time driving up in front of a home you're about to show to your buyer and having your buyer tell you that they don't want to see the inside of the home because they don't like the outside. Try to encourage them to go inside anyway. You may say something like "Well we are already here anyway we might as well take a quick peek inside". I have found on many occasions that the buyer finds something they like about the home and end up buying that very home. In any case, if you cannot encourage them to see the inside be sure to let the owner and / or the listing agent know that you will not be keeping your appointment.

When leaving your buyer's home to show your properties do not hesitate to say something like "Do you have your checkbook with you?" This may seem like a bold statement however it will indicate to your buyer that you are serious about finding them a home to purchase and that they should be equally as serious about purchasing a home and making a good faith deposit.

Once you have successfully written an accepted offer to purchase and have the property under contract or in escrow be sure to stay in touch with your buyer on a regular basis all the way through the closing. As an experienced manager this is one of the most frequent complaints that I have received about a real estate salesperson. It's best to contact your buyer at least weekly to give them an update. Even contact them if there is no news just to say hello. This will assure them that you're staying on top of their transaction and ease any fears that they may have about closing. Help them secure whatever documentation they need for their loan and be in touch with their lender and title company. Be available to meet with appraisers and

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inspectors as necessary to help your buyers navigate through the transaction. While these are just generally good customer service items you must remember that to build your business you will want to expect referrals from your buyers. By going above and beyond will demonstrate to your buyers that you are a serious professional and worthy of them referring their friends and relatives to you for future transactions as well as contacting you when they are ready to sell or buy again.

Upon closing the transaction give your buyers a gift and a thank you note. Ask them for a letter of recommendation for you to show to your future clients. This is a very powerful tool for your presentation. Also ask them for referrals of anyone that they may know who is thinking of buying or selling a home. Put your buyers on your monthly mailing list and be sure to stay in contact with them on a regular basis. Past clients are a tremendous source of referrals for new business. Send an anniversary card of the date of the closing of their transaction. Their birthdays also were included in your file on their statement of information or loan application and it would be best to mark your calendar for sending them birthday cards each year. You must stay in touch with them if you expect them to stay in touch with you.

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Chapter 8

Listings and Working with Sellers

Unless your plan is to work exclusively with buyers, your foremost goal in the real estate business should be acquiring listings. Even experienced "Buyers Agents" will admit that without listings their services would be worthless. Having listings is what attracts buyers. Even though most sellers believe that real estate for sale signs, newspaper advertising and other marketing methods are primarily used to sell their home, in reality these are tools to acquire potential real estate buyers. Without real estate listings to advertise it will be difficult for you to attract potential buyers.

The first step in working with Sellers and obtaining listings is, of course, advertising and prospecting for listings. Since we have discussed prospecting and advertising in a previous chapter I will not discuss that further here, however, remember that your goal in advertising and prospecting is for one thing. Getting an appointment! Many new real estate professionals get ahead of themselves by thinking about selling the property or listing the property before focusing on the one thing that will get them there, which is getting an appointment. It's a very rare occasion when a sale or listing can be made over a telephone or in an e-mail. You must meet with your clients personally.

Once you have initiated a first step by obtaining an appointment with a seller the next step is to meet them. Be positive that you are making your presentation to all of the decision-makers and owners at the same time. If you're meeting cannot be attended by all of the owners of the property I recommend that you reschedule

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a meeting when you are sure that all the decision-makers will be there. Always be on time or early for your appointment. First impressions are very important. Once entering the home I suggest moving your briefcase or materials to the kitchen or dining room table. This is probably the place where you will negotiate the listing. The next step is to take a clipboard and tour the home with the seller and making a lot of notes. Be thorough in your inspection of the property. Look closely at light fixtures, door hinges, cracks in walls or flooring, looking at everything in close detail. Making a detailed inspection is not as important to you for the information you find but will give an indication to your seller that you are a thorough professional. Sellers feel that they are paying a lot of money (and they are) for your services. They want to feel that they're getting their money's worth and that you will work very hard and diligently marketing their home. You want to give them every indication that you will do that. Many people watch what you do more than listen to what you say so your actions here can play a very big part in giving your sellers confidence in you. While making your inspection, complement them on the decorating or other features and improvements in the home. After making a thorough inspections suggest that you sit down to go over the information that you have compiled for them. Once seated it is at this point that you begin your listing presentation before reviewing your CMA. You might say something like "Let me tell you a little bit about myself and my company." Since we have discussed the listing presentation in a previous chapter I won't discuss it further here except to say make sure that it is informative and tells them all of the advantages to your value proposition and why listing with you is their best option. If you don't tell them how great you are no one else will. The next step is reviewing the CMA with your seller. Again, we have discussed this previously.

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Assuming that you have given them an exciting presentation, determined the market value for their home and have gotten a signed listing agreement, now the work starts. It's best to use a listing progress checklist. A sample checklist is included in the appendix of this book. Follow this checklist religiously making sure that all of the tasks are completed on time. Share the checklist with your seller and make sure that they know they have responsibilities in marketing the home too. Advise them to make sure that the home is neat at all times because sometimes buyer showings can be at the last minute. Also advised them to leave the home during buyer showings and open houses so that the buyers will feel comfortable while looking through the home.

One of the biggest complaints from sellers I have heard over the years about listing agents is that they never hear from their listing agent. Contact your sellers at least weekly. You may be working very hard to sell their home however, if you don't tell them they will not know. Many listing agents feel guilty about contacting their seller if there is no new news. Contact them anyway. As little as a phone call a week can insure them that you are being diligent about the marketing of their home.

If you have made the mistake of listing the home above market value you must continue to suggest that the seller lower the price to market value. By scheduling regular tours by other real estate agents in your marketplace and getting their written opinion of the value will help you convince your seller to lower the

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price. Be sure to follow up with every agent who has shown your listing and get feedback from them and their buyer to provide to your seller. Even if the feedback is negative.

Once your sellers have accepted an offer to purchase or contract from a buyer you must continue to stay in touch with them through the closing of the sale. Again, I recommend contacting them at least weekly.

Upon successfully closing the sale there are a few things left to do. Always buy your seller a closing gift. It can be as simple as a gift certificate or as elaborate as a vacation or cruise. In addition, ask your sellers for referrals of their friends, family and acquaintances. This is one of the best times to ask for referrals. Put your sellers on your monthly mailing list and stay in touch with them. This is a very important step that many real estate agents do not do. You want them to remember you for new business for years to come. Send them anniversary cards and holiday cards on a regular basis. By following these basic steps you will solidify your friendship with your clients and generate business from their referrals.

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Chapter 9

Buyers Markets, Sellers Markets and Normal Markets

Real estate markets change every few years. They will drift from a buyer's market to a normal market to a seller's market and back. It's important that you understand how these markets work so that you can successfully navigate through each.

Buyers Markets

A buyer's market occurs when there are more sellers in a marketplace that wish to sell than there are buyers who wish to buy. In a buyer's market you can expect to see sellers offering bonuses and higher commissions to real estate agents. Even though listings are always the most important thing for real estate agent, during a buyer's market there is typically a very high inventory of properties for sale. This may not always be the case. Other things can create a buyer's market such as high interest rates, high unemployment, a bear stock market or other economic factors that may make it prohibitive for a buyer to buy real estate. In a buyer's market it is obviously more lucrative to have many buyers to work with however, most real estate agents tend to work on sellers instead because listings are easier to get in this market. You must always have an adequate listing inventory however, in a buyer's market its best to focus on finding new buyers. While most real estate companies and real estate agents decrease their advertising budget during a buyer's market, this is the time that it would be best to increase your advertising to attract more buyers.

You'll also find during a buyer's market that there are many more expired listings. This can be to your advantage in two ways, namely getting new listings that have expired, and secondly making sure that when

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you take a listing you take it for a length of time that is adequate to market the property under the current conditions. Likewise, other prospecting methods should be stepped up such as open houses. Better than having a weekly open house on Sunday afternoons you may choose to have three per week on Friday early evenings, Saturday afternoons and Sunday afternoons. This will expose you to more potential buyers. You may also step up your advertising to first-time homebuyers. In many buyers markets home values drop somewhat. By advertising to renters you can make them aware that a buyer's market is a perfect time to buy. Even though I don't recommend that you stop your listing prospecting activities in any market, its best to focus more on buyers in a buyer's market.

Seller's Market

A seller's market is defined by the fact that there are more buyers in the marketplace that wish to buy than there are properties available to purchase. As in a buyer's market it's best to focus more on buyers, likewise, in a seller's market I recommend that you focus more on sellers. This is the time when you should scale back your advertising for buyers and step up your marketing for sellers. In many seller's markets it's only necessary to place a sign in the yard to sell the property in a matter of days. You may find in a sellers market a situation where there are multiple offers on each property from a number of buyers simply because of the scarcity of real estate inventory.

In a seller's market you should maximize the use of your listing to attract buyers. The reason for this is that you will not have the listing for a long enough time to spend a great deal of money on it marketing for buyers. In a buyer's market you will have months to advertise your listings to attract new buyers, however,

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in a seller's market you may only have the listing on the market for a few days. In a seller's market it is very difficult to have a listing long enough to schedule open houses, direct-mail campaigns, newspaper advertising and the like. You must plan for a seller's market carefully.

It is also a common mistake for real estate companies and real estate agents in the seller's market to get accustomed to the higher activity and higher number of sales. You must remember that after every seller's market is a buyer's market with fewer sales and fewer commissions. You need to plan your budget carefully.

Normal Markets

A normal market is one in which there are basically an equal number of buyers to sellers ratio. This is the best market that you can expect however it typically only arises every few years or so and is not long-lived before changing into either a buyer's market or seller's market. Most authorities would agree that in a normal market there is typically around a six-month inventory of properties on the market. This means that at the pace of buyers buying properties on a daily, weekly and monthly basis it would take six months to sell them all.

Making your judgment on what type of market you have at the moment and what the next change will be can be crucial to your survival and success in the real estate business. The cycle typically goes from a seller's market to a normal market, to a buyer's market then back to a normal market then a seller's market. Each of these markets may be three to five years or more in length with the normal market typically being the shortest of the cycle. However, this is not always the case you should watch all of the indicators such as

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interest rates, stock market, bond market and unemployment figures to determine how to plan for the upcoming market change while taking full advantage of the market that you're in.

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Chapter 10

Trade Organizations, Title Companies and Mortgage Companies

Trade Organizations

Without question the National Association of Realtors® or NAR is the largest real estate trade organization. In fact, the NAR is the largest trade organization that exists with 1.3 million members. Many real estate agents and consumers confuse the difference between a Realtor and a real estate licensee. To be a Realtor you must have a real estate license, however, it is not mandatory that you join the organization. Not all real estate agents and brokers are Realtors. If your broker is a Realtor they may insist that you join as a matter of company policy, however, they do have the option of paying a waiver fee without having you become a full member. In joining the National Association of Realtors you will also be required to join the state and local associations as well. Even though the Realtors are the sponsors of almost all multiple listing services, they cannot require you to join their organization to utilize multiple listing services as a result of antitrust laws.

It is my recommendation that you join the Realtors. The Association offers many benefits such as health insurance plans, legal advice, forms, web sites, education, etc. From an educational standpoint there are a number of designations that are offered which are highly recognized in the real estate industry. They are as follows:

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ABR, Accredited Buyer Representative
ALC, Accredited Land Consultant
CCIM, Certified Commercial Investment Member
CIPS, Certified International Property Specialist
CPM, Certified Property Manager
CRB, Certified Real Estate Brokerage Manager
CRS, Certified Residential Specialist
CRE, Counselor of Real Estate
GAA, General Accredited Appraiser
GRI, Graduate Realtor Institute

To receive one of these certifications you must be a Realtor member.

The NAR also lobbies local, state and federal government agencies on issues that directly affect Realtor membership. It is also the responsibility of the NAR to provide public awareness of how important being represented by real estate professional is to the consumer. The NAR also requires all of its members to adhere to the Realtor code of ethics, which in many cases exceeds responsibilities and duties of local, state and federal laws.

I recommend that you fully investigate the pros and cons of joining the Realtor organization by visiting a local association and discussing membership with a membership counselor.

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Title Companies, Escrow Companies and Attorneys

Title companies in all states of the US provide insurance for the title to real estate ownership. However, they also offer title information and settlement services in closing real estate transactions. A title company's activities in closing real estate transactions vary in different parts of the country. In some parts of the country title companies do all of the closing as well as insuring title on the property. In other areas real estate attorneys facilitate the final closing and settlement. In yet other areas escrow companies facilitate the real estate settlement. In almost all cases the real estate settlement individual is called an escrow officer. In most areas of the country it is the seller's choice of who to hire as the title company and settlement agent. It is in your best interest to investigate whom your broker recommends as a title company and settlement agent and determine who you may recommend to the seller if asked. Your relationship with your title company and escrow officer is very important to a smooth closing on your real estate transactions. They can also provide you with the great deal of information and services to help you with your marketing. Many title companies offer a free flyer service, and mailing labels for real estate agents and many other services that can help you save money and attain more buyers and sellers.

Mortgage Companies

There are several types of mortgage companies that offer several types of mortgage "products" or loan programs. A mortgage banker is typically a mortgage lender that uses its own line of credit to fund their mortgages and then sells them on the secondary mortgage market. A mortgage broker is a lender that

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packages all of the loan documents and applications and then submits the loan package to a mortgage banker for funding. Banks, savings and loans, thrifts, and credit unions also are mortgage lenders. Each type of mortgage lender offers different programs and it's best for you to investigate several local companies to determine who you might recommend to your buyer. As the seller typically selects the title and settlement agent a buyer typically selects a mortgage lender. Your relationship with the mortgage lenders that you work with, much like your relationship with the title companies that you work with, is very important to a smooth closing of your real estate transactions.

Careful investigation and interviewing of title companies and mortgage companies is time well spent. Get recommendations from your broker and other sales associates in your office that have had good and bad experiences with different title and mortgage companies. Consider the fact that if you recommend a title company or mortgage company that does not do a good job for your client, you could be ruining the chances of future referrals from that customer or client as well as the possibility of not receiving a commission from your closing.

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Chapter 11

Support Personnel

As you become more and more successful you'll find your time becoming very limited. Most successful real estate salespersons have support personnel to help them with their day-to-day tasks. You may not have had experience in the past in hiring and managing so this chapter will give you some tips on the hiring and management process. There are two types of assistants. You may either have a licensed real estate assistant or an unlicensed real estate assistant. If you choose an unlicensed real estate assistant you must be very careful not to assigned duties and responsibilities to them that require a real estate license. Any violation of license law could subject you to not only monetary fines but also criminal punishment and possibly a revocation of your license. Most of the day-to-day activities of the real estate licensee do not require a real estate license such as filing, organizing, setting appointments, and accounting.

Insurance

You must investigate potential insurance issues such as whether or not you will offer workers compensation and whether or not it is required. In most cases it will be a prerequisite to hiring someone to work for you. You should also investigate a general liability policy that will ensure you against employee theft and other potential hazards.

Payroll

Being an employer will require you to make deductions from your employees pay and contributions made to their withholding tax, Social Security and disability insurance plans. While it may be less expensive for you to do it yourself your time is what is in question here or you wouldn't need an employee. There are many

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payroll services available for a very inexpensive fee. There are also companies called PEOs or personnel employment organizations. These companies will actually hire your employees, insure them, make their payroll and in essence lease the employee to you at about the same cost you would pay anyway. This will relieve you from actually handling all of those items yourself.

Policy Manual

Have a written policy that your employee will need to adhere to. You may review your broker's employee policy book or use a service to write one for you. Template policy books can be purchased online at a number of web sites. The policy should include such things as dress code, days off, vacations, hours, and responsibilities. You will also need to decide on what type of benefits if any that you will offer to your assistant. Many states require health insurance for full-time employees after a 90-day period. Local and state employment laws vary and you should seek legal advice on your responsibilities as an employer.

Interviewing

In interviewing prospective assistants it's best to keep all of your questions employment related. Asking any personal questions could result in violations of labor laws so it's best to stick strictly to business. You want to know about the past work history of the individual and what skills they may have in an office environment. I recommend that you write out a list of questions. You will find a general employment questionnaire in the appendix of this book. You should also keenly analyze your candidate's personality. Keep in mind that your assistant may from time to time be in contact with your customers and clients and will be a direct representation of you. I also recommend that you ask someone else that you respect to interview them as well. This will give you a second opinion and may disclose things that you have

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overlooked. Review with your candidate a specific list of responsibilities and duties. A job description if you will. Discuss each aspect of the position and ask for their opinion on how well they feel they can perform at each task. I also highly recommend that you do a background check on your candidate prior to hiring. This could be done very simply online at several web sites for a fee of less than \$50. This should be disclosed to your candidate prior to doing so.

Hiring, Firing and Management

Once you have made your selection and hired your assistant you will need to become a manager. While management is an extremely involved process and one could acquire a master's degree in the subject I will only touch on some key issues.

A very important aspect is to regularly check on the work of your employee. I was once told that the best method of management is to check everything, then double check, then check one more time. Any error or mistake that your employee makes will be looked at as your fault. After all, it is your business. Be positive that there is a clear list of activities for your assistant and that no instructions are vague. At this point in your career you will have mastered your organizational skills and you will need to teach these skills to your employee.

It is important for you to have a close business relationship with your assistant however be cautious in making the relationship too close. Don't get too involved in their personal lives or they yours. Remember this is business.

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Since you have already outlined your business policies book be sure that the policies are not violated. Make any violation of your policies or rules promptly noted and reviewed with your employee. If the work performance of your assistant is inadequate and/or policies are not adhered to you must consider termination. No one likes to fire an employee however being compassionate to the point of sacrificing your business standards is a major mistake. I recommend that any reprimands made to your employee be in writing and in their employee file. It is also important that your employee knows the repercussions of their failing in their work performance or non-adherence to your policy.

Having support personnel can be cumbersome and you must make sure that having an assistant enhances your business and is not distracting to it. It is an important aspect to a successful real estate career. I compare it to pushing a car that is out of gas. When you first begin pushing the car by yourself it takes a great deal of energy. As you go faster and faster pushing becomes easier. And at one point when you have someone help you push, it makes the pushing even easier. At some point you can sit behind the wheel and have other people push for you. You must make sure that no one stops pushing if you want to successfully reach a gas station and success.

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A Final Note

Building Your Own Real Estate Portfolio

While assisting others to purchase and sell real estate in your real estate career you must not lose sight of building your own personal real estate portfolio. Most real estate investors will agree that owning real estate for long periods of time creates a great wealth. There are many people who choose to buy and sell quickly, however, most of the savvy real estate investors will agree that buying and holding is a much wiser way to invest.

During the course of my real estate career I've encountered a number of buyers that have asked me to find real estate properties that were for sale for less than market value. I have never worked with this type of real estate investor simply because it's more logical to me that if I found such a property it would make more sense to buy it myself. You would be wise to adopt such a philosophy. Not only because this type of buyer investor rarely works with a real estate agent but also because you should build your own real estate portfolio. Lets face it, we as real estate professionals are in the best position to find undervalued properties for sale. There is a reasonably good chance that your real estate portfolio in the long run will make far more money than you as a real estate entrepreneur. Buying undervalued real estate or real estate that is in the path of progress has been the greatest wealth builder in the history of the real estate industry.

I once had a couple that asked me to sell their home and a single duplex investment property that they owned. I, indeed, listed their properties for sale. I learned that he was 55 years old, and had been for his

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entire career, a short order cook at a local diner. His wife, who was also 55 years old, cleaned houses for living. They had gotten married in their early 20s and had immediately scraped up a down payment to buy a home. They had subsequently lived in this home until they decided to sell at the age of 55. They had regularly made their mortgage payments for 30 years and had paid off the mortgage five years previously. A few years after they were married a duplex in their neighborhood became available for sale. They borrowed a small amount of money from the equity in their home and purchased the duplex. They successfully rented the duplex for the next 30 years and paid that off as well.

After I completed the sale of both their home and duplex I sold them a three-bedroom two bath home with a swimming pool on a 20 acre avocado farm for CASH! Because a 55-year-old short order cook and cleaning lady had bought a home and a duplex and enjoyed the benefits of 30 years of appreciation they were able to retire and live from the income of their crops with no mortgage payment overhead.

While that story is not exactly a story about extreme wealth it merely gives you an example of what even the smallest of investments can accomplish over time in real estate.

Finally I would like to wish you the best of luck in your real estate career, however, my wishes will not help you. My recipe for success is to adhere and follow the basic principles in this book. Merely add hard work, perseverance and the courage to see your career through to the great wealth and success that you want and deserve. With this recipe no luck needs to be added.

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