

Midterm Review

Rules

- A) Nothing New
- B) If yes then yes, if not then not
- C) High Speed - You've been there done that. Open your RAM

Real Estate Practice

- Real Estate represents a significant portion of the United States GDP (20% for the housing sector alone)
- Huge opportunity to play a part- Not only sales
- Careers include: Residential Sales and leasing, Commercial/Investment property sales and leasing, Property Management, Institutional Real Estate Companies and Corporate Real Estate positions to name an exciting few...

What do Real Estate Sales Agents Do?

- Prospect Daily: Phones, Doors, Open Houses, Mail and Social Media
- Follow Up Daily: Calling back people who have shown an interest
- Set Appointments: with active buyers, active sellers, current properties for sale, inspectors, lenders, and all other parties involved in a transaction
- Attend Appointments: Based on those set above
- View all available properties in your market

What do Real Estate Sales Agents Do?

- Prepare purchase offers for active buyers
- Present or deliver offers written
- Prepare presentations for sellers aka Comparative Market Analysis (CMA)
- Meet owners and make listing presentations in order to obtain listings
- Service Listings: Disclosures, Inspections, Marketing, Open Houses, Offers, Escrow, etc...

Independent Contractor: Getting Paid in Real Estate Sales

- Its all about Commissions: You must generate commissions in order to get paid
- Commission Splits: Usually starts low and get better as you get better
- Income Taxes: Beware! Independent Contractors file taxes as if they are in their own business. Commissions paid do not include deductions for taxes i.e FICO, SSI, IRS or FTB

The Brokerage

- The general mission statement of a real estate brokerage is to help sellers and buyers sell and buy their dream homes
- The brokerage has two customers: 1) Their Clients who sign contracts to buy and sell 2) Their agents and staff
- The more successful the broker, the more support they give their agents and the more successful their agents become the more the successful the broker becomes

Getting Started

- Be Prepared: The real estate sales business can take some time to launch
- You have started a new business: You & Real Estate
- Finances: The difference between survival and failure
- Tools: MLS, Laptop, Smartphone, Contact Management System, Lockbox Key, Website, Marketing Materials

Real Estate - Your New Business

- Business Plan: Your road map to success.
 - This plan will design and guide your daily, weekly, monthly and yearly actions
 - This plan will include your goals, including Gross Collected Income (GCI), Budget for expenses, tax payments and personal net income
 - This will include your personal marketing plan, lead generation sources and expectations, and accountability checklists
 - This Plan will summarize your vision of your business

Time Management- Schedule your Life

You and Your Time are all you have in Real Estate

- Long term and short term time management must work together
- What plans do you already have for the next year, what would you like to do and when
- What days are you not going to work (i.e. Sunday etc...)
- What time will you start and finish each day
- What time will you eat lunch and/or take breaks

Time Management

- What time, every morning and afternoon, will you commit to prospecting everyday
- What times weekly will you visit the inventory
- What time will you leave available to meet current and new prospective clients
- What time will you have office meetings
- What time will you meet your accountability coach
- What time daily will you review your plan
- Etc...

S.M.A.R.T. Goals

- Specific: Goals should be specific e.g. “I will sell 12 homes in 2017”
- Measurable: An amount of money, # of sales, # of contacts etc...
- Attainable: You must be convinced that you can achieve it
- Relevant: They must be tied to something that is important to you
- Timely: Goals must have an achievement date

Know your Product

Residential Properties have five basic Designs and several different Styles

- Designs:
 - One Story
 - One and One Half Story
 - Two Story
 - Split Level
 - Multi Level

Product Knowledge

- Architectural Styles- Many main Styles w/ many Substyles
 - Cape Cod
 - Colonial
 - Victorian/Queen Anne
 - California Bungalow
 - Craftsman
 - Prairie- Frank Lloyd Wright & Eichler
 - Monterey
 - Spanish
 - Mediteranean
 - Tudor
 - French
 - Ranch
 - Etc...

Creating Style

- Design - 1 story to multi story
- Shape - Symmetrical vs asymmetrical
- Roof Style - Gabled, Hipped, Gambrel, Flat, Mansard, Shed, Salt Box
- Windows - Shapes, Patterns, Placement, and openings
- Doors - Exterior, Interior, Paneled, French, Sliding, and Pocket
- Siding
- Ornamental Details

Commercial/Investment Property Types

Five Basic Commercial/Investment Property Types

Retail

Office

Industrial

Residential Income

Land

Real Estate Sellers

- Sellers/Owners are the only identifiable group in Real Estate
- Most prospecting is directed at Owners' / Sellers'
- Farming in real estate is all about picking an area or type of owner and planting the seeds of selling and/or transacting
- Sellers/Owners are the ones who hire agents to sell their property and pay the commission

Paperwork/Contracts for Sellers

- The Listing Package
 - Agency Disclosures
 - Listing Agreement
 - Property Disclosures
- The Disclosure Package
 - The entire listing package
 - Third Party Inspection reports
 - Any other market area specific disclosure

Documents/Contracts

- See California Association of Realtors Zip Forms documents for sellers
 1. Agency Disclosure
 2. Listing Agreement
 3. Lead based Paint disclosure
 4. FIRPTA
 5. Natural Hazards Disclosure (usually 3rd party)
 6. TDS
 7. Supplemental TDS
 8. AVID
 9. Environmental Hazards i.e. Earthquake safety, Lead Based paint, smoke detectors, Carbon Monoxide detectors etc..
 10. And more

Real Estate Buyers

- Buyers need to be Qualified/Prequalified
 - Agents qualify buyers about their needs, desires, location, and motivation
 - Lenders prequalify buyers about their finances, available capital, income and expenses, and finally how much loan they can obtain
 - Appraisers qualify property as to value

Working with Buyers

- Buyers are often the fastest way to a closing
- Buyers consume lots of time, often without any guarantee (Buyer Representation Agreement)
- Buyers often don't know what they will actually buy
- Knowing the Inventory is an Agents #1 Job
- Matching Buyers to their Best Fit home requires market knowledge and awareness

Buyer Paperwork/Contracts

- The Buyer Package
 - Agency Disclosure (Selling Firm to Buyer)
 - Residential Purchase Agreement and Joint Escrow Instructions
 - Lead Based Paint Disclosure
 - AVID
 - Buyers Estimated Statement - Currently generated by the lender

Buyer Paperwork Continued

- The Listing Disclosure Package
 - Buyers must review and sign off on all documentation
- Buyer Inspection Package
 - New or Current Pest Inspection
 - New or Current Contractors Inspection
 - New or current Amenities inspections i.e. Pool, Spa, Chimney, etc...

Typical Buyer Offer Summary

- Buyer Names and story
- Purchase Price
- Initial deposit
- Increased Deposit
- Down Payment
- New Loan Amount w/ Pre Approval Letter
- Contingency Time Frames
 - Time to obtain loan
 - Time to complete inspections
 - Any other contingencies
- Close of Escrow

Prospecting is Selling

- This is the scary process of talking to people you know and don't know
 - People you Know: Warm prospecting (sometimes harder than cold prospecting)
 - People you don't Know: Cold prospecting
- Warm Prospecting List: Your “Sphere of Influence” (SOI) i.e. all of the contacts in your smart phone contact list
- Cold Prospecting: Everyone not in your SOI
 - Target a market i.e. location, property type, demographic characteristics, buyers, sellers etc...

Five Basic Prospecting Methods

1. Telemarketing: using the phone to contact prospects
 - A. The cheapest way to contact prospects
 - B. Low ratio of contacts to clients
2. Direct Mail: using the mail man to contact prospects
 - A. Delivery Is assured, Reading is not
 - B. Expensive
3. Door Drops and Knocks: You are the mailman
 - A. Less expensive than mailing
 - B. Puts you in the market

Prospecting Methods (continued)

3. Internet: Using the WWW to find prospects
 - A. MLS, Realtor.com, Zillow, Trulia etc...
 - B. Social Media: Facebook, Instagram, Linked In, Twitter, Pinterest etc...
 - C. Personal and Company Website
4. Print Advertising: Magazines, Newspapers, and trade publications
 - A. Very expensive
 - B. Longer shelf life

Seven Potential Prospects

1. Home Owners
2. Investment property owners
3. Expired Listings
4. For Sale By Owners (FSBO)
5. Vacant properties
6. Warm Prospects: Family, Friends, SOI, PC
7. Active buyers

Tracking your Prospecting

Prospecting is a process that must be tracked in order to know what is working. The better you track your prospecting the more predictable your business becomes

- Contacts = Leads (active prospects)
- Leads = Appointments (ready prospects)
- Appointments = Clients (Signed Contracts)
- Clients = Closed Transactions (The purpose)
- Closed Transactions = Business revenue

Prospecting Numbers to Track

- Attempts
- Contacts
- Leads
- Appointments
- Clients
- Closed Transaction
- Hours

Know your Numbers

Personal Efficiency

- # of Attempts/Contact
- # of Contacts/Lead
- # of Leads/Appointment
- # of Appointments/Client
- # of Clients/Closed Transaction

Track your Time

- Attempts/Hour
- Contacts/Hour
- Hours/Lead
- Hours/Appointment
- Hours/Client
- Hours/Closed Transaction

Track Income to Prospecting

- Income/Sale
- Income/Client
- Income/Appointment
- Income/Lead
- Income/Contact
- Income/Attempt

Track your Business

Where did your business come from?

- Warm prospecting: Family, Friends, SOI, Past Clients
- Cold Prospecting
 - Telemarketing
 - Direct Mail
 - Door drop, Door Knock
 - Internet
 - Print