



SELLSTATE

# Agent Marketing Plan

Setting Realistic Goals  
To Achieve Success



To help attain the American Dream.

# AGENT MARKETING PLAN

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## DEVELOPING A PROPERTY MARKETING PLAN

Selling a home doesn't happen by magic, routine, or accident. It happens because of a comprehensive marketing plan. Creating a complete, well thought-out plan to market a property and then carrying out that plan in a timely way are the keys to successful property marketing.

*Source: Realtor Magazine*

### 10 Ways to Ensure a Great Marketing Plan:

1. Compare the home to comparable ones on the market and identify its unique and most desirable features. Why would a buyer want this home more than other homes in the same price range?
2. Take snapshots of the home's best features, and use them as a starting point for your marketing approach.
3. Find out why the sellers purchased the home, and use that information to help you focus on potential buyers. From "Learn the Ad Writing Secrets Used by All the Pros," Mary Ellen Randall and Jamie Edwards, *Real Estate Professional*, May/June 1998.
4. Research the demographics of homeowners in the home's neighborhood. Prospects with similar demographics will probably be the best market for the home.
5. Review the audience demographics of various media, and use those that best match the likely demographics of potential buyers for the home.
6. Start early. Don't wait until a week before the listing expires to get the word out.
7. Write a brief property-marketing plan that includes specific objectives, a description of the home, a description of the target buyers for the home, and appropriate marketing media.
8. Make a schedule for the property marketing activities throughout the listing period.
9. Set a reasonable budget based on the activities detailed in the plan. The more costly the home, the more expensive it will be to market because a high-priced home demands top-of-the-line marketing materials.
10. Set up systems to track the "pull" of your various property-marketing efforts. One simple method is to ask those who call or view the home how they found out about it.

## Customize Your Property Marketing

You can't change the basic property, but you can emphasize the features that will appeal to your target market.

- 1 Use the demographic profile and the analysis of the home's features to determine the types of buyers who are most likely to be interested in the home.
- 2 Then, adapt your marketing presentation to emphasize factors that are probably of importance to your target buyers. For example, for entry-level homes emphasize low down payments and neighborhoods with good resale value. Luxury home buyers may be more concerned about privacy and quiet in the neighborhood.
- 3 Emphasize services and assistance you can provide that will be of special benefit to your target group. Move-up buyers might appreciate assistance with locating a moving company or recreational activities for their children.

### Entry-Level Home (First-Time Buyers)

- 1 Include information about possible financing scenarios, such as sample down payments and monthly mortgage payments, and first-time buyer financing programs.
- 2 Emphasize the tax advantages of home ownership and the opportunity to build equity, instead of paying rent.
- 3 Advertise the home in local restaurants or entertainment magazines.

### Move-Up Home (More experienced buyers, probably with families)

- 1 Highlight such features as a large lot or backyard; a fourth or fifth bedroom; or a bonus room suitable for a den, a home-entertainment room, or a home office.
- 2 Provide information about local schools, day care centers, or parks.
- 3 Advertise the home at day care centers, nursery schools, and local shopping districts.

## Luxury Home (More experienced buyers, perhaps empty nesters)

- 1 Hire a professional designer to create a high-quality, four-color brochure that showcases the home's best features. Include professional photographs or a professional artist's sketch or drawing of the home.
- 2 Emphasize the home's special features, luxury amenities, and desirable location.
- 3 Advertise the home in luxury lifestyle magazines.

## MARKETING YOUR LISTING TO BUILD SUCCESS (PLAN... ORGANIZE... CONQUER)

By now, we have high hopes that you have a listing and you have convinced your sellers that you can sell the home at an accepted fair market price. Now what? Even if you don't have a plan to market the home, it's not too late, but you need to go over the basics of the listing and get moving. The first few weeks of the listing are critical in the marketing of the home, so take advantage of the 'uptime' in the market.

If you have a predetermined marketing plan, you will find that following the steps will help build your success. If you don't have a marketing plan, we have included a sample marketing plan for you to use. Keep in mind that you may need to make adjustments to the marketing plan to fit your area or your personal business plan.

When agents typically get a new listing, they are excited; they are thinking about the outcome and all of the potential things that can happen until closing. All of the tedious work should be done at the time of the listing. It's important to create your advertising and marketing plan when you first get your listing so all of the information about the home is fresh in your mind.

As a listing agent, you have to be a skilled professional real estate agent, a marketer, a promoter, a graphic designer, an advertising specialist, an internet blogger, a copywriter, a visual designer, a secretary and a manager/coordinator. Your diverse skills set you apart from the mentality of "we'll put it on the market and see what happens".

Your combined skills help you become the respected real estate professional in your marketplace. You have to be aware of how to market your listing for maximum exposure and traffic. Remember, the purpose of your marketing skills is to get the phone to ring, and in doing so, your business will increase and you will sell the listings.

Treat every caller, email inquiry and personal contact as they were the most important client in the world. In doing so, you will create a more sophisticated and respected group of clients and build your personal database faster. Remember, it's easy to NOT answer your telephone or respond to emails and voicemails-don't get caught in that trap! Every missed call is a missed opportunity. If you have to miss a call, make sure you call back and follow-up with every call and email.

With that said, your marketing should follow a step-by-step plan and guide your seller and you through the next 30 days and beyond. If you know what to do on a daily basis – a weekly basis – and a monthly basis, you will be able to follow the steps and eventually, every listing will become second nature in the marketing process.

Being prepared for your marketing helps keep you organized and also helps define a clear direction for the seller. You can inform your sellers that the weekly marketing is on schedule and processes have been followed to help market their home for maximum

exposure. After the first 30 days, if the home has not sold, you have proof of marketing promotion and efforts made to sell the home.

*Source: Sellstate University*

## **MARKETING MYTHS**

### **How to Get the Most Marketing Bang for Your Buck**

Consistency and a unique selling proposition will help ensure your marketing dollars pay dividends.

*By Karim Jaude: Realtor Magazine*

Are you spending more for marketing, but getting less business? If so, you may be the victim of these all-too-common marketing myths.

**Myth one.** I call this myth the "Special of the week." Instead of focusing on a long-term selling proposition, salespeople constantly bombard their customers with special events or limited-time offers to generate interest. Whether it's "Sign up for my newsletter and win a chance at a free TV" or "Come to my open house and get free balloons for the kids," marketers expect these single reasons for contact to produce significant results. The problem with this approach is that marketing is a process, not a one-time-shot.

**Myth two.** The second myth is "It didn't work, so let's change it." Salespeople who subscribe to this fallacy believe customers respond to their messages the first time they see them. The fact is no reputable advertising agency would place a single advertisement for a client, and neither should you. Research tells us that people buy between the fifth to the seventh time that they come into contact with the product or service, not the first or second.

What both of these myths fail to take into account is that marketing is first and foremost about relationship building. Running an ad here or there or doing a mailing from time to time just won't cut it. To really build customer awareness and loyalty, you need to stake out some space in the minds of those people you want to become prospects and customers. And you need to keep filling that space with consistent messages that reinforce the connection between you and the real estate services your prospective customers need. Otherwise, no matter how much or how little you spend on marketing, your money is going to waste.

You have experienced the benefits of this consistency first hand if you have ever had the thought, "If I ever need a...I am going to go to that person (or business) to get it." You will get this response from your customers not because you held an event or ran an ad, but because you offered a solution—a unique marketing message that speaks to your audience. A few minutes with a scratch pad is not enough to develop this kind of critical marketing statement.

## Stand Out and Succeed

Your marketing message should lead to the ultimate in perception about your business and its product or service. Perception causes the immediate association and emotional attachment. It's the feeling that clients get that makes them lean toward your particular service or product.

For your marketing message to have this impact, it should be based upon a unique selling proposition (USP) that clearly describes how you differ and surpass your competition. Your USP addresses the question a prospect has on his or her mind: "Why should I do business with you versus any of the options that are available to me?" The USP will also help develop the emotional association and attachment that produces customer loyalty.

Remember that in presenting your USP, you should talk about the benefits of your service to the customer, not its features. People buy services that solve a problem, relieve a hurt, or make them feel better in some way. Focus your marketing message on those things. Don't talk to customers about the horsepower of the engine. Talk about the feel of the wind blowing through their hair on the open road, or how quickly they can get out of harms way if need be. Depending on your chosen customers, real estate benefits could include a feeling of well being, a beautiful place to showcase your taste or your wealth, safety, profits from a sound investment, family unity, or a great place to entertain.

Your USP can and should be based on positioning, price/value, or your particular approach to the work you do. For example, one of my coaching clients in San Diego found that many of his customers were military personnel searching for off-base housing. On my advice, he positioned himself as the expert in serving the needs of this special group. He sent out monthly mailings to everyone that he had met with this particular need, even those who had moved out of the area. I also encouraged him to get involved in the community, volunteering in service organizations, participating with the Chamber of Commerce, and giving presentations on issues facing people in the military. I also assisted him in establishing a personal advisory board to aid him in any problems in his business that he was facing and a team of professionals with whom he could network and gain referrals. These steps helped this real estate practitioner establish himself as the expert on real estate for this particular client base.

Offering a more affordable price or a better value for your services is another way to set yourself apart. Keep in mind that this doesn't have to mean cutting your commission, although that is one approach. Instead, you can emphasize all the extras you offer for the same basic commission rate as your competitors.

A favorite USP for many real estate practitioners focuses on a particular approach to providing services. How many times have you seen a salesperson advertising some variation on "great customer service." The basic idea is right, but this isn't necessarily a "unique" selling proposition. If you want to set yourself apart with service, you must offer something different and specific to be effective. For example, your customer-service USP might be something like: "I offer my customers 24/7 e-mail responses with

wireless Web connectivity and Instant Messaging.” Now that sounds unique.

## Get It Out There

Finally, to make your marketing more cost effective, it’s critical to find a way to contact your prospects regularly and keep your marketing message in front of them. Some sales associates send out regular letters, postcards, or e-mail newsletters. Here again, consistency in both message *and* medium is key in getting the bang for your marketing buck.

In some cases, your marketing message may help you decide the best way to touch your market. For example, if your USP is a variation on the 24/7 wireless contact message mentioned earlier, sending out a printed newsletter would seem pretty odd. Instead, you’d want an e-mail newsletter with the graphics and a high-tech look. In contrast, if your USP emphasized your high-value services, you might want to utilize a professional-looking two-page letter on your stationery summarizing market trends. The information provides value and the use of existing materials shows you’re not trying to waste money on nonessentials.

Once you’ve chosen a marketing message and approach, use it regularly--at least once a month for a minimum of six months--before making any major alterations. You can still listen to feedback and make improvements in both copy and presentation, but don’t get frustrated after three months if you don’t have a barrage of clients at your door and experience a major change. The only way you’ll ever get to the point where your customers think of your name as soon as they think about buying or selling a home is with a *strong, consistent* message. And when you start getting those referral calls from people you’ve never contacted before, you’ll know you’re finally getting the bang you deserved from your marketing bucks.

Karim Jaude has founded and operated 19 successful companies in eight countries and he made his first million dollars when he was 26. For over 30 years, he has acted as a business and real estate consultant, and coach to business owners, executive, and professionals.

## How Much Should You Spend on Advertising?

Different experts advise different formulas for determining advertising spending. Keep in mind that these figures are for all advertising, not just property advertising.

- Allocate between 30 and 35 percent of your gross commissions to advertising, says real estate author William Pivar.
- Allocate 15 percent of annual overhead to advertising, says Joan McLellan Tayler, author of [From Ads to Riches](#).
- Allocate 20 percent of gross revenues, less commissions, to advertising, says Hal Douthit, creator of the “Computer Adwriting” software program.
- Allocate 2.9 percent of your gross sales if you want to be average. This is the amount that the average real estate salesperson or manager spends on advertising, according to the [National Association of America’s 2002 Newspaper Advertising Planbook](#).

## Budgeting Tips for Advertising

Allocate the biggest portions of your annual advertising budget to the months in which you generated the most sales the previous year. —Courtesy of the Newspaper Association of America

- Use tracking analysis to determine the cost per contact for each advertising medium you use. Calculate that figure by dividing the cost of the ad by the number of responses.
- Buy advertising in quantity to obtain discounts. If you don’t have enough listings to qualify for a discount, pool your ads with others from your company for the maximum reduction.
- Contract for at least six months of advertising to obtain frequency results. You can change the ads if you continue to buy the same amount of space over that period.

**TIP:** Never put classified ads on an unlimited run. If the property sells and you forget to cancel, you will still have to pay.

## Tips to Track Your Ads

- Insert codes into all classified and display ads to help in tracking response rates.
- Train office salespeople to ask callers where they heard about the property and keep notes in a log.
- In tracking responses, ask callers what about the ad attracted their attention and keep notes in a log.
- Create an ad schedule book to keep copies of all ads that run with the issue date, content of the issue (e.g., special homes supplement, real estate guide, decorating section), and the location of the ad in the publication. See if you can determine any other factors that help produce a significantly higher response than average to an ad.
- Consider installing a separate phone line and using that number only for ads and yard signs, suggests real estate author Joan McLellan Tayler. It will help make tracking responses much easier.

## For The Advanced Sales Person

Tony Marsella, vice president of classified marketing for the Newspaper Association of America, shares some expert advice on maximizing your ad budget.

### **Q: How does newspaper advertising fit into the overall promotional mix for a property today?**

**Marsella:** Today, real estate practitioners should use all major media for promotion; online listings, Web sites, home magazines, and newspapers all have a place. The NAA recently did a survey in which it found that recent homebuyers had used an average of 4 ½ sources to find a home.

In addition, different media serve different purposes. Online promotions really function more like MLS books. They contain detailed factual information about properties so prospective buyers can do research, and most allow you to sort date by price range, number of bedrooms, and so on so that you can narrow options.

Newspaper advertising, on the other hand, is about making a direct, emotional appeal that will get a person to take an action—in this case, pick up the phone and call the real estate salesperson about the property. Ads should contain the most important facts about the property—the price, the location, the number of bedrooms, but the real appeal should be to the emotions.

**Q: So the goal of a property ad is to sell the property?**

**Marsella:** Not exactly; the goal is not to sell that particular house as much as it is to make someone contact you. When prospective buyers call, they may not really know whether or not they are qualified for that particular house. But getting them to call in response to a particular ad gives the real estate salesperson the opportunity to act as a consultant and direct the prospects to houses that meet their needs and price range.

**Q: What sorts of strategies should you use in your newspaper advertising to get that phone to ring?**

**Marsella:** In my advertising seminars, I suggest that real estate professionals always advertise a full complement of properties in all price ranges. You can't afford to advertise every home, but by including a range, you ensure that you get calls appropriate to all your listings. Don't just advertise your top homes.

You also want a mix of homes with different appeals—some people may want a quiet, wooded lot, while others may prefer a modern home near shopping. You need ads that appeal to every taste.

If you have a listing that looks like a particularly good value, be sure and advertise that. It will attract a flock of calls, even from people who could spend more. Once you have prospects on the phone, you can use consultative selling to help them find the properties that best suit them.

**Q: What other advice would you give real estate associates to help them improve their property advertising?**

**Marsella:** Don't make the mistake of mixing property marketing with personal marketing. Both are important, but the goals are very different. A property ad should be directed to the thin market of buyers who are motivated to buy now. Property advertising has the goal of getting this small market segment to pick up the phone and call. But they are not calling you because of your skills or experience; they're calling the person who advertised the property.

Personal marketing, on the other hand, is designed to establish you and your services as a brand. Personal marketing builds name recognition and gains listings, but it doesn't sell properties. Don't waste space in your property marketing ads running pictures of yourself or lots of information about your background. Do that somewhere else.

# BEATING THE ROOKIE WASH-OUT RATE

*by Blanche Evans, reprint from realty times url- realtytimes.com*

When you enter a career in real estate you are armed with little more than desire, hope, a license to sell, and a little course work that is more geared to keeping you and your broker out of arbitration/litigation than helping you make money. You are up against incredible odds - 170 out of every 200 agents fail their first year, and only seven percent of those renew their licenses, according to an Arizona broker, Cec Daniels. Moreover, 76 percent of all agents earn less than \$30,000 per year, says the NAR's latest member survey. Yet, others earn in the six figures or in the millions. So how can you compete?

Here are some tips that will help you soar like an eagle instead of sink like a stone. Be realistic.

You are starting with zero clients and you don't earn any money until you close a client's home for him/her. Even if you start day one with a signed client representation agreement, it will be 30-45 days until your contract closes and you get paid. So, give yourself a more realistic time frame to start building a client base and selling some homes.

## **Don't go into real estate under subsidized.**

Most professionals agree that you will need a fall-back income cushion of at least six months to a year. Real estate pay days are irregular at best and every transaction will have a different commission amount. If you really believe in yourself, you can list your own home, sell some stuff, get a business loan, hit up your relatives, curb your spending, and otherwise tough it out until some commissions start rolling in. I recommend starting with as little debt as possible, even if it means divesting yourself of assets to get started. In other words, don't let a savings account or investment portfolio gather three to nine percent interest if you are forced to buy food on a credit card that charges 18 percent. Sell the stock. You can always jump back into the stock market when it makes financial sense to do so.

## **Prepare to invest in yourself.**

Getting your license to practice real estate is only the beginning. A license only qualifies you to go to work for a broker as an agent in most states, and you will be working without experience. To gain more insight into the real estate transaction, learn as much as you can.

Just as other professionals prepare for their careers with student loans and a college degree, you must expect to pay the same kind of dues to gain background in real estate. Agents can earn credentials from broker's licenses to an assortment of designations that denote to other professionals and the general public that they are experts in the field of real estate. Do you want to earn more? Brokers average 25 percent more income than agents. An N.A.R. affiliate, [The CRS Council](#) suggests that their designees are the top five percent of agents, involved in 25% of the nation's transactions. Set your sights high.

**Prepare to reinvest in yourself.**

Be willing to take and/or pay for additional classes to give you the skills you will need to do business on the Internet and offline. Be prepared to invest in continuing education, a requirement in most states. Special tip: Don't wait until the last minute for continuing education. Look at your local real estate organization's offerings periodically and jump into a course that you need when it is offered. If you wait until just before it is time to renew your license, you'll end up with a course you don't need, and that wastes both your time and money.

**Don't work part time.**

Would you consider becoming a part-time lawyer or accountant? Real estate is a profession of fiduciaries, not of sales. As a fiduciary, you couldn't possibly keep up with the changes in the marketplace or the newest rules, regulations and laws if you worked only part-time. Also, divided loyalties mean divided strengths. This is particularly true when you are attempting to become successful as an independent contractor, a situation in which you are already a lone ranger. It will only be a matter of time before your other job presents a conflict. What if a customer wants to view homes or your broker would like you to work the phones on the weekend and you can't get away because you're scheduled to work at your other job?

If you have a family, you already have a variable that can cut into your sales time. You still have to support your children, not just financially but being present at their ball games and recitals, too.

**Don't expect your broker/manager to be your coach.**

A good broker will have enough of a competitive drive and financial cushion to be able to afford some in-house training, but expecting your broker/manager to coach you to success is unrealistic, particularly if the broker is also an active agent. Some brokers oversee double-digit staffs, and some into the hundreds. Time is not something s/he will have to spare. Save your questions for the really important issues. Ask other agents for advice when you need some.

**Do hire a coach.**

An investment of several hundred dollars a year to get a good coach is well worth the money, and the goods ones will work over the Internet to assist you via email and regularly scheduled phone time. They will also mail you materials as needed. Coaches are easy to find. You can visit the popular real estate sites online such as [Realty Times](#) and [Realtor Magazine Online](#) and see which coaches are writing articles or advertising. Visit their Web sites. E-mail them and tell them what you want to learn, and ask for their pricing schedules. Use all of this data to evaluate their style of communication, so you can learn if this is the right coach for you and your niche.

On [Agent News](#), you'll meet [Joeann Fossland](#), a coach who specializes in daily business organization and time management tips as well managing the psychological side of being an agent. [Dirk Zeller](#) specializes in toughening you in the same way a football or

basketball coach would do, steeling you to "take those shots," and "win the game." In case you are beginning your career as a broker, as you can in some states with the right educational background (college degree, in some cases,) [Patti Brotherton](#) specializes in working with brokers and office managers. [Terri Murphy](#) specializes in e-business. Take advantage of free/low cost resources.

You don't have to pay for all the information you get. Much of it is free on the Internet. Top trainers who are public speakers often write articles and newsletters, such as [Mr. Internet](#), Michael Russer. When you join the N.A.R., you will receive The Realtor Magazine, but even better is its online counterpart, [Realtor Magazine Online](#). And don't forget the only independent real estate news service for agents on the Internet, [Agent News](#).

Visit your favorite bookseller online such as Amazon.com or Dearborn.com, and look up the real estate category. Look for authors such as Terri Murphy and Ken Edwards for quick agent help. But you'll want to know more. Need to learn about mortgages? Try The Common-Sense Mortgage by Peter Miller. Need to know about marketing? You can't beat Real Estate Rainmaker, by Dan Gooder Richard. Want to understand the Internet climate? Read John Tuccillo's Click and Close.

### **Don't expect real estate to be a cure for the past.**

Are you hopping from another job to real estate where you think you might be more successful? Take a good look at your life and try to make a fair assessment of where you are and why. Sometimes things happen to people and they get downsized through no fault of their own. They can also decide that a certain job is no longer satisfying, and choose of their own volition to try something new. Or they are let go because they failed to provide something a company thought it needed.

Whatever your situation, your personal strengths and flaws will come along with you and apply themselves to your new career as an agent. In other words, if you had a problem working for someone else or taking orders, it won't magically be different because you are your own boss now. It's an illusion - there is no such thing as being your own boss. You always answer to someone, whether it is a broker, another agent, or a customer. A new career won't make a divorce or an empty nest easier to bear, either. But what it can do is give you a focus so you can rebuild your life. Many of the nation's top agents, including [Ralph Roberts](#) and Coldwell Banker's top producer, Sheets began their ascents to fame and fortune under the cloud of early personal setbacks.

### **Take it a day at a time.**

You are learning a new career while you are on the job, and there is mountain of information to process, but it doesn't have to be done immediately. Give yourself a break and don't overload yourself. Take it a bite at a time. Cut up your day into easy-to-manage increments so that you can cover some farming, networking, market education, marketing and administrative tasks every day. Keep a balance as much as possible.

## HOW MUCH SHOULD YOU BUDGET TO BRAND YOURSELF?

Your marketing budget depends on your goals, your competition, and your media options but should never be based on how much money you have to spend.

*By Greg Herder*

I am often besieged with questions about how much top agents spend on marketing. Is a certain percentage of income the ideal amount? Can you spend too much or too little?

The answers are straightforward and logical, but they do require you to think. The amount you should be spending on personal marketing is determined by the media cost in your area, the competitive environment, and your personal goals.

### **Determine your marketing mix**

First, you must figure out the media costs in your farm area. Every farm is different—some have a number of great publications that effectively reach that target; others do not have any publications, so you must rely purely on direct mail.

Your marketing plan should expose your name and marketing message to your target three to five times each month. You should also send something to your past clients every three to four weeks. Simply add up the cost of getting your message out using a combination of the media options that are available to you.

### **Differentiate yourself**

Next, you must look at your competitive environment. Look at the core marketing message that you are going to build your campaign upon. Does it make you stand out from the rest of the agents in your area? The stronger your core marketing message and the more passion you have about your point of difference, the less you have to spend in order to get your prospects to pay attention.

Keep in mind, though, that if you take on a dominant, well-established agent head to head, your marketing budget is going to have to be much larger, and it will take longer to be effective. If, on the other hand, you are already well-known in your area for any reason, your marketing will work faster and more effectively.

### **Let your goals lead you**

Finally, look at your personal goals. How much real estate do you want to sell? How fast do you want to grow? How do you want your business to operate?

You can cut your marketing costs if you are willing to pay the price in time to personally cold call and knock on doors. However, most agents hate doing business this way and don't have the discipline to do it consistently. Plus, do-not-call regulations make it more difficult than ever to succeed with cold calling.

Understand that the best thing about investing in personal marketing is that it not only helps you build your business, but it also buys you time. Lots of top agents are willing to invest a greater percentage of their income in order to have more time off and to have their business operate in a way that they enjoy.

### **Tailor your budget to your needs**

Notice that not once in determining your marketing budget did I ask how much money you have to spend. The least effective way to invest in a marketing plan is to say, I have X dollars to spend, how should I spend it? You must start by asking, What do I want to accomplish? Then figure out how much it will cost to meet that objective. If you don't have the money to accomplish your objective, make it smaller or figure out how to get the money.

I see so many agents wasting marketing money because they feel that doing something is better than doing nothing. Remember, in marketing, spending 90% of what it takes to get your message into your prospect's awareness produces nothing.

### **Consider where you want to be, not where you are**

During my 25-year involvement in real estate, I have come up with a rule of thumb that might be helpful. You should set your budget based on what you want to earn, not what you currently make. Your marketing budget should be between 15% and 30% of your gross commission goal for the coming year.

The percentage that you spend is inversely proportional to your income. The more you make, the less you have to spend. If you earn \$1 million a year in commissions, you can get by with spending 15% or even less on marketing. If you are making \$100,000 or less, you must spend 30% so that you grow your business.

### **A real-world business application**

Over the years, I have seen many brand new agents who have started out with a goal to build a real estate business and invested \$20,000 to \$30,000 to jump-start their business through personal marketing. Almost all of them end up earning over 100,000 in commissions their rookie year. Best of all, their businesses keep growing and within three or four years they are the top-producing agents in their areas.

When I tell this to agents, I get one of two responses: anger or excitement. Some agents have even called me names and told me I was hurting the real estate profession. On the other hand, agents with business backgrounds often ask why everyone isn't taught this when they get into real estate—after all, it's the way business works.

### **Take it step by step**

At times agents will ask me, “What do I do if I don’t have the \$20,000 I need to build my business through marketing?” I tell them that if they have no money they must start out cold calling and door knocking because they have no other option. As soon as they can save up some money, they can then launch a marketing campaign. If they have between \$6,000 and \$10,000 to invest, I tell them to create a prospecting brochure and follow my 90-day prospecting plan. This plan uses a personal brochure that is designed to generate 10 or more transactions every 90 days using only a prospecting brochure. As they start making money, they can then move on to a complete marketing campaign.

The reality is that you have to invest enough in marketing to get the job done. I am amazed at how many agents come up and say to me, “Last year I spent a few hundred dollars on note pads, chip clips, magnets, and other things and it generated nothing in return.” If those things ever do pay off for you, think of it like winning the lottery; enjoy it, but don’t count on winning the lottery every year!

Greg Herder, CRB, is cofounder and CEO of Hobbs/Herder Advertising, and is one of the most highly respected figures in North America on the topic of personal marketing in real estate. He has written books, articles, and gives seminars on the subject, and consults with many of the industry’s top agents and companies.

# THE POWER OF BRANDING

*by Allison Fishwick*

According to the National Association of REALTORS®, 76% of people who decide to sell their home with the assistance of a licensed real estate agent interview only one agent for the job. Are you that agent? If not, who is?

What can you do to become that agent everyone looks to first? The answer is simple—eliminate the other options. By branding yourself correctly, you can create the perception in peoples' minds that you are the only option—the only agent—who will sell their homes.

A concept used for many years by corporate America, branding is an invaluable tool that, if used correctly, holds unlimited potential for real estate agents. In fact, you are in a unique position to have success through branding because you are your own product.

Yet many agents—even those who spend more money than most other small businesses on advertising—are missing the boat when it comes to building a business through branding. As a result, the agents who do build a consistent brand are able to take advantage of this market where three-fourths of the population calls only one agent to list their homes.

## SO WHAT IS BRANDING?

Commonly lumped together with marketing, branding is actually a distinct concept that can virtually eliminate the need for traditional costly marketing. While marketing is a quick, active message targeted at selling a product, branding is a slow process, building your image over time. Branding relies on consistency and repetition. It's about building your image in the minds of the public—creating a perception that you are the best, regardless of the market conditions.

A great example of a person who has used both personal branding and marketing is Oprah Winfrey. Over time, Oprah has built a perception in the minds of the public of who she is and what she stands for. That perception, that emotional, innate response to the name Oprah Winfrey is her brand. Her magazine, her television show, her books, etc., are products she markets to the public. She markets her products through commercials, her shows, and other vehicles. The success of her product marketing is based in large part on the strength of her brand. Conversely, her brand continues to be strengthened because her marketing and her products consistently support the promise of her brand.

All real estate agents make money in a strong market. Agents who are perceived as the experts—the leaders—make money regardless of the market conditions. By building your image over time—by branding yourself—you will see that in the long run you will spend less money on marketing but get greater return.

### **Qualities of a successful brand**

When working on a branding strategy, step back to determine if your brand possesses the following qualities:

#### **Unique**

Does it differentiate you from the other agents in your market? Branding yourself as a seller's agent won't cut it—you need to dig a little deeper and find what you do better than anyone else, such as being the "face lift" agent who takes care of any needed repairs and staging.

#### **Attractive**

Does your brand appeal to people? Select a personal attribute or service you provide that consumers can understand and will want.

#### **Memorable**

Whether you use a logo or slogan, make sure consumers can remember it. It doesn't matter how you brand your business if no one knows it.

#### **Achievable**

You want to portray your business in the best light, but don't overpromise with your branding. If you're the "30-minute agent" because you return all calls within half an hour, calling after 50 minutes tarnishes your brand.

—Ward Lowe



## HOW DO YOU BRAND YOURSELF?

Branding requires a commitment. You cannot read this article or a book about branding, pick a slogan, and consider yourself branded. Branding is more than putting your picture on your business card and a park bench and proclaiming you are the number-one salesperson in your market.

Branding is everything you stand for—your promise to your customers.

To successfully brand yourself, you must first evaluate where you are and where you want to go. This is the most important step. As an agent you have to live and breathe your brand every day or it will fail. You have to honestly evaluate yourself and your business. What does your business look like now? How do you want your business to look? What are you willing to do to get there?

After you have determined where you are and where you want to go, it's time to step out of your box and define you as your brand. Did you determine that you really want to focus your business on serving the real estate needs of retirees? Pick a slogan or word that describes the commitment you have to your target. For example, "Providing golden service for the golden years." Then own that brand in everything you say and do. Back up your brand with what you promised: golden service. Use your slogan or brand consistently and repeatedly. Over time, your name will become synonymous with your brand to the extent that your target—retirees and their families, in this example—will think of you first when they want to list their house, regardless of whether you took out a full-page ad in the newspaper proclaiming yourself the number-one agent in the market. Remember, evaluate your business and your path, make a commitment to your brand, and back it up with everything you do every day. Follow these steps and you will be on your way to building your brand and becoming that agent sellers in your market call first to list their home.

Allison Fishwick ([AllisonFishwick.com](http://AllisonFishwick.com)) is a professional speaker and coach who specializes in coaching real estate agents to properly brand themselves. Drawing on her personal experiences as a real estate agent, Allison practices what she preaches, combining the best attributes of a professional speaker and coach with the authenticity of an agent who has been "in the trenches."

# BRANDING YOURSELF 101.

Marketing experts tell you to brand yourself and your business, but do you really know what they're talking about?

## **1. Create A Visual.**

Branding your organization means that you create a visual, cultural, and even emotional image of your business and its services. Marketing devices like logos, slogans, and ads represent only a fraction of that image. Your brand encompasses everything about you and your business.

## **2. Numbers Not Meaningful.**

What does it tell consumers if you market yourself as the “number one agent in Podunk City” or a “million-dollar producer”? It tells them that you think you're pretty great, but it doesn't give them a reason to hire you as their representative. Pick something about your business that you want people to remember—something that makes you different from other agents in your area, something that you do better than everyone else. Use that unique aspect of your business to create your brand.

## **3. It's The Consumers Perception.**

Your brand is about how people perceive you. If you position yourself as the guy who sells downtown lofts, everything about you and your business must say, “You should call me to sell your loft, because I'm Mr. Downtown.” Can you really sell downtown lofts better than everyone else in town? Maybe, maybe not. However, the goal is to brand yourself in such a way that people think that and will call your first. Consumers are buying you, and building a brand involves making them loyal to you.

## **4. You Need Consistent Branding.**

Always be consistent with your branding message. If you want people to perceive you as the downtown expert, don't put a ranch road address on your business card. Locate your office downtown and dress like an urban professional.

## **5. A new Ending Process.**

Building a brand is a never-ending process that takes constant reinforcement. Figure out what your target customers really care about and position everything about your business to attract them. Advertising, marketing, relationships with clients, customer service—it all contributes to your brand.

# BRAND ADVANTAGE CAMPAIGN IN YOUR MARKET

Grow your business with a consistent marketing campaign that underscores your differentiation and advantages over other agents.

Do you think of yourself as a brand? Most sales people don't, but in real estate you have more power over branding than you might realize. Eighty-five percent of brand decisions are made face-to-face between the sales agent and the client. It is your job to position the company's points of differentiation, you, as the salesperson, will ultimately close the deal.

Real estate salespeople are often viewed as commodities. They all do the same thing—represent buyers and sellers, landlords and tenants. How do you set yourself apart from the swarms of other real estate agents in the marketplace? I recommend a four-step process based on a strategy model called VRIO by Jay Barney of The Ohio State University.

To have a brand advantage in your market, you must differentiate yourself by doing four things:

- 1 Define your **Value**. Specifically, you need to define your value to the client or prospect. What do you offer that makes your services valuable?
- 2 Define your **Rarity**. The attributes that make you valuable must also be rare. In other words, other salespeople must not have this quality. For example, many salespeople say they are valuable because they put the customer first. A valuable service indeed, but since everyone else is saying that and every client expects it, it's not enough to differentiate you. If you can get more specific about your value, it will be harder for others to imitate.

For example, a residential broker in New York City is open 24 hours a day. This can be a great value for clients who just don't have time during the day to handle their real estate transactions.

- 3 **Be Inimitable**. If you have something to offer that is rare, make sure it is also difficult for your competitors to imitate. After all, if someone imitates your point of differentiation, you are no longer rare. For example, if a salesperson has a proprietary selling method that will take a home from list to close in 30 days, that's valuable and rare, and something that may be difficult or impossible for the competition to claim or imitate.
- 4 Leverage your differentiator throughout your **Organization**. In other words, remind people regularly about the value you bring to the table. In the previous example, a salesperson may create a tag line "List to close in 30 days" and have this line included in all marketing materials, brochures, e-mail messages, and other communications. Your audience should be so familiar with your differentiator they will always associate it with you. Just like people associate

Nike with Just do it or Campbell's with Soup is good food. If you focus on one point of differentiation, people will remember you.

**Points of differentiation I have seen being used by real estate agents include:**

- One-stop shopping services-representing buyers and sellers, financing, staging the home to prepare for sale, and moving services.
- Using a different business model that makes properties sell faster and for a higher price.
- Using a proprietary inventory system that enables buyers to see more properties in a shorter period of time.
- Having the highest market share in their area.

I have seen agents significantly increase their income and get higher fees when they were able to show a point of differentiation.

One of the best definitions I've heard of branding is, "what people say about you when you're not around". Isn't that when people really get honest? What do your clients and prospects say about you in comparison to your competitors? Can they define what it is that makes you different and valuable to them? Your clients may know your differentiator better than you do.

**It's a great idea to survey your clients and ask questions like:**

- What other broker did you consider? (Shows your competition.)
- Why did you end up choosing me? (Shows point of differentiation.)
- What do other salespeople offer that I don't? (Shows competitor's point of differentiation.)

If you continue to revisit your differentiator using the VRIO model, you will have a sustainable competitive advantage in your market place. Market yourself as if you were marketing your best listing. Set yourself—not just your properties—apart from the competition. Be specific and consistent and you will continue to brand and expand.

# PROPERTY ADVERTISING TECHNIQUES

## Advertising in Print

*Source: Realtor Magazine*

Print—especially newspapers and home magazines—remains the mainstay of property marketing.

### 10 Tips for Terrific Newspaper Ads

1. Start with a strong opening statement about the home.
2. Mention the key one or two benefits that will attract buyers' attention and spark their interest in the first 10 words of the ad.
3. Include the salient facts about the property, such as the number of bedrooms and bathrooms and the asking price.
4. Include your name, your telephone number, your e-mail address, and your Web site.
5. Use words that appeal to the emotions and senses (e.g., feel, see, enjoy).
6. Avoid abbreviations and real estate jargon that the average consumer won't understand.
7. Be accurate. Prospective buyers are bound to feel disappointed or manipulated if the home doesn't match your description.
8. Focus on the home's strongest selling points, instead of packing your ad with too many details.
9. Close with a statement encouraging the prospect to contact you (e.g., "Call today.").
10. Keep a notebook of attractive home descriptions from remodeling magazines and other property ads so you'll have a ready reference for writing your own blurbs.

## Consider these factors in making your media-buying decisions.

- Reach means conveying your message to as many prospects as possible in your market area. For the best reach, use several media.
- Frequency means the number of times your message is delivered in a particular time period. Frequency should be emphasized for building name recognition or promoting a quick sale. Emphasizing frequency usually means using fewer media more often.
- Continuity indicates how long a particular promotional effort will run. Emphasizing continuity usually means using fewer, tested media for a long period.

## Display Ads That Pop

Keep these ideas in mind when writing and designing a display ad.

- Most people read ads from the upper left to the lower right. Put your headline and photo near the top.
- One large house photo is more effective than several small ones.
- Don't use more than two typefaces in an ad; avoid very decorative faces as they are often hard to read, especially in smaller sizes.
- Short words are more powerful than long words; short sentences are more powerful than long sentences.
- White space around a headline or main point draws the reader's attention. Don't fill every bit of space in your ad.
- Always include contact information and the company logo.

Adapted from [Power Real Estate Advertising](#), by *William Pivar and Bradley Pivar*, Real Estate Education Co.

**TIP:** 80 percent of the value of your ad is in the headline, says Ian L. Price, author of *How to Get Supergreat Results from Your Real Estate Advertising*.

**TIP:** You can still mention two or three properties in one display even if you don't have room for several photos. All properties will benefit from the pull of the photo.

## Questions to Ask Yourself about Your Ad

- Does the visual take advantage of a demonstrable benefit of the property?
- Does the headline involve the reader emotionally?
- Does the headline work with the visual?
- Does the copy persuade the reader with facts, not puffery?
- Does the copy close with a call to action?

## Top 10 Things Buyers Want to Know About Real Estate

- 1 Location and neighborhood
- 2 Price or price range
- 3 Picture of the house
- 4 Layout of the house
- 5 Total number of rooms
- 6 Number of bedrooms and bathrooms
- 7 Size of lot and square footage of house
- 8 Details about the community
- 9 Amenities and features
- 10 Phone number for more information

*Source: Newspaper Association of America's 2001 Newspaper Advertising Planbook*

**TIP:** The NAA suggests that you keep contact information simple to make it easy for prospects to reach you. Three or four different phone numbers will only confuse most people.

## MARKETING MEDIA TO CONSIDER

In *Real Estate Advertising Made Easy*, author Mary Ellen Randall divides property marketing into advertising, promotion, and personal selling.

### Advertising

- 1 **Yard signs and key boxes.** Post signs within 24 hours of acquiring the listing, especially if the property is located on a street with good traffic.  
  
**TIP:** Use no more than five large words on a sign. You have only four to seven seconds to get your message across as drivers drive by.
- 2 **Classified advertising.** Classified ads are a way to attract and partially pre-qualify buyers. A study by the Newspaper Advertising Bureau found that 57 percent of newspaper readers read the classifieds last year.
- 3 **Display advertising.** Home book display ads offer the chance to show a visual of the house and are a great way to reach out-of-town buyers.
- 4 **Radio-TV promotions.** Mostly used for institutional advertising, cable television shows focusing on real estate or a series of short radio spots may be appropriate for high-end homes or multiple homes in a new development.

### Keep It Ethical

Be certain to present a true picture of the property in advertising and in presentations to the public. Link to [Article 12](#).

### Promotions

- **Marketing brochure/flyer.** Depending upon the price of the house and the market, a flyer may be a slick brochure or a simple, pre-formatted sheet. If possible, always use color photos, even if the source is a laser printer. The brochure can be used for direct mail, left at local businesses and in your office, and handed out at open houses.
- **TIP:** The cost per item of printing 2,000 brochures at one time is less than the cost of printing two groups of 1,000 brochures each. Take advantage of these marginal savings if you can. But be sure you have a specific use in mind for the extra 1,000 brochures, or you're wasting your money.
- **Property information sheet(s).** These summaries highlight key information—address, age of property, size of house and lot, number of bedrooms and baths, property taxes (and assessments as applicable), and terms of sale.

## Keep It Ethical

Although you aren't obligated to detect all latent defects or to advise on matters outside your professional expertise, be certain to avoid the misrepresentation or concealment of pertinent facts.

- **TIP:** Add a “unique features” section to your property information sheet to highlight special or especially desirable features of a home. —Barb Schwarz in [How to List and Sell Residential Real Estate Successfully](#).
- **Web site listing.** Post new listing on your own or your company's site within 48 hours of taking the listing.
- **MLS listing.** Salespeople are your best resource to sell property, so give your MLS copy some pizzazz. Also consider buying a supplemental listing in your MLS book or the MLS Web site.
- **Broker-salesperson letter-mailing.** Getting the word out to fellow salespeople in your market is essential. Use e-mail if you have it available. Include your Web site link if the property is posted on your site.
- **TIP:** Build rapport with other salespeople by offering prizes to those who sell your listings. For example, offer a free dinner certificate to any salesperson who shows and sells one of your listings in the next month. Up the prize if the house has been on the market for more than 60 days.

## Personal Selling

- **Public open houses.** Be sure that the house is in great condition before you plan an open house. If traffic is sparse in the area, try to coordinate your open house as part of a caravan or hold it in conjunction with nearby houses. Arrange to have flyers for all the nearby listings from your company available at each home.
- **Company tour.** Arrange to have your company's salespeople tour the house within the first week of listing to increase the chances that your company will sell the listing.
- **Broker open house.** Hold a series of broker open houses within the first few weeks that the property is ready for sale.
- **TIP:** One week before the broker open houses, make personal phone calls to 10 to 15 top producers in your market, re-inviting them to attend. If any of this top group is unable to come on the designated day, offer to arrange a special showing.

- Greet each salesperson personally, and conduct them on a tour through the home, pointing out features as you would to a buyer.
- Ask salespeople if they can think of any recent clients who might be good candidates for the house. Don't accept "no" too rapidly; sometimes salespeople just need to be pushed to think in terms of whom your house would work for.
- Don't stop at one broker open house, says author Barb Schwarz. She recommends holding one a week for the first three weeks the property is on the market. Her own personal record was 17 open houses.

## WHERE HOMEBUYERS REALLY LOOK TO BUY

Real estate professional	86%
Yard sign	69
Internet	65
Newspaper ad	49
Open house	48
Builder	37
Home book or magazine	35
Television	22
Relocation company	14

From *The 2003 NATIONAL ASSOCIATION OF REALTORS*®

## TIPS FOR DIRECT MAIL MARKETING

1. **Be Consistent.** Studies show that on average it takes six to seven times for your message to make an impact on a client. Regular monthly or quarterly mailings to clients and prospects can increase repeat or referral business. You never know when someone is ready for your services, so keeping your contact information consistently visible is key.
2. **Send Useful Information.** Send postcards, brochures or magnets that provide practical and valuable information. For example, send **Home Keeper Magnets** featuring baking substitutions or helpful ways to remove stains, or **Landscape Tips Postcards** for each respective season. Sending valuable information increases the likelihood that they will keep it around, in turn keeping your contact information around as well.
3. **Offer An Incentive.** Most people love discounts or free offers. Extend a free consultation or financial evaluation at no obligation. Offer a free **Educational Brochure** about a popular topic relating to your client. Offering a simple incentive will often increase your response rate.
4. **Make It Memorable.** Stand out from the crowd with what you choose to mail. Send a colorful eye-catching postcard that will grab their attention and make them want to read it. You can send an **Inspirational Postcard** with an uplifting quote, or a **Humorous Postcard** with a silly image and funny catch phrase. Getting them to read it is half the battle.
5. **Don't Forget To Prospect.** While it is important to retain your current clients, it is also vital to prospect new clients and potential professional partners. Start prospecting niche markets for new clients. For example; first time homebuyers such as newlyweds or renters, the reverse mortgage community or credit challenged audience.

Keep in mind that professional partnerships have the potential to increase business for both sides.

While the above tips may seem very basic, it is often important to get *back* to the basics. There are many advertising choices out there, but no matter what avenue you choose, direct mail still has an impact in this day and age... tap into your market and watch your business grow!

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# FACTS DON'T SELL—EMOTION DOES

Consumers purchase logically, but buy EMOTIONALLY.

“I only bought the car for transport” (The fact that it is a low slung red sporty job has nothing to do with it?? – ego, image, prestige – all emotional).

Making buying decisions emotionally is instinctive and the professional advertising people long ago realized if you tap into what is instinctive, your ad is half way there already.

That is why the products we buy everyday, cornflakes to carpets to cars, are advertised to us EMOTIONALLY.

Is buying a home an emotional process? Of course, YES! Buying a home is one of our most EMOTIONAL purchases.

So, it stands to reason your ads MUST appeal to your prospects' EMOTIONS – otherwise you stand the risk of ignoring the fundamental motivational factor for all purchasing decisions.

However, when you look at most Real Estate ads, would you agree they are nothing more than an inventory of features? **It's time to make a change for the better!**

## HERE IS HOW TO PUT EMOTION IN YOUR ADS?

Remember that people don't actually buy products – THEY BUY A PICTURE OF WHAT THAT PRODUCT IS GOING TO DO FOR THEM - A PICTURE OF THEMSELVES INJOYING IT. So, put them in the picture!

THE SECRET Don't tell them – WHAT IT IS rather, tell them WHAT IT DOES – FOR THEM! For example: “FULLY FENCED” that is merely telling the prospect what it is, by listing a feature. Consider this: “SAFE FOR CHILDREN AND PETS” This fully fenced home will give you peace of mind knowing that.... Now, you are telling them WHAT IT DOES – FOR THEM. **Highly emotional and very strong.**

For example:

HAMMOCK SWAYING, GOOD BOOK/COLD DRINK – paints an emotional picture of relaxation, peace and quiet, de-stressing – as well as trees, shade, birds and possible privacy.

“CROQUET, DAD?” Paints an emotional picture of family togetherness, caring, sharing, love and fun, as well as saying the back yard is BIG enough and FLAT enough without wasting words to describe or measure it.

## **The next vital issue is:**

### **Consider your Target Audience**

Another of the secrets of great advertising is to be very specific in targeting your market. If you are aiming at first home buyers, talk to them only, about the things that interest them (emotionally) – **NOT** “first home buyers or investors”, lumped in together. This tends to sound like “poor people or rich people” and it is virtually impossible to create one-on-one empathy when talking to two or more different markets in the same ad.

Do you know what percentage of sales in your area are family buyers, couples, first home buyers, professional people, home business owners or investors? There are buyer profiles available to help you ascertain what market you should be aiming your ad to – don’t write multi-purpose ads – be targeted, be specific. To illustrate this, I’ll show you a successful ad for the following home (**previous ads run had brought no response at all**). This ad sold the home. The phone rang for weeks after and more homes were sold from it – A TOTAL SUCCESS!

### AFFORDABLE AMERICAN DREAM

The dream of owning your own home. A home with a quiet street with only four houses including yours. Your house being quality brick and tile with 3 big bedrooms, all with built-in closets. Wood floors with modern carpets in the bedrooms and living area. Plus walls and ceiling freshly painted. How affordable? \$129,000 negotiable. (Agent name and contact info)

### This ad illustrates the points made so far:

- 1 This ad was very specifically targeted to first home buyers (without labeling them), relative to the buyer profile in the area.
- 2 It is appealing to the EMOTIONS –one of the strongest – the desire to own our own home.
- 3 It is definitely a one-on-one communication – you can read it as if the ad was written for you alone (try it and see!).

Finally, it is a very positive as well as warm ad – you almost feel like you own the home already, whilst you’re reading the ad – do you get that feeling?

### To Summarise:

Two elements VITAL to the success of all advertising:

- 1 EMOTION
- 2 SPECIFIC TARGETING MARKETING

### Examples of more benefit emotion

- 1930s design and charm with hardwood floors, fireplace, breakfast nook and formal dining room with built-ins. It's a pleasure to come home to this 4-bedroom, 3-bath haven located on a 1-acre wooded lot just outside the city limits. Large master suite has bay window overlooking rock/rose garden. Call John Bennett at 000-000-0000 to set up a time to view this jewel. Surprisingly affordable at \$172,000.
- The much sought-after Forest Views subdivision has a 3-bedroom, 2-bath ranch home available for purchase. Kitchen recently remodeled with all-oak cabinetry and granite countertops. The two-car, attached garage, privacy fence and wood deck with hot tub are just a few of the special touches included with this 2,600 square foot beauty. The tree-covered one-acre lot provides plenty of colorful splendor in the fall. Call Stephanie at 000-000-0000 to set up a time to see this one-of-a-kind home offered at \$198,000.
- This 3-bedroom, 2-bath tri-level has over 2,000 square feet of living space. 9-foot-high ceilings with crown molding add elegance to this custom-built home on a 2-acre professionally landscaped lot just 10 minutes from downtown. All appliances and many hand-crafted light fixtures are included in the \$210,000 price. Call Pierre at 000-000-0000 to learn more about the savings offered by motivated seller.
- 2,600 square feet of high-quality townhome construction lovingly maintained. 2-bedroom, 2-bath unit with gas log fireplaces in master suite and great room. Formal dining area with pass-through from modern kitchen. Bay window overlooks well-manicured lawn and sliding doors lead to backyard patio. Once you see this affordable offer, you'll want to call it home. Donna 000-000-0000. \$170,000.
- It's not just the 3 bedrooms, each with a walk-in closet. It's not just the 1,200 additional square feet of the basement. Three levels of this glorious townhome stack up to give you room to breath and room to grow. With a combined square footage of 3,600, this 2.5-bath home makes it easy to entertain friends and family. There's always room fro company! Call Darryl at 000-000-0000. \$210,000.
- When is a townhome better than new? When it has been lovingly maintained by a skilled craftsman. All-wood, built-in bookshelves and storage cabinets make this home both beautiful and functional. Two-car garage and large, landscaped lot are included in the \$200,000 price tag. Call Sharon at 000-000-0000. You have to see this home to believe it!
- Enjoy 2,400 square feet of one-level living in this 3-bedroom, 2-bath home on a heavily wooded corner lot. The eat-in kitchen has an abundance of cabinet space. Refrigerator, stove and dishwasher are still under warranty. Cathedral-ceilinged great room with stone fireplace is perfect for entertaining guests. Master bath

contains spa tub and shower. Call Aaron today for more details. 000-000-0000. \$180,000.

- Are you looking for room to spread out? The price on this spacious 2,800 square foot all-brick ranch has just been reduced for quick sale. With 5 bedrooms and 2.5 baths, this generous floor plan can be easily adapted to fit your needs. New kitchen appliances, all-wood cabinets and updated lighting fixtures are just a few of the amenities in this homeowner's dream. Call Rita at 000-000-0000 to schedule an appointment today. \$225,000.
- Whether it is the versatility of the three-car attached garage, the possibilities of the 2-acre lot or the functional floor plan, you'll love the special touches throughout this newly constructed ranch home. Spacious walk-in closets are standard in each of the 3 bedrooms and both bathrooms are equipped with spa tubs, showers and high-quality tile floors. Backyard wood deck accessible through French doors. To find out more, call Helen at 000-000-0000. \$250,000.

## HEADLINE AND AD COPY TIPS

**Stuck for something to say? Try these ad headlines and teasers.**

**New listing:** Be First; Premier Offering; Ready for Inspection; It Only Takes One; Sneak Preview.

**Open house:** Opening Night; Come on Down; Be Our Guest; Open for Admiration; Come and Compare; See You At (time); You Missed a Great Open House (for second open house).

**Starter home:** Buyer-Friendly; A Great First Home; Beauty, Warmth, and Value; Take the Plunge.

**Luxury home:** If You're Choosy; It Doesn't Get Any Better; Perfection Plus; A Special Place; Designer's Dream.

**Any home:** One Look Will Do; Make the Discovery; Something Special; Set for Living; A Classic; Is Quality Important?

**Renovation:** Just a Little Imagination; A Little Loving Care; Do a Little, Save a Lot; Like Challenges?; A Great Opportunity.

**Humor/Catchy:** Want to Know a Secret?; Finder's Keepers; Sick of Looking?

**Architecture:** Touched by Tradition; Historic Charm; Vintage; Built to Last; Sleek and Modern; Very Now; Highlight the [architectural style](#) of the home.

**Amenities:** Shaded patio; Room for a grand piano; Perfect for family gatherings; Everything a cook could want; Private sanctuary.

**Great adjectives:** Gracious; open; sunny; efficient; cozy; warm; roomy; convenient; relaxing; stately; spacious; polished; rustic; worry-free; tranquil; snug; stunning; affordable.

*Source: Realtor Magazine*

## COMPOSING EFFECTIVE COPY

Whether you're creating a property flier, a classified ad, or an e-mail to a potential client, how you lay out your information in writing can matter as much as the information itself. You don't have to be a wonderful writer to compose effective communications. You do, however, need to pay attention to a few elements of your prose.

Lose the lingo. If you've ever tried to read a physics text book, you may have some idea how your ads look to many readers. You can assume that anyone trolling the classifieds knows that a 3/2 means three bedrooms and two bathrooms. But what's a 3/2/2? Two-car garage? Two living rooms? And watch your abbreviations. BR? Bedroom. BA? Bathroom. DWD? Um . . . .

Add some emotion. Any communication promoting a listing should do more than list the number of bedrooms and bathrooms. Appeal to the reader's heart. Play off the property's style, view, or other unique feature to create an image in the buyer's mind: Enjoy Hill Country sunsets from your spacious, covered patio. An easy way to do this is to ask the current owner what he enjoys most about his property. Chances are the same features that the seller will miss about the listing will attract a buyer.

Check your adjectives. Paint a picture when writing about a property, but don't oversell it. Is it really a charmer with gorgeous touches and spectacular views, or is it just a well-kept home that doesn't overlook a freeway? Avoid embellishing the facts.

Link to it. Few people enjoy reading long ads or e-mails. If you've filled your allotted space in an ad or on a listing flier but want to provide more information, don't use a smaller font or abbreviate every third word. Include a URL that brings visitors to a page on your Web site that lists the full specs of a listing as well as interior and exterior photos. The same strategy works for e-mail messages. Provide a sentence or two that conveys your message and add a link if the reader wants more information on a topic.

It only takes a second. When you're done writing something, go back and read it. Automatic grammar and spelling checkers in e-mail and word-processing programs are great, and you should use them. However, they don't catch everything. If taking this extra step sounds ridiculous—But I write e-mails from my Blackberry. People today don't care about spelling and grammar—then feel free to look unprofessional and unconcerned with details.

# WHAT MAKES YOUR MARKETING WORK?

**It's not as big a mystery  
as most people believe.**

*by Greg Herder*

Looking back over what I've learned about successful real estate marketing the last 20-plus years, I realized there are a few key things every successful marketing campaign we have ever done has in common—whether for an agent, a single office, a large company, or even our own marketing. And here's some insight about successful marketing that will surprise many in the real estate industry: You don't have to crack some mysterious code or be the beneficiary of rare luck. You merely have to apply sound, proven strategies.

## **Celebrate your individuality**

The first common element in all our successful campaigns—and I believe the most important—is that each one focused on a point of real differentiation that was consistent with the agent's (or firm's) personal core values. The funny thing is that clients tend to fight this more than anything else. They tell us they don't want to limit themselves. Yet all the marketing books, research, and our years of experience show that if you don't have this element, your chances for a successful campaign are significantly reduced. The hardest part of identifying core values is looking inside yourself. You must figure out who you are and clarify what you stand for, personally and professionally. Based on what you find, you then have to make some gut-wrenching decisions and recognize trade-offs that most people simply prefer not to make.

## **Carve your niche**

I remember when we started Hobbs/Herder Advertising how difficult it was to limit ourselves to working in the real estate industry. Looking back, I realize it was one of the biggest keys to our success. I know that you will succeed faster by starting with a highly focused, differentiating message that establishes your position in the minds of your clients, and then expanding from there, rather than trying to start with a broad, general appeal.

## **Facts don't sell**

The next common element is that every successful campaign must touch the prospects at an emotional level. This is another thing that some clients struggle with. They tell us they want to highlight facts. They believe that a logical argument supported by facts will win over an emotional appeal every time. No matter how logically we present the evidence that emotions sell and facts do not, they are emotionally committed to being logical. Now don't get me wrong—I believe that every great marketing campaign has just enough facts so that a consumer can justify an emotional decision. This was one of the hardest lessons for me personally to learn and finally embrace.

In the early days of our company, I even wrote some ads that made a logical case about why Hobbs/Herder Advertising was worth the investment. These ads talked about the quality of our professional writing and design staff, the training we gave them and how our systems worked to ensure that they would get a campaign that worked. The problem is that I could never get the ads to emotionally resonate with anyone. Finally, I came to realize that the ads were really a reflection of my personal beliefs about the quality of work we did and the value we provided our clients. It was information that was important for me to believe in, to keep me true to my beliefs and values, but would have been a total disaster as a marketing campaign.

### Look at the big picture

Another common element for all our successful campaigns is that they are truly campaigns, not just one ad or one brochure or one piece of direct mail. Over the years, I have been constantly asked, "If you can only afford one thing to get started, what should it be?" The answer is that when you start with a business plan and a basic arsenal of marketing materials, including your personal brochure, logo, ads, direct mail, Web site, and informational reports, I'd say your chances for success are almost 100%. We have found that if you start with only one piece, your chances for success are only 5% - 10%. In fact, I cringe every time one of our clients gets great response from his first few marketing pieces, because he starts telling others it works instantly! Every now and then it does, but consistent success comes from a complete campaign.

### Stick with it

The final common element of all successful campaigns is consistency of your message over time. The reality is that it takes time for a marketing campaign to take root and grow. I tell agents the key to success is to develop and follow a one-year marketing plan that puts a differentiated, personal marketing message in front of consumers three to five times per month in a variety of media. It works most of the time. In fact, after 20 years of creating exciting marketing campaigns for real estate professionals, I know that on the rare occasions that it does not work, it's not a failure of marketing. It's a failure of the agent's basic competence as a salesperson.

The good news is that most agents who are willing to invest the time, the money, and the effort in a top-quality marketing campaign have good sales and service skills that enable them to capitalize on the business their marketing campaign creates for them.

I am often asked, "Is this hard to do?" The answer I give is both yes and no. The process is really not hard. The steps to take are clear. Many agents have done it in the past and are doing it right now. The hard part is mental. Making the tough choices about how to differentiate yourself, investing money that you cannot afford to lose, and then waiting for it to take root and grow during that critical first year of launching your marketing

campaign—these are the hard parts. This is where most agents simply fail to act, because in reality, it is easier to do nothing and simply hope that it will work out.

Greg Herder, CRB, is cofounder and CEO of Hobbs/Herder Advertising and is one of the most highly respected figures in North America on the topic of personal marketing in real estate. He has written books, articles, and seminars on the subject and consults with many of the industry's top agents and companies. For more information feel free to contact him.

## 29 LOW COST MARKETING IDEAS

**Keeping in touch with your clients and staying visible in your community doesn't have to cost you a bundle. Take a look at some creative, inexpensive and even free ways you can keep your business growing.**

- 1 Send a Digital Newsletter each month packed with useful articles and tips for your clients. (\$35 per month to an unlimited number of clients)  
<http://www.intouchtoday.com/mortgage/digitalnewsletter.htm>. Or write your own for free!
- 2 Call your clients. Choose three people each day and call them just to say hello.
- 3 Email a piece of trivia to your database each month, and award the first person to respond with the correct answer, with a \$25 gift card to a restaurant.
- 4 Hand out free balloons in, or outside your office. Make sure your business card is attached!
- 5 Partner up and cut your marketing costs in half. Choose your favorite professional referral source and send out a postcard together.
- 6 Host a neighborhood picnic/potluck. Invite your neighborhood either over to your house or to a neighborhood park. Provide soda, water and some snacks. Tell them to invite a friend too!
- 7 Conduct a survey of your clients. Ask them what they most need right now, what their biggest fears are, etc. Follow up with each based upon the results-you never know who may need your expertise.
- 8 Email a motivational or inspirational quote of the day to your clients.
- 9 Choose one person per day from your database and send a hand written note card simply saying "hi".
- 10 Start a blog. Write about personal and business related topics. Send an email reminder to your clients each week reminding them to read it.
- 11 Write a "tip sheet" relating to your industry and email it to your clients.
- 12 Host a free educational seminar and invite your favorite professional referral source to present with you.
- 13 Contribute an article relating to your industry to your local publications. Become the "local expert".

- 14 Choose five people per week from your database (starting with your top tier) and send them a \$5.00 Starbucks gift card and a handwritten note to see how they are doing. They may call you and invite you to have coffee with them and talk about their current needs.
- 15 Contact all Alumni associations of schools you have attended and tell them about your services or new company developments.
- 16 Write a personal email just checking in and send it to ALL of your clients.
- 17 Offer free “Lunch and Learns” to local businesses to talk about your industry, products and how you can help them.
- 18 Contact local business owners and create a “discount package”. You can send this to your database as well as the client list of the business which you partnered up with.
- 19 Check with local schools (elementary, middle and high school) and see if you can contribute an article or offer a discount in the newsletter that is sent to parents.
- 20 Sponsor a charitable event in your area and invite your database to participate with you for a good cause.
- 21 Post a well written and benefit driven ad and offer a discount for your services on Craig’s List. [www.craigslist.com](http://www.craigslist.com)
- 22 When you find any statistics or fun facts about your industry, save them and compile a list and email it to your clients each week.
- 23 Ask local businesses if you can place your business cards or brochure in their offices for their clients to take.
- 24 Keep a vase full of carnations or inexpensive flowers in your office with your business card attached to each one. Make sure everyone (even the delivery personnel) take one with them when they leave.
- 25 Sponsor a local high school sports team and get an ad in the team program.
- 26 Sponsor a float in a city or town parade.
- 27 Get car magnets printed and sport it proudly on your car. You can even ask that your office mates do the same.
- 28 Go to your local bookstore with a stack of business cards and place them inside of books that relate to your industry. Even better, write a personal message on the back of your card-“hope to hear from you soon.”

29 Celebrate a season in your neighborhood. For example: plant mini flags in neighborhood yards (with business card attached) in July or place mini-pumkins on doorsteps (again, with business card) in October.

Information provided by marketing vendor in touch today [www.intouchtoday.com](http://www.intouchtoday.com)

# NO COST MARKETING IDEAS

There's an old saying, "If you build a better mousetrap, the world will beat a path to your door." That's just not true anymore. There are plenty of wonderful mousetraps out there that no one will ever buy because nobody knows they exist.

You don't have to mount some expensive marketing campaign to get the word out. The truth is there are plenty of ways to market that mousetrap even if the only thing in your pocket is lint.

## 1. Free Publicity

A reporter shares secrets to getting covered on the news.

Do you have a great idea for a story, but no clue how to get it in the news? Are you tired of pitching press releases the news media simply ignore?

After 20 years of beating the street as a TV reporter, I have a scoop for you: The media need good stories. But most stories are pitched so poorly, they are lost in the blizzard of faxes that blanket every newsroom. So, here are five secrets to increase your chances of getting covered that even some PR pros don't know.

### Be unusual

The old adage about "man bites dog" still holds true. The news doesn't cover what's normal. We cover the abnormal. So as you are shaping your story, think of some type of twist.

PR whiz Carolyn Alvey knew this when trying to raise money for a charity several years ago. Instead of holding a garage sale, she sent out a press release announcing a celebrity garage sale. Items like Bob Hope's old golf clubs and Roger Staubach's long-neglected neckties were for sale. By making an ordinary garage sale extraordinary, the media was instantly sold on the story.

### Be visual

Reporters tell stories with pictures. If the pictures aren't there, chances are the reporters won't be either.

Even the most non-visual story can be made visual if you're creative. A dog biscuit business? Boring. A dog birthday party complete with doggie guests and party hats? Now you're barking up the right tree.

That's what Michelle Lamont did to boost her dog biscuit bakery. She began baking huge

dog biscuit birthday cakes and inviting the media to cover the parties. She's had reporters hounding her for stories ever since.

### **Choose the right reporter**

Perhaps the most common mistake even some PR pros make is trying to sell a good story to the wrong person. Most reporters have a specialty, like real estate or business.

So, seek out the reporter who will have the most to benefit from your story. Start studying the news. Before you call a TV station or try to pitch the paper, become familiar with a reporter's work. Don't try to sell a financial story to a reporter who covers entertainment.

### **Write like a reporter**

If I were going to send a press release to a reporter, I'd write the kind of headline that a newspaper would run. And I'd make the rest of the release so conversational that a TV anchor could read it right on the air.

**Why is this so important?** A major-market newsroom gets hundreds of press releases every day. Often the decision on whether to cover your story is made in a matter of seconds. Many times that well-crafted sentence in the third paragraph of your press release is never read.

### **Wait for a slow news day**

The holidays are the slowest news times of the year. When government offices are closed, so are most of our sources. Take advantage of it.

In fact, take out your calendar and begin circling government holidays. If the government isn't making news, we reporters are scrambling to find something to cover. Pitch even an average story on a day when reporters are starving for news, and you're much more likely to get coverage.

There you go. Now you're armed with knowledge that even some well-paid public relations professionals don't practice. If your idea is unique, visual, and pitched to the right person when the supply of news is running thin, you're in!

## **2. Public Speaking**

Every service club and Chamber of Commerce on the planet needs speakers. In fact, most Lions, Rotary and Kiwanis clubs need 52 speakers a year. It's an audition for dozens of new customers and yet many clubs struggle to find a speaker each week.

Even if you don't think you're a gifted speaker, most people will do just fine if they're talking about something they're passionate about. Come up with a 15-minute talk about "Giving Great Customer Service" or "How to Make a Home Sell Faster" and tell your story. Talk about what you do to make sure the "Sold" sign goes up in a matter of weeks

rather than months or what you do to thrill your customers so much that they end up becoming your biggest word-of-mouth marketers.

Jeff Crilley is an Emmy Award-winning reporter and author of *Free Publicity—A TV Reporter Shares the Secrets of Getting Covered on the News*. Visit [JeffCrilley.com](http://JeffCrilley.com) for more information.

### **3. Email Newsletters**

If you aren't collecting email addresses and keeping in touch with your customers, you're leaving money on the table. No longer do you have to lick stamps to send out a newsletter. These online newsletters known as "ezines" cost nothing to send. But be careful not to become just another piece of spam.

Send your customers a weekly or monthly email with a valuable tip that will make their life easier. Don't create a long boring newsletter. People won't read it. A brief business tip or life lesson is all you need. It's just a nice way of keeping in touch so that if someone happens to need a new mousetrap or knows of someone else who does; your mousetraps are top of mind. And if your information is valuable, your old customers will help you find new ones by forwarding your email. Many people have created email lists of tens of thousands of names reaching more readers than many newspapers.

Those are just three simple ways you can jumpstart your marketing efforts without spending a dime. Just try one idea. What do you have to lose other than perhaps your anonymity? And if you're marketing that mousetrap effectively, you'll find a long line of customers beating a path to your door ready to take the bait.

## AGENT PROFESSIONALS-TEN MARKETING TIPS

- 1 **Don't try to be all things to all people.** Take the time to find a niche that fits well with your interests, expertise and/or geographic location.
- 2 **Use closing surveys and other e-mail marketing.** Strategies to stay in touch on a frequent basis.
- 3 **Consider other real estate professionals to be your customers,** and make them a part of your marketing campaign by reaching out to them regularly via e-mail, phone and in person.
- 4 **Join and participate** in professional organizations.
- 5 **Attend meetings and volunteer at organizations** that you truly have an interest in; don't just join for the sake of joining.
- 6 **Give back to the community** and get your name out in the public eye by sponsoring events, through volunteerism and other civic-minded efforts.
- 7 **Keep your referring customers "in the loop"** when one of their referrals brings new business your way. An easy way to do this is by simple cc'ing the referring customer on the first few e-mails that you send to the new customer.
- 8 **Think outside the traditional geographic boundaries** when forming relationships; consider, for example, buyers located in foreign countries where currencies are now strong against the U.S. dollar.
- 9 **To get the most out of your professional affiliations** and networking events, go beyond just handing out business cards. Also take cards from prospects, promise to follow up within a week and then call each of them within that seven day timeframe to ask what you can do for them.
- 10 **Consider adding innovative tools** like Obeo.com or Jot.com to your marketing mix as a way to infuse technology into your relationship-building strategies.

# CONDUCTING OPEN HOUSES

According to The 2003 NATIONAL ASSOCIATION OF REALTORS<sup>®</sup> [Profile of Home Buyers and Sellers](#), open houses are the fifth most important source of home buying research.

## **For the Advanced Salesperson**

Not every home needs or will benefit from an open house.

- In a sellers' market, you may be able to sell the house before you can get the open house arranged.
- Devoting an entire afternoon to one property may not be a good use of your time.

## **Preparing for a Successful Open House**

- Make sure the date and time of the open house don't conflict with a major holiday or sporting event.
- Make sure the date and time of the open house don't conflict with other events being held in the neighborhood on that day.
- Plot a road map to the home from the nearest major streets and decide where you'll place your flags and directional signs. Allow yourself time to put the flags and signs in place in advance of the open house starting time.
- Familiarize yourself with other for-sale homes in the neighborhood, and be ready to answer questions about how the home you're holding open compares with them.
- Encourage the sellers to vacate the premises during the event, but keep you informed of their whereabouts in case an offer for the home materializes.
- Ask sellers to arrange for pets to be away from home during the open house.
- Showcase the home by opening the drapes or window blinds and setting out fresh or artificial flowers.
- Encourage the sellers to call in a professional cleaning service the day before the event.
- Advise sellers to put away any jewelry, valuables, or items with great sentimental value.

- Practice your presentation of the home. Walk through the home and familiarize yourself with its features. Anticipate prospective buyers' questions and objections, and be ready with your replies.
- Arrive early. Allow yourself ample time to resolve any last-minute problems or glitches in your plans and get settled in the home before the first visitors arrive.
- Contact a lender prior to the open house and ask him or her to be available to prequalify any buyers who may be interested in making an offer to purchase the home.
- Plan to work with other salespeople holding open houses near yours. Refusing to cooperate with the competition won't prevent prospective buyers from visiting those homes.

**TIP:** As soon as the listing is signed, work with the sellers to develop a list of repairs and cleaning they will complete by the open house. Give a deadline several days in advance of the open house date. Call sellers the day before their deadline. —*Barb Schwarz, author of How to List and Sell Residential Real Estate Successfully.*

**TIP:** If sellers are resistant to making repairs, explain how much more they will realize if the house sells rapidly and at full list price.

## 10 TIPS FOR A SUCCESSFUL OPEN HOUSE

1. Don't be a chatterbox. Greet your visitors, give them your card and a property brochure, and allow them peace and quiet while they tour the home.
2. Be honest about the home's features and improvements. A seven-year-old roof isn't "new," although the owner may describe it as such. Many owners think any improvement they paid for themselves is "new," even if it was made more than a decade ago.
3. Don't drop vague hints about offers having been received for the home if that's not the case. When the truth later comes out, the buyers may feel manipulated and back out of the whole transaction.
4. Make copies of presale home and termite inspection reports available to prospective buyers along with estimates of the costs for any needed repairs or fumigation.
5. If your state requires a disclosure form, have it completed ahead of time, and make copies available to prospective buyers.
6. Display photographs of popular neighborhood amenities (e.g., local parks and recreation center).
7. Have comparable sales data available.
8. Give visitors property information sheets with important facts about the home and the community. Examples include a flyer highlighting the home's features, summaries of room size, lot size, taxes, and assessments; and a map showing the location of schools, hospitals, public transportation, libraries, supermarkets and other services and retailers.
9. Ask visitors for immediate feedback about the home.
10. Use a guest book to collect visitors' names, telephone numbers, and e-mail addresses. Follow-up with a telephone call or e-mail after the event.

**Keep It Legal:** Some calling activities of real estate professionals need to comply with the requirements of the new National Do-Not-Call Registry after Oct. 1, 2003. If you are unsure about how the new rules will impact your telemarketing activities, it is recommended that you consult with your attorney before taking any action.

**TIP:** Schedule several back-to-back open houses on a given day. Schedule some weekdays. Customers who frequently transfer may consider house hunting work and may prefer to do it during the week. —*Real estate columnist Danielle Kennedy, International Speakers Bureau, Dallas*

**TIP:** Don't forget to turn off the lights, close the drapes, remove the guest book and brochures, and lock up before you leave.

## OPEN HOUSES STAGING TIPS

- Ask the sellers to clear out their closets and their clutter. Encourage them to hold a yard sale or donate unwanted household goods to charity.
- Encourage the sellers to pack up extra toys, linens, small kitchen appliances, and the like and store them offsite or in the garage.
- Be sure the trees are trimmed, the shrubs are pruned, and the lawn is mowed and watered regularly. Turn on the sprinklers for five minutes 30 minutes before the open house. It makes the lawn and driveway sparkle.
- Ask the sellers to refrain from cooking anything that leaves a distinctive odor (fish, garlic, cabbage) and from introducing any other unappealing odors into the home.
- Ask the sellers to have a professional service clean the home, including the carpets and the windows.
- Set the dining room table with attractive linens, dishes, and stemware.
- Ask the sellers' permission to serve cookies and coffee; people will linger longer. But be sure to clean up any mess after the open house.
- Arrange fresh flowers throughout the home and have a fire in the fireplace in fall and winter.
- Add extra lamps in dark rooms or dark corners, and turn on the lights when you show the home to prospective buyers.
- Remove stacks of magazines, ashtrays, sports trophies, family photographs, and other distractions. —Barb Schwarz, in “How to State Your Listings So They Sell Quickly,” *The Real Estate Professional*, July/August 1998)

—Some of the tips in this section were adapted from “HomeStaging: The Key to Successful Selling,” by Matthew Vossier and Liz Talbot, *National Relocation & Real Estate*, Vol. 13, No. 6

## 7 TIPS FOR BETTER FOR-SALE SIGNS

- 1 Use reasonably new signs in good condition. Peeling, cracked, or beat-up looking signs reflect poorly on homes and on you.
- 2 Position your signs where they're visible to people approaching the home from either direction on the street.
- 3 Be sure signs are well anchored so they won't topple over in a wind.
- 4 Consider using "talking" signs that play a prerecorded message about the home.
- 5 Capture the attention of night foot and vehicle traffic by posting your sign beneath a street lamp or under the home's exterior lighting, or by using a self-lighted sign.
- 6 Keep the sign simple and uncluttered. Make type large enough to read from a moving car.
- 7 The Sellstate sign was designed with all of the above considerations.

## STRATEGIES FOR COPING WITH SIGN RESTRICTIONS

Some cities and some homeowners' associations don't allow real estate practitioners to post for-sale signs. The reasons vary from concerns about neighborhood blight to complaints about a proliferation of overly large or unsightly signs.

- Set standards. Ask the local authorities to grant an exemption for signs that conform to a mandated size and shape.
- Strike a deal. Ask the city council to allow temporary open-house signs on weekends, even if front-yard, for-sale signs are banned.
- Fight back. Organize the real estate professionals in your area to educate community groups, homeowners, and lawmakers about the benefits of for-sale signs, with the goal of having any restrictions lifted.

## REAL ESTATE AGENT TOOLS

- **ActiveRain.com** - A real estate agent social network
- **AgentBoost.com** – Advertise your listings for a property you plan to sell and agents have five days to bid for your listing.
- **AgentScoreboard.com** - Read about agents in your local area and the experiences other property owners have had with them.
- **ConnectingNeighbors.com** - Become an exclusive neighborhood expert in your target market. Build lasting relationships with neighbors in your key markets.
- **Homethinking.com** - A site allowing people to rate realtors. It gives you an average of how much they get for homes and the most common types of properties they sell.
- **IncredibleAgents.com** - Look up real estate agents all over the United States and either leave a review about them or research one you are looking into.
- **RealtyBaron.com** - Enter information about your property and allow the agents to bid for your listing by lowering their sales commission.

## PROPERTY DISCLOSURE LIABILITY

The vast majority of legal claims against real estate salespeople involve allegations of misrepresentation, negligence, or fraud. Nearly 70 percent of all claims against real estate professionals are a result of misrepresentations that could have been prevented by proper disclosure, according to the NATIONAL ASSOCIATION OF REALTORS®. At the end of 2000, NAR found that approximately 30 states had laws requiring sellers to complete a property disclosure form. In addition, many states have consumer protection regulations that protect consumers against misrepresentation or unfair practices, some of which apply to real estate transactions.

## FOR THE BROKER

**Listing brokers can be liable if salespeople fail to properly disclose information. To protect yourself:**

- Be certain that all listing packages include a property disclosure form, where such a form is required by law.
- Refuse to accept a listing agreement unless it is accompanied by a signed disclosure form, where a property disclosure form is required.
- Train salespeople in interpreting and explaining the disclosure form and items requiring disclosure to sellers.
- Ensure that a copy of the property disclosure form is delivered to buyers, if required in your state.
- Purchase copies of the [Property Disclosure Pocket Guide](#) for your sales associates. (At the NAR Store Browser, use the search function to bring up the title.)

## 15 POINTS FOR DISCLOSURE

Many states have specific disclosure forms for real estate sales. If your state does not, here are some items you might want to include

- 1 Defects in the roof.
- 2 Defects in the electrical system.
- 3 Defects in plumbing, water heaters, or septic tanks.
- 4 Defects in heating or air conditioning.
- 5 Defects in the swimming pool.

- 6 Defects such as cracks, bulges, or water seepage in the foundation or basement.
- 7 Disputes over boundary lines, liens, or other encroachments.
- 8 Presence of asbestos, lead paint, radon, toxic wastes, underground tanks, or other environmental hazards.
- 9 Infestations by termites or other pests.
- 10 Location in a floodplain, wetland, or shoreline.
- 11 Defects in any mechanical equipment or appliances being sold with the property.
- 12 Awareness of pending changes in zoning, property tax assessments, or special assessments.
- 13 Adapted and abridged from West's Wisconsin Statutes Annotated Property Disclosure by Owners of Residential Real Estate. Copyright 1999 West Group.

## A LIABILITY GLOSSARY

- **Fraud.** Conduct that is intentionally deceptive. “Active fraud” occurs when individuals make affirmative statements they know are false. “Passive fraud” occurs when someone deliberately fails to reveal known material information.
- **Innocent misrepresentation.** Making an affirmative statement without knowing whether the statement is true or without any knowledge of a factual basis for the statement.
- **Negligent misrepresentation.** Making a statement that, while not intentionally wrong, is nonetheless mistaken due to lack of care in ascertaining or confirming the accuracy of the statement.
- **Negligence. Failure to use reasonable care to discover and disclose property defects.** This duty, which goes beyond disclosure of known information, isn't imposed in all states and has been explicitly rejected in several states. In any case, liability for negligence doesn't extend beyond discovery of defects that a real estate professional in the local area ordinarily would be expected to recognize and understand.

**TIP:** A cooperating agent may rely on the disclosures provided by the listing agent, unless there's obvious evidence information is incorrect.

Note: This information provides general legal information and should not be relied upon as legal guidance. Before acting, both the relevant laws and legal counsel should be consulted. This information should not be construed as specific legal advice nor as an opinion on particular facts, cases, or situations.

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- 6 Defects such as cracks, bulges, or water seepage in the foundation or basement.
- 7 Disputes over boundary lines, liens, or other encroachments.
- 8 Presence of asbestos, lead paint, radon, toxic wastes, underground tanks, or other environmental hazards.
- 9 Infestations by termites or other pests.
- 10 Location in a floodplain, wetland, or shoreline.
- 11 Defects in any mechanical equipment or appliances being sold with the property.
- 12 Awareness of pending changes in zoning, property tax assessments, or special assessments.
- 13 Adapted and abridged from West's Wisconsin Statutes Annotated Property Disclosure by Owners of Residential Real Estate. Copyright 1999 West Group.

## A LIABILITY GLOSSARY

- **Fraud.** Conduct that is intentionally deceptive. "Active fraud" occurs when individuals make affirmative statements they know are false. "Passive fraud" occurs when someone deliberately fails to reveal known material information.
- **Innocent misrepresentation.** Making an affirmative statement without knowing whether the statement is true or without any knowledge of a factual basis for the statement.
- **Negligent misrepresentation.** Making a statement that, while not intentionally wrong, is nonetheless mistaken due to lack of care in ascertaining or confirming the accuracy of the statement.
- **Negligence. Failure to use reasonable care to discover and disclose property defects.** This duty, which goes beyond disclosure of known information, isn't imposed in all states and has been explicitly rejected in several states. In any case, liability for negligence doesn't extend beyond discovery of defects that a real estate professional in the local area ordinarily would be expected to recognize and understand.

**TIP:** A cooperating agent may rely on the disclosures provided by the listing agent, unless there's obvious evidence information is incorrect.

Note: This information provides general legal information and should not be relied upon as legal guidance. Before acting, both the relevant laws and legal counsel should be consulted. This information should not be construed as specific legal advice nor as an opinion on particular facts, cases, or situations.

# CODE OF ETHICS FOR REALTORS

## **Article 1**

When representing a buyer, seller, landlord, tenant, or other client as an agent, REALTORS® pledge themselves to protect and promote the interests of their client. This obligation of absolute fidelity to the client's interests is primary, but it does not relieve REALTORS® of their obligation to treat all parties honestly. When serving a buyer, seller, landlord, tenant, or other party in a non-agency capacity, REALTORS® remain obligated to treat all parties honestly. (Amended 1/93)

Standard of Practice 1-3

REALTORS®, in attempting to secure a listing, shall not deliberately mislead the owner as to market value.

## **Article 2**

REALTORS® shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. REALTORS® shall not, however, be obligated to discover latent defects in the property, to advise on matters outside the scope of their real estate license, or to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law. (Amended 1/00)

### **Standard of Practice 2-1**

REALTORS® shall only be obligated to discover and disclose adverse factors reasonably apparent to someone with expertise in those areas required by their real estate licensing authority. Article 2 does not impose upon the REALTORS® the obligation of expertise in other professional or technical disciplines. (Amended 1/96)

## **Article 10**

REALTORS® shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, or national origin. REALTORS® shall not be parties to any plan or agreement to discriminate against a person or persons on the basis of race, color, religion, sex, handicap, familial status, or national origin. (Amended 1/90)

REALTORS®, in their real estate employment practices, shall not discriminate against any person or persons on the basis of race, color, religion, sex, handicap, familial status, or national origin. (Amended 1/00)

Standard of Practice 10-1

REALTORS® shall not volunteer information regarding the racial, religious, or ethnic composition of any neighborhood and shall not engage in any activity which may result in panic selling. REALTORS® shall not print, display, or circulate any statement or advertisement with respect to the selling or renting of a property that indicates any preference, limitations, or discrimination based on race, color, religion, sex, handicap, familial status, or national origin. (Adopted 1/94)

## **Article 11**

The services which REALTORS® provide to their clients and customers shall conform to the standards of practice and competence which are reasonably expected in the specific real estate disciplines in which they engage; specifically, residential real estate brokerage, real property management, commercial and industrial real estate brokerage, real estate appraisal, real estate counseling, real estate syndication, real estate auction, and international real estate.

REALTORS® shall not undertake to provide specialized professional services concerning a type of property or service that is outside their field of competence unless they engage the assistance of one who is competent on such types of property or service, or unless the facts are fully disclosed to the client. Any persons engaged to provide such assistance shall be so identified to the client and their contribution to the assignment should be set forth. (Amended 1/95)

## **Article 12**

REALTORS® shall be careful at all times to present a true picture in their advertising and representations to the public. REALTORS® shall also ensure that their professional status (e.g., broker, appraiser, property manager, etc.) or status as REALTORS® is clearly identifiable in any such advertising. (Amended 1/93)

Standard of Practice 12-3

The offering of premiums, prizes, merchandise discounts, or other inducements to list, sell, purchase, or lease is not, in itself, unethical even if receipt of the benefit is contingent on listing, selling, purchasing, or leasing through the REALTOR® making the offer. However, REALTORS® must exercise care and candor in any such advertising or other public or private representations so that any party interested in receiving or otherwise benefiting from the REALTOR®'s offer will have clear, thorough, advance understanding of all the terms and conditions of the offer. The offering of any inducements to do business is subject to the limitations and restrictions of state law and the ethical obligations established by any applicable Standard of Practice. (Amended 1/95)

## **Article 16**

REALTORS® shall not engage in any practice or take any action inconsistent with the agency or other exclusive relationship recognized by law that other REALTORS® have with clients. (Amended 1/98)

### **Standard of Practice 16-2**

Article 16 does not preclude REALTORS® from making general announcements to prospective clients describing their services and the terms of their availability even though some recipients may have entered into agency agreements or other exclusive relationships with another REALTOR®. A general telephone canvass, general mailing or distribution addressed to all prospective clients in a given geographical area or in a given

profession, business, club, or organization, or other classification or group is deemed "general" for purposes of this standard. (Amended 1/98)

Article 16 is intended to recognize as unethical two basic types of solicitations:

First, telephone or personal solicitations of property owners who have been identified by a real estate sign, multiple listing compilation, or other information service as having exclusively listed their property with another REALTOR®; and

Second, mail or other forms of written solicitations of prospective clients whose properties are exclusively listed with another REALTOR® when such solicitations are not part of a general mailing but are directed specifically to property owners identified through compilations of current listings, "for sale" or "for rent" signs, or other sources of information required by Article 3 and Multiple Listing Service rules to be made available to other REALTORS® under offers of subagency or cooperation. (Amended 1/93)

**Standard of Practice 16-15**

In cooperative transactions REALTORS® shall compensate cooperating REALTORS® (principal brokers) and shall not compensate nor offer to compensate, directly or indirectly, any of the sales licensees employed by or affiliated with other REALTORS® without the prior express knowledge and consent of the cooperating broker.

## SHORT SALES PRIMER 101

“It is solely the lender’s decision as to whether to accept the short sale terms.”

- ✓ • Understand Your Responsibilities as a REALTOR®
- ✓ • Learn About the Short Sale Process
- ✓ • Assist Homeowners in Short Sale Situations
- ✓ • Do More Business with Sellers, Buyers and Lenders

## BASIC OVERVIEW

Many homeowners are now finding themselves in a situation where their loan balance is higher than the fair market value of their home. In such a situation, there are some options available to them rather than mortgage foreclosure and eventual eviction.

The short sale is being widely promoted as a way out of foreclosure for homeowners who owe more than their house is worth. The key is in getting the lender to allow the homeowners to sell their house – for less than what is owed – to a willing and able buyer. When successful, the seller can walk away from his home without going into foreclosure and the buyer gets a house. It’s not a perfect solution: There’s a negative impact on the seller’s credit and the seller may have a tax liability on the forgiven portion of the loan. Still, for many homeowners who are behind on their payments, it’s a better option than foreclosure.

Obtaining short sale approval can be a lengthy and complex process; it involves many steps and consists of a lengthy trail of paperwork because it requires working with the lender’s loss mitigation department. A loss mitigator is assigned to oversee the account and review the financial situation to determine if the homeowner is in fact eligible to apply for a short sale transaction. The lender will consider the home’s estimated market value, payoff on the loan, the costs involved in the sale, etc., and will try to mitigate its losses by getting the highest price possible for the property, as they will be accepting less than the amount owed on the mortgage balance.

The following eligibility requirements will help determine if the homeowner is a good candidate for short sale approval:

- 1 The homeowner must provide proof the home is worth less than the unpaid balance. This can be accomplished by obtaining a comparable home sales report of houses sold, or up for sale in the area where the property is located. As the listing agent, you can look at the condition of the property, evaluate the neighborhood, check the comps, and determine what a fair market value for the home is, so the homeowner can provide it to the lender. Include email photos that show property damage and neighborhood distress, if applicable.
- 2 The homeowners must be in default of their mortgage - usually a minimum of at least three months. (Note: It is not your role to advise a homeowner on whether or not to pay their mortgage.) Additionally, the majority of lenders will only consider short sale approval if the homeowner does not have any equity in the home. If the homeowner has equity or other financial assets he/she can draw from to become current on mortgage payments, chances are the lender will not agree to a short sale approval.
- 3 The homeowner must provide proof he/she is facing financial distress due to hardships including extended unemployment, chronic health problems, divorce, death or bankruptcy.
- 4 The homeowner must prove he/she has no financial assets he/she can borrow against to maintain the mortgage payments.

Prior to granting a short sale approval, the lender will generally offer the homeowner a variety of options to save the home from foreclosure. Typically, this will include a loan modification where the lender will roll over delinquent mortgage payments to the end of the loan or reduce and/or renegotiate interest rates and other loan terms. Some lenders will also provide a forbearance or temporarily suspend mortgage payments for a specific period of time.

There are several options available to homeowners who want to keep their home out of foreclosure. Each option comes with its own set of pros and cons. Before accepting a loan modification, deed in lieu of foreclosure or short sale, it's vital for the homeowners to investigate all options and determine the best financial decision for them.

If the homeowner wants to move forward with short sale approval, certain elements must be in place. In many cases, the lender will require that the property be listed for sale in the MLS for 90 days for this purpose, prior to approving a short sale.

Most important, a short sale package must be provided to the lender. Below is a list of some of the documents that a lender may require the borrower to provide prior to making its decision:

- Detailed financial statement outlining the seller's overall income and expenses
- Written explanation and proof of the hardship explaining the events that have caused the homeowner to become delinquent in mortgage payments
- REALTOR® listing agreement
- Copy of a purchase contract signed by both buyer and seller
- Estimated settlement statement (HUD-1) certified by an escrow officer
- Proof of the buyer's ability to purchase the property (loan application or verified bank statement for cash transactions, etc.)
- Copy of the Transfer Disclosure Statement (TDS)
- Copy of the certified escrow instructions
- Preliminary title report
- Completed and signed IRS form 4506 "Request for Copy of Tax Form"
- Completed and signed personal financial worksheet
- Employment paycheck stubs for the past three months
- Profit and loss statements if the seller is self-employed
- Past three months' bank and investment statements
- Previous two years' tax returns

It is important to get a firm indication from the lender that they will actually be willing to accept a reduced price for the house before you begin the short sale process. Remember, as stated before, the lender will consider the estimated market value, payoff on the loan, the costs involved in the sale, etc., and will try to mitigate its losses by getting the highest price possible for the property. Quite often the lender comes back with a counter-offer that is much higher than the listed price. Pricing is critical, so be careful with regard to the price you list in the MLS. If the price listed in the MLS cannot be substantiated, you may find that you could be in violation of three articles in our Code of Ethics:

Article 1: When representing a buyer, seller, landlord, tenant, or other client as an agent, REALTORS® pledge themselves to protect and promote the interests of their client. This obligation to the client is primary, but it does not relieve REALTORS® of their obligation to treat all parties honestly. When serving a buyer, seller, landlord, tenant or other party in a non-agency capacity, REALTORS® remain obligated to treat all parties honestly.

Article 2: REALTORS® shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. REALTORS® shall not, however, be obligated to discover latent defects in the property, to advise on matters outside the scope of their real estate license, or to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law.

Article 12: REALTORS® shall be honest and truthful in their real estate communications and shall present a true picture in their advertising, marketing, and other representations. REALTORS® shall ensure that their status as real estate professionals is readily apparent in their advertising, marketing, and other representations, and that the recipients of all real estate communications are, or have been, notified that those communications are from a real estate professional.

## MLS REQUIREMENTS - REMARKS AND MULTIPLE OFFERS

It is highly recommended that REALTORS® become thoroughly educated about the short sale MLS requirements. A short sale entered into the MLS must state in the first line of the property remarks field: “This is a short sale subject to existing lender’s approval which could result in delays.” If this remark is in the first line of “remarks”, the listing must also be marked “short sale yes”.

Many agents are upset and confused when they find out a listing office is taking multiple offers. Note: Agents have an obligation to submit all offers to the seller up to the day of closing. The rule of thumb is to have all offers submitted to the seller and have the seller submit all the offers to the lender that the seller thinks are viable offers – but only signing the one they think is the best out of all. Remember, there is only one signed agreement. What is the best offer? It is the highest, cleanest offer that provides the highest net to the lender according to the seller.

How can the listing agent present all of those offers? All other offers that are submitted but not signed are considered as **“backup offers”**. Note: When there are multiple offers being submitted to the lender, no deposits are usually taken until the offer is accepted by the lender. This should be stipulated in the contract. **Important note to listing/selling brokers:** A Multi-Offer Disclosure Statement could be given to all potential buyers stipulating that multi-offers are being considered – this can help minimize confusion.

**Very Important:** Once a contract is signed by the seller – **it is contingent upon bank approval, and needs to be placed “active/contingent short sale”** in the MLS.

Should the listing agent not disclose in the “remarks” area that it is a short sale and/ or update the listing to “active/contingent short sale” once a contract is signed by the seller, members will be in violation of the Association’s MLS Rules and Regulations and fined \$25.00 for each infraction.

## INFORMATION ON DISCLOSURES

There is no question that you need to disclose more than you normally would for a short sale. Here are some tips on disclosures:

- 1 Disclosure for the Listing Agreement: Because you have an agency relationship with a principal/seller that will include a third party who has not signed the listing agreement (i.e., the lender), and due to the procedures required by the lender to ascertain if it will approve a short sale, you need to have a special clause noted in every listing agreement involving a short sale (or a separate addendum) that states you will probably be disclosing information to third parties. The disclosure could look something like this:

“The seller specifically consents to allow the broker and its agent (whether serving as a transaction broker or single agent) to disclose any requested information or to provide any requested documentation to the seller’s lender for the purpose of obtaining seller’s lender’s approval in connection with the sale of the subject listed property. Seller recognizes that this waiver may include what would otherwise be considered confidential information. Seller further consents to allow broker and its agent to make these disclosures related to seller’s lender’s approval as a contingency to acceptance of the contract, the Settlement Statement and all documentation related to this transaction, as well as payment of the commission. These disclosures may also be noted in the MLS, in accordance with its rules and regulations, in the Seller’s Disclosure and the Sales Contract or Contract Addendum.”

- 2 Disclosure for the MLS: How to address the commission with a cooperating broker is somewhat problematic. Here are what our MLS Rules & Regulations state: “Short sales entered into the MLS must state in the first line of the property remarks field: This is a short sale subject to existing lender’s approval which could result in delays.” In addition, refer to Note Number 5 which states: “Nothing in these MLS rules precludes a listing participant and a cooperating participant, as a matter of mutual agreement, from modifying the cooperative compensation to be paid in the event of a successful transaction.”
- 3 Disclosure for the Sales Contract/Addendum: This must expressly advise the buyer that the lender must approve not only the contract, but the final HUD, etc. You could say something to the effect of: **“Buyer acknowledges that this contract and the disbursement of funds are contingent upon the approval of the lender of both the contract and the Settlement HUD 1 Statement to be issued”**.
- 4 Disclosure for the Seller: The seller’s disclosure may be the first time the prospective buyer becomes aware of the lender’s entitlement to approval. While you are not disclosing a “condition” of the **Property**, you **are** disclosing a “condition” of the **transaction**. You could say something to the effect of: **“Seller advises buyer that any contract for sale, addendums and the terms thereof**

**and the HUD 1 Settlement Statement are required to be approved by the seller's lender”.**

The Association has approved the use of two forms. One is the Short Sale Addendum to Exclusive Right of Sale Listing Agreement. The second is the Short Sale Addendum to Purchase and Sale Contract. These two forms can be found on our website. Go to: <http://www.swflrealors.com/mlsDocumentLibrary>. These forms, or other forms similar to them, should be used in every short sale transaction. And both seller and buyer should be advised to consult an attorney and accountant if they have questions.

## **DO THE MATH**

The first step in determining if the borrower will have a short sale is to check out the liens that are currently against the property. Talk with the seller about what they think they owe. Have them fill out the Short Sale Seller Checklist (see attached), at the very least. You may want to know what the lender's current statement shows as well, because the lender's lien may be different from what is actually owed. Check the Property Tax Records for any IRS liens, municipal liens and debts, judgment liens, and back (unpaid) property taxes. Look for other loans the owners may have, such as home equity loans and junior encumbrances.

Discuss these liens with the seller, add them up, and calculate whether there is enough equity in the home to pay off these liens based on your estimated sales price. Fill out an Estimated Seller's Net Proceeds worksheet to allow for all the costs of sale the seller may have. Remember to deduct the seller's costs of sale, including a fee to the agents in the transaction. If there is not enough equity, you and the seller will have to work with the lender (or lenders) to find out what options are possible.

## **REQUESTING LENDER APPROVAL**

A short sale is subject to a lender's approval, because the lender is being asked to agree to take less than what is actually owed on the note. The CORE Short Sale Addendum states that such lender approval is a contingency of the contract. If a lender agrees to a short sale, the proceeds from the sale will be given to the lender as full satisfaction of the loan amount. A short sale generally requires much paperwork and preparation on behalf of the borrower and the agent as shown below. The buyer should also be prepared for a longer-than-usual escrow, due to the increased paperwork required.

Whether you are representing the buyer or the seller, you may need a long time to close escrow if the lender is agreeing to a short sale. In general, the process for a short sale is as follows:

- The seller finds a buyer for the property and offers is submitted. Use the Short Sale Addendum along with the standard FAR/BAR or FAR contract to incorporate the contingency that the lender must approve the contract.
- The seller must prepare documents to verify to his/her lender that he/she is in a distressed position.
- The seller submits all documents to the lender.
- The lender may send out its own appraiser to appraise the property's value.
- The lender decides whether or not to agree to the short sale.

There are also special guidelines for handling short sales of FHA and VA loans. These guidelines are available from the U.S. Department of Housing and Urban Development (HUD) for FHA loans and the Department of Veterans Affairs for VA loans.

The following are Short Sale Questions and Answers along with Sample Forms (Short Sale Seller Checklist, Short Sale Sample Hardship Letter for Seller, and Short Sale Agent Checklist of Documents) to help you navigate through the short sale process.

And remember, even though you work with the seller to do everything the lender asks, provide all the documentation and obtain an offer – and in some cases, multiple offers – it is still solely the bank's decision as to whether to accept the short sale terms. Some homeowners find that no matter what they do, foreclosure is inevitable.

## SHORT SALE Q & A

Q. What is a “short sale”?

A. A “short sale” is where a seller’s mortgage balance is greater than the fair market value of the property. The seller wishes to sell the property, so he asks the lender to accept a payoff in an amount less than the actual balance of the loan. If the lender does accept a lower payoff., the sale can go through with clear title to the buyer.

Q. Does a lender require any special documentation from a seller in order to approve a short sale?

A. That varies from lender to lender. Most lenders require at least the following: A signed contract with a buyer, the seller’s tax returns for the last two years, a detailed financial statement from the seller showing his assets and liabilities, recent pay stubs, and a hardship letter.

Q. Is a lender required to approve a short sale?

A. No. There is nothing in the loan documents or in the Florida Statutes which require the lender to accept a short sale.

Q. Does it matter if the property is homesteaded?

A. Not to a lender, but it may make a difference to the IRS. More on that below.

Q. Will the lender require the seller to sign a separate promissory note for the difference between the actual loan amount and the lower payoff amount that the lender has agreed to accept?

A. Some lenders are requiring this. It depends on the lender.

Q. Even if the lender does not request the seller to sign a separate promissory note, can it still “go after” the seller later for the difference in some sort of non foreclosure suit?

A. Legally, the lender probably could. While that rarely occurs in actuality, to avoid that possibility, the seller in a short sale should always try to get something in writing from the lender in which the lender agrees not to later sue the seller for the difference.

Q. If a seller is negotiating a short sale with a lender, and the seller is behind on his payments, will the lender automatically suspend foreclosure proceedings?

A. Not necessarily. While it would seem that a lender would suspend any foreclosure efforts while a short sale is pending, many lenders have poor communication between their left hand and right hand, and so it is very important to stay in close communication with the lender during the pendency of the short sale to make sure that they suspend the

foreclosure action until the matter is resolved. Of course, if the short sale goes through, the lender will dismiss any pending foreclosure action prior to closing.

Q. Will the seller's credit score be negatively impacted by a short sale?

A. Yes, it will be, but credit scoring is a complex matter. The short sale will generally appear as "loan settled for less than the amount owed", or some similar verbiage. The seller's credit score could possibly be lowered as much as it would be in a foreclosure.

Q. What if a tenant is occupying the premises? Do they have to vacate in the event of a short sale?

A. In this respect, short sales are not different than standard sales. If there is a tenant in the premises, the new buyer has to honor the lease.

Q. Are there any special contract forms I should use for a short sale contract?

A. Yes. Many licensees have developed their own special forms and addenda to be used in a short sale. Two good forms produced by the Florida Association of REALTORS® are the "Short Sale Addendum to Exclusive Right of Sale Listing Agreement" (ERSA-1), for the listing agreement and the "Short Sale Addendum to Purchase and Sale Agreement" (SSA-2) for the sales contract. On the Association's member website [www.swflrealtors.com](http://www.swflrealtors.com), two additional forms are available: "Short Sale Addendum to Exclusive Right of Sale Listing Agreement" and the "Short Sale Addendum to Purchase and Sale Contract"

Q. Should the seller and buyer consult an attorney or an accountant with respect to a short sale?

A. There are many legal and tax implications of a short sale, particularly for the seller. For example, the seller may face a large "cancellation of debt" tax bill from the IRS on a short sale, except on a homesteaded property. It is recommended that the seller and buyer consult the appropriate legal and tax professionals if they have questions.

Q. Can the seller sign more than one contract with more than one buyer, and submit all of the contracts to his lender, with the lender agreeing to only one? A. It depends on the seller's lender. Some lenders require the seller to solicit as many contracts as possible, with each contract being contingent upon the seller's lender approval. Then the seller's lender approves only one of those contracts, and hopefully the deal then closes. Other lenders tell the seller to sign only the best contract, and send only that one best contract to them for approval.

Q. So who is the “seller” on a short sale? Is it the seller of record, or the lender?

A. The seller of record is the “seller”. Keep in mind the seller of record remains the “seller” until he either signs a deed conveying the property to someone else, or until a lender forecloses and is given a certificate of title by the clerk or court.

Q. Can a seller still do a short sale if there are two loans (a 1st and a 2nd mortgage?).

A. Yes, but only if both lenders approve of the short sale.

Q. How should a short sale be listed in the MLS?

A. A short sale entered into the MLS must state in the first line of the property remarks field: “This is a short sale subject to existing lender’s approval which could result in delays.” If this remark is in the first line of “remarks”, the listing must also be marked “short sale yes”.

Q. When does the status of a short sale listing need to be changed?

A. The status of a short sale listing requiring third party approval must be changed from the status “active” to the status “active contingent short sale” within 24 hours of the time the contract was signed by the buyer or the seller, whichever was later.

# SHORT SALE SELLER CHECKLIST

## I. Homeowner gathers financial documents:

- years Personal Tax Returns
- 2 years Business Tax Returns (if self employed)
- months Pay Stubs
- months Bank Statement
- Bankruptcy Documentation (if applicable)
- List all monthly expenses

## II. Homeowner completes sample financial form:

- List all income sources
- List all assets

## III. Homeowner writes hardship letter:

The hardship letter is a letter to the mortgage company written by the homeowner that describes:

- 1 Everything that has happened which has resulted in your inability to make the payments or pay o. the loan.
- 2 Everything that you have done to try to rectify the situation.
- 3 The homeowner's desired outcome in contacting the lender.

## IV. Identify short sale decision makers:

To whom do you make mortgage payments?

1st mortgage \_\_\_\_\_

2nd mortgage \_\_\_\_\_

3rd mortgage \_\_\_\_\_

Do you have private mortgage insurance?  Yes  No

If yes, who is the private mortgage insurance company? \_\_\_\_\_

What is the % of private mortgage insurance coverage? \_\_\_\_\_

**Who owns my mortgage?**

Fannie Mae

Freddie Mac

VA

FHA

HUD

Private Investor: \_\_\_\_\_

Mortgage Company: \_\_\_\_\_

V. Homeowner selects Real Estate Agent:

Repair Bids & Photos

Sales Contract and Short Sales Addendum

Listing Agreement

Homeowner Authorization Letter

Buyer's Loan Approval Letter

## SHORT SALE SAMPLE HARDSHIP LETTER

Sample hardship letter (of course, each situation if different) the seller should be able to tell the lender why they are in a critical condition and why he/she needs to short sell the home.

Lender Name

Lender Address

Lender's fax number/email address

Date

RE: Hardship Letter - Short Sale for \_\_\_\_\_ address

To whom it may concern:

I purchased my home at \_\_\_\_\_ in \_\_\_\_\_. At that time I was employed by \_\_\_\_\_ and business was very good. My salary and the possibility of a raise made me sure that I could easily support my mortgage. Unfortunately, my company reduced its workforce and I was laid off because of the market downturn.

After searching for a comparable job, I got a temporary position as a \_\_\_\_\_ while I continue to seek other work. I struggled for several months to make my mortgage payment, and was also hit with some medical payments that I did not expect (the COBRA payment was more than twice what I was paying when employed). I knew I would have to sell my home to protect my credit rating and possibly have enough cash left over for moving expenses and some savings. I put my home up for sale by owner in \_\_\_\_\_, but there were several problems that I did not have enough money to fix, such as the broken fence in the back yard and some pretty severe leaks in the roof, which indicated a new one was needed. Over the next three months I lowered the price three times but still had no takers. I am now working with a REALTOR® and I believe she will be able to help me sell quickly.

At this time, I do not have enough income to pay my regular monthly mortgage payment. I am concerned about falling further behind and will not be able to pay what is owed. Therefore, I am turning to you for assistance.

I am asking for consideration to temporarily reduce or suspend my mortgage payments for a few months (or allow me to sell our home via a short sale). Doing so would help me get back on track. My home means a great deal to me and I desire to work with you to keep it out of foreclosure. Please advise me of all the options available to stop foreclosure (or initiate a short sale) at your earliest convenience. I am anxious to reach an agreement and appreciate your prompt response.

Sincerely,

Homeowner Name

Address and Contact Information



# SHORT SALE AGENT OF DOCUMENTS

Compile the following information when creating a Short Sale Proposal Packet.

Note: Always make copies of original documents and return originals to the homeowner.

## FINANCIAL INFORMATION

Three most recent bank statements for all checking accounts for all borrowers

Three most recent bank statements for all savings accounts for all borrowers

W2s from the past two years for all borrowers

Income tax returns from the past two years for all borrowers

Past three paycheck stubs for all borrowers

Copies of all bills for all borrowers from the past two months. Will be used to compile a financial worksheet. Could include:

Automobile Loans

Alimony/child support

Child care bills

All credit card bills

Electricity bills

Gas Bills

Water/Sewage bills

Home telephone bills

Cell phone bills

Cable bills

Automobile insurance

Health insurance

Life insurance

Doctor bills

Dentist bills

Pharmaceutical drug bills

Food/Groceries

School lunches

Gasoline (auto)

Student loans

Other loans

Other bills

## HARDSHIP INFORMATION

A hardship letter describes succinctly yet persuasively why the homeowner was unable to meet the loan payments. The homeowner must write the hardship letter.

Documentation of hardship. Documentation may include:

Hospital bills

Doctor bills

Home repair bills

Documentation of unemployment

Documentation of incarceration

Death certificate

Divorce decree

Other documentation

## PROPERTY INFORMATION

Information about any additional liens on the home. The homeowner may have this information. Ask the homeowner if he or she has a recent credit report. Alternately, a present owner search would reveal whether there are any additional liens.

Recent Comparative Market Analysis (CMA)

Estimated HUD-1 Proposed Closing Statement

Estimates for any necessary repairs to the home

Most recent property tax bill and proof of payment status

Proof of homeowner's insurance coverage

## LENDER INFORMATION

Monthly statements from the first and second lenders

Name of supervisor in Loss Mitigation Department

Direct phone number for Loss Mitigation Department

Short sale application from the lender

Authorization to Release Information (for owner to sign)

If homeowner filed for bankruptcy, name/number of bankruptcy attorney

If homeowner is in a lawsuit, name and number of attorneys

## PROPERTY VALUATION

Broker Price Opinion

List of Appropriate Comps

Email Photos that show damage and neighborhood distress, if applicable

Zoning/Code violation with pending fines, if applicable

## REPAIR LIST/CONTRACTOR'S (IF APPLICABLE)

Point out existing code violations

Emphasize presence of mold, termites, lead paint, if applicable

Contract bid in detail to bring house to average condition.

# AGENT MARKETING PLAN

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## DEVELOPING A PROPERTY MARKETING PLAN

Selling a home doesn't happen by magic, routine, or accident. It happens because of a comprehensive marketing plan. Creating a complete, well thought-out plan to market a property and then carrying out that plan in a timely way are the keys to successful property marketing.

*Source: Realtor Magazine*

### 10 Ways to Ensure a Great Marketing Plan:

1. Compare the home to comparable ones on the market and identify its unique and most desirable features. Why would a buyer want this home more than other homes in the same price range?
2. Take snapshots of the home's best features, and use them as a starting point for your marketing approach.
3. Find out why the sellers purchased the home, and use that information to help you focus on potential buyers. From "Learn the Ad Writing Secrets Used by All the Pros," Mary Ellen Randall and Jamie Edwards, *Real Estate Professional*, May/June 1998.
4. Research the demographics of homeowners in the home's neighborhood. Prospects with similar demographics will probably be the best market for the home.
5. Review the audience demographics of various media, and use those that best match the likely demographics of potential buyers for the home.
6. Start early. Don't wait until a week before the listing expires to get the word out.
7. Write a brief property-marketing plan that includes specific objectives, a description of the home, a description of the target buyers for the home, and appropriate marketing media.
8. Make a schedule for the property marketing activities throughout the listing period.
9. Set a reasonable budget based on the activities detailed in the plan. The more costly the home, the more expensive it will be to market because a high-priced home demands top-of-the-line marketing materials.
10. Set up systems to track the "pull" of your various property-marketing efforts. One simple method is to ask those who call or view the home how they found out about it.

## Customize Your Property Marketing

You can't change the basic property, but you can emphasize the features that will appeal to your target market.

- 1 Use the demographic profile and the analysis of the home's features to determine the types of buyers who are most likely to be interested in the home.
- 2 Then, adapt your marketing presentation to emphasize factors that are probably of importance to your target buyers. For example, for entry-level homes emphasize low down payments and neighborhoods with good resale value. Luxury home buyers may be more concerned about privacy and quiet in the neighborhood.
- 3 Emphasize services and assistance you can provide that will be of special benefit to your target group. Move-up buyers might appreciate assistance with locating a moving company or recreational activities for their children.

### Entry-Level Home (First-Time Buyers)

- 1 Include information about possible financing scenarios, such as sample down payments and monthly mortgage payments, and first-time buyer financing programs.
- 2 Emphasize the tax advantages of home ownership and the opportunity to build equity, instead of paying rent.
- 3 Advertise the home in local restaurants or entertainment magazines.

### Move-Up Home (More experienced buyers, probably with families)

- 1 Highlight such features as a large lot or backyard; a fourth or fifth bedroom; or a bonus room suitable for a den, a home-entertainment room, or a home office.
- 2 Provide information about local schools, day care centers, or parks.
- 3 Advertise the home at day care centers, nursery schools, and local shopping districts.

## Luxury Home (More experienced buyers, perhaps empty nesters)

- 1 Hire a professional designer to create a high-quality, four-color brochure that showcases the home's best features. Include professional photographs or a professional artist's sketch or drawing of the home.
- 2 Emphasize the home's special features, luxury amenities, and desirable location.
- 3 Advertise the home in luxury lifestyle magazines.

## MARKETING YOUR LISTING TO BUILD SUCCESS (PLAN... ORGANIZE... CONQUER)

By now, we have high hopes that you have a listing and you have convinced your sellers that you can sell the home at an accepted fair market price. Now what? Even if you don't have a plan to market the home, it's not too late, but you need to go over the basics of the listing and get moving. The first few weeks of the listing are critical in the marketing of the home, so take advantage of the 'uptime' in the market.

If you have a predetermined marketing plan, you will find that following the steps will help build your success. If you don't have a marketing plan, we have included a sample marketing plan for you to use. Keep in mind that you may need to make adjustments to the marketing plan to fit your area or your personal business plan.

When agents typically get a new listing, they are excited; they are thinking about the outcome and all of the potential things that can happen until closing. All of the tedious work should be done at the time of the listing. It's important to create your advertising and marketing plan when you first get your listing so all of the information about the home is fresh in your mind.

As a listing agent, you have to be a skilled professional real estate agent, a marketer, a promoter, a graphic designer, an advertising specialist, an internet blogger, a copywriter, a visual designer, a secretary and a manager/coordinator. Your diverse skills set you apart from the mentality of "we'll put it on the market and see what happens".

Your combined skills help you become the respected real estate professional in your marketplace. You have to be aware of how to market your listing for maximum exposure and traffic. Remember, the purpose of your marketing skills is to get the phone to ring, and in doing so, your business will increase and you will sell the listings.

Treat every caller, email inquiry and personal contact as they were the most important client in the world. In doing so, you will create a more sophisticated and respected group of clients and build your personal database faster. Remember, it's easy to NOT answer your telephone or respond to emails and voicemails-don't get caught in that trap! Every missed call is a missed opportunity. If you have to miss a call, make sure you call back and follow-up with every call and email.

With that said, your marketing should follow a step-by-step plan and guide your seller and you through the next 30 days and beyond. If you know what to do on a daily basis – a weekly basis – and a monthly basis, you will be able to follow the steps and eventually, every listing will become second nature in the marketing process.

Being prepared for your marketing helps keep you organized and also helps define a clear direction for the seller. You can inform your sellers that the weekly marketing is on schedule and processes have been followed to help market their home for maximum

exposure. After the first 30 days, if the home has not sold, you have proof of marketing promotion and efforts made to sell the home.

*Source: Sellstate University*

## **MARKETING MYTHS**

### **How to Get the Most Marketing Bang for Your Buck**

Consistency and a unique selling proposition will help ensure your marketing dollars pay dividends.

*By Karim Jaude: Realtor Magazine*

Are you spending more for marketing, but getting less business? If so, you may be the victim of these all-too-common marketing myths.

**Myth one.** I call this myth the "Special of the week." Instead of focusing on a long-term selling proposition, salespeople constantly bombard their customers with special events or limited-time offers to generate interest. Whether it's "Sign up for my newsletter and win a chance at a free TV" or "Come to my open house and get free balloons for the kids," marketers expect these single reasons for contact to produce significant results. The problem with this approach is that marketing is a process, not a one-time-shot.

**Myth two.** The second myth is "It didn't work, so let's change it." Salespeople who subscribe to this fallacy believe customers respond to their messages the first time they see them. The fact is no reputable advertising agency would place a single advertisement for a client, and neither should you. Research tells us that people buy between the fifth to the seventh time that they come into contact with the product or service, not the first or second.

What both of these myths fail to take into account is that marketing is first and foremost about relationship building. Running an ad here or there or doing a mailing from time to time just won't cut it. To really build customer awareness and loyalty, you need to stake out some space in the minds of those people you want to become prospects and customers. And you need to keep filling that space with consistent messages that reinforce the connection between you and the real estate services your prospective customers need. Otherwise, no matter how much or how little you spend on marketing, your money is going to waste.

You have experienced the benefits of this consistency first hand if you have ever had the thought, "If I ever need a...I am going to go to that person (or business) to get it." You will get this response from your customers not because you held an event or ran an ad, but because you offered a solution—a unique marketing message that speaks to your audience. A few minutes with a scratch pad is not enough to develop this kind of critical marketing statement.

## Stand Out and Succeed

Your marketing message should lead to the ultimate in perception about your business and its product or service. Perception causes the immediate association and emotional attachment. It's the feeling that clients get that makes them lean toward your particular service or product.

For your marketing message to have this impact, it should be based upon a unique selling proposition (USP) that clearly describes how you differ and surpass your competition. Your USP addresses the question a prospect has on his or her mind: "Why should I do business with you versus any of the options that are available to me?" The USP will also help develop the emotional association and attachment that produces customer loyalty.

Remember that in presenting your USP, you should talk about the benefits of your service to the customer, not its features. People buy services that solve a problem, relieve a hurt, or make them feel better in some way. Focus your marketing message on those things. Don't talk to customers about the horsepower of the engine. Talk about the feel of the wind blowing through their hair on the open road, or how quickly they can get out of harms way if need be. Depending on your chosen customers, real estate benefits could include a feeling of well being, a beautiful place to showcase your taste or your wealth, safety, profits from a sound investment, family unity, or a great place to entertain.

Your USP can and should be based on positioning, price/value, or your particular approach to the work you do. For example, one of my coaching clients in San Diego found that many of his customers were military personnel searching for off-base housing. On my advice, he positioned himself as the expert in serving the needs of this special group. He sent out monthly mailings to everyone that he had met with this particular need, even those who had moved out of the area. I also encouraged him to get involved in the community, volunteering in service organizations, participating with the Chamber of Commerce, and giving presentations on issues facing people in the military. I also assisted him in establishing a personal advisory board to aid him in any problems in his business that he was facing and a team of professionals with whom he could network and gain referrals. These steps helped this real estate practitioner establish himself as the expert on real estate for this particular client base.

Offering a more affordable price or a better value for your services is another way to set yourself apart. Keep in mind that this doesn't have to mean cutting your commission, although that is one approach. Instead, you can emphasize all the extras you offer for the same basic commission rate as your competitors.

A favorite USP for many real estate practitioners focuses on a particular approach to providing services. How many times have you seen a salesperson advertising some variation on "great customer service." The basic idea is right, but this isn't necessarily a "unique" selling proposition. If you want to set yourself apart with service, you must offer something different and specific to be effective. For example, your customer-service USP might be something like: "I offer my customers 24/7 e-mail responses with

wireless Web connectivity and Instant Messaging.” Now that sounds unique.

## Get It Out There

Finally, to make your marketing more cost effective, it’s critical to find a way to contact your prospects regularly and keep your marketing message in front of them. Some sales associates send out regular letters, postcards, or e-mail newsletters. Here again, consistency in both message *and* medium is key in getting the bang for your marketing buck.

In some cases, your marketing message may help you decide the best way to touch your market. For example, if your USP is a variation on the 24/7 wireless contact message mentioned earlier, sending out a printed newsletter would seem pretty odd. Instead, you’d want an e-mail newsletter with the graphics and a high-tech look. In contrast, if your USP emphasized your high-value services, you might want to utilize a professional-looking two-page letter on your stationery summarizing market trends. The information provides value and the use of existing materials shows you’re not trying to waste money on nonessentials.

Once you’ve chosen a marketing message and approach, use it regularly--at least once a month for a minimum of six months--before making any major alterations. You can still listen to feedback and make improvements in both copy and presentation, but don’t get frustrated after three months if you don’t have a barrage of clients at your door and experience a major change. The only way you’ll ever get to the point where your customers think of your name as soon as they think about buying or selling a home is with a *strong, consistent* message. And when you start getting those referral calls from people you’ve never contacted before, you’ll know you’re finally getting the bang you deserved from your marketing bucks.

Karim Jaude has founded and operated 19 successful companies in eight countries and he made his first million dollars when he was 26. For over 30 years, he has acted as a business and real estate consultant, and coach to business owners, executive, and professionals.

## How Much Should You Spend on Advertising?

Different experts advise different formulas for determining advertising spending. Keep in mind that these figures are for all advertising, not just property advertising.

- Allocate between 30 and 35 percent of your gross commissions to advertising, says real estate author William Pivar.
- Allocate 15 percent of annual overhead to advertising, says Joan McLellan Tayler, author of [From Ads to Riches](#).
- Allocate 20 percent of gross revenues, less commissions, to advertising, says Hal Douthit, creator of the “Computer Adwriting” software program.
- Allocate 2.9 percent of your gross sales if you want to be average. This is the amount that the average real estate salesperson or manager spends on advertising, according to the [National Association of America’s 2002 Newspaper Advertising Planbook](#).

## Budgeting Tips for Advertising

Allocate the biggest portions of your annual advertising budget to the months in which you generated the most sales the previous year. —Courtesy of the Newspaper Association of America

- Use tracking analysis to determine the cost per contact for each advertising medium you use. Calculate that figure by dividing the cost of the ad by the number of responses.
- Buy advertising in quantity to obtain discounts. If you don’t have enough listings to qualify for a discount, pool your ads with others from your company for the maximum reduction.
- Contract for at least six months of advertising to obtain frequency results. You can change the ads if you continue to buy the same amount of space over that period.

**TIP:** Never put classified ads on an unlimited run. If the property sells and you forget to cancel, you will still have to pay.

## Tips to Track Your Ads

- Insert codes into all classified and display ads to help in tracking response rates.
- Train office salespeople to ask callers where they heard about the property and keep notes in a log.
- In tracking responses, ask callers what about the ad attracted their attention and keep notes in a log.
- Create an ad schedule book to keep copies of all ads that run with the issue date, content of the issue (e.g., special homes supplement, real estate guide, decorating section), and the location of the ad in the publication. See if you can determine any other factors that help produce a significantly higher response than average to an ad.
- Consider installing a separate phone line and using that number only for ads and yard signs, suggests real estate author Joan McLellan Tayler. It will help make tracking responses much easier.

## For The Advanced Sales Person

Tony Marsella, vice president of classified marketing for the Newspaper Association of America, shares some expert advice on maximizing your ad budget.

### **Q: How does newspaper advertising fit into the overall promotional mix for a property today?**

**Marsella:** Today, real estate practitioners should use all major media for promotion; online listings, Web sites, home magazines, and newspapers all have a place. The NAA recently did a survey in which it found that recent homebuyers had used an average of 4 ½ sources to find a home.

In addition, different media serve different purposes. Online promotions really function more like MLS books. They contain detailed factual information about properties so prospective buyers can do research, and most allow you to sort date by price range, number of bedrooms, and so on so that you can narrow options.

Newspaper advertising, on the other hand, is about making a direct, emotional appeal that will get a person to take an action—in this case, pick up the phone and call the real estate salesperson about the property. Ads should contain the most important facts about the property—the price, the location, the number of bedrooms, but the real appeal should be to the emotions.

**Q: So the goal of a property ad is to sell the property?**

**Marsella:** Not exactly; the goal is not to sell that particular house as much as it is to make someone contact you. When prospective buyers call, they may not really know whether or not they are qualified for that particular house. But getting them to call in response to a particular ad gives the real estate salesperson the opportunity to act as a consultant and direct the prospects to houses that meet their needs and price range.

**Q: What sorts of strategies should you use in your newspaper advertising to get that phone to ring?**

**Marsella:** In my advertising seminars, I suggest that real estate professionals always advertise a full complement of properties in all price ranges. You can't afford to advertise every home, but by including a range, you ensure that you get calls appropriate to all your listings. Don't just advertise your top homes.

You also want a mix of homes with different appeals—some people may want a quiet, wooded lot, while others may prefer a modern home near shopping. You need ads that appeal to every taste.

If you have a listing that looks like a particularly good value, be sure and advertise that. It will attract a flock of calls, even from people who could spend more. Once you have prospects on the phone, you can use consultative selling to help them find the properties that best suit them.

**Q: What other advice would you give real estate associates to help them improve their property advertising?**

**Marsella:** Don't make the mistake of mixing property marketing with personal marketing. Both are important, but the goals are very different. A property ad should be directed to the thin market of buyers who are motivated to buy now. Property advertising has the goal of getting this small market segment to pick up the phone and call. But they are not calling you because of your skills or experience; they're calling the person who advertised the property.

Personal marketing, on the other hand, is designed to establish you and your services as a brand. Personal marketing builds name recognition and gains listings, but it doesn't sell properties. Don't waste space in your property marketing ads running pictures of yourself or lots of information about your background. Do that somewhere else.

# BEATING THE ROOKIE WASH-OUT RATE

*by Blanche Evans, reprint from realty times url- realtytimes.com*

When you enter a career in real estate you are armed with little more than desire, hope, a license to sell, and a little course work that is more geared to keeping you and your broker out of arbitration/litigation than helping you make money. You are up against incredible odds - 170 out of every 200 agents fail their first year, and only seven percent of those renew their licenses, according to an Arizona broker, Cec Daniels. Moreover, 76 percent of all agents earn less than \$30,000 per year, says the NAR's latest member survey. Yet, others earn in the six figures or in the millions. So how can you compete?

Here are some tips that will help you soar like an eagle instead of sink like a stone. Be realistic.

You are starting with zero clients and you don't earn any money until you close a client's home for him/her. Even if you start day one with a signed client representation agreement, it will be 30-45 days until your contract closes and you get paid. So, give yourself a more realistic time frame to start building a client base and selling some homes.

## **Don't go into real estate under subsidized.**

Most professionals agree that you will need a fall-back income cushion of at least six months to a year. Real estate pay days are irregular at best and every transaction will have a different commission amount. If you really believe in yourself, you can list your own home, sell some stuff, get a business loan, hit up your relatives, curb your spending, and otherwise tough it out until some commissions start rolling in. I recommend starting with as little debt as possible, even if it means divesting yourself of assets to get started. In other words, don't let a savings account or investment portfolio gather three to nine percent interest if you are forced to buy food on a credit card that charges 18 percent. Sell the stock. You can always jump back into the stock market when it makes financial sense to do so.

## **Prepare to invest in yourself.**

Getting your license to practice real estate is only the beginning. A license only qualifies you to go to work for a broker as an agent in most states, and you will be working without experience. To gain more insight into the real estate transaction, learn as much as you can.

Just as other professionals prepare for their careers with student loans and a college degree, you must expect to pay the same kind of dues to gain background in real estate. Agents can earn credentials from broker's licenses to an assortment of designations that denote to other professionals and the general public that they are experts in the field of real estate. Do you want to earn more? Brokers average 25 percent more income than agents. An N.A.R. affiliate, [The CRS Council](#) suggests that their designees are the top five percent of agents, involved in 25% of the nation's transactions. Set your sights high.

### **Prepare to reinvest in yourself.**

Be willing to take and/or pay for additional classes to give you the skills you will need to do business on the Internet and offline. Be prepared to invest in continuing education, a requirement in most states. Special tip: Don't wait until the last minute for continuing education. Look at your local real estate organization's offerings periodically and jump into a course that you need when it is offered. If you wait until just before it is time to renew your license, you'll end up with a course you don't need, and that wastes both your time and money.

### **Don't work part time.**

Would you consider becoming a part-time lawyer or accountant? Real estate is a profession of fiduciaries, not of sales. As a fiduciary, you couldn't possibly keep up with the changes in the marketplace or the newest rules, regulations and laws if you worked only part-time. Also, divided loyalties mean divided strengths. This is particularly true when you are attempting to become successful as an independent contractor, a situation in which you are already a lone ranger. It will only be a matter of time before your other job presents a conflict. What if a customer wants to view homes or your broker would like you to work the phones on the weekend and you can't get away because you're scheduled to work at your other job?

If you have a family, you already have a variable that can cut into your sales time. You still have to support your children, not just financially but being present at their ball games and recitals, too.

### **Don't expect your broker/manager to be your coach.**

A good broker will have enough of a competitive drive and financial cushion to be able to afford some in-house training, but expecting your broker/manager to coach you to success is unrealistic, particularly if the broker is also an active agent. Some brokers oversee double-digit staffs, and some into the hundreds. Time is not something s/he will have to spare. Save your questions for the really important issues. Ask other agents for advice when you need some.

### **Do hire a coach.**

An investment of several hundred dollars a year to get a good coach is well worth the money, and the goods ones will work over the Internet to assist you via email and regularly scheduled phone time. They will also mail you materials as needed. Coaches are easy to find. You can visit the popular real estate sites online such as [Realty Times](#) and [Realtor Magazine Online](#) and see which coaches are writing articles or advertising. Visit their Web sites. E-mail them and tell them what you want to learn, and ask for their pricing schedules. Use all of this data to evaluate their style of communication, so you can learn if this is the right coach for you and your niche.

On [Agent News](#), you'll meet [Joeann Fossland](#), a coach who specializes in daily business organization and time management tips as well managing the psychological side of being an agent. [Dirk Zeller](#) specializes in toughening you in the same way a football or

basketball coach would do, steeling you to "take those shots," and "win the game." In case you are beginning your career as a broker, as you can in some states with the right educational background (college degree, in some cases,) [Patti Brotherton](#) specializes in working with brokers and office managers. [Terri Murphy](#) specializes in e-business. Take advantage of free/low cost resources.

You don't have to pay for all the information you get. Much of it is free on the Internet. Top trainers who are public speakers often write articles and newsletters, such as [Mr. Internet](#), Michael Russer. When you join the N.A.R., you will receive *The Realtor Magazine*, but even better is its online counterpart, [Realtor Magazine Online](#). And don't forget the only independent real estate news service for agents on the Internet, [Agent News](#).

Visit your favorite bookseller online such as Amazon.com or Dearborn.com, and look up the real estate category. Look for authors such as Terri Murphy and Ken Edwards for quick agent help. But you'll want to know more. Need to learn about mortgages? Try *The Common-Sense Mortgage* by Peter Miller. Need to know about marketing? You can't beat *Real Estate Rainmaker*, by Dan Gooder Richard. Want to understand the Internet climate? Read John Tuccillo's *Click and Close*.

### **Don't expect real estate to be a cure for the past.**

Are you hopping from another job to real estate where you think you might be more successful? Take a good look at your life and try to make a fair assessment of where you are and why. Sometimes things happen to people and they get downsized through no fault of their own. They can also decide that a certain job is no longer satisfying, and choose of their own volition to try something new. Or they are let go because they failed to provide something a company thought it needed.

Whatever your situation, your personal strengths and flaws will come along with you and apply themselves to your new career as an agent. In other words, if you had a problem working for someone else or taking orders, it won't magically be different because you are your own boss now. It's an illusion - there is no such thing as being your own boss. You always answer to someone, whether it is a broker, another agent, or a customer. A new career won't make a divorce or an empty nest easier to bear, either. But what it can do is give you a focus so you can rebuild your life. Many of the nation's top agents, including [Ralph Roberts](#) and Coldwell Banker's top producer, Sheets began their ascents to fame and fortune under the cloud of early personal setbacks.

### **Take it a day at a time.**

You are learning a new career while you are on the job, and there is mountain of information to process, but it doesn't have to be done immediately. Give yourself a break and don't overload yourself. Take it a bite at a time. Cut up your day into easy-to-manage increments so that you can cover some farming, networking, market education, marketing and administrative tasks every day. Keep a balance as much as possible.

## HOW MUCH SHOULD YOU BUDGET TO BRAND YOURSELF?

Your marketing budget depends on your goals, your competition, and your media options but should never be based on how much money you have to spend.

*By Greg Herder*

I am often besieged with questions about how much top agents spend on marketing. Is a certain percentage of income the ideal amount? Can you spend too much or too little?

The answers are straightforward and logical, but they do require you to think. The amount you should be spending on personal marketing is determined by the media cost in your area, the competitive environment, and your personal goals.

### **Determine your marketing mix**

First, you must figure out the media costs in your farm area. Every farm is different—some have a number of great publications that effectively reach that target; others do not have any publications, so you must rely purely on direct mail.

Your marketing plan should expose your name and marketing message to your target three to five times each month. You should also send something to your past clients every three to four weeks. Simply add up the cost of getting your message out using a combination of the media options that are available to you.

### **Differentiate yourself**

Next, you must look at your competitive environment. Look at the core marketing message that you are going to build your campaign upon. Does it make you stand out from the rest of the agents in your area? The stronger your core marketing message and the more passion you have about your point of difference, the less you have to spend in order to get your prospects to pay attention.

Keep in mind, though, that if you take on a dominant, well-established agent head to head, your marketing budget is going to have to be much larger, and it will take longer to be effective. If, on the other hand, you are already well-known in your area for any reason, your marketing will work faster and more effectively.

### **Let your goals lead you**

Finally, look at your personal goals. How much real estate do you want to sell? How fast do you want to grow? How do you want your business to operate?

You can cut your marketing costs if you are willing to pay the price in time to personally cold call and knock on doors. However, most agents hate doing business this way and don't have the discipline to do it consistently. Plus, do-not-call regulations make it more difficult than ever to succeed with cold calling.

Understand that the best thing about investing in personal marketing is that it not only helps you build your business, but it also buys you time. Lots of top agents are willing to invest a greater percentage of their income in order to have more time off and to have their business operate in a way that they enjoy.

### **Tailor your budget to your needs**

Notice that not once in determining your marketing budget did I ask how much money you have to spend. The least effective way to invest in a marketing plan is to say, I have X dollars to spend, how should I spend it? You must start by asking, What do I want to accomplish? Then figure out how much it will cost to meet that objective. If you don't have the money to accomplish your objective, make it smaller or figure out how to get the money.

I see so many agents wasting marketing money because they feel that doing something is better than doing nothing. Remember, in marketing, spending 90% of what it takes to get your message into your prospect's awareness produces nothing.

### **Consider where you want to be, not where you are**

During my 25-year involvement in real estate, I have come up with a rule of thumb that might be helpful. You should set your budget based on what you want to earn, not what you currently make. Your marketing budget should be between 15% and 30% of your gross commission goal for the coming year.

The percentage that you spend is inversely proportional to your income. The more you make, the less you have to spend. If you earn \$1 million a year in commissions, you can get by with spending 15% or even less on marketing. If you are making \$100,000 or less, you must spend 30% so that you grow your business.

### **A real-world business application**

Over the years, I have seen many brand new agents who have started out with a goal to build a real estate business and invested \$20,000 to \$30,000 to jump-start their business through personal marketing. Almost all of them end up earning over 100,000 in commissions their rookie year. Best of all, their businesses keep growing and within three or four years they are the top-producing agents in their areas.

When I tell this to agents, I get one of two responses: anger or excitement. Some agents have even called me names and told me I was hurting the real estate profession. On the other hand, agents with business backgrounds often ask why everyone isn't taught this when they get into real estate—after all, it's the way business works.

### **Take it step by step**

At times agents will ask me, “What do I do if I don’t have the \$20,000 I need to build my business through marketing?” I tell them that if they have no money they must start out cold calling and door knocking because they have no other option. As soon as they can save up some money, they can then launch a marketing campaign. If they have between \$6,000 and \$10,000 to invest, I tell them to create a prospecting brochure and follow my 90-day prospecting plan. This plan uses a personal brochure that is designed to generate 10 or more transactions every 90 days using only a prospecting brochure. As they start making money, they can then move on to a complete marketing campaign.

The reality is that you have to invest enough in marketing to get the job done. I am amazed at how many agents come up and say to me, “Last year I spent a few hundred dollars on note pads, chip clips, magnets, and other things and it generated nothing in return.” If those things ever do pay off for you, think of it like winning the lottery; enjoy it, but don’t count on winning the lottery every year!

Greg Herder, CRB, is cofounder and CEO of Hobbs/Herder Advertising, and is one of the most highly respected figures in North America on the topic of personal marketing in real estate. He has written books, articles, and gives seminars on the subject, and consults with many of the industry’s top agents and companies.

# THE POWER OF BRANDING

*by Allison Fishwick*

According to the National Association of REALTORS®, 76% of people who decide to sell their home with the assistance of a licensed real estate agent interview only one agent for the job. Are you that agent? If not, who is?

What can you do to become that agent everyone looks to first? The answer is simple—eliminate the other options. By branding yourself correctly, you can create the perception in peoples' minds that you are the only option—the only agent—who will sell their homes.

A concept used for many years by corporate America, branding is an invaluable tool that, if used correctly, holds unlimited potential for real estate agents. In fact, you are in a unique position to have success through branding because you are your own product.

Yet many agents—even those who spend more money than most other small businesses on advertising—are missing the boat when it comes to building a business through branding. As a result, the agents who do build a consistent brand are able to take advantage of this market where three-fourths of the population calls only one agent to list their homes.

## SO WHAT IS BRANDING?

Commonly lumped together with marketing, branding is actually a distinct concept that can virtually eliminate the need for traditional costly marketing. While marketing is a quick, active message targeted at selling a product, branding is a slow process, building your image over time. Branding relies on consistency and repetition. It's about building your image in the minds of the public—creating a perception that you are the best, regardless of the market conditions.

A great example of a person who has used both personal branding and marketing is Oprah Winfrey. Over time, Oprah has built a perception in the minds of the public of who she is and what she stands for. That perception, that emotional, innate response to the name Oprah Winfrey is her brand. Her magazine, her television show, her books, etc., are products she markets to the public. She markets her products through commercials, her shows, and other vehicles. The success of her product marketing is based in large part on the strength of her brand. Conversely, her brand continues to be strengthened because her marketing and her products consistently support the promise of her brand.

All real estate agents make money in a strong market. Agents who are perceived as the experts—the leaders—make money regardless of the market conditions. By building your image over time—by branding yourself—you will see that in the long run you will spend less money on marketing but get greater return.

### **Qualities of a successful brand**

When working on a branding strategy, step back to determine if your brand possesses the following qualities:

#### **Unique**

Does it differentiate you from the other agents in your market? Branding yourself as a seller's agent won't cut it—you need to dig a little deeper and find what you do better than anyone else, such as being the "face lift" agent who takes care of any needed repairs and staging.

#### **Attractive**

Does your brand appeal to people? Select a personal attribute or service you provide that consumers can understand and will want.

#### **Memorable**

Whether you use a logo or slogan, make sure consumers can remember it. It doesn't matter how you brand your business if no one knows it.

#### **Achievable**

You want to portray your business in the best light, but don't overpromise with your branding. If you're the "30-minute agent" because you return all calls within half an hour, calling after 50 minutes tarnishes your brand.

—Ward Lowe



## HOW DO YOU BRAND YOURSELF?

Branding requires a commitment. You cannot read this article or a book about branding, pick a slogan, and consider yourself branded. Branding is more than putting your picture on your business card and a park bench and proclaiming you are the number-one salesperson in your market.

Branding is everything you stand for—your promise to your customers.

To successfully brand yourself, you must first evaluate where you are and where you want to go. This is the most important step. As an agent you have to live and breathe your brand every day or it will fail. You have to honestly evaluate yourself and your business. What does your business look like now? How do you want your business to look? What are you willing to do to get there?

After you have determined where you are and where you want to go, it's time to step out of your box and define you as your brand. Did you determine that you really want to focus your business on serving the real estate needs of retirees? Pick a slogan or word that describes the commitment you have to your target. For example, "Providing golden service for the golden years." Then own that brand in everything you say and do. Back up your brand with what you promised: golden service. Use your slogan or brand consistently and repeatedly. Over time, your name will become synonymous with your brand to the extent that your target—retirees and their families, in this example—will think of you first when they want to list their house, regardless of whether you took out a full-page ad in the newspaper proclaiming yourself the number-one agent in the market. Remember, evaluate your business and your path, make a commitment to your brand, and back it up with everything you do every day. Follow these steps and you will be on your way to building your brand and becoming that agent sellers in your market call first to list their home.

Allison Fishwick ([AllisonFishwick.com](http://AllisonFishwick.com)) is a professional speaker and coach who specializes in coaching real estate agents to properly brand themselves. Drawing on her personal experiences as a real estate agent, Allison practices what she preaches, combining the best attributes of a professional speaker and coach with the authenticity of an agent who has been "in the trenches."

# BRANDING YOURSELF 101.

Marketing experts tell you to brand yourself and your business, but do you really know what they're talking about?

## **1. Create A Visual.**

Branding your organization means that you create a visual, cultural, and even emotional image of your business and its services. Marketing devices like logos, slogans, and ads represent only a fraction of that image. Your brand encompasses everything about you and your business.

## **2. Numbers Not Meaningful.**

What does it tell consumers if you market yourself as the “number one agent in Podunk City” or a “million-dollar producer”? It tells them that you think you're pretty great, but it doesn't give them a reason to hire you as their representative. Pick something about your business that you want people to remember—something that makes you different from other agents in your area, something that you do better than everyone else. Use that unique aspect of your business to create your brand.

## **3. It's The Consumers Perception.**

Your brand is about how people perceive you. If you position yourself as the guy who sells downtown lofts, everything about you and your business must say, “You should call me to sell your loft, because I'm Mr. Downtown.” Can you really sell downtown lofts better than everyone else in town? Maybe, maybe not. However, the goal is to brand yourself in such a way that people think that and will call your first. Consumers are buying you, and building a brand involves making them loyal to you.

## **4. You Need Consistent Branding.**

Always be consistent with your branding message. If you want people to perceive you as the downtown expert, don't put a ranch road address on your business card. Locate your office downtown and dress like an urban professional.

## **5. A new Ending Process.**

Building a brand is a never-ending process that takes constant reinforcement. Figure out what your target customers really care about and position everything about your business to attract them. Advertising, marketing, relationships with clients, customer service—it all contributes to your brand.

# BRAND ADVANTAGE CAMPAIGN IN YOUR MARKET

Grow your business with a consistent marketing campaign that underscores your differentiation and advantages over other agents.

Do you think of yourself as a brand? Most sales people don't, but in real estate you have more power over branding than you might realize. Eighty-five percent of brand decisions are made face-to-face between the sales agent and the client. It is your job to position the company's points of differentiation, you, as the salesperson, will ultimately close the deal.

Real estate salespeople are often viewed as commodities. They all do the same thing—represent buyers and sellers, landlords and tenants. How do you set yourself apart from the swarms of other real estate agents in the marketplace? I recommend a four-step process based on a strategy model called VRIO by Jay Barney of The Ohio State University.

To have a brand advantage in your market, you must differentiate yourself by doing four things:

- 1 Define your **Value**. Specifically, you need to define your value to the client or prospect. What do you offer that makes your services valuable?
- 2 Define your **Rarity**. The attributes that make you valuable must also be rare. In other words, other salespeople must not have this quality. For example, many salespeople say they are valuable because they put the customer first. A valuable service indeed, but since everyone else is saying that and every client expects it, it's not enough to differentiate you. If you can get more specific about your value, it will be harder for others to imitate.

For example, a residential broker in New York City is open 24 hours a day. This can be a great value for clients who just don't have time during the day to handle their real estate transactions.

- 3 **Be Inimitable**. If you have something to offer that is rare, make sure it is also difficult for your competitors to imitate. After all, if someone imitates your point of differentiation, you are no longer rare. For example, if a salesperson has a proprietary selling method that will take a home from list to close in 30 days, that's valuable and rare, and something that may be difficult or impossible for the competition to claim or imitate.
- 4 Leverage your differentiator throughout your **Organization**. In other words, remind people regularly about the value you bring to the table. In the previous example, a salesperson may create a tag line "List to close in 30 days" and have this line included in all marketing materials, brochures, e-mail messages, and other communications. Your audience should be so familiar with your differentiator they will always associate it with you. Just like people associate

Nike with Just do it or Campbell's with Soup is good food. If you focus on one point of differentiation, people will remember you.

**Points of differentiation I have seen being used by real estate agents include:**

- One-stop shopping services-representing buyers and sellers, financing, staging the home to prepare for sale, and moving services.
- Using a different business model that makes properties sell faster and for a higher price.
- Using a proprietary inventory system that enables buyers to see more properties in a shorter period of time.
- Having the highest market share in their area.

I have seen agents significantly increase their income and get higher fees when they were able to show a point of differentiation.

One of the best definitions I've heard of branding is, "what people say about you when you're not around". Isn't that when people really get honest? What do your clients and prospects say about you in comparison to your competitors? Can they define what it is that makes you different and valuable to them? Your clients may know your differentiator better than you do.

**It's a great idea to survey your clients and ask questions like:**

- What other broker did you consider? (Shows your competition.)
- Why did you end up choosing me? (Shows point of differentiation.)
- What do other salespeople offer that I don't? (Shows competitor's point of differentiation.)

If you continue to revisit your differentiator using the VRIO model, you will have a sustainable competitive advantage in your market place. Market yourself as if you were marketing your best listing. Set yourself—not just your properties—apart from the competition. Be specific and consistent and you will continue to brand and expand.

# PROPERTY ADVERTISING TECHNIQUES

## Advertising in Print

*Source: Realtor Magazine*

Print—especially newspapers and home magazines—remains the mainstay of property marketing.

### 10 Tips for Terrific Newspaper Ads

1. Start with a strong opening statement about the home.
2. Mention the key one or two benefits that will attract buyers' attention and spark their interest in the first 10 words of the ad.
3. Include the salient facts about the property, such as the number of bedrooms and bathrooms and the asking price.
4. Include your name, your telephone number, your e-mail address, and your Web site.
5. Use words that appeal to the emotions and senses (e.g., feel, see, enjoy).
6. Avoid abbreviations and real estate jargon that the average consumer won't understand.
7. Be accurate. Prospective buyers are bound to feel disappointed or manipulated if the home doesn't match your description.
8. Focus on the home's strongest selling points, instead of packing your ad with too many details.
9. Close with a statement encouraging the prospect to contact you (e.g., "Call today.").
10. Keep a notebook of attractive home descriptions from remodeling magazines and other property ads so you'll have a ready reference for writing your own blurbs.

## Consider these factors in making your media-buying decisions.

- Reach means conveying your message to as many prospects as possible in your market area. For the best reach, use several media.
- Frequency means the number of times your message is delivered in a particular time period. Frequency should be emphasized for building name recognition or promoting a quick sale. Emphasizing frequency usually means using fewer media more often.
- Continuity indicates how long a particular promotional effort will run. Emphasizing continuity usually means using fewer, tested media for a long period.

## Display Ads That Pop

Keep these ideas in mind when writing and designing a display ad.

- Most people read ads from the upper left to the lower right. Put your headline and photo near the top.
- One large house photo is more effective than several small ones.
- Don't use more than two typefaces in an ad; avoid very decorative faces as they are often hard to read, especially in smaller sizes.
- Short words are more powerful than long words; short sentences are more powerful than long sentences.
- White space around a headline or main point draws the reader's attention. Don't fill every bit of space in your ad.
- Always include contact information and the company logo.

Adapted from [Power Real Estate Advertising](#), by *William Pivar and Bradley Pivar*, Real Estate Education Co.

**TIP:** 80 percent of the value of your ad is in the headline, says Ian L. Price, author of *How to Get Supergreat Results from Your Real Estate Advertising*.

**TIP:** You can still mention two or three properties in one display even if you don't have room for several photos. All properties will benefit from the pull of the photo.

## Questions to Ask Yourself about Your Ad

- Does the visual take advantage of a demonstrable benefit of the property?
- Does the headline involve the reader emotionally?
- Does the headline work with the visual?
- Does the copy persuade the reader with facts, not puffery?
- Does the copy close with a call to action?

## Top 10 Things Buyers Want to Know About Real Estate

- 1 Location and neighborhood
- 2 Price or price range
- 3 Picture of the house
- 4 Layout of the house
- 5 Total number of rooms
- 6 Number of bedrooms and bathrooms
- 7 Size of lot and square footage of house
- 8 Details about the community
- 9 Amenities and features
- 10 Phone number for more information

*Source: Newspaper Association of America's 2001 Newspaper Advertising Planbook*

**TIP:** The NAA suggests that you keep contact information simple to make it easy for prospects to reach you. Three or four different phone numbers will only confuse most people.

## MARKETING MEDIA TO CONSIDER

In *Real Estate Advertising Made Easy*, author Mary Ellen Randall divides property marketing into advertising, promotion, and personal selling.

### Advertising

- 1 **Yard signs and key boxes.** Post signs within 24 hours of acquiring the listing, especially if the property is located on a street with good traffic.  
  
**TIP:** Use no more than five large words on a sign. You have only four to seven seconds to get your message across as drivers drive by.
- 2 **Classified advertising.** Classified ads are a way to attract and partially pre-qualify buyers. A study by the Newspaper Advertising Bureau found that 57 percent of newspaper readers read the classifieds last year.
- 3 **Display advertising.** Home book display ads offer the chance to show a visual of the house and are a great way to reach out-of-town buyers.
- 4 **Radio-TV promotions.** Mostly used for institutional advertising, cable television shows focusing on real estate or a series of short radio spots may be appropriate for high-end homes or multiple homes in a new development.

### Keep It Ethical

Be certain to present a true picture of the property in advertising and in presentations to the public. Link to [Article 12](#).

### Promotions

- **Marketing brochure/flyer.** Depending upon the price of the house and the market, a flyer may be a slick brochure or a simple, pre-formatted sheet. If possible, always use color photos, even if the source is a laser printer. The brochure can be used for direct mail, left at local businesses and in your office, and handed out at open houses.
- **TIP:** The cost per item of printing 2,000 brochures at one time is less than the cost of printing two groups of 1,000 brochures each. Take advantage of these marginal savings if you can. But be sure you have a specific use in mind for the extra 1,000 brochures, or you're wasting your money.
- **Property information sheet(s).** These summaries highlight key information—address, age of property, size of house and lot, number of bedrooms and baths, property taxes (and assessments as applicable), and terms of sale.

## Keep It Ethical

Although you aren't obligated to detect all latent defects or to advise on matters outside your professional expertise, be certain to avoid the misrepresentation or concealment of pertinent facts.

- **TIP:** Add a “unique features” section to your property information sheet to highlight special or especially desirable features of a home. —Barb Schwarz in [How to List and Sell Residential Real Estate Successfully](#).
- **Web site listing.** Post new listing on your own or your company's site within 48 hours of taking the listing.
- **MLS listing.** Salespeople are your best resource to sell property, so give your MLS copy some pizzazz. Also consider buying a supplemental listing in your MLS book or the MLS Web site.
- **Broker-salesperson letter-mailing.** Getting the word out to fellow salespeople in your market is essential. Use e-mail if you have it available. Include your Web site link if the property is posted on your site.
- **TIP:** Build rapport with other salespeople by offering prizes to those who sell your listings. For example, offer a free dinner certificate to any salesperson who shows and sells one of your listings in the next month. Up the prize if the house has been on the market for more than 60 days.

## Personal Selling

- **Public open houses.** Be sure that the house is in great condition before you plan an open house. If traffic is sparse in the area, try to coordinate your open house as part of a caravan or hold it in conjunction with nearby houses. Arrange to have flyers for all the nearby listings from your company available at each home.
- **Company tour.** Arrange to have your company's salespeople tour the house within the first week of listing to increase the chances that your company will sell the listing.
- **Broker open house.** Hold a series of broker open houses within the first few weeks that the property is ready for sale.
- **TIP:** One week before the broker open houses, make personal phone calls to 10 to 15 top producers in your market, re-inviting them to attend. If any of this top group is unable to come on the designated day, offer to arrange a special showing.

- Greet each salesperson personally, and conduct them on a tour through the home, pointing out features as you would to a buyer.
- Ask salespeople if they can think of any recent clients who might be good candidates for the house. Don't accept "no" too rapidly; sometimes salespeople just need to be pushed to think in terms of whom your house would work for.
- Don't stop at one broker open house, says author Barb Schwarz. She recommends holding one a week for the first three weeks the property is on the market. Her own personal record was 17 open houses.

## WHERE HOMEBUYERS REALLY LOOK TO BUY

Real estate professional	86%
Yard sign	69
Internet	65
Newspaper ad	49
Open house	48
Builder	37
Home book or magazine	35
Television	22
Relocation company	14

From *The 2003 NATIONAL ASSOCIATION OF REALTORS*®

## TIPS FOR DIRECT MAIL MARKETING

1. **Be Consistent.** Studies show that on average it takes six to seven times for your message to make an impact on a client. Regular monthly or quarterly mailings to clients and prospects can increase repeat or referral business. You never know when someone is ready for your services, so keeping your contact information consistently visible is key.
2. **Send Useful Information.** Send postcards, brochures or magnets that provide practical and valuable information. For example, send **Home Keeper Magnets** featuring baking substitutions or helpful ways to remove stains, or **Landscape Tips Postcards** for each respective season. Sending valuable information increases the likelihood that they will keep it around, in turn keeping your contact information around as well.
3. **Offer An Incentive.** Most people love discounts or free offers. Extend a free consultation or financial evaluation at no obligation. Offer a free **Educational Brochure** about a popular topic relating to your client. Offering a simple incentive will often increase your response rate.
4. **Make It Memorable.** Stand out from the crowd with what you choose to mail. Send a colorful eye-catching postcard that will grab their attention and make them want to read it. You can send an **Inspirational Postcard** with an uplifting quote, or a **Humorous Postcard** with a silly image and funny catch phrase. Getting them to read it is half the battle.
5. **Don't Forget To Prospect.** While it is important to retain your current clients, it is also vital to prospect new clients and potential professional partners. Start prospecting niche markets for new clients. For example; first time homebuyers such as newlyweds or renters, the reverse mortgage community or credit challenged audience.

Keep in mind that professional partnerships have the potential to increase business for both sides.

While the above tips may seem very basic, it is often important to get *back* to the basics. There are many advertising choices out there, but no matter what avenue you choose, direct mail still has an impact in this day and age... tap into your market and watch your business grow!

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# FACTS DON'T SELL—EMOTION DOES

Consumers purchase logically, but buy EMOTIONALLY.

“I only bought the car for transport” (The fact that it is a low slung red sporty job has nothing to do with it?? – ego, image, prestige – all emotional).

Making buying decisions emotionally is instinctive and the professional advertising people long ago realized if you tap into what is instinctive, your ad is half way there already.

That is why the products we buy everyday, cornflakes to carpets to cars, are advertised to us EMOTIONALLY.

Is buying a home an emotional process? Of course, YES! Buying a home is one of our most EMOTIONAL purchases.

So, it stands to reason your ads MUST appeal to your prospects' EMOTIONS – otherwise you stand the risk of ignoring the fundamental motivational factor for all purchasing decisions.

However, when you look at most Real Estate ads, would you agree they are nothing more than an inventory of features? **It's time to make a change for the better!**

## HERE IS HOW TO PUT EMOTION IN YOUR ADS?

Remember that people don't actually buy products – THEY BUY A PICTURE OF WHAT THAT PRODUCT IS GOING TO DO FOR THEM - A PICTURE OF THEMSELVES INJOYING IT. So, put them in the picture!

THE SECRET Don't tell them – WHAT IT IS rather, tell them WHAT IT DOES – FOR THEM! For example: “FULLY FENCED” that is merely telling the prospect what it is, by listing a feature. Consider this: “SAFE FOR CHILDREN AND PETS” This fully fenced home will give you peace of mind knowing that.... Now, you are telling them WHAT IT DOES – FOR THEM. **Highly emotional and very strong.**

For example:

HAMMOCK SWAYING, GOOD BOOK/COLD DRINK – paints an emotional picture of relaxation, peace and quiet, de-stressing – as well as trees, shade, birds and possible privacy.

“CROQUET, DAD?” Paints an emotional picture of family togetherness, caring, sharing, love and fun, as well as saying the back yard is BIG enough and FLAT enough without wasting words to describe or measure it.

## **The next vital issue is:**

### **Consider your Target Audience**

Another of the secrets of great advertising is to be very specific in targeting your market. If you are aiming at first home buyers, talk to them only, about the things that interest them (emotionally) – **NOT** “first home buyers or investors”, lumped in together. This tends to sound like “poor people or rich people” and it is virtually impossible to create one-on-one empathy when talking to two or more different markets in the same ad.

Do you know what percentage of sales in your area are family buyers, couples, first home buyers, professional people, home business owners or investors? There are buyer profiles available to help you ascertain what market you should be aiming your ad to – don’t write multi-purpose ads – be targeted, be specific. To illustrate this, I’ll show you a successful ad for the following home (**previous ads run had brought no response at all**). This ad sold the home. The phone rang for weeks after and more homes were sold from it – A TOTAL SUCCESS!

### AFFORDABLE AMERICAN DREAM

The dream of owning your own home. A home with a quiet street with only four houses including yours. Your house being quality brick and tile with 3 big bedrooms, all with built-in closets. Wood floors with modern carpets in the bedrooms and living area. Plus walls and ceiling freshly painted. How affordable? \$129,000 negotiable. (Agent name and contact info)

### This ad illustrates the points made so far:

- 1 This ad was very specifically targeted to first home buyers (without labeling them), relative to the buyer profile in the area.
- 2 It is appealing to the EMOTIONS –one of the strongest – the desire to own our own home.
- 3 It is definitely a one-on-one communication – you can read it as if the ad was written for you alone (try it and see!).

Finally, it is a very positive as well as warm ad – you almost feel like you own the home already, whilst you’re reading the ad – do you get that feeling?

### To Summarise:

Two elements VITAL to the success of all advertising:

- 1 EMOTION
- 2 SPECIFIC TARGETING MARKETING

### Examples of more benefit emotion

- 1930s design and charm with hardwood floors, fireplace, breakfast nook and formal dining room with built-ins. It's a pleasure to come home to this 4-bedroom, 3-bath haven located on a 1-acre wooded lot just outside the city limits. Large master suite has bay window overlooking rock/rose garden. Call John Bennett at 000-000-0000 to set up a time to view this jewel. Surprisingly affordable at \$172,000.
- The much sought-after Forest Views subdivision has a 3-bedroom, 2-bath ranch home available for purchase. Kitchen recently remodeled with all-oak cabinetry and granite countertops. The two-car, attached garage, privacy fence and wood deck with hot tub are just a few of the special touches included with this 2,600 square foot beauty. The tree-covered one-acre lot provides plenty of colorful splendor in the fall. Call Stephanie at 000-000-0000 to set up a time to see this one-of-a-kind home offered at \$198,000.
- This 3-bedroom, 2-bath tri-level has over 2,000 square feet of living space. 9-foot-high ceilings with crown molding add elegance to this custom-built home on a 2-acre professionally landscaped lot just 10 minutes from downtown. All appliances and many hand-crafted light fixtures are included in the \$210,000 price. Call Pierre at 000-000-0000 to learn more about the savings offered by motivated seller.
- 2,600 square feet of high-quality townhome construction lovingly maintained. 2-bedroom, 2-bath unit with gas log fireplaces in master suite and great room. Formal dining area with pass-through from modern kitchen. Bay window overlooks well-manicured lawn and sliding doors lead to backyard patio. Once you see this affordable offer, you'll want to call it home. Donna 000-000-0000. \$170,000.
- It's not just the 3 bedrooms, each with a walk-in closet. It's not just the 1,200 additional square feet of the basement. Three levels of this glorious townhome stack up to give you room to breath and room to grow. With a combined square footage of 3,600, this 2.5-bath home makes it easy to entertain friends and family. There's always room fro company! Call Darryl at 000-000-0000. \$210,000.
- When is a townhome better than new? When it has been lovingly maintained by a skilled craftsman. All-wood, built-in bookshelves and storage cabinets make this home both beautiful and functional. Two-car garage and large, landscaped lot are included in the \$200,000 price tag. Call Sharon at 000-000-0000. You have to see this home to believe it!
- Enjoy 2,400 square feet of one-level living in this 3-bedroom, 2-bath home on a heavily wooded corner lot. The eat-in kitchen has an abundance of cabinet space. Refrigerator, stove and dishwasher are still under warranty. Cathedral-ceilinged great room with stone fireplace is perfect for entertaining guests. Master bath

contains spa tub and shower. Call Aaron today for more details. 000-000-0000. \$180,000.

- Are you looking for room to spread out? The price on this spacious 2,800 square foot all-brick ranch has just been reduced for quick sale. With 5 bedrooms and 2.5 baths, this generous floor plan can be easily adapted to fit your needs. New kitchen appliances, all-wood cabinets and updated lighting fixtures are just a few of the amenities in this homeowner's dream. Call Rita at 000-000-0000 to schedule an appointment today. \$225,000.
- Whether it is the versatility of the three-car attached garage, the possibilities of the 2-acre lot or the functional floor plan, you'll love the special touches throughout this newly constructed ranch home. Spacious walk-in closets are standard in each of the 3 bedrooms and both bathrooms are equipped with spa tubs, showers and high-quality tile floors. Backyard wood deck accessible through French doors. To find out more, call Helen at 000-000-0000. \$250,000.

## HEADLINE AND AD COPY TIPS

**Stuck for something to say? Try these ad headlines and teasers.**

**New listing:** Be First; Premier Offering; Ready for Inspection; It Only Takes One; Sneak Preview.

**Open house:** Opening Night; Come on Down; Be Our Guest; Open for Admiration; Come and Compare; See You At (time); You Missed a Great Open House (for second open house).

**Starter home:** Buyer-Friendly; A Great First Home; Beauty, Warmth, and Value; Take the Plunge.

**Luxury home:** If You're Choosy; It Doesn't Get Any Better; Perfection Plus; A Special Place; Designer's Dream.

**Any home:** One Look Will Do; Make the Discovery; Something Special; Set for Living; A Classic; Is Quality Important?

**Renovation:** Just a Little Imagination; A Little Loving Care; Do a Little, Save a Lot; Like Challenges?; A Great Opportunity.

**Humor/Catchy:** Want to Know a Secret?; Finder's Keepers; Sick of Looking?

**Architecture:** Touched by Tradition; Historic Charm; Vintage; Built to Last; Sleek and Modern; Very Now; Highlight the [architectural style](#) of the home.

**Amenities:** Shaded patio; Room for a grand piano; Perfect for family gatherings; Everything a cook could want; Private sanctuary.

**Great adjectives:** Gracious; open; sunny; efficient; cozy; warm; roomy; convenient; relaxing; stately; spacious; polished; rustic; worry-free; tranquil; snug; stunning; affordable.

*Source: Realtor Magazine*

## COMPOSING EFFECTIVE COPY

Whether you're creating a property flier, a classified ad, or an e-mail to a potential client, how you lay out your information in writing can matter as much as the information itself. You don't have to be a wonderful writer to compose effective communications. You do, however, need to pay attention to a few elements of your prose.

Lose the lingo. If you've ever tried to read a physics text book, you may have some idea how your ads look to many readers. You can assume that anyone trolling the classifieds knows that a 3/2 means three bedrooms and two bathrooms. But what's a 3/2/2? Two-car garage? Two living rooms? And watch your abbreviations. BR? Bedroom. BA? Bathroom. DWD? Um . . . .

Add some emotion. Any communication promoting a listing should do more than list the number of bedrooms and bathrooms. Appeal to the reader's heart. Play off the property's style, view, or other unique feature to create an image in the buyer's mind: Enjoy Hill Country sunsets from your spacious, covered patio. An easy way to do this is to ask the current owner what he enjoys most about his property. Chances are the same features that the seller will miss about the listing will attract a buyer.

Check your adjectives. Paint a picture when writing about a property, but don't oversell it. Is it really a charmer with gorgeous touches and spectacular views, or is it just a well-kept home that doesn't overlook a freeway? Avoid embellishing the facts.

Link to it. Few people enjoy reading long ads or e-mails. If you've filled your allotted space in an ad or on a listing flier but want to provide more information, don't use a smaller font or abbreviate every third word. Include a URL that brings visitors to a page on your Web site that lists the full specs of a listing as well as interior and exterior photos. The same strategy works for e-mail messages. Provide a sentence or two that conveys your message and add a link if the reader wants more information on a topic.

It only takes a second. When you're done writing something, go back and read it. Automatic grammar and spelling checkers in e-mail and word-processing programs are great, and you should use them. However, they don't catch everything. If taking this extra step sounds ridiculous—But I write e-mails from my Blackberry. People today don't care about spelling and grammar—then feel free to look unprofessional and unconcerned with details.

# WHAT MAKES YOUR MARKETING WORK?

**It's not as big a mystery  
as most people believe.**

*by Greg Herder*

Looking back over what I've learned about successful real estate marketing the last 20-plus years, I realized there are a few key things every successful marketing campaign we have ever done has in common—whether for an agent, a single office, a large company, or even our own marketing. And here's some insight about successful marketing that will surprise many in the real estate industry: You don't have to crack some mysterious code or be the beneficiary of rare luck. You merely have to apply sound, proven strategies.

## **Celebrate your individuality**

The first common element in all our successful campaigns—and I believe the most important—is that each one focused on a point of real differentiation that was consistent with the agent's (or firm's) personal core values. The funny thing is that clients tend to fight this more than anything else. They tell us they don't want to limit themselves. Yet all the marketing books, research, and our years of experience show that if you don't have this element, your chances for a successful campaign are significantly reduced. The hardest part of identifying core values is looking inside yourself. You must figure out who you are and clarify what you stand for, personally and professionally. Based on what you find, you then have to make some gut-wrenching decisions and recognize trade-offs that most people simply prefer not to make.

## **Carve your niche**

I remember when we started Hobbs/Herder Advertising how difficult it was to limit ourselves to working in the real estate industry. Looking back, I realize it was one of the biggest keys to our success. I know that you will succeed faster by starting with a highly focused, differentiating message that establishes your position in the minds of your clients, and then expanding from there, rather than trying to start with a broad, general appeal.

## **Facts don't sell**

The next common element is that every successful campaign must touch the prospects at an emotional level. This is another thing that some clients struggle with. They tell us they want to highlight facts. They believe that a logical argument supported by facts will win over an emotional appeal every time. No matter how logically we present the evidence that emotions sell and facts do not, they are emotionally committed to being logical. Now don't get me wrong—I believe that every great marketing campaign has just enough facts so that a consumer can justify an emotional decision. This was one of the hardest lessons for me personally to learn and finally embrace.

In the early days of our company, I even wrote some ads that made a logical case about why Hobbs/Herder Advertising was worth the investment. These ads talked about the quality of our professional writing and design staff, the training we gave them and how our systems worked to ensure that they would get a campaign that worked. The problem is that I could never get the ads to emotionally resonate with anyone. Finally, I came to realize that the ads were really a reflection of my personal beliefs about the quality of work we did and the value we provided our clients. It was information that was important for me to believe in, to keep me true to my beliefs and values, but would have been a total disaster as a marketing campaign.

### Look at the big picture

Another common element for all our successful campaigns is that they are truly campaigns, not just one ad or one brochure or one piece of direct mail. Over the years, I have been constantly asked, "If you can only afford one thing to get started, what should it be?" The answer is that when you start with a business plan and a basic arsenal of marketing materials, including your personal brochure, logo, ads, direct mail, Web site, and informational reports, I'd say your chances for success are almost 100%. We have found that if you start with only one piece, your chances for success are only 5% - 10%. In fact, I cringe every time one of our clients gets great response from his first few marketing pieces, because he starts telling others it works instantly! Every now and then it does, but consistent success comes from a complete campaign.

### Stick with it

The final common element of all successful campaigns is consistency of your message over time. The reality is that it takes time for a marketing campaign to take root and grow. I tell agents the key to success is to develop and follow a one-year marketing plan that puts a differentiated, personal marketing message in front of consumers three to five times per month in a variety of media. It works most of the time. In fact, after 20 years of creating exciting marketing campaigns for real estate professionals, I know that on the rare occasions that it does not work, it's not a failure of marketing. It's a failure of the agent's basic competence as a salesperson.

The good news is that most agents who are willing to invest the time, the money, and the effort in a top-quality marketing campaign have good sales and service skills that enable them to capitalize on the business their marketing campaign creates for them.

I am often asked, "Is this hard to do?" The answer I give is both yes and no. The process is really not hard. The steps to take are clear. Many agents have done it in the past and are doing it right now. The hard part is mental. Making the tough choices about how to differentiate yourself, investing money that you cannot afford to lose, and then waiting for it to take root and grow during that critical first year of launching your marketing

campaign—these are the hard parts. This is where most agents simply fail to act, because in reality, it is easier to do nothing and simply hope that it will work out.

Greg Herder, CRB, is cofounder and CEO of Hobbs/Herder Advertising and is one of the most highly respected figures in North America on the topic of personal marketing in real estate. He has written books, articles, and seminars on the subject and consults with many of the industry's top agents and companies. For more information feel free to contact him.

## 29 LOW COST MARKETING IDEAS

**Keeping in touch with your clients and staying visible in your community doesn't have to cost you a bundle. Take a look at some creative, inexpensive and even free ways you can keep your business growing.**

- 1 Send a Digital Newsletter each month packed with useful articles and tips for your clients. (\$35 per month to an unlimited number of clients)  
<http://www.intouchtoday.com/mortgage/digitalnewsletter.htm>. Or write your own for free!
- 2 Call your clients. Choose three people each day and call them just to say hello.
- 3 Email a piece of trivia to your database each month, and award the first person to respond with the correct answer, with a \$25 gift card to a restaurant.
- 4 Hand out free balloons in, or outside your office. Make sure your business card is attached!
- 5 Partner up and cut your marketing costs in half. Choose your favorite professional referral source and send out a postcard together.
- 6 Host a neighborhood picnic/potluck. Invite your neighborhood either over to your house or to a neighborhood park. Provide soda, water and some snacks. Tell them to invite a friend too!
- 7 Conduct a survey of your clients. Ask them what they most need right now, what their biggest fears are, etc. Follow up with each based upon the results-you never know who may need your expertise.
- 8 Email a motivational or inspirational quote of the day to your clients.
- 9 Choose one person per day from your database and send a hand written note card simply saying "hi".
- 10 Start a blog. Write about personal and business related topics. Send an email reminder to your clients each week reminding them to read it.
- 11 Write a "tip sheet" relating to your industry and email it to your clients.
- 12 Host a free educational seminar and invite your favorite professional referral source to present with you.
- 13 Contribute an article relating to your industry to your local publications. Become the "local expert".

- 14 Choose five people per week from your database (starting with your top tier) and send them a \$5.00 Starbucks gift card and a handwritten note to see how they are doing. They may call you and invite you to have coffee with them and talk about their current needs.
- 15 Contact all Alumni associations of schools you have attended and tell them about your services or new company developments.
- 16 Write a personal email just checking in and send it to ALL of your clients.
- 17 Offer free “Lunch and Learns” to local businesses to talk about your industry, products and how you can help them.
- 18 Contact local business owners and create a “discount package”. You can send this to your database as well as the client list of the business which you partnered up with.
- 19 Check with local schools (elementary, middle and high school) and see if you can contribute an article or offer a discount in the newsletter that is sent to parents.
- 20 Sponsor a charitable event in your area and invite your database to participate with you for a good cause.
- 21 Post a well written and benefit driven ad and offer a discount for your services on Craig’s List. [www.craigslist.com](http://www.craigslist.com)
- 22 When you find any statistics or fun facts about your industry, save them and compile a list and email it to your clients each week.
- 23 Ask local businesses if you can place your business cards or brochure in their offices for their clients to take.
- 24 Keep a vase full of carnations or inexpensive flowers in your office with your business card attached to each one. Make sure everyone (even the delivery personnel) take one with them when they leave.
- 25 Sponsor a local high school sports team and get an ad in the team program.
- 26 Sponsor a float in a city or town parade.
- 27 Get car magnets printed and sport it proudly on your car. You can even ask that your office mates do the same.
- 28 Go to your local bookstore with a stack of business cards and place them inside of books that relate to your industry. Even better, write a personal message on the back of your card-“hope to hear from you soon.”

29 Celebrate a season in your neighborhood. For example: plant mini flags in neighborhood yards (with business card attached) in July or place mini-pumkins on doorsteps (again, with business card) in October.

Information provided by marketing vendor in touch today [www.intouchtoday.com](http://www.intouchtoday.com)

# NO COST MARKETING IDEAS

There's an old saying, "If you build a better mousetrap, the world will beat a path to your door." That's just not true anymore. There are plenty of wonderful mousetraps out there that no one will ever buy because nobody knows they exist.

You don't have to mount some expensive marketing campaign to get the word out. The truth is there are plenty of ways to market that mousetrap even if the only thing in your pocket is lint.

## 1. Free Publicity

A reporter shares secrets to getting covered on the news.

Do you have a great idea for a story, but no clue how to get it in the news? Are you tired of pitching press releases the news media simply ignore?

After 20 years of beating the street as a TV reporter, I have a scoop for you: The media need good stories. But most stories are pitched so poorly, they are lost in the blizzard of faxes that blanket every newsroom. So, here are five secrets to increase your chances of getting covered that even some PR pros don't know.

### **Be unusual**

The old adage about "man bites dog" still holds true. The news doesn't cover what's normal. We cover the abnormal. So as you are shaping your story, think of some type of twist.

PR whiz Carolyn Alvey knew this when trying to raise money for a charity several years ago. Instead of holding a garage sale, she sent out a press release announcing a celebrity garage sale. Items like Bob Hope's old golf clubs and Roger Staubach's long-neglected neckties were for sale. By making an ordinary garage sale extraordinary, the media was instantly sold on the story.

### **Be visual**

Reporters tell stories with pictures. If the pictures aren't there, chances are the reporters won't be either.

Even the most non-visual story can be made visual if you're creative. A dog biscuit business? Boring. A dog birthday party complete with doggie guests and party hats? Now you're barking up the right tree.

That's what Michelle Lamont did to boost her dog biscuit bakery. She began baking huge

dog biscuit birthday cakes and inviting the media to cover the parties. She's had reporters hounding her for stories ever since.

### **Choose the right reporter**

Perhaps the most common mistake even some PR pros make is trying to sell a good story to the wrong person. Most reporters have a specialty, like real estate or business.

So, seek out the reporter who will have the most to benefit from your story. Start studying the news. Before you call a TV station or try to pitch the paper, become familiar with a reporter's work. Don't try to sell a financial story to a reporter who covers entertainment.

### **Write like a reporter**

If I were going to send a press release to a reporter, I'd write the kind of headline that a newspaper would run. And I'd make the rest of the release so conversational that a TV anchor could read it right on the air.

**Why is this so important?** A major-market newsroom gets hundreds of press releases every day. Often the decision on whether to cover your story is made in a matter of seconds. Many times that well-crafted sentence in the third paragraph of your press release is never read.

### **Wait for a slow news day**

The holidays are the slowest news times of the year. When government offices are closed, so are most of our sources. Take advantage of it.

In fact, take out your calendar and begin circling government holidays. If the government isn't making news, we reporters are scrambling to find something to cover. Pitch even an average story on a day when reporters are starving for news, and you're much more likely to get coverage.

There you go. Now you're armed with knowledge that even some well-paid public relations professionals don't practice. If your idea is unique, visual, and pitched to the right person when the supply of news is running thin, you're in!

## **2. Public Speaking**

Every service club and Chamber of Commerce on the planet needs speakers. In fact, most Lions, Rotary and Kiwanis clubs need 52 speakers a year. It's an audition for dozens of new customers and yet many clubs struggle to find a speaker each week.

Even if you don't think you're a gifted speaker, most people will do just fine if they're talking about something they're passionate about. Come up with a 15-minute talk about "Giving Great Customer Service" or "How to Make a Home Sell Faster" and tell your story. Talk about what you do to make sure the "Sold" sign goes up in a matter of weeks

rather than months or what you do to thrill your customers so much that they end up becoming your biggest word-of-mouth marketers.

Jeff Crilley is an Emmy Award-winning reporter and author of *Free Publicity—A TV Reporter Shares the Secrets of Getting Covered on the News*. Visit [JeffCrilley.com](http://JeffCrilley.com) for more information.

### **3. Email Newsletters**

If you aren't collecting email addresses and keeping in touch with your customers, you're leaving money on the table. No longer do you have to lick stamps to send out a newsletter. These online newsletters known as "ezines" cost nothing to send. But be careful not to become just another piece of spam.

Send your customers a weekly or monthly email with a valuable tip that will make their life easier. Don't create a long boring newsletter. People won't read it. A brief business tip or life lesson is all you need. It's just a nice way of keeping in touch so that if someone happens to need a new mousetrap or knows of someone else who does; your mousetraps are top of mind. And if your information is valuable, your old customers will help you find new ones by forwarding your email. Many people have created email lists of tens of thousands of names reaching more readers than many newspapers.

Those are just three simple ways you can jumpstart your marketing efforts without spending a dime. Just try one idea. What do you have to lose other than perhaps your anonymity? And if you're marketing that mousetrap effectively, you'll find a long line of customers beating a path to your door ready to take the bait.

## AGENT PROFESSIONALS-TEN MARKETING TIPS

- 1 **Don't try to be all things to all people.** Take the time to find a niche that fits well with your interests, expertise and/or geographic location.
- 2 **Use closing surveys and other e-mail marketing.** Strategies to stay in touch on a frequent basis.
- 3 **Consider other real estate professionals to be your customers,** and make them a part of your marketing campaign by reaching out to them regularly via e-mail, phone and in person.
- 4 **Join and participate** in professional organizations.
- 5 **Attend meetings and volunteer at organizations** that you truly have an interest in; don't just join for the sake of joining.
- 6 **Give back to the community** and get your name out in the public eye by sponsoring events, through volunteerism and other civic-minded efforts.
- 7 **Keep your referring customers "in the loop"** when one of their referrals brings new business your way. An easy way to do this is by simple cc'ing the referring customer on the first few e-mails that you send to the new customer.
- 8 **Think outside the traditional geographic boundaries** when forming relationships; consider, for example, buyers located in foreign countries where currencies are now strong against the U.S. dollar.
- 9 **To get the most out of your professional affiliations** and networking events, go beyond just handing out business cards. Also take cards from prospects, promise to follow up within a week and then call each of them within that seven day timeframe to ask what you can do for them.
- 10 **Consider adding innovative tools** like Obeo.com or Jot.com to your marketing mix as a way to infuse technology into your relationship-building strategies.

# CONDUCTING OPEN HOUSES

According to The 2003 NATIONAL ASSOCIATION OF REALTORS<sup>®</sup> [Profile of Home Buyers and Sellers](#), open houses are the fifth most important source of home buying research.

## **For the Advanced Salesperson**

Not every home needs or will benefit from an open house.

- In a sellers' market, you may be able to sell the house before you can get the open house arranged.
- Devoting an entire afternoon to one property may not be a good use of your time.

## **Preparing for a Successful Open House**

- Make sure the date and time of the open house don't conflict with a major holiday or sporting event.
- Make sure the date and time of the open house don't conflict with other events being held in the neighborhood on that day.
- Plot a road map to the home from the nearest major streets and decide where you'll place your flags and directional signs. Allow yourself time to put the flags and signs in place in advance of the open house starting time.
- Familiarize yourself with other for-sale homes in the neighborhood, and be ready to answer questions about how the home you're holding open compares with them.
- Encourage the sellers to vacate the premises during the event, but keep you informed of their whereabouts in case an offer for the home materializes.
- Ask sellers to arrange for pets to be away from home during the open house.
- Showcase the home by opening the drapes or window blinds and setting out fresh or artificial flowers.
- Encourage the sellers to call in a professional cleaning service the day before the event.
- Advise sellers to put away any jewelry, valuables, or items with great sentimental value.

- Practice your presentation of the home. Walk through the home and familiarize yourself with its features. Anticipate prospective buyers' questions and objections, and be ready with your replies.
- Arrive early. Allow yourself ample time to resolve any last-minute problems or glitches in your plans and get settled in the home before the first visitors arrive.
- Contact a lender prior to the open house and ask him or her to be available to prequalify any buyers who may be interested in making an offer to purchase the home.
- Plan to work with other salespeople holding open houses near yours. Refusing to cooperate with the competition won't prevent prospective buyers from visiting those homes.

**TIP:** As soon as the listing is signed, work with the sellers to develop a list of repairs and cleaning they will complete by the open house. Give a deadline several days in advance of the open house date. Call sellers the day before their deadline. —*Barb Schwarz, author of How to List and Sell Residential Real Estate Successfully.*

**TIP:** If sellers are resistant to making repairs, explain how much more they will realize if the house sells rapidly and at full list price.

## 10 TIPS FOR A SUCCESSFUL OPEN HOUSE

1. Don't be a chatterbox. Greet your visitors, give them your card and a property brochure, and allow them peace and quiet while they tour the home.
2. Be honest about the home's features and improvements. A seven-year-old roof isn't "new," although the owner may describe it as such. Many owners think any improvement they paid for themselves is "new," even if it was made more than a decade ago.
3. Don't drop vague hints about offers having been received for the home if that's not the case. When the truth later comes out, the buyers may feel manipulated and back out of the whole transaction.
4. Make copies of presale home and termite inspection reports available to prospective buyers along with estimates of the costs for any needed repairs or fumigation.
5. If your state requires a disclosure form, have it completed ahead of time, and make copies available to prospective buyers.
6. Display photographs of popular neighborhood amenities (e.g., local parks and recreation center).
7. Have comparable sales data available.
8. Give visitors property information sheets with important facts about the home and the community. Examples include a flyer highlighting the home's features, summaries of room size, lot size, taxes, and assessments; and a map showing the location of schools, hospitals, public transportation, libraries, supermarkets and other services and retailers.
9. Ask visitors for immediate feedback about the home.
10. Use a guest book to collect visitors' names, telephone numbers, and e-mail addresses. Follow-up with a telephone call or e-mail after the event.

**Keep It Legal:** Some calling activities of real estate professionals need to comply with the requirements of the new National Do-Not-Call Registry after Oct. 1, 2003. If you are unsure about how the new rules will impact your telemarketing activities, it is recommended that you consult with your attorney before taking any action.

**TIP:** Schedule several back-to-back open houses on a given day. Schedule some weekdays. Customers who frequently transfer may consider house hunting work and may prefer to do it during the week. —*Real estate columnist Danielle Kennedy, International Speakers Bureau, Dallas*

**TIP:** Don't forget to turn off the lights, close the drapes, remove the guest book and brochures, and lock up before you leave.

## OPEN HOUSES STAGING TIPS

- Ask the sellers to clear out their closets and their clutter. Encourage them to hold a yard sale or donate unwanted household goods to charity.
- Encourage the sellers to pack up extra toys, linens, small kitchen appliances, and the like and store them offsite or in the garage.
- Be sure the trees are trimmed, the shrubs are pruned, and the lawn is mowed and watered regularly. Turn on the sprinklers for five minutes 30 minutes before the open house. It makes the lawn and driveway sparkle.
- Ask the sellers to refrain from cooking anything that leaves a distinctive odor (fish, garlic, cabbage) and from introducing any other unappealing odors into the home.
- Ask the sellers to have a professional service clean the home, including the carpets and the windows.
- Set the dining room table with attractive linens, dishes, and stemware.
- Ask the sellers' permission to serve cookies and coffee; people will linger longer. But be sure to clean up any mess after the open house.
- Arrange fresh flowers throughout the home and have a fire in the fireplace in fall and winter.
- Add extra lamps in dark rooms or dark corners, and turn on the lights when you show the home to prospective buyers.
- Remove stacks of magazines, ashtrays, sports trophies, family photographs, and other distractions. —Barb Schwarz, in “How to State Your Listings So They Sell Quickly,” *The Real Estate Professional*, July/August 1998)

—Some of the tips in this section were adapted from “HomeStaging: The Key to Successful Selling,” by Matthew Vossier and Liz Talbot, *National Relocation & Real Estate*, Vol. 13, No. 6

## 7 TIPS FOR BETTER FOR-SALE SIGNS

- 1 Use reasonably new signs in good condition. Peeling, cracked, or beat-up looking signs reflect poorly on homes and on you.
- 2 Position your signs where they're visible to people approaching the home from either direction on the street.
- 3 Be sure signs are well anchored so they won't topple over in a wind.
- 4 Consider using "talking" signs that play a prerecorded message about the home.
- 5 Capture the attention of night foot and vehicle traffic by posting your sign beneath a street lamp or under the home's exterior lighting, or by using a self-lighted sign.
- 6 Keep the sign simple and uncluttered. Make type large enough to read from a moving car.
- 7 The Sellstate sign was designed with all of the above considerations.

## STRATEGIES FOR COPING WITH SIGN RESTRICTIONS

Some cities and some homeowners' associations don't allow real estate practitioners to post for-sale signs. The reasons vary from concerns about neighborhood blight to complaints about a proliferation of overly large or unsightly signs.

- Set standards. Ask the local authorities to grant an exemption for signs that conform to a mandated size and shape.
- Strike a deal. Ask the city council to allow temporary open-house signs on weekends, even if front-yard, for-sale signs are banned.
- Fight back. Organize the real estate professionals in your area to educate community groups, homeowners, and lawmakers about the benefits of for-sale signs, with the goal of having any restrictions lifted.

## REAL ESTATE AGENT TOOLS

- **ActiveRain.com** - A real estate agent social network
- **AgentBoost.com** – Advertise your listings for a property you plan to sell and agents have five days to bid for your listing.
- **AgentScoreboard.com** - Read about agents in your local area and the experiences other property owners have had with them.
- **ConnectingNeighbors.com** - Become an exclusive neighborhood expert in your target market. Build lasting relationships with neighbors in your key markets.
- **Homethinking.com** - A site allowing people to rate realtors. It gives you an average of how much they get for homes and the most common types of properties they sell.
- **IncredibleAgents.com** - Look up real estate agents all over the United States and either leave a review about them or research one you are looking into.
- **RealtyBaron.com** - Enter information about your property and allow the agents to bid for your listing by lowering their sales commission.

## PROPERTY DISCLOSURE LIABILITY

The vast majority of legal claims against real estate salespeople involve allegations of misrepresentation, negligence, or fraud. Nearly 70 percent of all claims against real estate professionals are a result of misrepresentations that could have been prevented by proper disclosure, according to the NATIONAL ASSOCIATION OF REALTORS®. At the end of 2000, NAR found that approximately 30 states had laws requiring sellers to complete a property disclosure form. In addition, many states have consumer protection regulations that protect consumers against misrepresentation or unfair practices, some of which apply to real estate transactions.

## FOR THE BROKER

**Listing brokers can be liable if salespeople fail to properly disclose information. To protect yourself:**

- Be certain that all listing packages include a property disclosure form, where such a form is required by law.
- Refuse to accept a listing agreement unless it is accompanied by a signed disclosure form, where a property disclosure form is required.
- Train salespeople in interpreting and explaining the disclosure form and items requiring disclosure to sellers.
- Ensure that a copy of the property disclosure form is delivered to buyers, if required in your state.
- Purchase copies of the [Property Disclosure Pocket Guide](#) for your sales associates. (At the NAR Store Browser, use the search function to bring up the title.)

## 15 POINTS FOR DISCLOSURE

Many states have specific disclosure forms for real estate sales. If your state does not, here are some items you might want to include

- 1 Defects in the roof.
- 2 Defects in the electrical system.
- 3 Defects in plumbing, water heaters, or septic tanks.
- 4 Defects in heating or air conditioning.
- 5 Defects in the swimming pool.

- 6 Defects such as cracks, bulges, or water seepage in the foundation or basement.
- 7 Disputes over boundary lines, liens, or other encroachments.
- 8 Presence of asbestos, lead paint, radon, toxic wastes, underground tanks, or other environmental hazards.
- 9 Infestations by termites or other pests.
- 10 Location in a floodplain, wetland, or shoreline.
- 11 Defects in any mechanical equipment or appliances being sold with the property.
- 12 Awareness of pending changes in zoning, property tax assessments, or special assessments.
- 13 Adapted and abridged from West's Wisconsin Statutes Annotated Property Disclosure by Owners of Residential Real Estate. Copyright 1999 West Group.

## A LIABILITY GLOSSARY

- **Fraud.** Conduct that is intentionally deceptive. “Active fraud” occurs when individuals make affirmative statements they know are false. “Passive fraud” occurs when someone deliberately fails to reveal known material information.
- **Innocent misrepresentation.** Making an affirmative statement without knowing whether the statement is true or without any knowledge of a factual basis for the statement.
- **Negligent misrepresentation.** Making a statement that, while not intentionally wrong, is nonetheless mistaken due to lack of care in ascertaining or confirming the accuracy of the statement.
- **Negligence. Failure to use reasonable care to discover and disclose property defects.** This duty, which goes beyond disclosure of known information, isn't imposed in all states and has been explicitly rejected in several states. In any case, liability for negligence doesn't extend beyond discovery of defects that a real estate professional in the local area ordinarily would be expected to recognize and understand.

**TIP:** A cooperating agent may rely on the disclosures provided by the listing agent, unless there's obvious evidence information is incorrect.

Note: This information provides general legal information and should not be relied upon as legal guidance. Before acting, both the relevant laws and legal counsel should be consulted. This information should not be construed as specific legal advice nor as an opinion on particular facts, cases, or situations.

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- Train salespeople in interpreting and explaining the disclosure form and items requiring disclosure to sellers.
- Ensure that a copy of the property disclosure form is delivered to buyers, if required in your state.
- Purchase copies of the [Property Disclosure Pocket Guide](#) for your sales associates. (At the NAR Store Browser, use the search function to bring up the title.)

## 15 POINTS FOR DISCLOSURE

Many states have specific disclosure forms for real estate sales. If your state does not, here are some items you might want to include

- 1 Defects in the roof.
- 2 Defects in the electrical system.
- 3 Defects in plumbing, water heaters, or septic tanks.
- 4 Defects in heating or air conditioning.
- 5 Defects in the swimming pool.

- 6 Defects such as cracks, bulges, or water seepage in the foundation or basement.
- 7 Disputes over boundary lines, liens, or other encroachments.
- 8 Presence of asbestos, lead paint, radon, toxic wastes, underground tanks, or other environmental hazards.
- 9 Infestations by termites or other pests.
- 10 Location in a floodplain, wetland, or shoreline.
- 11 Defects in any mechanical equipment or appliances being sold with the property.
- 12 Awareness of pending changes in zoning, property tax assessments, or special assessments.
- 13 Adapted and abridged from West's Wisconsin Statutes Annotated Property Disclosure by Owners of Residential Real Estate. Copyright 1999 West Group.

## A LIABILITY GLOSSARY

- **Fraud.** Conduct that is intentionally deceptive. "Active fraud" occurs when individuals make affirmative statements they know are false. "Passive fraud" occurs when someone deliberately fails to reveal known material information.
- **Innocent misrepresentation.** Making an affirmative statement without knowing whether the statement is true or without any knowledge of a factual basis for the statement.
- **Negligent misrepresentation.** Making a statement that, while not intentionally wrong, is nonetheless mistaken due to lack of care in ascertaining or confirming the accuracy of the statement.
- **Negligence. Failure to use reasonable care to discover and disclose property defects.** This duty, which goes beyond disclosure of known information, isn't imposed in all states and has been explicitly rejected in several states. In any case, liability for negligence doesn't extend beyond discovery of defects that a real estate professional in the local area ordinarily would be expected to recognize and understand.

**TIP:** A cooperating agent may rely on the disclosures provided by the listing agent, unless there's obvious evidence information is incorrect.

Note: This information provides general legal information and should not be relied upon as legal guidance. Before acting, both the relevant laws and legal counsel should be consulted. This information should not be construed as specific legal advice nor as an opinion on particular facts, cases, or situations.

# CODE OF ETHICS FOR REALTORS

## **Article 1**

When representing a buyer, seller, landlord, tenant, or other client as an agent, REALTORS® pledge themselves to protect and promote the interests of their client. This obligation of absolute fidelity to the client's interests is primary, but it does not relieve REALTORS® of their obligation to treat all parties honestly. When serving a buyer, seller, landlord, tenant, or other party in a non-agency capacity, REALTORS® remain obligated to treat all parties honestly. (Amended 1/93)

Standard of Practice 1-3

REALTORS®, in attempting to secure a listing, shall not deliberately mislead the owner as to market value.

## **Article 2**

REALTORS® shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. REALTORS® shall not, however, be obligated to discover latent defects in the property, to advise on matters outside the scope of their real estate license, or to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law. (Amended 1/00)

### **Standard of Practice 2-1**

REALTORS® shall only be obligated to discover and disclose adverse factors reasonably apparent to someone with expertise in those areas required by their real estate licensing authority. Article 2 does not impose upon the REALTORS® the obligation of expertise in other professional or technical disciplines. (Amended 1/96)

## **Article 10**

REALTORS® shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, or national origin. REALTORS® shall not be parties to any plan or agreement to discriminate against a person or persons on the basis of race, color, religion, sex, handicap, familial status, or national origin. (Amended 1/90)

REALTORS®, in their real estate employment practices, shall not discriminate against any person or persons on the basis of race, color, religion, sex, handicap, familial status, or national origin. (Amended 1/00)

Standard of Practice 10-1

REALTORS® shall not volunteer information regarding the racial, religious, or ethnic composition of any neighborhood and shall not engage in any activity which may result in panic selling. REALTORS® shall not print, display, or circulate any statement or advertisement with respect to the selling or renting of a property that indicates any preference, limitations, or discrimination based on race, color, religion, sex, handicap, familial status, or national origin. (Adopted 1/94)

## **Article 11**

The services which REALTORS® provide to their clients and customers shall conform to the standards of practice and competence which are reasonably expected in the specific real estate disciplines in which they engage; specifically, residential real estate brokerage, real property management, commercial and industrial real estate brokerage, real estate appraisal, real estate counseling, real estate syndication, real estate auction, and international real estate.

REALTORS® shall not undertake to provide specialized professional services concerning a type of property or service that is outside their field of competence unless they engage the assistance of one who is competent on such types of property or service, or unless the facts are fully disclosed to the client. Any persons engaged to provide such assistance shall be so identified to the client and their contribution to the assignment should be set forth. (Amended 1/95)

## **Article 12**

REALTORS® shall be careful at all times to present a true picture in their advertising and representations to the public. REALTORS® shall also ensure that their professional status (e.g., broker, appraiser, property manager, etc.) or status as REALTORS® is clearly identifiable in any such advertising. (Amended 1/93)

Standard of Practice 12-3

The offering of premiums, prizes, merchandise discounts, or other inducements to list, sell, purchase, or lease is not, in itself, unethical even if receipt of the benefit is contingent on listing, selling, purchasing, or leasing through the REALTOR® making the offer. However, REALTORS® must exercise care and candor in any such advertising or other public or private representations so that any party interested in receiving or otherwise benefiting from the REALTOR®'s offer will have clear, thorough, advance understanding of all the terms and conditions of the offer. The offering of any inducements to do business is subject to the limitations and restrictions of state law and the ethical obligations established by any applicable Standard of Practice. (Amended 1/95)

## **Article 16**

REALTORS® shall not engage in any practice or take any action inconsistent with the agency or other exclusive relationship recognized by law that other REALTORS® have with clients. (Amended 1/98)

### **Standard of Practice 16-2**

Article 16 does not preclude REALTORS® from making general announcements to prospective clients describing their services and the terms of their availability even though some recipients may have entered into agency agreements or other exclusive relationships with another REALTOR®. A general telephone canvass, general mailing or distribution addressed to all prospective clients in a given geographical area or in a given

profession, business, club, or organization, or other classification or group is deemed "general" for purposes of this standard. (Amended 1/98)

Article 16 is intended to recognize as unethical two basic types of solicitations:

First, telephone or personal solicitations of property owners who have been identified by a real estate sign, multiple listing compilation, or other information service as having exclusively listed their property with another REALTOR®; and

Second, mail or other forms of written solicitations of prospective clients whose properties are exclusively listed with another REALTOR® when such solicitations are not part of a general mailing but are directed specifically to property owners identified through compilations of current listings, "for sale" or "for rent" signs, or other sources of information required by Article 3 and Multiple Listing Service rules to be made available to other REALTORS® under offers of subagency or cooperation. (Amended 1/93)

**Standard of Practice 16-15**

In cooperative transactions REALTORS® shall compensate cooperating REALTORS® (principal brokers) and shall not compensate nor offer to compensate, directly or indirectly, any of the sales licensees employed by or affiliated with other REALTORS® without the prior express knowledge and consent of the cooperating broker.

## SHORT SALES PRIMER 101

“It is solely the lender’s decision as to whether to accept the short sale terms.”

- ✓ • Understand Your Responsibilities as a REALTOR®
- ✓ • Learn About the Short Sale Process
- ✓ • Assist Homeowners in Short Sale Situations
- ✓ • Do More Business with Sellers, Buyers and Lenders

## BASIC OVERVIEW

Many homeowners are now finding themselves in a situation where their loan balance is higher than the fair market value of their home. In such a situation, there are some options available to them rather than mortgage foreclosure and eventual eviction.

The short sale is being widely promoted as a way out of foreclosure for homeowners who owe more than their house is worth. The key is in getting the lender to allow the homeowners to sell their house – for less than what is owed – to a willing and able buyer. When successful, the seller can walk away from his home without going into foreclosure and the buyer gets a house. It’s not a perfect solution: There’s a negative impact on the seller’s credit and the seller may have a tax liability on the forgiven portion of the loan. Still, for many homeowners who are behind on their payments, it’s a better option than foreclosure.

Obtaining short sale approval can be a lengthy and complex process; it involves many steps and consists of a lengthy trail of paperwork because it requires working with the lender’s loss mitigation department. A loss mitigator is assigned to oversee the account and review the financial situation to determine if the homeowner is in fact eligible to apply for a short sale transaction. The lender will consider the home’s estimated market value, payoff on the loan, the costs involved in the sale, etc., and will try to mitigate its losses by getting the highest price possible for the property, as they will be accepting less than the amount owed on the mortgage balance.

The following eligibility requirements will help determine if the homeowner is a good candidate for short sale approval:

- 1 The homeowner must provide proof the home is worth less than the unpaid balance. This can be accomplished by obtaining a comparable home sales report of houses sold, or up for sale in the area where the property is located. As the listing agent, you can look at the condition of the property, evaluate the neighborhood, check the comps, and determine what a fair market value for the home is, so the homeowner can provide it to the lender. Include email photos that show property damage and neighborhood distress, if applicable.
- 2 The homeowners must be in default of their mortgage - usually a minimum of at least three months. (Note: It is not your role to advise a homeowner on whether or not to pay their mortgage.) Additionally, the majority of lenders will only consider short sale approval if the homeowner does not have any equity in the home. If the homeowner has equity or other financial assets he/she can draw from to become current on mortgage payments, chances are the lender will not agree to a short sale approval.
- 3 The homeowner must provide proof he/she is facing financial distress due to hardships including extended unemployment, chronic health problems, divorce, death or bankruptcy.
- 4 The homeowner must prove he/she has no financial assets he/she can borrow against to maintain the mortgage payments.

Prior to granting a short sale approval, the lender will generally offer the homeowner a variety of options to save the home from foreclosure. Typically, this will include a loan modification where the lender will roll over delinquent mortgage payments to the end of the loan or reduce and/or renegotiate interest rates and other loan terms. Some lenders will also provide a forbearance or temporarily suspend mortgage payments for a specific period of time.

There are several options available to homeowners who want to keep their home out of foreclosure. Each option comes with its own set of pros and cons. Before accepting a loan modification, deed in lieu of foreclosure or short sale, it's vital for the homeowners to investigate all options and determine the best financial decision for them.

If the homeowner wants to move forward with short sale approval, certain elements must be in place. In many cases, the lender will require that the property be listed for sale in the MLS for 90 days for this purpose, prior to approving a short sale.

Most important, a short sale package must be provided to the lender. Below is a list of some of the documents that a lender may require the borrower to provide prior to making its decision:

- Detailed financial statement outlining the seller's overall income and expenses
- Written explanation and proof of the hardship explaining the events that have
- caused the homeowner to become delinquent in mortgage payments
- REALTOR® listing agreement
- Copy of a purchase contract signed by both buyer and seller
- Estimated settlement statement (HUD-1) certified by an escrow officer
- Proof of the buyer's ability to purchase the property (loan application or verified bank statement for cash transactions, etc.)
- Copy of the Transfer Disclosure Statement (TDS)
- Copy of the certified escrow instructions
- Preliminary title report
- Completed and signed IRS form 4506 "Request for Copy of Tax Form"
- Completed and signed personal financial worksheet
- Employment paycheck stubs for the past three months
- Profit and loss statements if the seller is self-employed
- Past three months' bank and investment statements
- Previous two years' tax returns

It is important to get a firm indication from the lender that they will actually be willing to accept a reduced price for the house before you begin the short sale process. Remember, as stated before, the lender will consider the estimated market value, payoff on the loan, the costs involved in the sale, etc., and will try to mitigate its losses by getting the highest price possible for the property. Quite often the lender comes back with a counter-offer that is much higher than the listed price. Pricing is critical, so be careful with regard to the price you list in the MLS. If the price listed in the MLS cannot be substantiated, you may find that you could be in violation of three articles in our Code of Ethics:

Article 1: When representing a buyer, seller, landlord, tenant, or other client as an agent, REALTORS® pledge themselves to protect and promote the interests of their client. This obligation to the client is primary, but it does not relieve REALTORS® of their obligation to treat all parties honestly. When serving a buyer, seller, landlord, tenant or other party in a non-agency capacity, REALTORS® remain obligated to treat all parties honestly.

Article 2: REALTORS® shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. REALTORS® shall not, however, be obligated to discover latent defects in the property, to advise on matters outside the scope of their real estate license, or to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law.

Article 12: REALTORS® shall be honest and truthful in their real estate communications and shall present a true picture in their advertising, marketing, and other representations. REALTORS® shall ensure that their status as real estate professionals is readily apparent in their advertising, marketing, and other representations, and that the recipients of all real estate communications are, or have been, notified that those communications are from a real estate professional.

## MLS REQUIREMENTS - REMARKS AND MULTIPLE OFFERS

It is highly recommended that REALTORS® become thoroughly educated about the short sale MLS requirements. A short sale entered into the MLS must state in the first line of the property remarks field: “This is a short sale subject to existing lender’s approval which could result in delays.” If this remark is in the first line of “remarks”, the listing must also be marked “short sale yes”.

Many agents are upset and confused when they find out a listing office is taking multiple offers. Note: Agents have an obligation to submit all offers to the seller up to the day of closing. The rule of thumb is to have all offers submitted to the seller and have the seller submit all the offers to the lender that the seller thinks are viable offers – but only signing the one they think is the best out of all. Remember, there is only one signed agreement. What is the best offer? It is the highest, cleanest offer that provides the highest net to the lender according to the seller.

How can the listing agent present all of those offers? All other offers that are submitted but not signed are considered as **“backup offers”**. Note: When there are multiple offers being submitted to the lender, no deposits are usually taken until the offer is accepted by the lender. This should be stipulated in the contract. **Important note to listing/selling brokers:** A Multi-Offer Disclosure Statement could be given to all potential buyers stipulating that multi-offers are being considered – this can help minimize confusion.

**Very Important:** Once a contract is signed by the seller – **it is contingent upon bank approval, and needs to be placed “active/contingent short sale”** in the MLS.

Should the listing agent not disclose in the “remarks” area that it is a short sale and/ or update the listing to “active/contingent short sale” once a contract is signed by the seller, members will be in violation of the Association’s MLS Rules and Regulations and fined \$25.00 for each infraction.

## INFORMATION ON DISCLOSURES

There is no question that you need to disclose more than you normally would for a short sale. Here are some tips on disclosures:

- 1 Disclosure for the Listing Agreement: Because you have an agency relationship with a principal/seller that will include a third party who has not signed the listing agreement (i.e., the lender), and due to the procedures required by the lender to ascertain if it will approve a short sale, you need to have a special clause noted in every listing agreement involving a short sale (or a separate addendum) that states you will probably be disclosing information to third parties. The disclosure could look something like this:

“The seller specifically consents to allow the broker and its agent (whether serving as a transaction broker or single agent) to disclose any requested information or to provide any requested documentation to the seller’s lender for the purpose of obtaining seller’s lender’s approval in connection with the sale of the subject listed property. Seller recognizes that this waiver may include what would otherwise be considered confidential information. Seller further consents to allow broker and its agent to make these disclosures related to seller’s lender’s approval as a contingency to acceptance of the contract, the Settlement Statement and all documentation related to this transaction, as well as payment of the commission. These disclosures may also be noted in the MLS, in accordance with its rules and regulations, in the Seller’s Disclosure and the Sales Contract or Contract Addendum.”

- 2 Disclosure for the MLS: How to address the commission with a cooperating broker is somewhat problematic. Here are what our MLS Rules & Regulations state: “Short sales entered into the MLS must state in the first line of the property remarks field: This is a short sale subject to existing lender’s approval which could result in delays.” In addition, refer to Note Number 5 which states: “Nothing in these MLS rules precludes a listing participant and a cooperating participant, as a matter of mutual agreement, from modifying the cooperative compensation to be paid in the event of a successful transaction.”
- 3 Disclosure for the Sales Contract/Addendum: This must expressly advise the buyer that the lender must approve not only the contract, but the final HUD, etc. You could say something to the effect of: **“Buyer acknowledges that this contract and the disbursement of funds are contingent upon the approval of the lender of both the contract and the Settlement HUD 1 Statement to be issued”**.
- 4 Disclosure for the Seller: The seller’s disclosure may be the first time the prospective buyer becomes aware of the lender’s entitlement to approval. While you are not disclosing a “condition” of the **Property**, you **are** disclosing a “condition” of the **transaction**. You could say something to the effect of: **“Seller advises buyer that any contract for sale, addendums and the terms thereof**

**and the HUD 1 Settlement Statement are required to be approved by the seller's lender”.**

The Association has approved the use of two forms. One is the Short Sale Addendum to Exclusive Right of Sale Listing Agreement. The second is the Short Sale Addendum to Purchase and Sale Contract. These two forms can be found on our website. Go to: <http://www.swflrealors.com/mlsDocumentLibrary>. These forms, or other forms similar to them, should be used in every short sale transaction. And both seller and buyer should be advised to consult an attorney and accountant if they have questions.

## DO THE MATH

The first step in determining if the borrower will have a short sale is to check out the liens that are currently against the property. Talk with the seller about what they think they owe. Have them fill out the Short Sale Seller Checklist (see attached), at the very least. You may want to know what the lender's current statement shows as well, because the lender's lien may be different from what is actually owed. Check the Property Tax Records for any IRS liens, municipal liens and debts, judgment liens, and back (unpaid) property taxes. Look for other loans the owners may have, such as home equity loans and junior encumbrances.

Discuss these liens with the seller, add them up, and calculate whether there is enough equity in the home to pay off these liens based on your estimated sales price. Fill out an Estimated Seller's Net Proceeds worksheet to allow for all the costs of sale the seller may have. Remember to deduct the seller's costs of sale, including a fee to the agents in the transaction. If there is not enough equity, you and the seller will have to work with the lender (or lenders) to find out what options are possible.

## REQUESTING LENDER APPROVAL

A short sale is subject to a lender's approval, because the lender is being asked to agree to take less than what is actually owed on the note. The CORE Short Sale Addendum states that such lender approval is a contingency of the contract. If a lender agrees to a short sale, the proceeds from the sale will be given to the lender as full satisfaction of the loan amount. A short sale generally requires much paperwork and preparation on behalf of the borrower and the agent as shown below. The buyer should also be prepared for a longer-than-usual escrow, due to the increased paperwork required.

Whether you are representing the buyer or the seller, you may need a long time to close escrow if the lender is agreeing to a short sale. In general, the process for a short sale is as follows:

- The seller finds a buyer for the property and offers is submitted. Use the Short Sale Addendum along with the standard FAR/BAR or FAR contract to incorporate the contingency that the lender must approve the contract.
- The seller must prepare documents to verify to his/her lender that he/she is in a distressed position.
- The seller submits all documents to the lender.
- The lender may send out its own appraiser to appraise the property's value.
- The lender decides whether or not to agree to the short sale.

There are also special guidelines for handling short sales of FHA and VA loans. These guidelines are available from the U.S. Department of Housing and Urban Development (HUD) for FHA loans and the Department of Veterans Affairs for VA loans.

The following are Short Sale Questions and Answers along with Sample Forms (Short Sale Seller Checklist, Short Sale Sample Hardship Letter for Seller, and Short Sale Agent Checklist of Documents) to help you navigate through the short sale process.

And remember, even though you work with the seller to do everything the lender asks, provide all the documentation and obtain an offer – and in some cases, multiple offers – it is still solely the bank's decision as to whether to accept the short sale terms. Some homeowners find that no matter what they do, foreclosure is inevitable.

## SHORT SALE Q & A

Q. What is a “short sale”?

A. A “short sale” is where a seller’s mortgage balance is greater than the fair market value of the property. The seller wishes to sell the property, so he asks the lender to accept a payoff in an amount less than the actual balance of the loan. If the lender does accept a lower payoff., the sale can go through with clear title to the buyer.

Q. Does a lender require any special documentation from a seller in order to approve a short sale?

A. That varies from lender to lender. Most lenders require at least the following: A signed contract with a buyer, the seller’s tax returns for the last two years, a detailed financial statement from the seller showing his assets and liabilities, recent pay stubs, and a hardship letter.

Q. Is a lender required to approve a short sale?

A. No. There is nothing in the loan documents or in the Florida Statutes which require the lender to accept a short sale.

Q. Does it matter if the property is homesteaded?

A. Not to a lender, but it may make a difference to the IRS. More on that below.

Q. Will the lender require the seller to sign a separate promissory note for the difference between the actual loan amount and the lower payoff amount that the lender has agreed to accept?

A. Some lenders are requiring this. It depends on the lender.

Q. Even if the lender does not request the seller to sign a separate promissory note, can it still “go after” the seller later for the difference in some sort of non foreclosure suit?

A. Legally, the lender probably could. While that rarely occurs in actuality, to avoid that possibility, the seller in a short sale should always try to get something in writing from the lender in which the lender agrees not to later sue the seller for the difference.

Q. If a seller is negotiating a short sale with a lender, and the seller is behind on his payments, will the lender automatically suspend foreclosure proceedings?

A. Not necessarily. While it would seem that a lender would suspend any foreclosure efforts while a short sale is pending, many lenders have poor communication between their left hand and right hand, and so it is very important to stay in close communication with the lender during the pendency of the short sale to make sure that they suspend the

foreclosure action until the matter is resolved. Of course, if the short sale goes through, the lender will dismiss any pending foreclosure action prior to closing.

Q. Will the seller's credit score be negatively impacted by a short sale?

A. Yes, it will be, but credit scoring is a complex matter. The short sale will generally appear as "loan settled for less than the amount owed", or some similar verbiage. The seller's credit score could possibly be lowered as much as it would be in a foreclosure.

Q. What if a tenant is occupying the premises? Do they have to vacate in the event of a short sale?

A. In this respect, short sales are not different than standard sales. If there is a tenant in the premises, the new buyer has to honor the lease.

Q. Are there any special contract forms I should use for a short sale contract?

A. Yes. Many licensees have developed their own special forms and addenda to be used in a short sale. Two good forms produced by the Florida Association of REALTORS® are the "Short Sale Addendum to Exclusive Right of Sale Listing Agreement" (ERSA-1), for the listing agreement and the "Short Sale Addendum to Purchase and Sale Agreement" (SSA-2) for the sales contract. On the Association's member website [www.swflrealtors.com](http://www.swflrealtors.com), two additional forms are available: "Short Sale Addendum to Exclusive Right of Sale Listing Agreement" and the "Short Sale Addendum to Purchase and Sale Contract"

Q. Should the seller and buyer consult an attorney or an accountant with respect to a short sale?

A. There are many legal and tax implications of a short sale, particularly for the seller. For example, the seller may face a large "cancellation of debt" tax bill from the IRS on a short sale, except on a homesteaded property. It is recommended that the seller and buyer consult the appropriate legal and tax professionals if they have questions.

Q. Can the seller sign more than one contract with more than one buyer, and submit all of the contracts to his lender, with the lender agreeing to only one? A. It depends on the seller's lender. Some lenders require the seller to solicit as many contracts as possible, with each contract being contingent upon the seller's lender approval. Then the seller's lender approves only one of those contracts, and hopefully the deal then closes. Other lenders tell the seller to sign only the best contract, and send only that one best contract to them for approval.

Q. So who is the “seller” on a short sale? Is it the seller of record, or the lender?

A. The seller of record is the “seller”. Keep in mind the seller of record remains the “seller” until he either signs a deed conveying the property to someone else, or until a lender forecloses and is given a certificate of title by the clerk or court.

Q. Can a seller still do a short sale if there are two loans (a 1st and a 2nd mortgage?).

A. Yes, but only if both lenders approve of the short sale.

Q. How should a short sale be listed in the MLS?

A. A short sale entered into the MLS must state in the first line of the property remarks field: “This is a short sale subject to existing lender’s approval which could result in delays.” If this remark is in the first line of “remarks”, the listing must also be marked “short sale yes”.

Q. When does the status of a short sale listing need to be changed?

A. The status of a short sale listing requiring third party approval must be changed from the status “active” to the status “active contingent short sale” within 24 hours of the time the contract was signed by the buyer or the seller, whichever was later.

# SHORT SALE SELLER CHECKLIST

## I. Homeowner gathers financial documents:

- years Personal Tax Returns
- 2 years Business Tax Returns (if self employed)
- months Pay Stubs
- months Bank Statement
- Bankruptcy Documentation (if applicable)
- List all monthly expenses

## II. Homeowner completes sample financial form:

- List all income sources
- List all assets

## III. Homeowner writes hardship letter:

The hardship letter is a letter to the mortgage company written by the homeowner that describes:

- 1 Everything that has happened which has resulted in your inability to make the payments or pay o. the loan.
- 2 Everything that you have done to try to rectify the situation.
- 3 The homeowner's desired outcome in contacting the lender.

## IV. Identify short sale decision makers:

To whom do you make mortgage payments?

1st mortgage \_\_\_\_\_

2nd mortgage \_\_\_\_\_

3rd mortgage \_\_\_\_\_

Do you have private mortgage insurance?  Yes  No

If yes, who is the private mortgage insurance company? \_\_\_\_\_

What is the % of private mortgage insurance coverage? \_\_\_\_\_

**Who owns my mortgage?**

Fannie Mae

Freddie Mac

VA

FHA

HUD

Private Investor: \_\_\_\_\_

Mortgage Company: \_\_\_\_\_

V. Homeowner selects Real Estate Agent:

Repair Bids & Photos

Sales Contract and Short Sales Addendum

Listing Agreement

Homeowner Authorization Letter

Buyer's Loan Approval Letter

## SHORT SALE SAMPLE HARDSHIP LETTER

Sample hardship letter (of course, each situation if different) the seller should be able to tell the lender why they are in a critical condition and why he/she needs to short sell the home.

Lender Name

Lender Address

Lender's fax number/email address

Date

RE: Hardship Letter - Short Sale for \_\_\_\_\_ address

To whom it may concern:

I purchased my home at \_\_\_\_\_ in \_\_\_\_\_. At that time I was employed by \_\_\_\_\_ and business was very good. My salary and the possibility of a raise made me sure that I could easily support my mortgage. Unfortunately, my company reduced its workforce and I was laid off because of the market downturn.

After searching for a comparable job, I got a temporary position as a \_\_\_\_\_ while I continue to seek other work. I struggled for several months to make my mortgage payment, and was also hit with some medical payments that I did not expect (the COBRA payment was more than twice what I was paying when employed). I knew I would have to sell my home to protect my credit rating and possibly have enough cash left over for moving expenses and some savings. I put my home up for sale by owner in \_\_\_\_\_, but there were several problems that I did not have enough money to fix, such as the broken fence in the back yard and some pretty severe leaks in the roof, which indicated a new one was needed. Over the next three months I lowered the price three times but still had no takers. I am now working with a REALTOR® and I believe she will be able to help me sell quickly.

At this time, I do not have enough income to pay my regular monthly mortgage payment. I am concerned about falling further behind and will not be able to pay what is owed. Therefore, I am turning to you for assistance.

I am asking for consideration to temporarily reduce or suspend my mortgage payments for a few months (or allow me to sell our home via a short sale). Doing so would help me get back on track. My home means a great deal to me and I desire to work with you to keep it out of foreclosure. Please advise me of all the options available to stop foreclosure (or initiate a short sale) at your earliest convenience. I am anxious to reach an agreement and appreciate your prompt response.

Sincerely,

Homeowner Name

Address and Contact Information



# SHORT SALE AGENT OF DOCUMENTS

Compile the following information when creating a Short Sale Proposal Packet.

Note: Always make copies of original documents and return originals to the homeowner.

## FINANCIAL INFORMATION

Three most recent bank statements for all checking accounts for all borrowers

Three most recent bank statements for all savings accounts for all borrowers

W2s from the past two years for all borrowers

Income tax returns from the past two years for all borrowers

Past three paycheck stubs for all borrowers

Copies of all bills for all borrowers from the past two months. Will be used to compile a financial worksheet. Could include:

Automobile Loans

Alimony/child support

Child care bills

All credit card bills

Electricity bills

Gas Bills

Water/Sewage bills

Home telephone bills

Cell phone bills

Cable bills

Automobile insurance

Health insurance

Life insurance

Doctor bills

Dentist bills

Pharmaceutical drug bills

Food/Groceries

School lunches

Gasoline (auto)

Student loans

Other loans

Other bills

## HARDSHIP INFORMATION

A hardship letter describes succinctly yet persuasively why the homeowner was unable to meet the loan payments. The homeowner must write the hardship letter.

Documentation of hardship. Documentation may include:

Hospital bills

Doctor bills

Home repair bills

Documentation of unemployment

Documentation of incarceration

Death certificate

Divorce decree

Other documentation

## PROPERTY INFORMATION

Information about any additional liens on the home. The homeowner may have this information. Ask the homeowner if he or she has a recent credit report. Alternately, a present owner search would reveal whether there are any additional liens.

Recent Comparative Market Analysis (CMA)

Estimated HUD-1 Proposed Closing Statement

Estimates for any necessary repairs to the home

Most recent property tax bill and proof of payment status

Proof of homeowner's insurance coverage

## LENDER INFORMATION

Monthly statements from the first and second lenders

Name of supervisor in Loss Mitigation Department

Direct phone number for Loss Mitigation Department

Short sale application from the lender

Authorization to Release Information (for owner to sign)

If homeowner filed for bankruptcy, name/number of bankruptcy attorney

If homeowner is in a lawsuit, name and number of attorneys

## PROPERTY VALUATION

Broker Price Opinion

List of Appropriate Comps

Email Photos that show damage and neighborhood distress, if applicable

Zoning/Code violation with pending fines, if applicable

## REPAIR LIST/CONTRACTOR'S (IF APPLICABLE)

Point out existing code violations

Emphasize presence of mold, termites, lead paint, if applicable

Contract bid in detail to bring house to average condition.