

# Career Manual

## Your Guide to Personal Branding and Income Enhancement

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**Editorial Staff**

Legal Editor/Publisher: Fred Crane

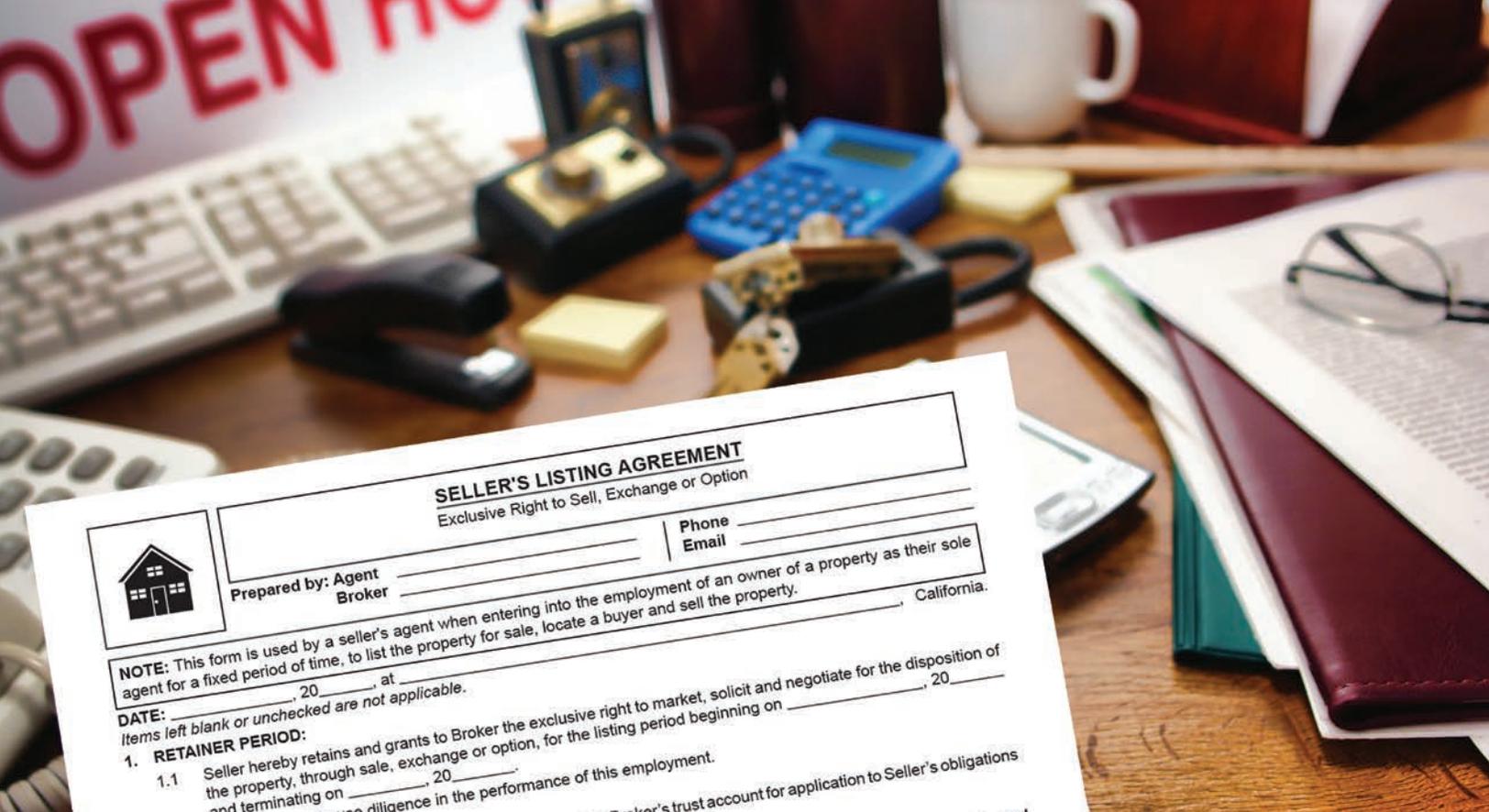
Project Editor: Connor P. Wallmark

Senior Editor: Giang Hoang-Burdette

Contributing Editor: Sarah Kolvas

Contributing Editor: Carrie B. Reyes

Graphic Designer: Mary LaRochelle



# Getting started: laying the groundwork of your real estate career

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**Congratulations!** You passed the California Bureau of Real Estate (CalBRE) Salesperson Exam.

As a new real estate licensee, you face the task of building a sustainable real estate career. This checklist will guide you on the activities necessary to be successful.

## Step 1: Decide on a field of expertise

A **CalBRE Salesperson License** opens up opportunities for you to perform various real estate professional services as your chosen livelihood. Categories of real estate services include:

- **single family residential (SFR) sales**, a low-, mid- or high-tier price range;

- **multi-family residential sales;**
- **commercial sales and leasing:**
  - o retail space;
  - o office space;
  - o industrial and warehouse;
- **property management;**
- **mortgage loan brokering** (Mortgage Loan Originator (MLO) endorsement for consumer mortgage lending is required); and
- **business opportunities.**

When deciding on which professional service you will provide, research what each of these real estate fields require a licensee to do. Although these services all involve some type of sales and client relations, the routine tasks of analyzing and marketing property, and yourself, are different for each path.

## Step 2: Find a broker to train and employ you

As a salesperson engaged in rendering services for a fee in real estate transactions, you need to be formally employed by a **real estate broker**. Thus, you “hang” your license with your broker and represent clients on their behalf. [See Page 19]

Interview numerous brokers to make a comparison.

In the selection of a broker, distinguish between those offering hands-on training and those providing little more than brand-name recognition. Some coach and help groom their agents; others leave you to independently determine how you best deliver real estate services. [See Page 19]

One method for locating a broker is available at <http://journal.firsttuesday.us/broker-search>.

Interview numerous brokers to make a comparison between the services and training they offer. During the interviews, consider asking:

- What level of mentoring programs or training do they offer?
- What is the price range of the properties you will work with?
- How many sales will you likely close in your first year?
- What cash reserves will you need before your first sale closes?
- What business equipment and supplies will you need to provide?



- Is the model of your car sufficient for showing properties?
- What special knowledge is needed to handle the class of sales the office handles?
- What initial fee split can you expect to receive?
- What are the office charges you will pay? Are the charges paid per transaction or on a monthly basis? [See Page 19]

When employed by a broker as an **independent contractor**, you are not paid a salary or wages. The compensation you receive from your broker is based on a percentage split of the fees you generate for the broker on closed transactions. The share of the fee your broker retains covers the costs of their administrative support, training, time they commit to you, office overhead and advertising and a profit for their efforts.

Brokerage offices that offer you more **training and assistance** will typically offer you a lower fee split during your first year with them, with percentage adjustments based on production.

Further, be aware of possible deductions your employing broker may take from your split of the fee. Common deductions for transaction-related expenses include:

- a monthly or per-transaction errors and omissions (E&O) insurance premium, approximately \$25-\$100;
- a monthly desk or cubicle rent to cover the office overhead on a per-desk or cubical basis (in lieu of a lower split), typically \$50-\$100; and
- a transaction coordinator (TC) charge per transaction for administrative staff support.

Further, when the brokerage office you work for is a **franchised operation** (e.g., Century 21, Coldwell Banker, etc.), there are additional franchise and advertising charges, typically between 5%-8% of the fee received. Franchise charges are deducted from the total fee received by the brokerage office before the split is applied to set the dollar amount of the fee you will receive as your share.

Most brokerage office charges are on a per-transaction basis. However, you need to verify whether any monthly charges are accumulating that will be deducted from future fees you earn, or billed to you whether or not you close a transaction.

### Step 3: Develop a business operating plan

**Goals are personal objectives** to be set before you begin work. Goals are not left to evolve after you start working as a salesperson. Goals need to be realistic when set, the result of inquiry and forethought. Once set, you know what you expect of yourself and your broker.

To set goals for your first year as an active licensee, first consult with the brokers you interview and agents you know. Your first year's objectives include:

- your **income expectations**;
- the number of **closed transactions** needed to obtain your income goal;
- the number of **prospective clients** you need to contact weekly to meet these goals;
- prospecting and **marketing methods** you will use to attract a sufficient number of prospective clients;
- **daily activities** required to meet prospecting and marketing goals; and
- a routine **monthly schedule** allocating days for:
  - o client prospecting and professional services promotion;
  - o office meetings;
  - o real estate marketing sessions;
  - o market data search and analysis;
  - o education and training;
  - o civic and social involvement; and
  - o personal time.



Goals  
need to be realistic  
when set.

A detailed **business plan** specifies the various tasks you need to complete daily in order to achieve the goals you expect to meet.

Evaluate your activities and production achievements at the end of every month. Make necessary adjustments to your business plan to keep it on track.



## Step 4: Know your market area

Familiarize yourself with the **market you intend to work**. Fully immerse yourself in market information and data:

- study **multiple listing service (MLS) activity** in your market area and become fully conversant with market data;
- **preview** all properties in your chosen market;
- attend **open houses** and caravans; and
- **go on appointments** with other agents:
  - shadow an agent on their appointment with their client; and/or
  - have another experienced agent accompany you on your client appointments.

## Step 5: Create and market your personal brand

Create a **unique brand** to stand out from your competitors when you promote and market yourself to clients. Your identification as a specialist within your expertise also separates you from the crowd. It defines for others what marketing you do and how you assist clients. [See Page 32]

To create your unique brand:

- develop your **personal logo/slogan** to convey a message about your expertise;
- decide on the **style and content** of your personal promotion; and
- use your logo/slogan on:
  - personalized "For Sale" signs;
  - business cards and stationary;
  - geographic farm direct mail campaign materials; and
  - advertising and marketing materials, both in print and online.

Create and register a personal domain, such as “yournamesellshomes.com,” through a web hosting company to establish your online presence. Add and update content on a set schedule, say every week or so, to make it grow with you. [See Page 61]

## Step 6: Build an affiliation of service providers

Organize a team of **service providers** for your transactions who are willing to affiliate with you for mutual benefit. These service providers are the facilitators of the transactions you negotiate on behalf of your clients. Consider them an extension of your services — providers who surround you and reflect the level of professionalism you seek for yourself.

Service providers vary depending on the field of expertise you choose. They include:

- a mortgage loan originator (MLO)/loan officer;
- an escrow officer;
- a title company representative;
- a home inspector; and
- a contractor/handyman.

## Step 7: Plan your future education

Set your sights on **becoming a broker**. Begin taking broker licensing courses immediately while accumulating the two years of full-time real estate experience you need to qualify for the CalBRE broker license.

“The benefits of becoming a broker are independence, money and prestige.”

The benefits of becoming a broker are:

- *Independence* – Take complete control over the further advancement of your career. Operate independently or open your own office as a corporation, hiring salespersons and broker-associates to work for you;
- *Money* – Work independently and do not share your earned fees. Or use your new status as a broker to negotiate a larger split as a broker-associate with your employing broker; and

- *Prestige* – Attract more clients, organically. A broker license reflects your higher education and experience, an edge you need to fully compete for clients.

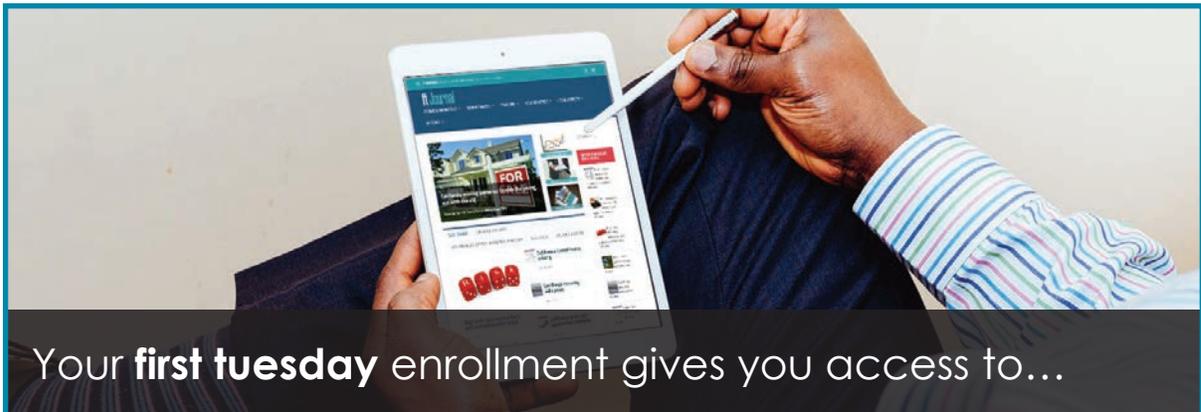
In addition, continue to educate yourself by attending:

- all types of **trade group meetings** to develop greater knowledge about your specialty and to acquaint yourself with other participating licensees; and
- **sales and marketing sessions** to improve your skills and sales techniques.

## Step 8: Grow your income

The number one reason for becoming a real estate licensee is the unlimited earning potential offered by a real estate career. Continue reading for step-by-step guidance on how to present the best of yourself to others in the real estate business.

Learn the elements of a power base for you to expand your influence. It's part of your brand, and more importantly, improves your income. [See Page 8]



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# A California real estate agent's power base

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## Introduction

Instead of focusing solely on a marketable persona, agents looking to get ahead need to take a look at cold, hard facts. What tangible **personal achievements** do they have on their records? What proof of real estate savvy can they present for their clients to see?

It all begins with the agent's **power base** — a multifaceted tool an agent uses to improve their income. An agent first needs to understand what their power base is before they can wield its influence.

## What is a power base?

An agent's power base is the sum of the agent's assessable achievements, including:

- education;

- civic engagement;
- longevity — familial roots and name recognition;
- wealth; and
- notable personal accomplishments.

The purpose of the power base is to:

- expand their client base and industry network;
- develop greater earnings and increased professional opportunities; and
- maintain ownership of durable real estate and financial holdings, alone or with others (syndication).

## Assets and net worth

**Assets** may be any of several possessions or investments, including:

- a home and furnishings;
- a car;
- real estate ownership interests;
- trust deed notes;
- business ownership interests; and
- other possessions of value.

Assets give the impression of wealth and **financial savvy**. For example, an agent who drives a new luxury sedan to meet a client gives an impression of greater wealth than an agent who arrives in a rusted pickup truck.

Assets give the impression of wealth and financial savvy.

Part of wise asset accumulation involves whether assets are liquid or illiquid. **Liquid assets**, such as trust

deed notes and bonds, are easily converted into cash in the event of a personal financial emergency.

**Illiquid assets**, however, are more difficult to convert. For example, the equity an owner holds in their home or other real estate is an illiquid asset, requiring months to convert to cash through a sale or equity financing.

Accumulation of liquid assets gives agents and brokers a form of safeguard against a business failure in the event of a market downturn.



When the real estate business falters due to a changing economy of declining sales volume, an agent will be able to cash in their liquid assets to create a financial cushion until the market regains its footing.

Agents also need to evaluate their **net worth**. An agent's net worth is the sum of the value of their assets less the agent's total debts. An agent uses a **balance sheet** to tally their liquid and illiquid assets, debts and financial obligations. [See **RPI Form 209-3**]

An agent who appears more successful to their colleagues more easily garners respect and admiration based soundly in their personal achievements. The agent further uses the respect they receive in the workplace to enhance their career and income, such as by negotiating higher fee splits.

## Education

Education nurtures an agent's **practical experience**. An agent's experience in transaction negotiations ("street smarts") is as valuable as studied knowledge.

However, the amount and type of formal education an agent possesses causes prospective clients to begin bonding with the agent — before the prospective client can observe the agent's expertise in action.

## Become a well-educated expert

First, an agent needs to **narrow down their specialty**. An agent may specialize in one or more of the innumerable niches which exist in the real estate industry, including:

- specific types of improved property;
- a group of buyers, like first-time homebuyers [See Page 79];
- green homes or smart homes;
- property management or commercial leasing;
- consumer or business mortgage originations;

- subdivisions and conversions; and
- residential or commercial income properties.

To be classified as an **expert**, the agent needs to constantly expand their technical knowledge of their chosen niche and groom that knowledge with the wisdom of experience.

Agents can enroll in courses to enhance their real estate knowledge. For example, agents can take courses on:

- specialty real estate transactions;
- business management;
- accounting and recordkeeping;
- various languages and cultures (particularly useful for multi-lingual regions);
- marketing; or
- agency, business and contracts.

These additional skills make an agent more effective in all their daily activities and more appealing to clients and colleagues alike.

Agents looking to expand their knowledge need to seek out:

- seminars and lectures;
- other real estate professionals willing to bring insight and advice to discussions; and
- training sessions focused on particular skills.

## General knowledge and leveraged education

Agents need to keep up-to-date with **economic conditions** which drive and give direction to markets in their area. Agents also need to regularly check for new laws, zoning for construction, financing programs and other news affecting real estate transactions and their business.



Education  
is frequently associated  
with wealth.

Even if the agent has yet to make any notable financial strides, **education is frequently associated with wealth**. When an agent can use experience in addition to factual information to answer questions, clients perceive the agent as a seasoned, well-informed professional who likely earns a respectable living



— a perception upheld by the agent's degrees and certificates of investment in education. This perception causes more clients to willingly retain the agent, increasing the agent's productivity and income.

Naturally, an agent whose clients respect and desire their guidance in a real estate transaction generates greater **negotiation power** with their colleagues. They are also better able to prove their financial worth to other brokers and agents, and to select the best brokerage situations available.

Further, agents can:

- start and operate their own brokerage;
- adjust their business practices to accommodate current economic conditions; or
- work their way into management and ownership at larger brokerages.

## Civic engagement

**Civic engagement** is participation in activities which benefit a community as a whole. Agents can work these community benefits to their advantage.

**Public perception** is fundamental to an agent's ability to generate business with new clients, who may not learn about or favor the agent when they are not involved in local activities. A positive perception of the agent based on their contribution to the community also encourages past clients to refer family and friends to the agent.

## Participation in the real estate community

Agents who get involved in local activities earn respect from others, which builds their reputation and further improves their business relationships.

Agents can start small by volunteering to **mentor** new agents in their office. One-on-one mentorships foster beneficial relationships the agent can count on to generate professional references.

Additionally, **employing brokers** who offer mentorships and personal training opportunities are likely to garner greater admiration and dedication from their agents. These agents share their mentorship experience with other agents, who then want to work for an office providing these benefits. With more competent agents, the broker's income grows.



“Participation in organizations dedicated to local real estate matters will garnish an agent's perceived role as a leader in the community.”

Participation in **organizations** dedicated to local real estate matters will garnish an agent's perceived role as a leader in the community. Fundamentally, these affiliations enhance their knowledge of local issues important to most clients.

An agent's choice of an organization needs to play on their strengths. For example, agents who specialize in rental accommodations may use their

expertise to participate in a local rent control board or related zoning decisions.

Agents need to consider involvement in:

- planning committees;
- city council meetings; and
- other governmental agency activities open to the public.

## Expanding participation exposes new clientele

Agents also need to engage in local organizations **unrelated to real estate**. These include social clubs, civic groups, committees and other organizations which will likely broaden the agent's reach to new groups of clientele.

For example, an agent seeking to expand or improve their client base needs to consider:

- trade organizations, such as a local builder's association, escrow officer's association or apartment owner's association;
- local cultural arts committees;
- a Board of Trustees at a local educational institution, like a community college;
- the historic preservation review board;
- the Chamber of Commerce;



- local marketing groups;
- the county assessment appeals board; and
- other similar groups and associations.

Connecting with a group based on a **common interest** or activity exposes the agent to an entirely new community of people to mine for leads, referrals and networking opportunities. The agent's membership or involvement signals to the community the agent is like-minded or "one of their own," increasing the likelihood community members will trust the agent based solely on their affiliation.

However, agents beware: political clubs and organizations generally have a volatile, short-term and often polarizing impact on others. Instead of these organizations, an agent needs a **universally respected** activity which builds enduring ties to the agent, no matter the emotional shifts in their external politics.

While the agent's participation is a critical factor in the *public perception* they establish, the agent needs to first dedicate adequate time to their real estate business if they are to keep it productive and profitable.

## **Residential longevity** garners clients

The influence of **familial ties** built up over time is known as **residential longevity**.

An agent or broker with residential longevity capitalizes on local recognition of their familial name.

Association with a well-known name synonymous with respectability and success in a community generates an almost automatic esteem and affinity for the agent.

## The agent's personal ties

To begin using **familial ties** to benefit their business, an agent first needs to ask themselves: What is the first thing people think of when they hear my name?

The agent's goal of building upon their family's **residential longevity** is to place themselves first and foremost in a potential client's mind when they hear the agent's name.

An agent has a good chance of using their name as a springboard when they reside and work in a location where their personal affiliation is strong.

**Name recognition** attaches to an agent when they **set roots** in a community — whether it's built on their family's existing connections to the community or the agent decides to start fresh and separately establish their own **name recognition**.

A blue speech bubble with a white outline, containing the text: "What is the first thing people think of when they hear my name?" The text is in white, with "What" on the first line, "is the first thing" on the second, "people think of when they" on the third, and "hear my name?" on the fourth. There are large, faint, light blue letters "f" and "r" in the background of the bubble.

An agent or broker with a sturdy legacy in a community establishes a reputation of belonging and familiarity which encourages clients to work with them out of an **affinity bias**.

An affinity bias manifests in a variety of forms, depending on how the agent takes advantage of their name recognition. The agent may choose to start marketing their name with a particular niche or expertise in demand by those most likely to be familiar with the agent's name.

An agent can also seek out brokerage companies with strong resonance in the community to raise their own esteem in that locale. The farther the broker's name reaches, the greater weight the name will carry on the agent's resume and client contact list.

## Familial ties as client connections

Another way agents may use residential longevity to benefit their real estate business is to establish connections with clients to whom community is an obvious priority. These households might include:

- first-time homebuyers looking to start their own family;
- families with children seeking more space; and
- elder couples wanting to live near their extended family.



The same logic applies for attracting real estate investors as clients. Longtime members of the community know about the agent's residential longevity and the stability of the family name, which attracts them to the agent when in need of real estate services.

The agent may also leverage the dominance of their name recognition into:

- higher fee splits when employed by a broker;
- better positions at a brokerage company; or
- starting or expanding their own brokerage.

## Personal achievements

**Personal achievements** are tangible evidence of what an agent has accomplished that speak to their tenacity, abilities and power in the industry. These lifelong achievements set the agent apart from their competition without the need to first sell a prospective client on the value of their services.

An agent's personal achievements may include:

- awards, acknowledgements and recognition;
- unusual skills or extracurricular activities;
- career advancement, such as from a sales agent to a broker-associate or an employing broker;
- additional education and government-issued licenses; and
- ownership of a brokerage office.

## Achievement through career advancement and authority

Perhaps the most obvious way an agent can showcase their achievement is through **professional advancement**. Careers in real estate may begin from positions as minor as an unlicensed assistant for a provider of real estate services. However, when that assistant invests the time, effort and expense to get their

sales agent license and eventually their broker license, they demonstrate talent and persistence. This public career progression advertises professional success, a magnet for new clients.

Additionally, an agent may choose to compound their license with **additional licenses and endorsements**, such as:

- mortgage loan origination;
- escrow;
- contracting; and
- corporate brokerage, as a licensed corporate officer.

### Presenting awards to influence your business

An agent's personal achievements can come through professional milestones, like hitting production goals and receiving **awards**. Awards are most often given through the agent's brokerage company and might include:

- top-producing agent;
- top-producing office;
- dollar thresholds ("Over \$15 million sold!"); and
- regional, state, national or worldwide accolades.

An agent or broker can use awards to enhance their reputation through **marketing**. Awards often have symbolic logos, which the agent can put on their business cards and other marketing materials. Clients recognize these special emblems and phrases like "Top Producer" or "#1," and are instantly more inclined to choose a professionally recognized agent for their needs.



An agent or broker can use awards to enhance their reputation through marketing.

Additionally, an agent can display awards and other acknowledgements in their office space. This includes plaques, certificates, trophies and other symbols of the awards the agent receives. Clients and colleagues who meet the agent in their office will see the agent's personal achievements displayed in a professional setting, enhancing their **perception** of the agent's professional success.

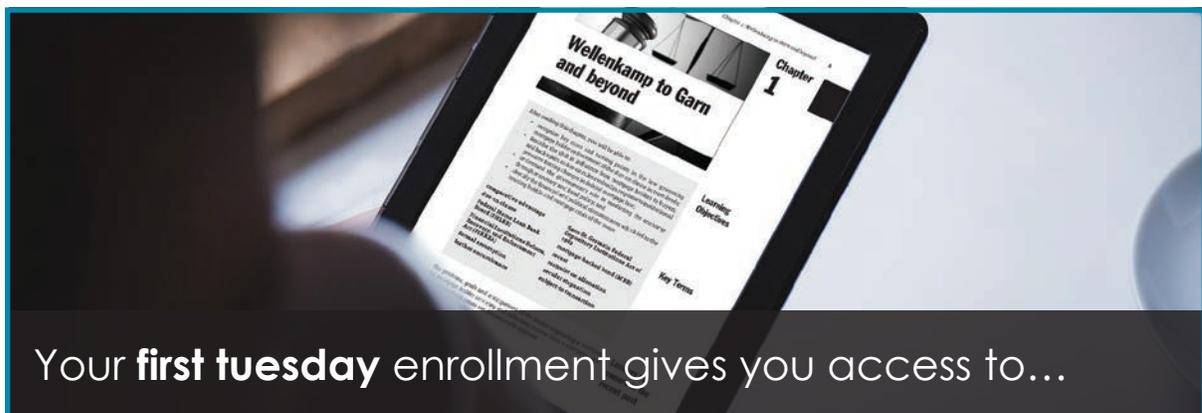
## Awards, authority and your power base

Agents can continue expanding their power base by adding **extracurricular skills** and activities to their professional accomplishments. An agent with additional achievements unrelated to real estate shows clients their diversity of involvement and capability. For example, agents may showcase:

- skills in speaking and understanding other languages;
- teamwork skills attained through sports or other organized activities;
- licenses and achievements unrelated to real estate, such as a pilot's license; and
- intellectual or physical accomplishments, such as musical composition or marathon athletics.

Just when the agent thinks they've reached the pinnacle of success, it's time to start back at the beginning.

As the agent's business and income grow, so do their professional needs: expanding office space, hiring assistants, increasing marketing efforts, etc. The more effort agents invest, the more success they will have — when set out in a meticulous plan to cultivate a solid, expansive **power base**.



### **first tuesday's** California Realtipedia

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Access the **first tuesday** Realtipedia within your Student Homepage



Conduct a search of the broker's name and business online. Always check **CalBRE's website** ([www.CalBRE.ca.gov](http://www.CalBRE.ca.gov)) for information and a profile on brokers you are considering. Inquire of active broker-associates and agents seeking the recommendation of a broker who:

- provides a **stable and supportive working environment** for new agents just learning the ropes; and
- is up-front about the income, expenses and initial investments you can expect. [See **RPI Form 504** on Page 28]

Also consider these questions in your search:

- Does the broker have **realistic goals** for you?
- Does the broker appear **well organized** in their practice?
- Is the **office alive and run efficiently**?
- What is the **reputation of the broker** among experienced licensees?

To get a feel for the office environment, talk to other agents in that office. Figure out how the agents work together, the teams they have formed and whether they are the type of individuals you want to work alongside and emulate. The

broker who knows how to motivate and keep the office mood upbeat, dynamic and evolving provides you the **greatest opportunity for success**.



To get a feel for the office environment, talk to other agents in that office.

When a broker gives you **reality-based expectations** about what it is going to be like working for them, both you and the broker will be satisfied with the employment

relationship. When a broker is candid with you concerning the effort required and earnings you can expect, you have greater assurance that being employed by them will not result in wasted time, energy or resources when striving to meet goals that were unrealistic from the outset.

### **Ask about the broker's success**

To determine the success of the broker, ask questions about **sales, prospecting and lead generation** fostered by the office. Look into the turnover rate the broker is experiencing among agents in the office. Why aren't agents staying for at least two years? Does the turnover rate seem high?



Look for an office where you can imagine yourself working for **at least two years**. It takes that long to develop an enduring competitive position and acquire a well-rounded understanding of how to make money providing services in the real estate business.

Other questions you will want to ask prospective brokers include:

- **Why are agents successful** with in your organization?
- **What makes your brokerage office successful?**
- **How many** full-time agents and broker-associates do you employ?
- Do you have **weekly sales meetings** and on what topics?
- Are your overall **sales goals being achieved?**
- **Why do you think I can be successful** with your office?

### **Interview with multiple brokers — patiently find the right one**

As a new agent, take it upon yourself to **visit the offices of different brokers**. Your observations will tell you how different brokers operate; they do not all act the same. Some questions to keep in mind when interviewing with brokers include:

- What does one broker offer that another does not?
- Is one broker more successful than the other and in what way?
- Where do you see yourself best fitting in and earning an income?
- With which broker will you most likely attain your personal goals?

Consider each of your interviews of different brokers as a separate trial run. When a broker does not feel like the right fit, move on until you sense you located the right one. Their attitude and yours as compatible without disruptive friction are **productivity considerations**.

## Part-time vs. full-time

As a **part-time agent**, your income will not come exclusively from real estate. Part-time work usually means you depend on another source of income and that real estate sales will supplement that income. Or, you might use a part-time real estate position to establish yourself in the industry, transitioning gradually toward full-time work as success sets in.

However, brokers are frequently **hesitant to hire new part-time agents**. Part-timers are perceived as:

- devoting insufficient time and lacking flexibility to seek out clients, and negotiate deals and close transactions; and
- less committed than full-time agents, thus generating less than average brokerage fees while employed by the broker.

Brokers provide their agents with services such as **office space** and **lead sharing procedures**. They will not likely employ a part-time agent and provide the same degree of amenities and supervision when they can hire a full-time agent who will produce more sales for the same or less effort by the broker.



As a new agent you will need extensive training.

Further, as a new agent you will need extensive **training** and above average **oversight**. Brokers are not inclined to invest the time needed to properly supervise a new agent in exchange for a part-time commitment.

So ask employing brokers if they are hiring part-timers and what they expect of part-timers. By their response, you will understand what is at stake when you are employed as a part-time agent.

On the other hand, as a **full-time agent**, you need to build up clientele quickly to generate income through transactions sufficient to cover your business and personal expenses. This means immediately **branding yourself** as an agent who actively searches for and pursues real estate opportunities daily. [See Page 32]

To state the obvious, without a **business development plan**, you will not survive in real estate sales, leasing and property management, or mortgage lending. Worse, you will generate little income, insufficient to support a minimum standard of living.



Finding a compatible broker who will employ you is more likely when you commit yourself to work as a full-time agent and not a part-time agent. Brokers see agents who commit to full-time work as:

- willing to put in the time necessary to solicit sales, leasing or mortgage lending opportunities and close deals;
- personally committed to long-term engagement in real estate services as a profession; and
- responsive to client needs without being distracted by the demands placed on time and energy by a second job.

This fully submerged perspective agent makes brokers more willing to invest in giving you the **training and supervision** you need to succeed as an agent.

### **Know the meaning of an independent contractor**

As an active agent, you are typically employed by a broker under an **independent contractor (IC) employment agreement**. [See **RPI Form 506**]

As an employee of the broker under an IC employment, the broker carries **workers' compensation** and **errors and omission (E&O) coverage** — but you're on your own for things like:

- payment of **self-employment taxes** on your net business income (at 15.3% of net trade income);
- payment of your installments for **estimated tax on taxable income**;
- **car insurance premiums**;
- **health insurance premiums**; and
- **unemployment insurance premiums**.

Before entering into an employment relationship with a broker, you need to learn what employment as a licensee entails. A review of the typical employment agreement brokers enter into with licensees is instructive. **Realty Publications, Inc. (RPI) Form 506** lays out the duties and responsibilities, and thus the expectations, of the broker and the agent on entering into the agreement.

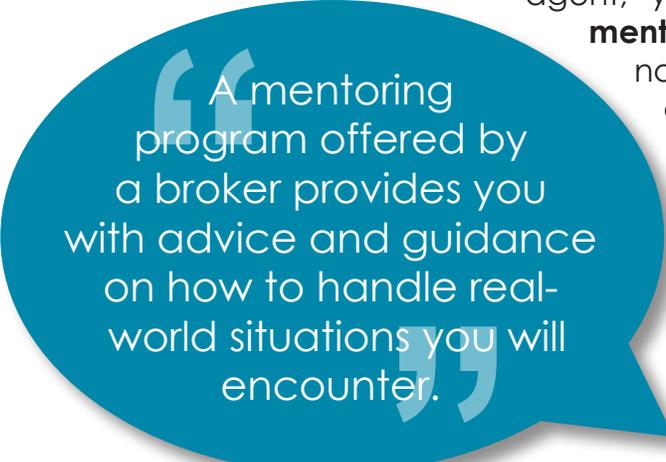
The form also contains a schedule for sharing fees you generate and charges you will incur as an agent with the broker.

Familiarize yourself with the contents of this form. The information reviewed prepares you for discussions with prospective brokers to set expectations for your employment. Question whether you are required by the broker to join a **trade union** (and why), and whether you will have access to the local **multiple listing service (MLS)** — as well of the costs of these services.

## The benefits of a broker with a mentoring program

Each real estate office has a **different culture**. Further, each type of real estate has its own unwritten but customary rules to follow — industrial, retail, office, apartments, SFRs, land, business opportunities, mobile homes, mortgage lending, etc. Also, each region of the state has local customs and courtesies.

To understand and acclimate to best practice as an agent, you need on-the-job training from a **mentor or senior agent**. Otherwise, you will not quickly fit in locally with the activities of other agents, a necessary ingredient for early success.



A mentoring program offered by a broker provides you with advice and guidance on how to handle real-world situations you will encounter.

A mentoring program offered by a broker provides you with advice and guidance on **how to handle real-world situations** you will encounter. You need training to deal with diverse and often difficult clients, to market and qualify properties, and to manage your time spent with others

and on property analysis. It also gives you instant **networking capacity** with other real estate agents.

A broker who does not offer a mentoring program means you have to figure out by observation, trial and error just how to conduct yourself. When they do not give you the training or support you sense you will need, it is best you move on and locate a broker who does.

## Set realistic goals for the income you want

Before you look for an employing broker, and certainly before you interview with one, you need to **set your own goal** for the annual income you want to earn.



The volume of real estate sales you close during your first year in the business is essentially a “numbers game” you work and play with yourself. You will soon discover that only a fraction of all sales efforts come to fruition in the form of fees received from closings. Thus, to be successful, you need an innate curiosity and the enthusiasm for estimating and forecasting **income and expenses**.

If you become discouraged or daunted by the exercise of completing a worksheet, you are not a prime candidate for employment in the real estate business.

Setting realistic goals is the result of **forethought and analysis**. Goals are personal objectives. They are not to be left to somehow evolve after you start work as an agent. Once set, goals are what you expect of yourself and your broker. As a result, you will fast learn to balance the use of your time, talent and energy most wisely.

In your first year as an active agent, you might not earn as much as you planned when you set your goals. Goals are meant to be pursued, the objective of your work in progress from month to month. Most full-time real estate agents, regardless of how long they have been an agent, pay taxes on average earnings between \$35,000 and \$50,000 annually.

Income varies depending on how much time, effort and planning you put into the occupation. **Personal confidence** and **talent** are prerequisites to an early uptick in successful client solicitation and actual closings, and thus first-year earnings.

To figure out how much you will most likely earn in a particular aspect of real estate transactions – sales, type of property (SFRs, commercial, apartments), leasing or mortgage originations – speak with the brokers you interview about the market they are in and how they believe you will fit in.

Ask them questions such as:

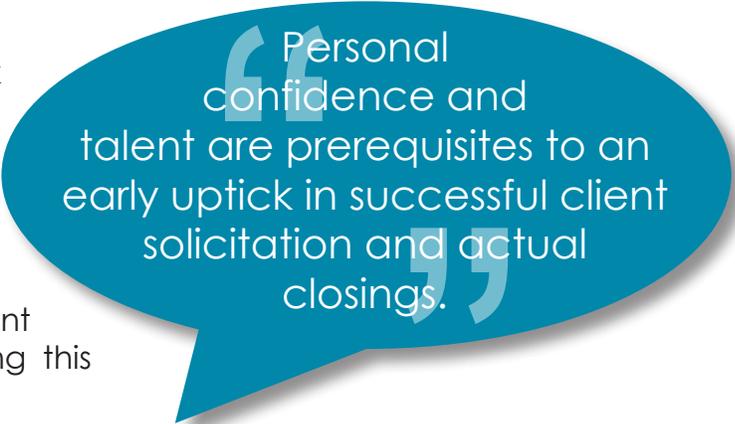
- What is the dollar **range** of the sales (leases and mortgages) you will work with?

- **How many sales (leases or mortgages)** will you likely close in your first year?
- What **cash reserves** will you need before your first transactions close?
- What **business equipment** and **supplies** will you need to provide?
- Is the **model of your car** sufficient for showing properties?
- What **special knowledge** is needed to handle the class of sales (leasing or mortgages) the office handles?
- What level of **mentoring programs or training** do they offer?

You need to know what your annual gross earning, costs and expenses will be during your first year as an agent. Without an upfront analysis, you will not determine the net earnings you will end up with annually — and thus the financial support your services will provide for your standard of living.

**RPI's Form 504** helps you keep track of the costs and expenses you can expect to incur in your first year of employment as a real estate agent, such as:

- **gross fees** you will receive from your broker as their agent [See Form 504 accompanying this article §2];
- **transaction deductions** taken by the broker from your gross fees [See Form 504 §3];
- **office expense** contributions you need to pay from your gross fees (equipment rentals, membership fees, library/subscription charges, etc.) [See Form 504 §4];
- your **business expenses** acting as an agent (auto, licensing fees and education, travel, insurance, etc.) [See Form 504 §5]; and
- **other marketing and sales expenses** not covered by the broker. [See Form 504 §6]



The likely gross fees the broker receives and your share of those fees are entered on the worksheet as a result of the interview with an employing broker. [See Form 504 §§1 and 2]

Ultimately, the **sales goal** you set is reflected in the amount of after-tax income you seek. [See Form 504 §11]



Unless you studiously fill out the worksheet, forecasting the fees you will receive and estimating expenses to be incurred based on sales volume goals or probable after-tax earnings are uneducated guesses.

Completing this worksheet also works to more accurately set the sales goal to be met for the first year of employment. With this analysis, you will gain a better understanding of the net income and after-tax income you can expect with each interview of a broker.

### **The broker steps forward, with information**

Brokers are better able to anticipate the income and expenses you will incur than you — a recently licensed agent. It is the broker who is best able to draw a conclusion about your future with the broker's office.

A broker's primary objective when hiring an agent is to **increase the gross broker fees received by the office** without a disproportionate increase in operating expenses. A broker's full disclosure — upfront and prior to employment — about your likely income and expenses leads to a realistic expectation of income.

To be ready for an interview with a prospective agent, a proactive broker prepares an income data sheet by estimating the expenses you will most likely incur. Also, the broker will estimate the initial **cash investment** you will be required to make to cover one-time, nonrecurring expenditures. Also, you will need cash reserves to cover your personal carrying costs for a period of time necessary to produce closings and generate fees sufficient to sustain your standard of living without further resort to savings. [See Form 504 § 10]

Once the operating expenses, nonrecurring costs and carrying costs to be incurred have been established — based on the broker's history with their agents — what remains is the difficult task of anticipating your **gross fees** from sales that will most likely close during the first year of employment.

# AGENT'S INCOME DATA SHEET

**NOTE:** This form is used by an agent or broker when analyzing the income and expenses they are likely to experience while employed by a broker, to estimate their entry or change-of-office costs and their anticipated annual gross income and expenses resulting from the employment.

DATE: \_\_\_\_\_, 20\_\_\_\_

Brokerage office: \_\_\_\_\_

**ANNUAL INCOME AND EXPENSES:**

<b>1.</b>	<b>Gross Brokerage Fees</b> [See instructions at line 11.4] . . . . .	\$ _____	_____ %
1.1	Franchise fee disbursement ( _____ % of § 1.) (-) \$ _____		
	a. Subtotal . . . . .	\$ _____	
1.2	Broker retains _____ % of <input type="checkbox"/> §1., or <input type="checkbox"/> §1.1a.. (-) \$ _____		
<b>2.</b>	<b>Gross Fees due Agent</b> . . . . .	\$ _____	_____ %
<b>3.</b>	<b>Transaction Deductions by Broker:</b>		
3.1	Less:		
	a. E & O premium (\$ _____ per closing) \$ _____		
	b. Prior client promotion ( _____ % of fee) . . . . .	\$ _____	
	c. Listing/Transaction coordinator . . . . .	\$ _____	
	d. Other _____ . . . . .	\$ _____	
3.2	Total charges withheld . . . . . (-) \$ _____		_____ %
<b>4.</b>	<b>Office Expenses:</b>		
4.1	Equipment rent . . . . .	\$ _____	
4.2	Forms & manuals. . . . .	\$ _____	
4.3	Desk space and parking charges . . . . .	\$ _____	
4.4	Membership:		
	a. Trade association. . . . .	\$ _____	
	b. MLS fees. . . . .	\$ _____	
	c. Affiliations . . . . .	\$ _____	
4.5	Supplies/software updates . . . . .	\$ _____	
4.6	Postage/delivering services . . . . .	\$ _____	
4.7	Library/subscriptions. . . . .	\$ _____	
4.8	Photocopies. . . . .	\$ _____	
4.9	Equipment use charge . . . . .	\$ _____	
4.10	Total office expenses: . . . . . (-) \$ _____		_____ %
<b>5.</b>	<b>Agent's Business Expenses:</b>		
5.1	Telephone:		
	a. Phone/fax . . . . .	\$ _____	
	b. Cell phone. . . . .	\$ _____	
5.2	Auto:		
	a. Gas/oil. . . . .	\$ _____	
	b. Repairs and maintenance/carwash . . . . .	\$ _____	
	c. Insurance . . . . .	\$ _____	
	d. Loan/lease payment. . . . .	\$ _____	
	e. Registration . . . . .	\$ _____	
5.3	Printing:		
	a. Farm letters. . . . .	\$ _____	
	b. Postage. . . . .	\$ _____	
5.4	Licensing fees and education . . . . .	\$ _____	
5.5	Internet service . . . . .	\$ _____	
5.6	Legal and accounting. . . . .	\$ _____	





5.7 Marketing sessions ..... \$ \_\_\_\_\_  
 5.8 Travel/hotel ..... \$ \_\_\_\_\_  
 5.9 Entertainment ..... \$ \_\_\_\_\_  
 5.10 Insurance (business and health) ..... \$ \_\_\_\_\_  
 5.11 Total Business Expenses ..... (-) \$ \_\_\_\_\_ %

**6. Marketing and Sales Expenses:**

6.1 Printing flyers/mailer for listings ..... \$ \_\_\_\_\_  
 6.2 Property ads:  
     a. Newspaper/magazine ..... \$ \_\_\_\_\_  
     b. TV/radio/web ..... \$ \_\_\_\_\_  
 6.3 Postage (marketing) ..... \$ \_\_\_\_\_  
 6.4 Property preparation ..... \$ \_\_\_\_\_  
 6.5 Open house (food/drinks) ..... \$ \_\_\_\_\_  
 6.6 Gifts on closing ..... \$ \_\_\_\_\_  
 6.7 Transactional expenses ..... \$ \_\_\_\_\_  
 6.8 Total marketing and sales expenses ..... (-) \$ \_\_\_\_\_ %

**7. Agent's Net Income:**

7.1 Income, SS & medicare taxes ..... (-) \$ \_\_\_\_\_ %

**8. Agent's After-Tax Income** ..... \$ \_\_\_\_\_ %

**9. Other Income Sources:**

9.1 Draw/Advance ..... \$ \_\_\_\_\_  
 9.2 Other ..... \$ \_\_\_\_\_  
 9.3 Other ..... \$ \_\_\_\_\_

**10. Cost-of-Entry/Change-of-Office Analysis:**

10.1 Marketing course ..... \$ \_\_\_\_\_  
 10.2 Lock boxes ..... \$ \_\_\_\_\_  
 10.3 Open house signs ..... \$ \_\_\_\_\_  
 10.4 Stationary/cards ..... \$ \_\_\_\_\_  
 10.5 Computer/programs/printer ..... \$ \_\_\_\_\_  
 10.6 Office furniture ..... \$ \_\_\_\_\_  
 10.7 Photocopier ..... \$ \_\_\_\_\_  
 10.8 Phone/fax equipment ..... \$ \_\_\_\_\_  
 10.9 Phone installation ..... \$ \_\_\_\_\_  
 10.10 Camera/printer ..... \$ \_\_\_\_\_  
 10.11 Vehicle ..... \$ \_\_\_\_\_  
 10.12 Other ..... \$ \_\_\_\_\_  
 10.13 Other ..... \$ \_\_\_\_\_  
 10.14 Total Entry/Relocation Costs: ..... \$ \_\_\_\_\_

**11. Gross Brokerage Fee Projection/Forecast:**

11.1 Annual after-tax income desired by agent ..... \$ \_\_\_\_\_  
 11.2 Divide by percentage of after-tax income at §8. .... (+) 0  
 11.3 Annual Gross Brokerage Fee needed at §1.  
 to earn the desired after-tax income at §11.1: ..... (=) \_\_\_\_\_

11.4 Analyze the source of Gross Brokerage Fees at §1 by setting the price of the typical transaction Agent will close, the dollar amount Broker will receive as the Gross Brokerage Fee on the typical transaction, and the number of typical transactions Agent must close within one year to attain the Gross Brokerage Fees set as the goal at §11.3.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

## The broker helps estimate future fees

You alone will not be able to estimate the gross fees you will initially generate. Here, the broker's **first-hand experience** is necessary.

A couple of approaches for **estimating future fees** are apparent. For one, the broker may project a range of gross broker fee amounts, varying from the earnings generated by a high producer to those of a low producer during their first year with the office. Until you have been on the job working as an agent for the broker, they will not know at what level you can produce income, but they can give you a range of income earned from that of the weaker to that of stronger producers.



Conduct a comparative shopping activity to determine how other brokers share fees and expenses with their agents.

The various gross broker fee projections — ranging from low, medium to high — may be entered on separate copies of the income and expense worksheet. Thus, your **after-tax income** can be calculated based on various levels of sales. [See Form 504 §8]

Another approach for the interview is to ask the broker the range of gross broker fees a typical first-year agent employed by the broker will likely generate, without the broker first entering a projection of fees on the income and expense worksheet.

Thus, you are left to enter and calculate the income you either:

- believe you can produce; or
- want to produce to attain the after-tax income sought.

The worksheet then becomes both your **budget** and a **sales goal**, to be reviewed and confirmed by the broker.

## Comparative shopping for a broker

After a few years of successful employment in the business of real estate sales, you may be able to negotiate a **more advantageous fee split** for the time you spend:

- listing properties and buyers;
- locating buyers and properties; and
- engaging in all the activities surrounding a real estate sales transaction.

Before walking into the broker's or manager's office with a demand for the office to cover more expenses and provide you with a larger share of the broker fees, conduct a **comparative shopping** activity to determine how other brokers share fees and expenses with their agents.

Whether you seek to renegotiate your current employment arrangement with your broker or move to another broker's office, first prepare the **income worksheet** on your current operating conditions. [See **RPI Form 504**]

When the analysis is limited to listing your expenses it acts as a **budget**, a forecast of your expenses for the next 12 months. Further, the variables controlling the amount of income and expenses may be analyzed and adjusted to set your sales goals for the next 12 months.

The second step is to distinguish the current arrangement you have with your broker from the earning opportunities available with other acceptable brokerage offices. The comparative analysis is accomplished by preparing a worksheet for each prospective brokerage. [See **RPI Form 504**]

Information for the worksheet may be gathered from interviews with those brokers or their managers, or agents in those offices who have a handle on their income and expense arrangements with their broker.

On completion of the worksheet for each office, a comparison shows the distinctions and parallels between the different offices.

Armed with comparisons reflected by the data on the worksheets, you are able to **intelligently renegotiate fee splits** and the allocation of expenses with your present employing broker — all based on the market place of employing brokers.

Ultimately, your goal is to negotiate an income and expense sharing arrangement which satisfies you and provides a better opportunity for **greater earnings** — expectations based on comparison shopping and your sales history.



# Marketing your brand

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Whether you're a seasoned real estate professional or a newly minted licensee, you need to **develop your brand**. Branding is a critical career step toward attaining and retaining clients. Here are the actions you need to take to choose and implement your real estate brand – and hone a professional persona.

## Step 1: Choose your brand

In the real estate profession, **image is everything**. How potential clients and colleague see you determines whether or not they will want to hire or associate with you — and how they will remember you when their need for a real estate agent arises.

In marketing yourself, you'll want to set yourself apart from other agents in your area, without becoming so specific that you cut out too large a segment of the market. For instance, branding yourself as simply a "distressed property expert" is great for a few potential short-term clients, but not for clients over the long haul.

One direct way to do this is to brand yourself as the **neighborhood expert**. This works for buyers and sellers of all home types in the neighborhood. It is also easily customizable for each neighborhood you may market to, called your **FARM**.

And, if you do happen to also be a short sale expert, you can still mention it as one of your specialties. Aside from being a neighborhood expert, some other **residential specializations** to mention are:

- relocation;
- Veterans Affairs (VA)-guaranteed mortgage;
- Federal Housing Administration (FHA)-insured mortgage;
- military-friendly;
- first-time homebuyer;
- Spanish-speaking or different language other than English;
- condo or multi-family;
- luxury home;
- affordable home;
- land;
- investment;
- energy-efficient or green home; and
- senior living.

Check out what other agents are doing in your office to market themselves. Is there a **specialization**

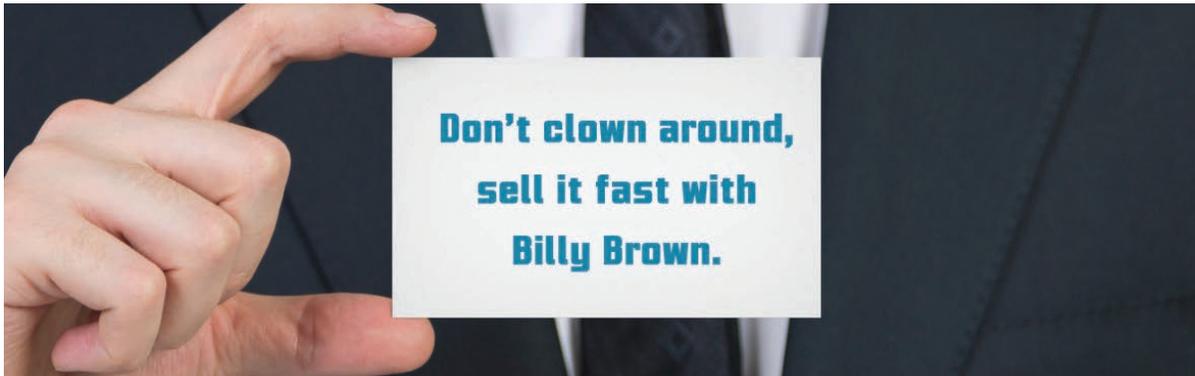
**that's missing** from the neighborhood? It may take some extra research on your part, but will mean more clients and fees down the road.



“ Have a professional photo taken every two or three years.”

Finally, **be truthful** when choosing your brand. If you've never worked with seniors before, don't tout yourself as a specialist in senior living.

Another iffy situation has to do with the **photo** you use with your brand materials. One major pet peeve of real estate agents (and their clients) is an agent who uses a headshot taken twenty years ago. When you choose to include your picture in marketing materials, have a professional photo taken every two or three years. It avoids awkwardness or confusion when a prospective client meets you.



## Step 2: Consider (or reconsider) a catchy slogan

While you want clients to **remember your name**, you certainly don't want them to roll their eyes when they think of it.

Stay away from cringe-worthy slogans, especially ones that are political, religious or elitist as they are inappropriate. Even if you think it's clever, it won't be the case for your whole client base. You will also want to ensure the pictures or graphics you use to depict your business are family-friendly.

However, when you come up with a catchy slogan that's **fun, inoffensive and helps clients remember your name**, then go for it. This will also work well for you when you do not yet have a specialty. Instead, you can let potential clients know what other advantage their working with you offers.

Choose a personal characteristic you want to highlight as yours, like **competent, helpful or punctual**.

However, **don't be generic** when branding your business as you will have the appearance of everyone else. So fit your chosen brand characteristics to your specific talents and personality. Start by including your name in the slogan: "*Billy Brown, the speedy agent.*"

Better yet, make it rhyme so your potential clients can easily remember you: "*Don't clown around, sell it fast with Billy Brown.*"

You can also use your slogan to highlight your real estate specialty: "*The South Bakersfield Expert,*" or "*Selling South Bakersfield since 1998.*"

## Step 3: Market your brand

Now that you have the **perfect brand for your business**, how do you put yourself out front and get more clients? Initially, you infuse your brand into all forms of marketing, including your:

- agent website;
- professional email signature;

- business cards;
- FARM materials you drop off while door knocking in the neighborhood(s) you FARM;
- signs; and
- mailed marketing materials which you send to former and potential clients.

When you specialize in multiple forms of real estate, **order different business cards for each specialty**. That way, when you run into someone interested in buying their first home, you can hand them the business card which says “The first-time homebuyer specialist.”

Likewise, when you speak with an investor seeking to sell or acquire residential property, you can hand them your “Residential investment specialist” card.

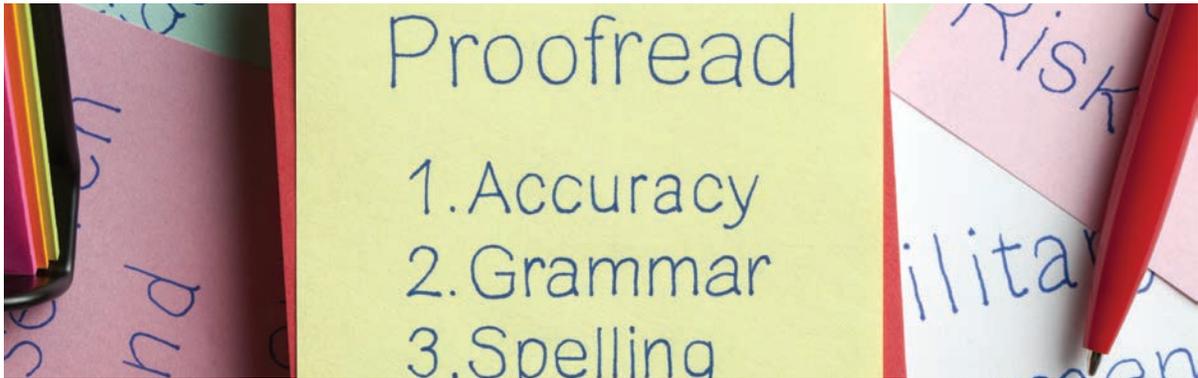
Plan the duration of your branding strategy, be consistent in presentation, and keep in mind it may take several months or even a year or two before you notice an effect. Thus, it's important to set aside time in your schedule and money in your budget to market yourself over several months in your FARM community. **One shot across the bow will not do it.**



When you're completely new to real estate marketing, it will likely take two-plus years before marketing your brand pays off with a reliable stream of clients. It takes time for any worthwhile activity to become known to a sufficient number of people and deliver results.

On the other hand, if you already have past clients but are changing your brand to reflect a rising need in the community, the results will arrive much sooner.

Also consider investing in a couple **out-of-the-box marketing strategies**. For instance, become “the engaged real estate agent” by sponsoring a stretch of highway or volunteering to sponsor a local youth sports team or sit on a civic committee. Your sincerity and service to the community becomes an unspoken but advertised part of your brand — not to mention the opportunities you'll find to meet new clients while engaging with other community volunteers.



#### **Step 4: Avoid these common mistakes**

Once you've nailed down your brand image and marketing strategy, go back to **check for common errors** before implementing it. Once you've built a brand, it's difficult to change, especially if you've made a negative impression on your community — so get it right the first time.

Avoid:

- **using all capital letters** to describe yourself or your services — it comes off as brash and insincere, more like a used car salesperson than a credible professional;
- **misspellings or grammatical mistakes** — this makes you look either unintelligent or unable to pay attention to detail, which are traits clients don't want in their real estate agent; and
- **giving up** on your brand strategy after only a few months of marketing, as it will take a couple of years before the payoff is noticeable.



# FARMinG 101: Keys to SUCCESS

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## **FARMinG:** harvesting new leads and cultivating past clients

A **FARM letter** is a reflection of you and your business, whatever its topic. This small publication will often be your best opportunity to make an enduring impression on homebuyers or sellers in your community.

The goal of **FARMinG for real estate clients** is to be recognizable in your chosen neighborhood of influence. Your initial step in farming is to build a database of contacts, called your **target audience** by marketing folks.

To create a respectable standard of living for yourself over the long-term, many contacts — some old, most new — are required. Remember, FARMinG is a **business undertaking**, not a social events project.

The ultimate goal is to convert a set of neighborhoods into a vibrant collective of owners branded to turn to the dedicated agent — you. This can be fully accomplished within two years through consistent, periodic FARMinG.

## Step 1: Find a mentor

Before you begin FARMing on your own, gain some **first-hand experience**.

Tag along (or team up) with an experienced agent who is a long-time FARMer in a different area from the one you select as yours.

Observe the agent's strategies and scripts. Ask questions so you learn. Likely, they will be happy to show you the ropes. Since your chosen FARM will not overlap with their area, you will not present direct competition.

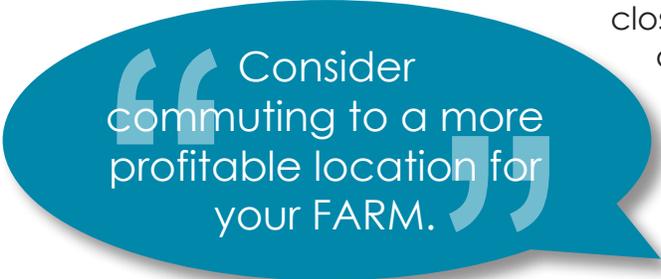
## Step 2: Choose your FARM

Choose the right neighborhood or community to FARM. The first choice is one you already know very well. Review a road map of the area, and choose the boundaries of your route.

How do you decide on appropriate FARMing boundaries? Write up a FARMing goal, based on:

- **how many doors** you can realistically knock on per day; and
- **how many deals** you need to close in a year to meet your personal financial goals. [See **RPI Form 504**]

To determine how many deals you need to close to make a living each year, compile a detailed list of financial needs, called an **income data sheet**. [See **RPI Form 504**]



Consider commuting to a more profitable location for your FARM.

This list includes expenses for:

- your brokerage;
- your office;
- **multiple listing service (MLS)** and other organizational memberships;
- your vehicle (loan/lease payment, registration, insurance);
- technology (phone, internet);
- continuing education (CE); and
- marketing (FARMing) materials. [See **RPI Form 504**]

The fee you receive per transaction will vary based on property values in the area you FARM.

If you live in a neighborhood with little turnover or low-tier home prices, consider commuting to a more profitable location for your FARM. Just because you



have experience with low-tier properties does not mean you are locked in at that tier. Whether you sell in Beverly Hills or Barstow, sales and closing principles are the same while attitudes and prices do vary.

Start by knocking on **50 doors a day**. Usually only 20 homeowners out of 50 actually answer the door. This means you will likely be at it for two hours at most and make 20 contacts. If you need to close more than 20 transactions each year then up the rate of door knocking. This works out to 2,000 homes (and roughly 6,000 occupants) in your FARM if you keep this up for five days a week, and follow up repeating your home-knocking coverage every two months.

Once you are familiar with your chosen FARM, **keep track of individual properties**.

Know and catalog the status of individual properties on a spreadsheet (distressed appearance, negative equity, positive equity, free and clear, length of ownership, price paid, etc.). This knowledge enables you to adjust your marketing strategy for each class of home.

This property information can often be found on your **local MLS** or provided by a **title company**.

### **Step 3: Prepare a script**

As a new FARMer, you will want to prepare a **script**.

An effective script includes:

- a proper greeting;
- a brief introduction of yourself and your business;
- questions to ask of the potential client to engage them in conversation;
- answers to their common questions; and
- a compelling closing comment calling for action.

When the homeowner is interested in selling, be prepared to set up a meeting. Most importantly, **listen to the homeowner**, always giving them ample space to talk. As they talk, only then do you learn about their wants and needs. Also, don't get caught up in the script to the point of reciting on autopilot.

Like an actor training to be convincing, devote time to verbally practicing your script every day. This will help you internalize the script and make it your own, keeping your content from becoming stale and irrelevant.

#### Step 4: Craft your FARM materials

Make up a flyer appropriate to your area so when left with the homeowners they will have **something by which to remember you**.

The best flyer will brag about your **recent sales**. If you haven't yet closed your first sale, or if it was more than a few months ago, consider these alternatives:

- sales made within your office;
- local market activity; or
- various tips for homeowners.

A **creative personal style** will help you stand out from the competition. Keep in mind a FARM letter is not a trade journal and you are not writing for real estate professionals. Your content should be **light** but not simplistic, **engaging** but not fluff.

Your primary goal is to keep **hold of your reader**. Your ability to do so usually boils down to a small word count. You only have a couple of seconds to get your readers' attention — and your topic needs to maintain that attention for at least the next few minutes.



A creative personal style will help you stand out from the competition.

Alternatively, **notepads, schedules** or **mini-calendars** that can go up on a refrigerator will ensure your name stays fresh in homeowners' minds.

Each time you make a contact, harvest their email address. Also, ask for three names and emails of people they know who are interested in buying or selling. Once you have garnered a few contacts, set up an **email database**. Then, email a **drip letter** that is sent periodically, at least once a month. This email newsletter can contain your recent sales, local market activity or an adapted FARM letter. [See Page 49]



*Editor's note — Some agents choose to do mailings in addition to door knocking. Mailings produce fewer results but do develop name recognition, and postage does add up as an investment in the FARM. Email is often better than snail mail (no postage required). [See Page 56]*

Depending on the types of handouts and mailings you send out, expect to spend \$3,000-\$6,000 a year. Don't let this amount daunt you — **one deal** will make up for the investment. Further, **shop around from time to time** to control your printing costs, supplies and mailing arrangements.

When you begin, you need to send FARMing material to prospective clients three to four times per month. After you have established your brand, you will likely distribute your materials less frequently—about once monthly.

*Editor's note — **first tuesday** has a wide collection of personalized FARM letters tailored specifically to California residents. Consider forwarding online articles you have read to selected individuals, to show that you keep yourself technically informed. All **first tuesday** FARM letters are available free of charge at [journal.firsttuesday.us/farm-letters/](http://journal.firsttuesday.us/farm-letters/)*

## **FARMing past clients**

FARMing is not only about making new contacts. It's also **about maintaining relationships** with those contacts over the months and years.

**Keep in touch** with your past clients. They are your best source of business. So, make it your business to let past clients know you remain actively involved and successful, and most willing to help them in their next move or acquisition.

Make a database of past clients noting particular dates that are important to them, such as **birthdays** and **anniversaries**. Send cards on these special days to keep yourself on their radar. Consider sending a bulk email to past clients each time you close a listing.

## The simple key to FARMing success

**Consistency:** It will take multiple years before FARMing will begin to pay off with a steady stream of clients. Consider each door knock an investment of energy in your future career. In the meantime, you are always prospecting.

**Persistence:** Explore all possible leads. After each conversation, ask if the homeowner knows of any neighbors or friends who are considering buying or selling, and get their name and email address. Google them and learn something about them. When a good lead does not answer the door during the week, go back on the weekend.

**Commitment:** If you give a 50% effort, you will get a 50% return on your time.

Make a schedule for your FARMing activities and stick to it. Many agents mistakenly go into the real estate industry expecting a relaxed schedule and easy money.

Laidback agents who do not quickly revise their expectations will soon find themselves making a career change.



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### **FARM letter templates and copy.**

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# Introduction to online marketing for real estate agents

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## Why online marketing is important

Over nine-in-ten homebuyers use the internet at some point in the home searching process. When you do not market your real estate services online, you miss potential new clients and buyers for your listings.

**Perfecting your online presence** is essential to a successful real estate business. Compared to traditional marketing, like direct mailings and door knocking, online marketing is low-cost, time-efficient and relatively easy. [See Page 37]

You, as an agent, use online marketing to:

- **solicit new clients;**
- **publish your listings;** and

- **retain contact with past clients.**

## Obtaining new clients

The first step in your online marketing strategy is to create an effective **real estate agent website**. [See Page 61]

Your site needs to be the referenced destination in all your **digital** and **print marketing** materials. To that end, choose a URL that's easy for clients to read from your print materials and type into their browser's address bar (i.e. WhittierRealEstateAgent.com). [See Page 61]

Funneling ads, listings and reviews back to your professional website helps you stay in control of how you present yourself online. Through your website you concentrate all your marketing and promotional material in one spot.

In your website, display all your:

- **listings** (if you have few listings, it's good to include the listings of other agents in your office);
- **real estate experience and expertise;**
- **awards, commendations and education received;** and
- **contact information**, including a professional photo.



Choose a URL that's easy for clients to read from your print materials and type into their browser's address bar.

Without doubt, the old saying "Build it and they will come" doesn't apply to websites. So what's the best way to direct traffic to your agent website?

The simplest way is to **purchase ads** to solicit others to come to your site. Google Adwords is a tool-for-hire that gives your website a traffic boost on Google search results. So, when an individual searches "Whittier

real estate agent" (and your website is categorized correctly according to Google's keyword terms), your site will appear for the searcher at the top of the results.

Even when you use Google AdWords, you need to invest time and thought in **search engine optimizations (SEO)**. SEO activity is what you can do to help your website communicate with search engines, like Google. It also alerts you to individuals who are searching for your services and related information. To increase the visibility of your website when clients search for a real estate agent like you, include the right **keywords** throughout the copy you post on your website.



What are the *right* keywords? Think about what your would-be client is searching for. They are likely looking for a home in a specific neighborhood, so include the names of the neighborhoods and the community you serve on your homepage. This shouldn't be every neighborhood in a ten-mile radius, but limited to the handful where you actually practice on a regular basis – your FARM location.

When you specialize in a particular type of real estate (foreclosures, rentals, single family residences (SFRs), condos, etc.), include the title of your specialty on your homepage as well.

Further, **online reviews** are extremely important. Yelp and Google+ can be especially helpful. Yelp is a form of **stranger marketing**. People seeking information about a real estate agent rely on the reviews of people they don't know – strangers – to direct them to a good agent. Facebook, on the other hand, is a form of **e-word of mouth marketing**, where someone posts that they're looking for an agent and their friends can respond.

Nudge your buyers and sellers to review you online. This is all part of the branding and bonding processes.

## Market listings

Aside from your individual website or your broker's real estate website, where are the best places to market your listings online?

There's no shortage of listing sites, but here are some good places to start:

- **Zillow;**
- **Trulia;**
- **Realtor.com;**
- **ListHub;** and of course
- your local **multiple listing service (MLS).**

Uploading a listing to the MLS usually ensures it gets posted automatically to major aggregators like Zillow. Aggregators extend the reach of your initial MLS entry to a greater sphere of potential buyers.

You also need to **check how your listing appears on the aggregator's site**. The data might not translate properly when transferred. When it doesn't, you need to correct it to best market your listed property.

Submitting your listing to a neighboring MLS is also a must. In heavily populated areas, like the Inland Empire, MLS territories overlap. When you are a member of one MLS you may be able to post to a nearby MLS without paying further MLS fees. It may be as simple as requesting permission from your local Association of Realtors (AOR) (which should not be required) to repost your listing to other MLSs, though some are more amenable to giving consent than others.

Include the **right number of photos** with each listing. Listings with only a couple photos (or none at all) take longer to capture the interest of buyers. Getting the angles and quality of the photos right also affects how quickly listings sell. [See Page 72]

Finally, just like you will do on your website, use the right keywords in your listing so buyers can easily find it online in a search. Think about what words buyers might use in their search for a home, such as the property's:

- **school system;**
- **amenities;** and
- **basic features.**

## Keeping tabs on past clients

Agents like to count on **past clients** for future business. They ought to. However, only 12% of homebuyers and 22% of sellers surveyed by the National Association of Realtors (NAR) hire the same agent to purchase or sell their next home.

Even filtering out for first-time homebuyers, who make up one-third of homebuyers, those moving out of the area and those whose agent has retired from real estate, 12% is still lower than it ought to be.

To complicate this behavior, 63% of homebuyers and 70% of sellers said they would recommend their agent to others.



Why do so few contact their previous agent for help with their next home sale or purchase?



Considering most homebuyers and sellers are satisfied with their agents, why do so few contact their previous agent for help with their next home sale or purchase?

Well, for starters, clients may be unsure whether their agent still practices, or simply forget the agent's name — which is easy to do when other real estate agents' marketing strategies outshine and erase the marketing of their previous real estate agent and the bonding they had.

Providing excellent service in the first place is a good start to being memorable. However, once the ink has dried and the boxes have been unpacked, agents need to continue to be a small presence in their client's life. The easiest way to do this is through online marketing.

Several social media outlets are useful for keeping up with past and potential clients. Connecting on social media allows you to reach out to multiple former clients at once, coordinated in one effort. [See Page 65]

Customer relationship management (CRM) programs assist real estate agents in tracking and organizing their customer service goals. CRM includes staying in touch with past clients while networking to find new **client leads**. Many CRM systems organize and track **drip emails**. These can be sent to your client list periodically and are an excellent way to keep your name fresh in the minds of past clients. [See Page 49]

## Do's and don'ts

A potential drawback to online marketing is that it runs the risk of being less personal than other forms. While trying to make your brand appeal to as many potential clients online as possible, you may come off as insincere and fake (read: untrustworthy).

Therefore, *do* connect to individual clients whenever you have the opportunity, even when it's just online. Send an email on their birthday or a social media message on the anniversary of closing their home purchase you assisted on.

CRM software can help you keep track of these dates, and clients are more inclined to respond favorably to a personal message than a mass email. [See Page 49]

**Don't give up too soon.** Just as with any marketing strategy, it may take months or years for your online efforts to pay off with a steady flow of clients. Make an online marketing strategy and evaluate it every quarter, making adjustments where necessary.

**Do track your progress.** Keep track of your real estate website with Google Analytics and see how your visitors are finding you. Use this information to adjust your efforts and grow your network.



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# Your guide to creating mass-marketing emails

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Maintaining your client base of past acquaintances and reaching out to new people in your FARM is essential to grow your business. **Email marketing** is a practical way to get that growth — all from the comfort of your office or home.

Read on to create successful email marketing campaigns and expand your use of digital resources.

## **Step 1: Choose an email campaign program**

Most standard email providers do not have the capacity to deliver **mass emails** — this requires a special program. Multiple emailing services and programs exist to facilitate your mass email marketing, such as:

- **MailChimp;**
- **Constant Contact;**

- **MailerMailer;**
- **Thunder Mailer;**
- **SendBlaster;** and
- **StreamSend.**

Program types and payment plans vary by provider. Some programs are downloadable for a one-time fee, but require more time to personalize the setup and put into action. Most offer mailing service plans with a monthly or annual fee based on the number of emails you send to recipients — your target audience of names and email addresses.

Your email program selection depends on your marketing needs. Consider the number of individuals you are targeting, the frequency you intend to send emails and the type of program features you want.

For example, some programs offer **pre-made email design templates**, or the ability to keep an individualized profile of each client to help you identify which emails to send.

## Step 2: Harvest client information and create lists

**Client contact information** is the basic data you need to develop and grow a long-term email marketing campaign — and your business success.

“ Client contact information is the basic data you need to develop and grow a long-term email marketing campaign.”

When you do not advertise, people forget you or do not know the services you offer. Thus, they do not contact you.

To gather data, **request contact information** from all past or potential clients you have any contact with. Make gathering – harvesting – a

routine practice to provide a steady stream of additional email addresses, week after week all year.

Methods for harvesting client email addresses include:

- providing a way for your website visitors to subscribe to your emails when they are on your site or for subscribing on other social media accounts;
- requesting potential clients to fill out a form during open houses and other points of contact;
- advertising your email newsletter and address in the marketing material you hand out; and



- asking existing clients for referrals of family and friends.

When gathering contact information, also collect information about a client's **homeownership status, family** (i.e. whether they are single, married or have children), **occupation, education, investments and affiliations**. And ask for any other criteria that may be useful for creating email lists tailored to your specific interests and local demographics. People generally love to talk about themselves, so start by asking about their family.

For example, a client who has children will likely be more interested in listings near top rated schools. First-time homebuyers may be inclined to open emails about home maintenance tips.

You may also want to divide emails into separate databases categorizing them by **prior, existing** and **potential new clients**. You will likely target them for different content.

Categorize each newly acquired email address under all email lists relevant to them to ensure they receive content they will relate to.

## Ethical data collection and email marketing

Successfully building your contact list is more than just a matter of reaching as many people as possible — it's about knowing your audience, dividing them into categories and **marketing respectfully**.

Avoid **spamming** your clients by sending excessive or unsolicited emails.

Anti-spam laws:

- prohibit use of **false or misleading information** in the subject line, sender field or header;
- require you to provide a way for **recipients to unsubscribe** from your emails or request removal from your mailing list;

- prohibit you from knowingly sending additional emails to a recipient more than ten business days after you have received their unsubscribe request; and
- require you to provide a **valid physical postal address** in the email.

Further, only send to clients whose email addresses you have collected with their consent. These recipients are more likely to read your emails.

Anti-spam laws prohibit some methods of harvesting email addresses, as it is unlawful to:

- obtain email addresses from a website or service that claims it does not sell or share email addresses to third parties (e.g., by purchasing an email address list from them); and
- use an automated system to generate potential email addresses by creating random combinations of names, letters or numbers.

Rather than purchasing email address lists, focus on requesting email addresses from existing and potential clients. Market your real estate services through online platforms like social media accounts, possibly even Google search pay-per-client (PPC) arrangements, to attract clients to your brand and introduce them to your emails. [See Page 32]



Your goal is to **create and maintain a viable contact list** that will yield more business and client relationships. This is best accomplished through pointed, courteous marketing — not aimless, all-purpose spam emails.

### Step 3: Narrow your content

Once you have a list of email contacts, create **campaign lists** of the different client categories for the different types of emails you will send to them.

The list of emails and information you send depends on your client base, and grows as you collect more email addresses.

Popular ideas for real estate marketing emails include:

- **advertising listings of properties;**
- **solicitations to new potential clients;**



- **upcoming events and open houses;**
- **real estate news and market trends;**
- **home maintenance and finance tips;**
- **emails related to a client's transactions**, such as reminders and follow-ups; and
- **seasonal and holiday messages.**

Consider blasting **pre-designed flyers** regarding various homeowner and real estate topics, or obtain copy which gives answers to frequently asked questions many clients have — your helpful flyers will identify you as a dependable source of real estate-related information.

*Editor's note* —All **first tuesday** marketing materials are available free of charge at [journal.firsttuesday.us/farm-letters](http://journal.firsttuesday.us/farm-letters)

You may also use your emails to share content from your own real estate blog, or make valuable use of diverse real estate news sources online by forwarding information — crediting the source — or linking to articles.

A simple rule: when deciding on content to send to clients, opt for material that is **useful to clients** and piques their interest. Focusing on local trends and news is one way to keep readers interested in receiving your emails.

Further, even short messages and updates about your business are useful. The contact keeps your brand top-of-the-mind for your clients, reminding them you are still active in the business and what you are doing – and they will be more inclined to turn to you when they decide to buy or sell.

#### **Step 4: Design your email**

To reach out to your clients, create a design to use as your **email template**. Many marketing and email campaign programs offer pre-made designs you can choose from.

When selecting a design, consider the content of the email you are sending and choose a design appropriate for each type of email.

For example, a marketing email to advertise your listings may be best delivered through a clean, simple template with a modest color scheme. This maintains professionalism and makes it easier for clients to glean the important information they need.

When you send reminders and seasonal emails to keep in touch with past clients, consider indulging your creative side and playing with color – an embellished template with more playful themes may spark your readers' interest and match the casual tone of the email.

### Smart design for better reading

An important aspect of designing marketing emails is ensuring your template is **user-friendly and readable**. Start your design with a catchy but simple subject line to call attention to your email.

To streamline the appearance of your emails, limit the number of fonts and font sizes. Aim to include only legible, standard fonts that will display properly on all computer platforms and browsers.



Reduce the amount of text to keep your email concise and simple.

When your template embraces a more colorful design scheme, avoid overusing bright colors or overwhelming readers with too many colors at once – both may render your email unreadable. Here, less is always more.

Consider the content of each email when determining whether you want to employ a **single-column template** or a **multi-column design**. An email containing multiple photos and listings benefits from a multi-column design that allows readers to see more information at once. Simple announcements or updates are more suitable for single-column designs.

Regardless of the layout you select, **reduce the amount of text** to keep your email concise and simple. Focus the words in your titles and subtitles to quickly convey the content of your email and any webpage you are asking your recipients to visit. Avoid excessive or repetitive wording. One scan of your copy by your readers should tell them what they need to know about your email's content.



Now that checking emails and news on mobile devices is common practice, it is crucial that your email design is cleanly **readable on a mobile device**. When browsing templates, look for “mobile-friendly” or “responsive” designs. This means the copy will automatically resize to fit the smaller screens on mobile devices and make it easier for your clients to read.

### **Step 5: Create a schedule and start tracking**

Maintaining a **drip campaign** – automated emails sent on a regular schedule – is an efficient way to keep in touch with your clients. You can schedule some email campaigns for specific dates and seasons, while ensuring others are sent on a recurring basis. Some emails may even be sent only once. Your email campaign schedule is entirely up to you and is influenced by the content of each email you send.

In addition to scheduling, **tracking** how your clients interact with your emails helps you improve your marketing, and in turn your business activity. Most email programs and services provide a way to track subscriptions to your email letter, as well as when your emails are being opened and how often they result in a reader clicking on a link.

Stay on top of scheduling and tracking to adjust the type of content you send or how often you schedule emails. You will soon learn what type of content is more popular among your clients and be able to maximize your use of email marketing.



# It's about direct mail marketing

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## Your use of direct marketing

**Direct marketing** is a means of bulk advertising sent to the contacts within your FARMing community. Direct marketing is accomplished via United States Postal Service (USPS) snail mail, email, YouTube, or social media. Think of it as **marketing in bulk** – a mass approach to reaching people instead of individual contact.

**Direct mail marketing** is a packaged piece of physical mail repeatedly sent via the USPS to a list of contacts, blasting out your message constantly.

Direct mail marketing requires you to focus on the **materials you send out**, separate and in addition to your face-to-face, personal interactions traditional FARMing accommodates.

## How is direct marketing through USPS mail different from email marketing?

Direct mail marketing through USPS mail has a lasting effect. Unlike an email, **direct mail is tangible, persistent** — much of it sits on the desk or counter of your contact for weeks (or more). While email is cheaper, it also has a very short shelf life. When an email isn't opened the day it is sent, it's likely to get deleted without your contact ever reading it —much less saving it for future reference.



Unlike an email, direct mail is tangible, persistent — much of it sits on the desk or counter of your contact for weeks (or more).

[See Page 49]

Alternatively, contacts may **call years** after receiving a piece of mail from a direct mail marketing campaign — that's how long someone will hold onto a piece of paper or other printed material.

## How to get started

Ask yourself three questions:

1. **Who are my contacts?** (How will you acquire the addresses of potential clients? Will you purchase a list? Or ask a title company for property owners in your FARM?)
2. **How is my material going to be created?** (Will you make materials with your own machine, or use a third-party printer? Will your materials be original, or will you find them elsewhere?) [See Page 32]
3. **What is my budget?**

Knowing the answer to these three questions will help you outline your first direct mail campaign.

## Narrow your target

Send materials to **whoever is most likely to engage in your business.**

When you specialize in helping renters become **first-time homebuyers**, mail to **renters** in your area whose rents are close to mortgage payments on a home. Likewise, if you're hoping to gain new listings, it's less productive to send materials to someone who just purchased their home last month.

Research into county public records will be helpful in **narrowing your target.**



## What type of marketing material to mail

The type of physical material you mail depends on your budget. But — if you can afford it — **colorful, heavyweight paper** is best.

Further, your physical marketing materials don't need to be limited to letters or postcards. Consider “premiums” **your customers can use**, such as:

- **pens;**
- **notepads** with magnets;
- **informational booklets;** or
- **calendars.**

As a rule of thumb, the more expensive the item appears or the greater the utility, the longer it will be held onto — and the more likely the customer will contact you.

In all instances, include:

- **your image** (logo, face, name, etc.);
- the **service you provide** (listing, selling, loans, etc.); and
- your **contact information.**

Further, be sure to include your California Bureau of Real Estate (CalBRE) license number, Nationwide Mortgage Licensing System (NMLS) ID number (if you hold one) and your employing broker's identity.

## How much will it cost?

When comparing response from emails and physical mailings, contacts consistently **respond more often to mailings**. Thus, direct mail has more value simply because it's tangible and lasts longer.

But there are limits and it's relatively expensive to start.

Your cost will depend on:

- the **type of materials** you send;
- **quantity**; and
- **postage rates**.

You may qualify for a reduced, **bulk postage rate** if you send out enough materials (at least 200 pieces of mail) per mailing.

As a ballpark, when you send a regular envelope to 1,000 homes a month, you can expect to spend about:

- **\$350 in postage** with the bulk rate;
- **\$225 for envelopes**; and
- **\$200 for 8 ½ x 11 letterhead**.

If you're trying to save, consider **printing address labels with your own printer** (though be sure to budget for ink costs). Or, if cost isn't a big issue, shop around online for a mail service to do everything for you, from printing your materials to addressing envelopes and sending them directly to your contact list.

## Frequency of mailing

Agents need to send out materials as **often as they can afford to** without creating a deficient cash flow for their business. Your marketing strategy should be a constant reach — the more often you mail, say monthly, the better for branding and producing clients.



You may do this in conjunction with your traditional **FARming campaign** to increase awareness of your **brand**. Branding for a real estate agent results from taking every opportunity to get one's name out to potential clients and existing customers so they recognize and identify with that agent – to bond with you. Fundamentally, it's all about **name recognition**.

## Is it working?

You can find out if your marketing strategy is working by simply asking your new clients, **"How did you hear about me?"**



If you want a more precise way to track the response rate to your marketing efforts, put **referral codes** on your materials for new contacts to cite when they reach out to you.

However you choose to implement your program, be sure to **keep track of everything**. This includes:

- **how much** you're spending on materials, printing and postage;
- **who** you're mailing to; and
- **who responds** to your marketing.

Keep in mind that one listing gained from direct mail can pay off the cost of sending out materials for an entire year.

And when your client is satisfied, that listing will result in **referrals**, which are invaluable.

## Final advice to get the response you want

**Spend time on wording the envelope or the packaging.** Remember, when someone isn't enticed to open the envelope, it's all for nothing.

You don't want your mailings to look like junk mail, but they shouldn't be boring. Generally, **heavy envelopes** work great. Or, skip the envelope altogether and go for a **postcard** to reduce costs.

**Get to know your clients** and tailor your materials accordingly.

**Start off small** to test what words and designs get a response and what doesn't work. It's the learning process you go through. And when you keep track of your marketing campaign results, you'll be able to make your marketing strategy work for **you and your clients**.



# A website for every agent — how to get started

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## Why you need an agent website

As a reader of this section, you likely fall into one of two categories of internet users:

1. You don't use a website to display your listings, but you want one; or
2. You don't use a website to display your listings, and you don't think you need one.

Whether you fall into the first or second category, consider this: a super majority of buyers, tenants and owners use websites frequently in their property searches. Thus, every real estate agent, whether in residential or commercial, sales or leasing, benefits by having a **professional website**. It is their window to the world of individuals needing real estate services.

Of the agent **website features** presented on a website, the most helpful for buyers, tenants and sellers include:

- photos [See Page 72];
- property details;
- interactive maps;
- virtual tours; and
- neighborhood information.

When you do not already have a website, building one helps you reach potential clients you can represent and earn a fee for the services you render.

### **Start now: The quick and easy website**

Your first step is to choose the **web platform** best suited to your needs, time and abilities. It's important to do your **research** before pouring time and energy into building a site on a platform that may not be the best choice available.

**Your broker's office** may already provide you with a **website template**. This gives you an immediate advantage as your broker already appreciates the advantages of an online presence. Occasionally, your broker will charge you a minimal fee to include your personalized real estate brand and listings on your own homepage in the larger company site.



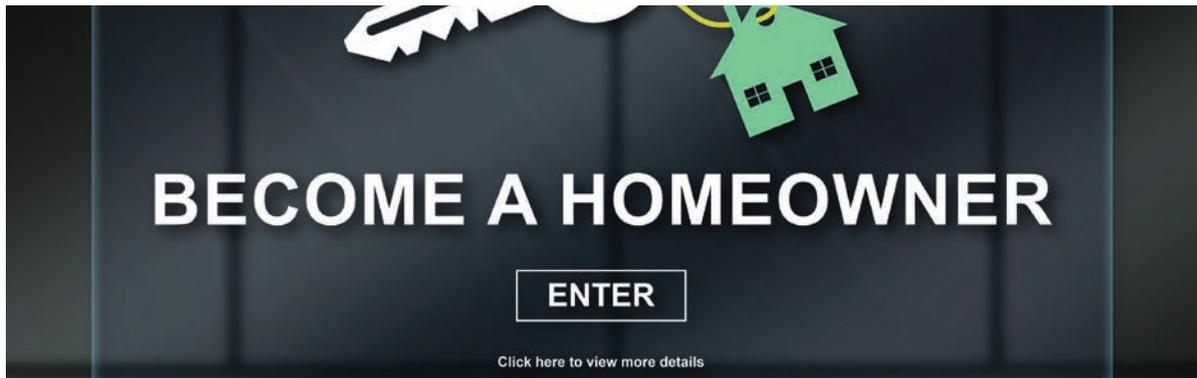
Your first step is to choose the web platform best suited to your needs, time and abilities.

On the other hand, if you want an easy set-up, readily available support and don't mind investing a little money, consider using a template from a listing aggregate like **Zillow** or **Trulia**. Visitors to your website won't know it's being run

by Zillow or Trulia, even though it's powered by one or the other behind the scenes.

If you prefer to avoid Zillow/Trulia, there are some stand-alone website services such as:

- **Agent BizzUp**;
- **RealEstateSites**; and
- **RapidListings**.



## A to-do list for every real estate website

Already have a website? Fine tune your website by following these tips.

- 1. Invest sweat equity** – your time, effort and talent – to make a better website. Commit a solid 3-5 hours each week to maintaining your website. A stale website with old information, articles and blogs is not just useless, it hurts your online credibility. Adding new listings, new photos and new reviews constantly goes a long way to keep your site fresh and relevant.
- 2. Keep it clean.** One of the worst things you can do to your website is bog down the homepage with too many links, menus or too much text. Poor design turns off visitors to the site and you'll quickly have them looking for some other site that is easier to navigate.
- 3. Brag about your achievements.** When it comes to gaining potential clients' trust, everyone "likes" a show off. Consider **highlighting one of your accomplishments** on the homepage, such as belonging to the "longest-established brokerage" in your city, or winning a real estate related award. Report on your civic involvement and its relationship to real estate.
- 4. Incorporate videos.** Investing in a couple solid videos provides benefits beyond any single listing your videos promote. Videos show potential clients your work in action, while branding you as willing to go above and beyond to get your listings sold. Similarly, if you want to be really cutting edge, consider adopting the new virtual reality (VR) technology by providing **virtual tours** of listings on your site.
- 5. Include reviews from past clients.** Not only does this demonstrate your success as an agent, it also improves web traffic to your site. Real estate is a business still heavily dependent on **word-of-mouth**, and your website is the ideal place to display those positive client testimonials – your personal touch.

6. **Spend time on search engine optimization (SEO).** This is the science behind how clients find your website through your use of critical words laced into your website material.

One of the most important aspects of gaining traffic is to make and **keep your site specific**. There are a million websites out there about “California real estate for sale,” so the chance of your website popping up in someone’s internet search is slim.

Potential clients are much more likely to search for property by referencing specifics, such as cities, zip codes, neighborhoods and even the type of property you work. Thus, tailoring the wording on your website to the exact area you serve and the type of property and services you offer will **boost your SEO**.



Your **first tuesday** enrollment gives you access to...

### **Client Q&A Flyers**

Use these **Client Q&A** Flyers to provide answers to questions commonly asked by your clients as an extension of your professional real estate services.

Each Q&A Flyer contains personalization instructions. Email **editorial@firsttuesday.us** if you need assistance or have any suggestions for improving the content or presentation of these flyers — we’re here to help.

[journal.firsttuesday.us/client-qa-flyers/](http://journal.firsttuesday.us/client-qa-flyers/)



# Social media tips for real estate professionals

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## Why use social media?

The marketing strategies of successful real estate agents have swiftly transformed to meet the **demands of today's digital age**. While the answers have changed, one thing that hasn't changed is the obligatory question: **Where are you going to find your next client?**

To find out, look to where potential clients congregate. For most communities, the answer is on **social media** websites.

But what's the best way to harness social media to make connections and turn connections into actual clients?

First and foremost, social media pairs best with your individual **agent website**.

Social media is primarily about **staying visible** to past and current clients, but it's also about directing potential clients to your website. So before even venturing into social media marketing, create or improve your agent website. [See Page 65]

Then, explore the various social media platforms and choose the one or two best suited to your local demographics and professional needs.

## Facebook

**Facebook** is the most-visited social media site on the web. If you're a human with an internet connection, chances are good you already use it. This makes it an appealing **marketing tool** for real estate agents.



“If you're a human with an internet connection, chances are good you already use Facebook.”

Like other social media sites, the focus of Facebook is socializing with connections. Therefore, cold-hearted ads gain little interest on Facebook. In fact, the site even has rules against posting that type of content.

Instead, Facebook is best for posting about the **warm and fuzzy part of real estate**. As all practicing agents know, real estate is a touchy-feely business, and Facebook is the perfect platform for this sentiment.

## Twitter

**Twitter** is the faster-paced cousin of Facebook and has the second-highest number of users (about half of what Facebook has).

With each post limited to 140 characters, “tweets” tend to be less substantive and more about instant gratification than Facebook or other social media sites.

Research shows Twitter users click most often on posts promoting freebies and contests. Therefore, it's more natural for a user to interact with an ad on Twitter than on Facebook.

But with real estate, freebies and contests are usually reserved for the big players, like **Zillow** and **Redfin**, not individual real estate agents.



## LinkedIn

**LinkedIn** is about a third the size of Twitter. The main purpose of LinkedIn is to connect with **business relations**.

This is positive since potential clients on LinkedIn are never looking to read the latest celebrity gossip or see pictures of their friends' babies, as happens on Facebook and Twitter.

However, they aren't necessarily looking to find their real estate agent on LinkedIn, either.

Most users employ LinkedIn to connect with individuals within their field of business. Therefore, LinkedIn is more helpful to make connections with **other individuals in the real estate business**, like contractors, builders, appraisers and, of course, other agents and brokers.

All the same, these connections can be helpful in gaining referral business.

## Instagram

**Instagram** is slightly smaller than LinkedIn. Users post pictures and short videos to Instagram and link them to other social media sites like Facebook and Twitter.

This service is actually owned by Facebook, but unlike Facebook's wide demographic reach, Instagram is most likely to be used by young adults. Thus, Instagram may be one of your best tools for reaching **Millennial first-time buyers**.

## Pinterest

**Pinterest** is even smaller, at about a third the size of Instagram. However, real estate agents and their clients seem to love it.

The purpose of Pinterest is to **share photos** with other users, like Instagram. However, on Pinterest's platform, these photos are designed on "boards." Like a real-life cork board, you can save "pins" of other people's pictures. These pins are often recipes, crafts and home décor ideas, and usually link to other websites where you can view the full description of the photo.

## What to post on social media

Now that you've chosen your platform(s), you need to create your **profile(s)**.

Many agents recommend creating a separate **business profile** for your chosen social media site, rather than using your personal one (this isn't a problem for LinkedIn, since your business account is your personal account).

However, you may find it easier to have just one account — for instance, you may use Pinterest only for business-related purposes and may not want a separate personal account at all.



Many agents recommend creating a separate business profile for your chosen social media site, rather than using your personal one.

Or you can combine both personal and business profiles into one. This can come across as more authentic and endearing to clients, as they can get a glimpse into the "real" you. This promotes **trustworthiness and a deeper connection**, as long as your content always stays appropriate and positive.

## Getting started on social media

After you've created your profile, you're ready to **start posting**.

Here are some ideas of things to post:

- **your listings** and the listings of other agents in your broker's office;
- **professional successes**, such as meeting sales goals, receiving an award or even giving shout-outs to colleagues you've had the pleasure of working with;
- **appreciation for clients**, like celebrating when your client moves into their new home;



- **advertising neighborhood events;**
- **neighborhood pictures**, and if you have a Pinterest account, a neighborhood board;
- practical **decorating, gardening** or **home improvement tips**; and
- **light, friendly posts** about your own (controversy-free) interests to assist your authenticity ratings.

### Is advertising worth it?

Finally, you may be wondering — should I invest in **social media ads**?

Facebook, Twitter and Pinterest all offer the option to promote your content for a cost. The site places your ad into a user's feed, and if they click through to your site, you owe the site money (usually less than a dollar per click). You can set a budget so the site removes your ad once you've hit your click goal.

But do these ads work?

Facebook ads don't work too well for real estate agents (unless you have a contest or freebie to offer). Twitter and Pinterest generally work slightly better than Facebook.

That being said, since most aspects of social media are **free**, you're probably better off skipping advertising and spending your money on other aspects of your marketing plan, like **door-to-door** or **direct mail marketing**. These methods are all more likely to get you new clients than are social media ads. [See Page 56]

## How to measure success

How do you know when your social media activity is paying off?

While you'll never know for sure how much direct profit you earn per hour spent promoting yourself on social media, there are a couple ways to gain a rough picture.

First, set up a **Google Analytics** account to track activity on your **agent website**. Analytics measures a number of exciting things, like what pages people visit, how long they remain on a page and how they entered your website, called the **Traffic Source**. For example, did they enter through a Google search? Or did they click a page you linked on Facebook?

This information is helpful as it reveals **what types of social media posts work best** by promoting clicks. Then, you can focus your social media efforts on those specific types of posts.



Think of social media as a single piece in your broader marketing strategy.

For instance, posting a listing to Twitter with pictures will garner more clicks than a listing without photos (a fact which is certain to be proven by a user's use of Analytics). Therefore, instead of wasting time posting photo-less listings, you'll know the **importance of always including pictures**. [See Page 79]

Using Google Analytics may also bring less obvious information about your audience to light, like **time of day** or **day of the week** they are most likely to be online and actively engaged.

Second, find out if your social media strategy is succeeding by asking your clients **how they found out about your services**.

You can do this in person, or include the question on your website's online contact form.

Keep in mind past clients won't tell you they found you on social media — but they may have kept up with your activities through social media, thus making it **more likely for them to contact you** the next time they need a real estate agent.

## Is social media necessary for real estate agents?

Social media is not required to succeed in the real estate business. There are certainly other forms of marketing you can focus on, like **direct mail marketing** or promoting yourself on **Google searches**. [See Page 56]

The difference between other marketing platforms and social media is that social media is, for the most part, **free**.

Think of social media as a single piece in your **broader marketing strategy**.

Don't devote your entire time and budget marketing your real estate brand on social media. Instead, divide up your time more appropriately to the responses received, say:

- four hours a month — and zero dollars — posting and interacting with clients on social media;
- two hours a month — and a limited budget — on **email marketing** [See Page 49];
- three hours a month — and a large chunk of your marketing budget — on **direct mail marketing** [See Page 56]; and
- six-to-eight hours a month — and another significant chunk of your marketing budget — **on door-to-door FARMing** of the neighborhoods you serve. [See Page 37]

Expect to set aside 5-10% of your annual earnings for marketing costs. Set a schedule and a plan for marketing, and constantly evaluate and tweak to get **better results** — and with time, you always will.



# Tips for real estate photography

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## Live or die by the photo

**Great photographs** are more important than ever for hooking online house-hunters.

Unless you're listing million-dollar homes or have a big budget (your broker's) for marketing, chances are **you're the photographer** on your listings. Improving your real estate photography skills improves your listings and sets them apart from the competition.

Here are some tips to give your listing photographs extra visual appeal.

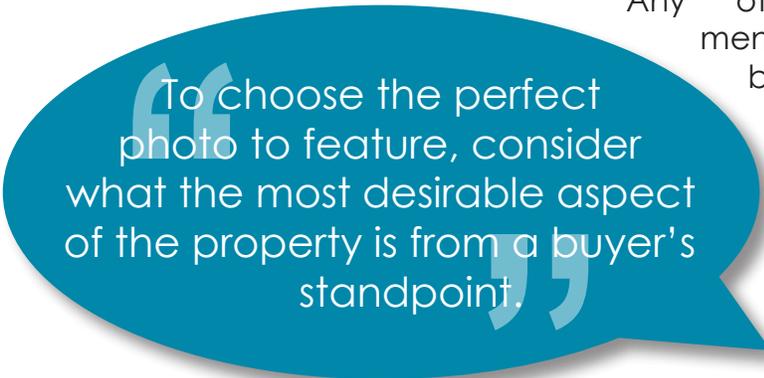
## Quality and quantity

The **quality** of your photos is as important, if not more important, than the total number of photos you take and post for the listing.

To get the best photos, take at least **four times as many pictures** as you plan on using. This covers the likelihood of some blurry shots, wrong angles or improperly-exposed pictures.

Also, the seller likely doesn't want to be bothered with a reshoot if the only shot taken of the kitchen has a thumb in it. Thus, **take multiple pictures of everything**. This includes overview shots of all living areas.

Shots of the **exterior** and any **views** the home may have are also important. Schedule the shoot for a day with nice weather for the best exterior shots, and at a time the sun casts the best lighting for the property's exterior features.



To choose the perfect photo to feature, consider what the most desirable aspect of the property is from a buyer's standpoint.

Any other selling points worth mentioning in the listing ought to be photographed as well.

Also, carefully select the primary image of the property to feature in the listing. The **featured image** is the only thing an interested buyer will see at the outset aside from the very basic information of the listing. An

appealing photo will nudge the buyer to click for more information and learn more about the property.

To choose the perfect photo to feature, consider what **the most desirable aspect of the property** is from a buyer's standpoint. Does the home have an amazing view? Does it boast a brand new chef's kitchen?

The photo that sets the listing apart from other similar properties is a good pick for the featured photo.

## Equipment

With any photography, the photographer's skill is the best determinant of quality. Listing more expensive property doesn't guarantee you better photographs.

Beyond skill, the bare necessities for proper real estate photography include:

- a **digital camera**;



- **wide-angle lens capability** to capture more of a room in a single shot; and
- **a flash.**

Regardless of the type of camera you choose to go with, watch out for **barrel lens distortion** on your wide-angle shots. Barreling is when the photograph curves as it moves towards the edges of the shot (e.g., a fish eye lens uses this effect to deliberately create distorted shots).

Barreling effects vary by lens, so check reviews for discussion about distortions. You can also avoid the worst barreling effects by keeping your lens towards the middle of your focal length (i.e., how far you are “zoomed in”).

## Cellphone cameras

**Cellphone cameras** are convenient for quick photos of the exterior of a property if you're scouting properties for a client. Your cellphone is always with you and cell phone camera technology continues to improve dramatically with each successive product generation.

However, using a cellphone camera comes with a couple major drawbacks. Photographs are a crucial part of your online listing and taking photos with your cell phone may make it look like you're only putting in minimal marketing effort. Because they are so ubiquitous, taking listing photos with a cellphone may appear **too casual** for a professional context.

Further, you won't be able to control **difficult lighting situations** or create lighting highlights with a cell phone camera. Rooms with strong direct light or rooms with low light will be a challenge to photograph favorably on a cell phone camera.

If you're a pro on your cellphone camera and have tools to handle difficult indoor lighting, snap away. Otherwise, upgrade to the next level.

## Compact cameras

The next best option is a **compact camera**, also known as a **point-and-shoot**. A compact camera is a small, portable camera that typically doesn't allow you to swap out the lens. It has more settings and features than a cellphone camera, but still automates the bulk of the technical aspects of photography.

The flash on a compact camera can illuminate an area, but if the room has light and dark spots, flash will be harsh and unflattering. Try to rely on natural light and existing light fixtures where possible.

## DSLRs

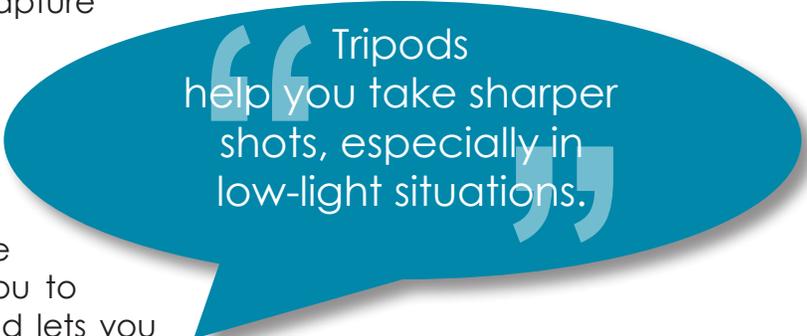
After the point-and-shoot you need to find an entry-level **digital single-lens reflex (DSLR) camera**.

DSLRs have automatic settings which allow you to just point and shoot – but they don't come out of the box taking much better photos than a high-end compact camera.

A DSLR's advantage comes from:

- the use of a dedicated wide-angle lens;
- the use of an external flash;
- aperture controls which allow you to adjust how much light is let in through the lens; and
- shutter speed controls which allow you to adjust how quickly you capture the light for the photo.

Like a compact camera, DSLRs come with built-in flash, but the light flashes in one direction only. Adding an external flash gives you a more powerful flash. It also allows you to control how the light works, and lets you bounce light off other surfaces to create a soft diffused light, as opposed to overexposing just one area.



“ Tripods help you take sharper shots, especially in low-light situations.”

## Tripods

You can take reasonably attractive pictures without using a **tripod** in a well-lit property. However, tripods help you take sharper shots, especially in low-light situations.



Photographs with soft edges are generally the result of **camera shake**. Camera shake is caused by a variety of things, including the shutter speed, how you press down on the shutter release, your stance, how you hold the camera and your breathing.

A tripod removes the human sources of camera shake. Pair it with a timed shutter release or a remote release to obtain **maximum sharpness** for your shots.

However, a good tripod is an investment. In other words, a good, light tripod will set you back at least several hundred dollars. They also take more time to set up in each room.

If you don't want to commit to a tripod, use furniture and a remote release in a pinch. It's less versatile but effective.

## Scheduling and preparation

Schedule with your sellers a date and time when you can take photos of their property. Kindly request they give their home a **good cleaning** and **declutter it** before that date —staging is the issue.

Also, point out anything that can be **easily fixed** before the photo session, like holes in the drywall, carpet stains, weeds and stains in the driveway.

Inside the property, **personal items** need to be squirreled away. Similarly, pets and occupants need to remain outside of the shots.

Outside the property, have your seller **move their cars** out of the driveway for the photo of the front of house.

Other preparation tips:

- **Charge your camera before your appointment, and keep a spare battery handy.** Unless you're listing Hearst Castle, chances are you won't need two entire batteries to take your photos. However, being over-prepared is better than inconveniencing a client.

- **Double up on photo sessions.** If you've got more than one new listing, make it a photo day while you've got your all equipment with you.
- **Take extra storage as a precaution.** You don't want to have to dump your personal vacation pictures to make room for your client's listing photos.

## What to photograph

Be thorough in your photoshoot, being sure to take:

- a **front exterior shot**;
- a shot of **every room in the house** (except the garage, unless it's a selling point);
- the **backyard**; and
- any **special features** you're highlighting in your listing.

Special features can include amazing landscaping, a pool, upgraded flooring, or a remodeled bathroom or kitchen.

Plan on including **at least 12-24 photos with the listing**, adjusting accordingly for very small or very large properties.

That means you'll be shooting **at least 100 frames**, and then choosing the very best from the bunch. It's easier to take extra pictures than to return to the property to re-take photos at a later time.



Special features can include amazing landscaping, a pool, upgraded flooring, or a remodeled bathroom or kitchen.

View the photos on your computer after the shoot when deciding which ones to keep. Details will appear on a larger screen which you may miss when looking at the photos on the camera's preview screen. Weed out the obvious clunkers before consulting with your client on which ones to use.

## Exterior shot tips

- **One shot of the whole property.** Get the entire front of the property in one shot, with the least amount of property obscured by landscaping. Cross the street if necessary to get this wide shot.
- **Keep your back to the sun, when you can.** If the house is situated so you have to shoot into the light, try to choose a time of day when the sun isn't directly in front of you. Shooting directly into the sun means the sky will be washed out, and everything else will appear darker than it actually is.



- **Use cloud cover.** Mid-day sun creates harsh shadows. Try to shoot on a day when there's a little cloud cover, as clouds diffuse harsh lighting. An overcast day may be okay for shooting — just keep any dark skies out of your shot to avoid an ominous look.

### Interior shot tips

- **Turn on the lights.** Don't rely solely on sunlight, as it can create harsh lighting in a dark room. Turn on every light you can in the room you're photographing.
- **Adjust or close the blinds.** If the light in one part of the room is overly harsh, adjust or close the blinds, window shades or curtains to moderate the light in the room.
- **Keep an eye out for reflective surfaces.** Shoot around mirrors, windows and any other reflective surfaces. Try shooting from a different angle to reduce glare. Also, avoid taking a photo of your own reflection.
- **Shoot rooms from multiple angles.** If the shot doesn't look right, step to the side or step back a bit. To reduce the visual effect of a low ceiling, lower the camera. This will make the room appear larger.
- **Keep your lines straight.** Vertical lines should be parallel to the right side of the shot, and horizontal lines are to be parallel to the bottom of your shot. Play with how far you're zoomed in (your focal length) to mitigate barrel distortion.
- **Shoot into corners.** Unless a wall features a fantastic pattern or other visual draw, shoot into corners to create size and interest in your shot. A shot into a corner also frees the room from a boxy, constrained look and provides a greater sense of depth.



# Your solicitation of offers using a transparent marketing package

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## **Coordinating** events favoring fairness

The contents of a marketing package is evidence the seller's agent has informed prospective buyers **what is actually being sold**.

When you are employed as a seller's agent, you owe a **special fiduciary duty** to the seller to **diligently market** their listed property.

The sole objective: **solicit and locate** prospective buyers to **acquire the property** on the listed terms as fully disclosed by the seller.

When a prospective buyer is located, you owe that buyer and their agent a **general duty** to **voluntarily** and promptly provide critical information on the

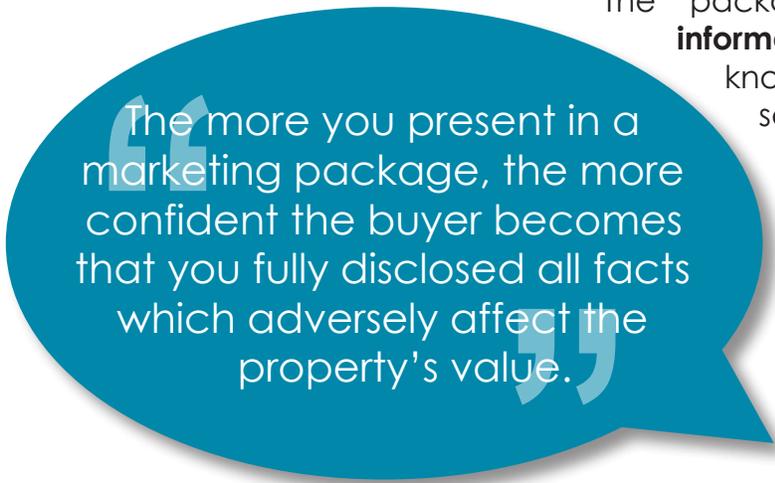
listed property which might adversely affect its value. This critical information is collectively referred to as **material facts**. The objective of this upfront disclosure is to provide the buyer sufficient awareness of conditions on or about the property to enable them to set a price and make an offer.

The property information you disclose only needs to be enough to place the buyer on *notice of facts* which may have an adverse consequence on the property's value or interfere with the buyer's intended use.

For the easiest delivery of property information, organize the information you gather at the listing stage into a **marketing package**.

### **Much different from a promotional flyer**

A marketing package is a collection of property information and data handed to prospective buyers for their review when they request more information on a listed property beyond the contents of the promotional flyer you use to attract buyers.



The more you present in a marketing package, the more confident the buyer becomes that you fully disclosed all facts which adversely affect the property's value.

The package is to contain **critical information** about the property known or available to you or your seller. Included are all required property disclosures and any third-party investigative reports acquired regarding the property's present condition.

The **more information** you present in a marketing package, the **more confident** the buyer

becomes about the property. Equally important is the evidence you have in the package that you fully disclosed those facts which adversely affect the property's value.

When properly marketing a property, delivery of the marketing package is part of your **due diligence requirements** owed to your seller. Disclosures avoid claims by the buyer of fraud and deceit after your seller enters into a purchase agreement with a buyer.



Further, property disclosures in a marketing package handed to prospective buyers which contain third-party reports reduce:

- the seller's exposure to liability under their **duty to disclose their knowledge** of the property's condition; and
- your exposure to liability as the seller's agent under your **duty to personally inspect**, competently observe and fully report your findings to buyers about property conditions which might limit its value for a buyer.

## Contents of a marketing package

A checklist of disclosures you will need to perfect your marketing package and their costs is prepared and reviewed with your seller when you enter into a **listing agreement**. [See **RPI Form 102 §7**]

The checklist is an addendum to the listing agreement and is called an **advance cost sheet**. To present the costs for marketing a property for sale, use the sheet to estimate the cost of third-party investigative reports you want to include in the marketing package you will hand to buyers. [See **RPI Form 107**]

Once the seller reviews and agrees to incur the marketing expenses itemized in the cost sheet, you have authority to request the various third-party services and obtain their reports for inclusion in your marketing package.

The recommended **third-party reports** to be included in the marketing package are:

- a **Natural Hazard Disclosure Statement (NHD)**, provided by an NHD expert [See **RPI Form 314**];
- a **structural pest control report (SPC)** and any clearance;
- a **home inspection report (HIR)** to accompany mandated property disclosures;
- a **well water report**, if applicable;
- an **occupancy (transfer) certificate**, if applicable; and

- a **septic tank report**, if applicable.

Along with the third-party reports, your marketing package needs to include various **property disclosures** the seller or you will prepare, such as:

- a **Transfer Disclosure Statement (TDS)**, the disclosure of the physical condition of the property [See **RPI Form 304**];
- a **Natural Hazard Disclosure Statement (NHD)**, if not obtained from an NHD expert [See **RPI Form 314**];
- a **Lead-Based Paint Disclosure (LBP)**, required on all pre-1978 residential construction [See **RPI Form 313**];
- **Federal Residency Declarations** confirming the seller's legal status for tax purposes when closing escrow regarding buyer withholdings requirements [See **RPI Form 301**];
- a **Residential Earthquake Hazards Report**, disclosing structural weaknesses for properties built prior to 1960 [See **RPI Form 315**];
- the **multiple listing service (MLS) printout** and **property profile**;
- a **Seller's Neighborhood Security Disclosure**, relating to security conditions in and around the property [See **RPI Form 321**];
- **common interest development (CID) documents**, if applicable;
- a **local ordinance compliance report**, disclosing the property's compliance with city and county ordinances [See **RPI Form 307**];
- an **Annual Property Operating Data Sheet (APOD)**, disclosing the costs of operating the property and any rental income [See **RPI Form 352, 562 and 318**]; and
- a **rental income spreadsheet**, regarding the rent roll for income property, if applicable. [See **RPI Form 352-1**]

Remember, all property information—third-party reports and disclosures the seller or you prepare — is included in the marketing package you hand to prospective buyers the **moment they request more information** on your seller's property than provided by a promotional flyer.

Prospective buyers need information on the property's fundamentals to distinguish it from other properties they are considering. This information enables them to make decisions about the value of the property and motivates them to make a formal offer.

Importantly, when the contents of what would be a marketing package are delivered for the buyer's review after the seller accepts the buyer's offer, the disclosures have been **untimely made**. As a consequence, the price set and agreed to may suddenly become unenforceable by the seller, or worse, subject to price adjustment.



# Agents need to know: the first-time homebuyer discipline

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## First-time buyers – critical to your success

One-in-three buyer clients are **first-time homebuyers**. Your training and familiarity with the unique needs of this group is a vital step in filling out your real estate resume and ultimately completing more transactions.

Your review of this material will arm you with tips and strategies on:

- how your representation of first-time homebuyers requires a **different approach** than assisting repeat buyers and sellers;
- helping first-time homebuyers **qualify for a mortgage**;
- informing first-time homebuyers about the **practical aspects** of real estate transactions and the **costs** of buying and owning a home; and

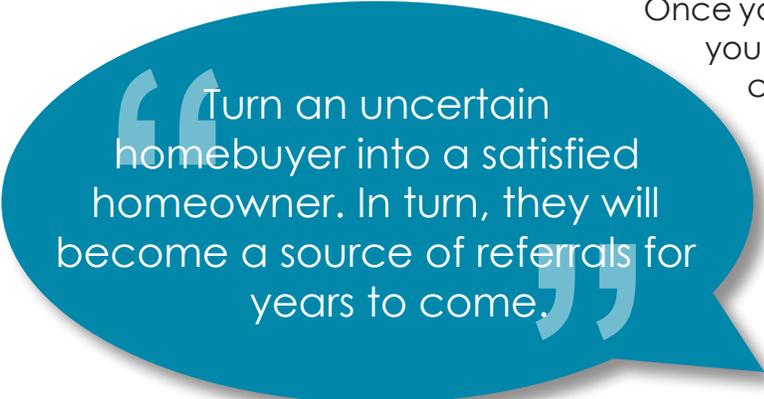
- how to **market yourself** and **locate** first-time homebuyers.

## Approaching the first-time homebuyer

First-time homebuyers have very **different needs** than your buyers who have previously owned a home. First-timers are more likely to:

- be less knowledgeable or ill-informed about acquiring real estate;
- shop in a low-tier home price point;
- hold unrealistic expectations about ownership;
- have less personal impetus to enter into property ownership; and
- require more time and effort on behalf of you, their agent.

So you approach first-time homebuyers with this in mind: it will take more of your time, talent and energy to close a transaction involving a first-time homebuyer.



“Turn an uncertain homebuyer into a satisfied homeowner. In turn, they will become a source of referrals for years to come.”

Once you mentally accept this challenge, you will begin to form a strategy for completing transactions (and earning a fee). You will learn to turn an uncertain homebuyer into a **satisfied homeowner**. In turn, they will become a source of referrals for years to come. Eventually, they will need your services to sell the home you found for them and relocate to another.

## When they don't (yet) qualify

First-time homebuyers typically are unsure about the mortgage application and pre-approval process. However, until they are pre-approved for the maximum amount they can borrow, you do not know the price point range they are able to pay.

Always have your buyers apply for pre-approval with at least **three mortgage lenders**. Without a comparison of commitments from different lenders, your buyers simply cannot locate the most competitive terms available. Remember: where they bank will not likely be the best terms available.

Walk them through the preapproval process before you expose them to properties for sale, and certainly before you start preparing purchase offers.



Tell them **what documents** they need to make available to the lender. When submitting an application on acceptance of your buyer's offer, remind them to **stay on top of the loan process** (with your help of course).

Even after they have been pre-approved for the most advantageous mortgage available, you move the application process along by keeping in contact with both your buyers and their chosen lender.

What happens when a potential client wants to buy, but is unable to qualify for a sufficient mortgage?

First, inform them about **special mortgage programs** designed for first-time homebuyers. Some of these programs allow more leeway in qualifying.

The important thing is not to give up on this client. Most often, they will be able to obtain a mortgage approval after taking a few steps to pare down debt, as they will be advised by the lender or by the buyer's review of their credit report.

But don't just assume they will do so — without being pushy, continue to check in on them every month or so to see what they are doing to make themselves qualified. They may be embarrassed or astonished about being denied a mortgage, but it's your job to **keep them motivated** — and on the path to homeownership.

The number one reason a lender will not fund a mortgage is a **debt-to-income (DTI)** ratio that is too high. A homebuyer's DTI is measured by comparing all of their monthly **debt obligations** (e.g., auto loan payments, student debt, credit card payments, etc.) with their **monthly income**.

In most cases, a homebuyer's total debt — including the entire payment to the mortgage lender of principal, interest, private mortgage insurance (PMI), property taxes and homeowners insurance — **cannot exceed 43%** of their combined monthly income.

One common obstacle to an acceptable DTI is the high amount of **student debt** today's generation of first-time homebuyers carry. Some young renters

assume they can't qualify to buy a home until they pay off their student debt — a process which typically takes ten years or longer. However, you need to make these clients aware of their options when tackling student debt.

Student debt options include enrolling in a repayment program that caps the student loan borrower's monthly payment to a fixed percentage of their income. For example, the **Pay As You Earn (PAYE)** program puts a ceiling on the student's payments at 10% of their income.

## Things first-time homebuyers don't know — but need to

Encourage your first-time homebuyer clients to **ask questions**. Highlight your ability to answer them or quickly find the answer. End your conversations with “and what questions do you have for me?” to engage your first-time buyers and make it clear you are here to help.

While first-time homebuyers will ask you plenty of general questions, they have no clue they need to ask about a few things they do not know about. That's where you voluntarily step in and initiate their enlightenment.



“Encourage your first-time homebuyer clients to ask questions.”

Your client likely knows about how much cash on hand they need for a **down payment**. But additional costs exist you need to prepare first-time homebuyers for, including:

- **mortgage insurance** — when your homebuyer has a down payment less than 20% of the home's purchase price, they need to account for payment of a mortgage insurance premium. If they are close to having a 20% down payment, they may want to wait until they save up the full down payment which will avoid the premium and qualify them for a larger mortgage amount,
- **closing costs** — your buyer needs to know up-front they will need to set aside thousands of dollars to cover buyer closing costs when sellers will not agree to pay them or the lender will not add them to the loan amount, a sum which may impact their saving and buying timeline;
- the **supplemental property tax bill** the buyer will receive shortly after closing;



- **initial costs** needed to make the home livable — appliances, furnishings, interior decorations, etc.; and
- the ongoing ownership costs of **maintenance and upkeep** — help your first-time homebuyer understand how much money they will need to budget for **property maintenance** and **utilities** by asking sellers to fill out a property operating expense form. [See **RPI Form 306**]

Other aspects of the transaction the first-time homebuyer may be unaware of include:

- the **time it takes to close** — having never experienced a closing before, they won't realize it typically takes around 45 days or more after their offer is accepted for the lender to fund and escrow to close;
- the **home inspection** — the buyer needs to authorize you to order out a home inspection report on contracting to buy a home to confirm the improvements are as disclosed by the seller and the seller's agent [See **RPI Form 130**];
- choosing **homeowners' insurance** required by the lender — the homebuyer needs to know they have options when choosing a homeowners' insurance provider, and that premiums vary based on coverage, property claims history and the insurer selected; and
- the **tax deductions** available to homeowners, including interest, the origination fee paid on the mortgage, mortgage insurance premiums (MIPs), bonded assessments and property taxes.

## How to find first-time homebuyers

Your first stop to find potential first-time homebuyers is in places where **renters live**, including apartment complexes and single family residential (SFR) rentals.

Also consider reaching out to non-dwelling places frequented by potential first-time homebuyers. For instance, **newlyweds** are one source you can mine by making contacts with wedding planners, venues, photographers and other professionals who commonly work with engaged couples. Ask if you may leave some brochures in their office.

Think creatively: where do young adults spend time in your community? Is the local coffee shop or gym teeming with Millennials? Advertise at places like these with a simple flyer promoting your experience with first-time homebuyers. [See the **first tuesday** *The First-time Homebuyer's Road Map Homeownership*]

And remember: **always ask past clients for referrals**. Whenever you help a client close, send them a card or an email asking for the information of any potential buyers or sellers who they think will benefit from your assistance. Specifically mention first-time homebuyers.

Don't forget to **reward loyalty**. Thank them when you make contact with their referral. Send these past clients a small gift, like a gift card to a local establishment — it shows your appreciation and continuing support of your relationship.

Finally, **don't forget to take your marketing campaign online**. Dedicate a highly visible section of your real estate website to answering first-time homebuyer questions. Also advertise your expertise with first-time homebuyers on sites homebuyers frequent, like Zillow and Trulia and on social media. They all work to create your brand. [See Page 61]

**BENEFITS OF BECOMING A**  
**BROKER**

 **Independence**  
Take complete control over your career. Operate independently or open your own company and hire sales agents to work for you — be the boss.

 **Money**  
Work independently and keep all your earned fees. Or use your status as a broker to negotiate a greater split as a broker associate.

 **Prestige**  
Obtain more listings and clients. Your broker license reflects your higher education and experience, giving you an edge when competing for business.

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