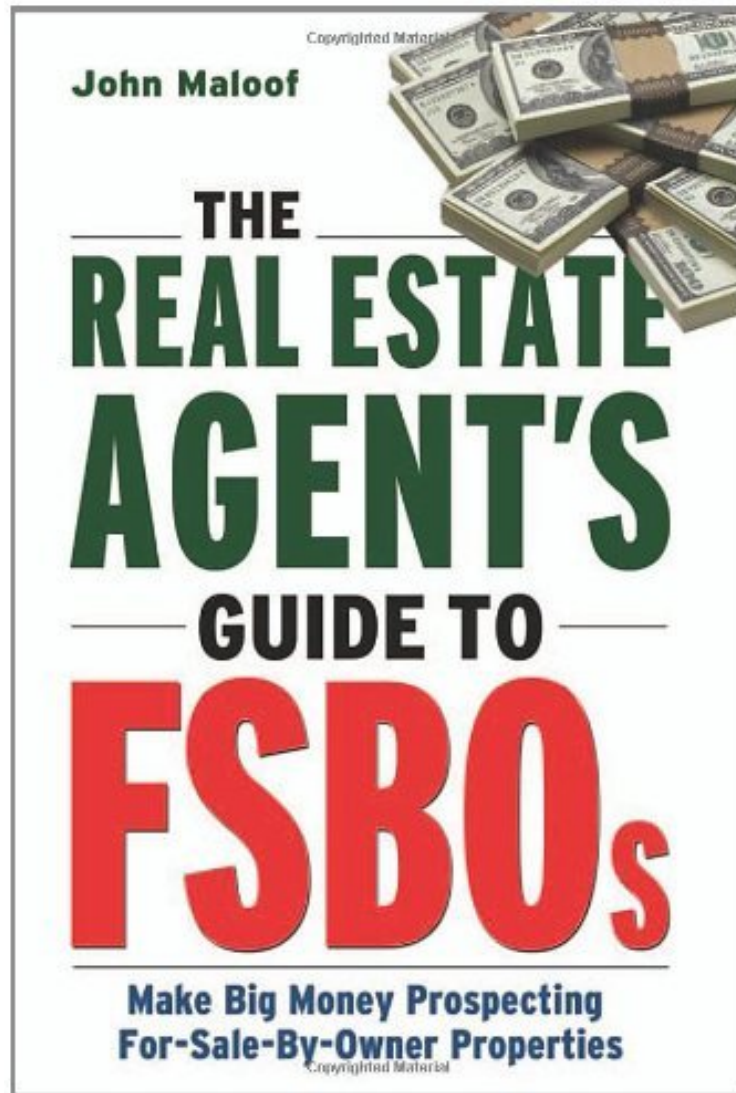


[PDF] The Real Estate Agent's Guide to FSBOs: Make Big Money Prospecting For Sale By Owner Properties

The Real Estate Agent's Guide to FSBOs: Make Big Money Prospecting For Sale By Owner Properties

John Maloof

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John Maloof : The Real Estate Agent's Guide to FSBOs: Make Big Money Prospecting For Sale By Owner Properties before purchasing it in order to gage whether or not it would be worth my time, and all praised The Real Estate Agent's Guide to FSBOs: Make Big Money Prospecting For Sale By Owner Properties:

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According to the National Association of Realtors, 86% of new real estate agents don't make it past their first year. The majority give up due to frustration and the overwhelming start-up costs involved in the industry. But there is an untapped resource that will help agents take their careers to new heights—the For-Sale-By-Owner (FSBO) listing. Many homeowners try to sell their home, without an agent, believing that they can find a buyer just as quickly and avoid paying a commission. But often, nothing can be further from the truth. Author John Maloof has built a stellar career by farming FSBOs. He made six figures his first year as a real estate agent using his prospecting plan. Now, in *The Real Estate Agent's Guide to FSBOs*, he shows other agents how they can do the same. Using these proven techniques, agents will learn how to: find FSBOs; approach a prospect; make a listing presentation that will convince even the most reluctant homeowner; handle rejections; formulate a marketing plan; service listings; build a referral base; stage open houses; close the sale. Complete with Internet resources and a sample resume and log sheet, this is the one book that will show new agents and experienced Realtors alike how to make more money than they ever thought possible.

About the Author John Maloof (Chicago, IL) is currently the top producer at the second-largest Century 21 office in the Chicago area and is a member of the National Association of Realtors. He is the recipient of 4 awards including the Century 21 Platinum Award 2005, and Century 21 Masters Diamond Award 2005. Excerpt. copy; Reprinted by permission. All rights reserved. CHAPTER 1 The FSBO Real integrity is doing the right thing, knowing that nobody's going to know whether you did it or not. —Oprah Winfrey FSBO Fact Most Important Reasons for Selling a Home FSBO; Did not want to pay commission fee: 51 percent; Sold it to a relative / friend / neighbor: 22 percent; Did not want to deal with an agent: 8 percent; Buyers contacted seller directly: 12 percent; Agent was unable to sell home: 3 percent; Have your own real estate license: 2 percent; Other: 2 percent SOURCE: National Association of Realtors; Profile of Home Buyers and Sellers, 2006. Did you know that about nine out of ten For Sale By Owners (FSBOs) end up hiring an agent? You may wonder who these agents are that they end up hiring, because only 5 percent of agents actually work with FSBOs. These are by far the most abundant leads in this industry, yet the area is left wide open. So, why aren't you working them? What Is a FSBO? The "For Sale By Owner" (FSBO for short, and pronounced FIZ-BO) is a homeowner who tries to sell his or her home without a real estate agent involved. Typically, FSBOs ignore all the hazards, legal paperwork, and bottom-line business factors involved in selling a home. Therefore, many try selling by themselves because they don't know any better. Another reason many choose to sell themselves is that they may have had a bad experience with an agent in the past and find it hard to get over it. Then you have the FSBO who thinks she's got the magic touch and can do just as good a job as any agent, but as you and I both know, this couldn't be further from the truth. For agents from all across the spectrum, new and experienced, the FSBO market is a resource that should not be overlooked. I am not going to say too much more about what a FSBO is; if you have a real estate license you should know by now. But in this book I will go into depth about the work involved with making six figures solely by utilizing the FSBO market to your advantage. Please, if you aren't serious about trying some of the techniques taught in this book and implementing them, then put this book down now. It's not for you. If you are interested in going forward, however, you must understand that making six figures a year is not easy. It takes hard work, focus, determination, and the ability to learn from your mistakes. If you possess those characteristics, and are willing to accept these assignments, this will work for you. Why Do We Need FSBOs? One good thing about FSBOs is that you will always have them around. There will be FSBOs to tap into at all times. Best of all, you don't have to convince them to sell their home; their homes are already for sale. It is your job to convince FSBOs that what you offer will help them sell their home faster, easier, and, most importantly, get them top dollar. I don't believe in exploiting FSBOs as vulnerable or weak, but instead I see working with FSBOs as an opportunity to help them down the right path. You see, we as real estate agents must maintain our image as, like Tom Hopkins calls us, "professional problem solvers." There are many agents, just like in any other industry, who look out only for themselves at the expense of innocent sellers and buyers. We must abide by ethics laws and agency regulations—not only because we have to, but because we should want to. The reasons why we need FSBOs are numerous. Many new agents need to quickly find business in order to stay alive in this competitive industry, and FSBOs are the best resource for quick listings and sales. Over time these sales will lead to a referral-based business with less work required and, ultimately, more money to be made. The FSBO seller is most often someone who doesn't understand how we as agents can help them sell their home. That is what we're here to do: Inform them about the honest benefits of using an agent and what they stand to gain by using one. Why Do Sellers Go FSBO? In order to fully understand FSBOs, you'll have to put yourself in their shoes. Ask yourself, why would someone decide to sell FSBO? The most common answer is, to save on commissions. According to the statistics from the National Association of Realtors (NAR), which were cited at the beginning of the chapter, 51 percent of FSBOs said that commissions were the number one reason that convinced them to go it alone. There are other reasons as well, but this is the main concern that drove sellers to go

FSBO. This reasoning is based solely on lack of knowledge of how marketing their home through an agent can benefit them. Many people have refinanced their home up to their eyeballs, and they need every penny that they can get out of the property in order to be able to pay off the bank. They may feel that in order to get top dollar, they need to sell their home without an agent. But the statistics are in favor of marketing with a professional in just about every circumstance; they just don't know that. Now that you know that FSBO motivation #1 is to save money, we'll have to presume that when FSBO sellers decide to list their home with an agent they'll instantly lose some money from their bottom line because of real estate commissions . . . right? Well that's where it gets tricky. You see, most FSBOs expect to keep their bottom line the same even after they list with an agent. That would mean increasing the asking price to absorb some of the commission that they're going to have to pay. In this type of scenario, it's most likely that the seller will want to price the home over market value. Unless you feel that the seller will reduce the price over time, an overpriced listing will only cost you time and money. So how do you combat the high asking price of most FSBOs? You must have your listing presentation nailed down. Accurate comparables containing sold and expired listings are the true tools for measuring market value. You also need to prove to the seller that they will be making more money by listing with a professional, even factoring in the brokerage fees. You'll need to outline this in black and white for them. When a seller lists with an agent they tend to make more at closing as opposed to selling FSBO. If you put it that way, they would be bending over backwards to list their home with an agent . . . right? Why Sellers Go Broke Selling FSBO In any business, selling a product or service requires three elements: 1. A product 2. A price 3. A shelf (or exposure) FSBOs have the first two elements but lack the third and probably the most important one, exposure. How can you sell a product without a shelf to sell it on? You can't. That is the same as selling a home without market exposure. That is the realization many FSBOs eventually come to. Here's the breakdown: When a home is marketed with an agent, it exposes the home to more buyers, which brings in more buyer traffic through the door. With more traffic through the door, the chances of selling will increase, which maximizes the sales price. For the information that backs this up visit the NAR website for the current year's statistics on selling FSBO vs. using an agent. In 2006, the NAR's study showed that not selling a home with an agent will increase the sales price by 32 percent at closing as opposed to selling FSBO. That is a national average loss of \$59,800 per FSBO by not using a Realtor. This is astounding! I will be using this example throughout the book. It simply means that with an investment of a 5 percent brokerage fee, the seller can make a 640 percent return! There is absolutely no investment today that offers that type of return. Take advantage of these research statistics in your presentations. Check out the most recent FSBO statistics in Appendix B and visit www.realtor.org/research.nsf/pages/fsbofacts.