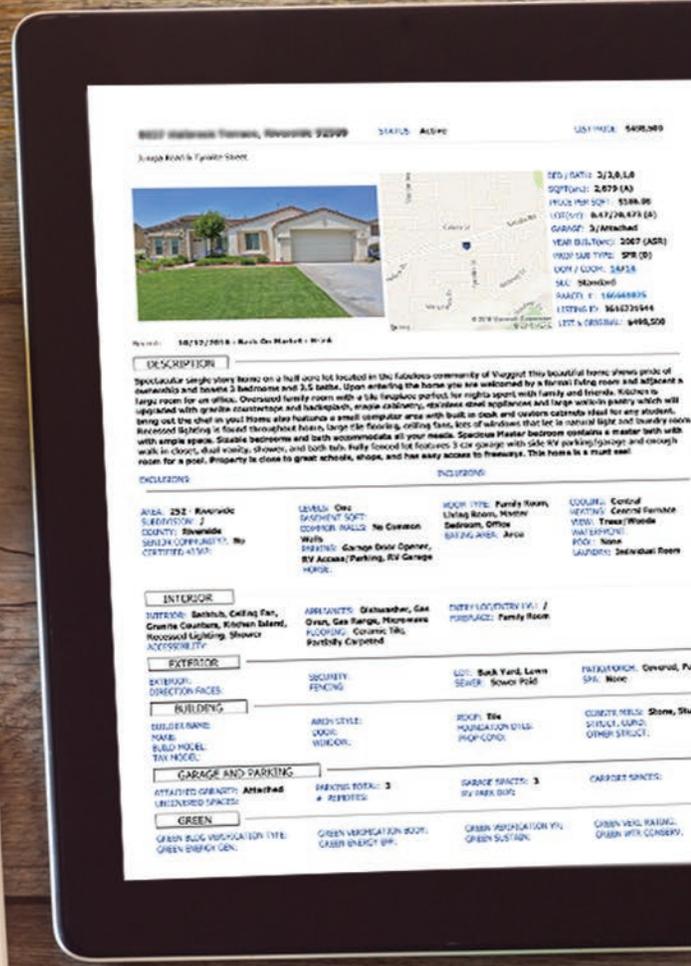


# firsttuesday

the California real estate educators



**BUYER'S LISTING AGREEMENT**  
Exclusive Right to Buy, Exchange or Option

Prepared by: Agent \_\_\_\_\_ Broker \_\_\_\_\_

NOTE: This form is used by a buyer's agent when employed by a prospective buyer as their sole agent, to prepare an offer to render services on behalf of the buyer to locate and acquire property for a fixed period of time.

DATE: \_\_\_\_\_ at \_\_\_\_\_, California.

1. **RETAINER PERIOD:** Buyer hereby retains and grants to Broker the exclusive right to locate real property of the type described below and to negotiate the terms and conditions for its purchase, lease or option, acceptable to Buyer, for the period beginning on \_\_\_\_\_ and terminating on \_\_\_\_\_.

2. **BROKER'S OBLIGATIONS:** Broker to use diligence in the performance of this employment.

3. **GENERAL PROVISIONS:** Buyer acknowledges receipt of the Agency Law Disclosure. [See RPI Form 305] Before any party to this agreement files an action on a dispute arising out of this agreement which is unresolved after 30 days of informal negotiations, the parties agree to enter into mediation administered by a neutral dispute resolution organization and undertake a good faith effort to settle the dispute.

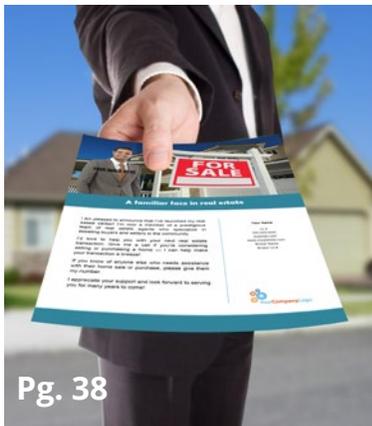
4. **BROKERAGE FEE:** The amount or rate of real estate commission to be paid to the Broker shall be as set forth in the attached offer to purchase and may be negotiable between the parties.

# Career Manual

## Your Guide to Personal Branding and Income Enhancement

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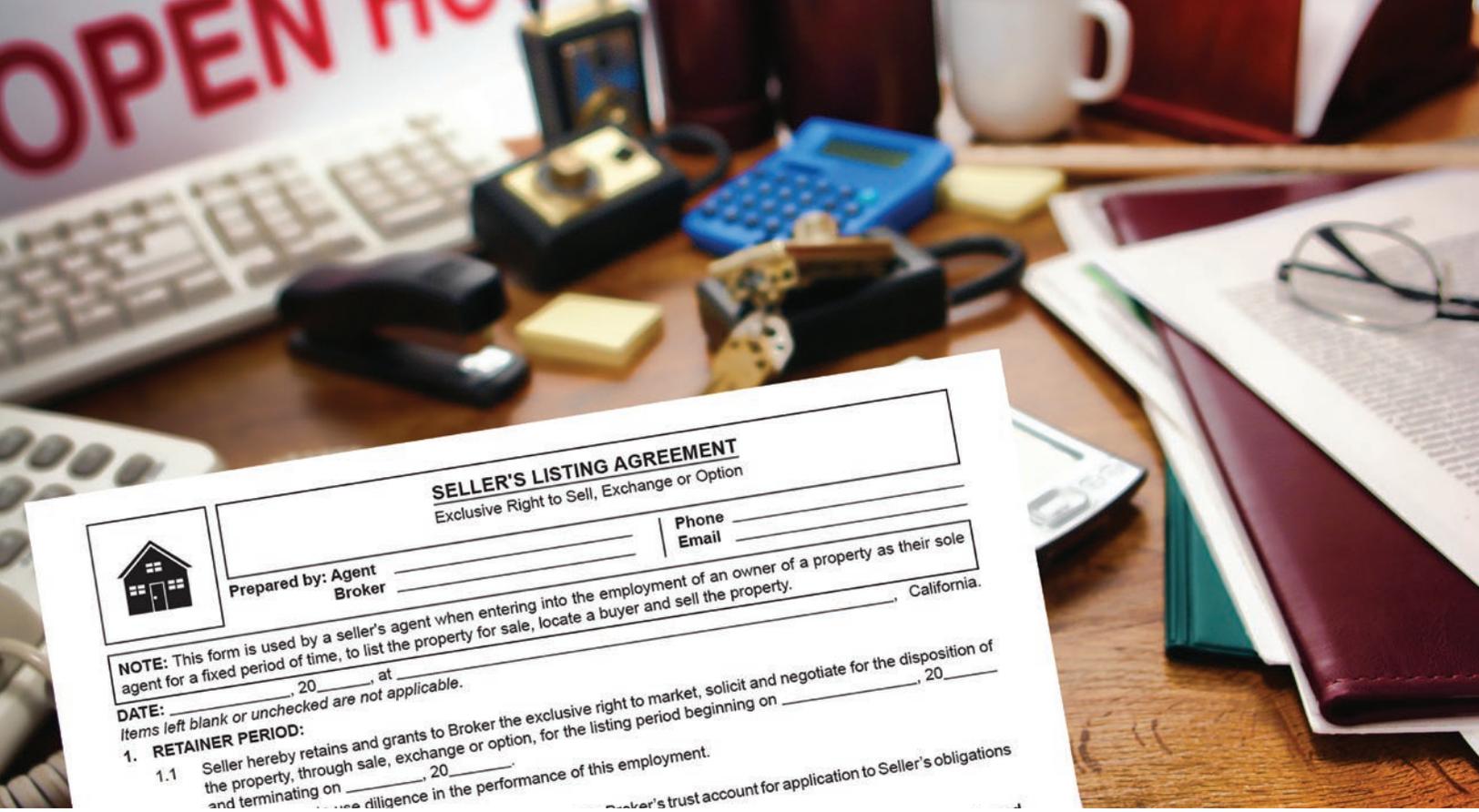
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**Editorial Staff**



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

Congratulations! You have, or soon will pass the California Department of Real Estate (DRE) **Salesperson Exam**.

As a new real estate licensee, you face the task of building a sustainable real estate career. This booklet is guidance offered as checklists for the activities you need to consider adopting in order to succeed.

## Step 1: Decide on a field of expertise

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

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

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

When deciding the professional services you will provide, research each of these real estate fields for the conduct required of a licensed agent. Although the services rendered by an agent all involve a client in a sale, lease or mortgage transaction, the routine tasks of analyzing and marketing property, and yourself, are different for each path.

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

As a salesperson engaged in rendering services for a fee in real estate transactions, you need to be employed under a written agreement by a **real estate broker**, corporate or individual. Thus, you “hang” your license with your broker and represent clients on your broker’s behalf as their employee. [See Page 19]



To select your broker, distinguish between those offering hands-on training and those providing little more than brand-name recognition. Some brokerage offices coach and 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 employing brokers, big and small, to make a comparison between the client services and agent training each offers. During the interviews, do your research by asking:

- What level of mentoring programs or training do they offer?



- Do they require participation in a team for several months of on-the-job training?
- What is the type and price range of properties they will assign to you to market?
- How many transactions are you likely to close in your first year?
- What cash reserves do you need before your first sale closes?
- What business equipment and supplies do 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 initial fee split can you expect to receive?
- What are the office charges you are to 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 on transactions you close as an agent for the broker. The broker retains a share of the fee to cover costs of their administrative support, training, time they commit to your oversight, office overhead, advertising, and a profit for their efforts.

Brokerage offices providing more **training and assistance** than others typically offer you a lower fee split during your first year of employment. Often, when you ask, fee split percentages are adjusted periodically based on your production.

Further, determine the deductions the broker takes from your share of the fee. Common deductions are transaction-related expenses and 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 and oversight.

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 receive as your share.

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

### Step 3: Develop a business operating plan

**Goals are personal objectives** you set before engaging with clients. Goals are not left to organically evolve after you start functioning as a sales agent. Also, your goals need to be realistic when set, the result of your inquiries and forethought. Once set, you know what to expect of yourself and your broker.



Goals  
need to be realistic  
when set

Goal setting for your first year as an active licensee gets underway as you consult with brokers you interview and agents you know. The first year's objectives you set out to achieve 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 sufficient numbers of prospective clients;
- **daily activities** required to meet prospecting and marketing goals; and
- a routine **monthly schedule** allocating days and hours for:
  - client prospecting and promoting your professional services;
  - office meetings;
  - real estate marketing sessions;
  - market data search and analysis;
  - education and training;
  - civic and social involvement; and
  - personal time.



A detailed **business plan** lays out in a spreadsheet form the various tasks you intend to complete daily or weekly to achieve the goals you have set for yourself.

Evaluate your activities and production achievements at the end of every month. When necessary, adjust your business plan. Make it evolve to keep you on track.

#### **Step 4: Know your market area**

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

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

#### **Step 5: Create and market your personal brand**

Develop a **unique brand** that is you, an image of yourself that stands out from your competitors. Your brand is the background you use to promote and market yourself to attract clients.

Your identification as a specialist in your expertise also separates you from the crowd. As a specialist, you define what you do to market property and how you assist clients. [See Page 33]

To create your unique brand:

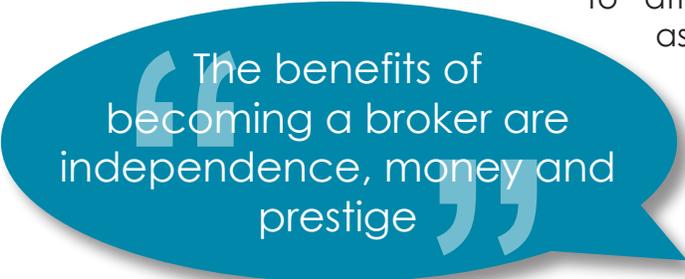
- develop a **personal logo/slogan** to convey the message about your expertise;
- determine the **style and content** of your personal promotion; and
- use your **logo/slogan** on:
  - personalized “For Sale” signs;
  - business cards and stationary;
  - direct mail campaign materials sent to your geographic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

Create and register a unique personal domain, such as “yournamesellsrentals.com,” through a web hosting company. Establish your separate, individual online presence. Add and update content on a set schedule, say every week or so, to make it grow with you. People notice whether your online presence is routinely updated or is stagnate and unattended. They attribute that demeanor to you. [See Page 65]

One resource for marketing materials can be found at: [firsttuesday.us/FARM](https://firsttuesday.us/FARM)

## Step 6: Build an affiliation of service providers

Organize a team of **service providers** who consent to affiliate with you for mutual benefit as your “favored provider” to close transactions. These service providers are the facilitators of transactions you have negotiated on behalf of clients. Consider them an extension of your services — providers you surround yourself with to reflect your high level of professionalism.



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

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;
- a contractor/handyman; and
- an attorney and CPA.



## Step 7: Plan your future education

Set your sights on **becoming a broker**. Begin enrolling and complete broker licensing courses while you acquire the two years of full-time real estate experience, a requisite to qualifying for a DRE broker license.

You benefit by becoming a broker:

- *Prestige* – Attract more clients organically. Status as a licensed broker reflects your higher education and experience, an edge you need to better compete for clients;
- *Income* – use your upgraded status as a broker to negotiate a larger split as a broker-associate with your employing broker, or work independently and do not share your earned fees; and
- *Independence* – Take 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.

In addition, continue to educate yourself by attending:

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

## Step 8: The Growth of your income

The number one reason for becoming a real estate licensee is the unlimited earning potential offered by a real estate career. To best present yourself to others in the real estate industry, continue reading this Career Manual for step-by-step guidance.

Learn the elements of a **power base** to expand your influence. It's part of your brand, and, critically, it improves your income. [See Page 8]



# 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 89];
- 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.

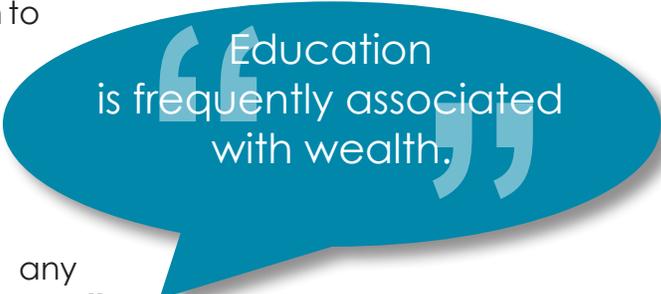
Agents looking to expand their knowledge need to seek out:

- 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.

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



Education  
is frequently associated  
with wealth.



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 the agents they hire. Agents who are well trained share their mentorship experience with other agents who see these benefits as good reason to work for the office. With more competent agents, everyone'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.”

Your participation in civic groups and local government commissions which are dedicated to local real estate matters will garnish your role and shape your attitude as a leader in the community. Fundamentally, these affiliations enhance your knowledge of local issues important to most clients.

Your choice of a local governmental agency to work with needs to play on your

strengths. For example, agents who specialize in residential rentals use their expertise as reason to participate in a local rent control board or related zoning commission.

You need to consider involvement in:

- planning committees;
- city council meetings,
- county assessment appeals board; and
- other governmental agency activities open to a role by members of the public.

## Expanding participation exposes new clientele

Agents also need to engage in local organizations unrelated to government. These include social clubs, civic groups, committees and other organizations which will likely broaden your 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 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; and
- other similar public groups and associations.

Connecting with a group based on a **common interest** or activity exposes you to an entirely new community of people for you to harvest leads, generate referrals, and present conversation opportunities – called networking. An agent's membership or involvement signals to others in the local community that the agent is like-minded or “one of their own.” This perception builds an affinity which increases the likelihood community members will trust you based solely on your affiliation.

However, you need to beware: politically engaged groups, clubs, and organizations promote a volatile, short-term and often polarizing impact on individuals of different persuasions and beliefs. Instead of investing your time in political organizations, consider joining in a universally respected activity to build enduring ties with others, no matter the emotional shifts their external politics might have on their attitude about others.

While an agent's civic and local agency participation is a critical factor in the public perception they establish, your primary need is to first dedicate adequate time to your real estate business. You must keep it productive and profitable to remain financially viable.

## **Residential longevity** garners clients

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

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

An agent's relationship to a well-known family 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 your business, you need to ask yourself: What is the first thought people have when they hear my name?

An agent's goal of building upon their family's **residential longevity** is to secure space for themselves in the mind of a potential client for a positive reaction whenever they hear or see the agent's name.

An agent has a good chance of using their name as a springboard to success when they reside and work in a community where their personal affiliation with others is strong. **Name recognition** attaches to an agent when they **set roots** in a community — whether it is built on their family's past and present connections to the community or the agent is new to the community and must start fresh, acting on their own to establish **name recognition**, branding themselves for the future.

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 quotation marks on either side of the text.

An agent or broker with a sturdy legacy in a community establishes a reputation of belonging and familiarity often encourages clients to work with them based solely on 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 providing services in demand by those most likely to be familiar with the agent's name – joining associations with attorneys, medical doctors, accountants, and other professional service providers.

You can also seek out employment at a brokerage company with strong resonance in the community to raise their own esteem locally. The further the broker's name reaches into the local population, the greater weight their name will carry on your resume and in contacts with clients.

## 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 or greater social stature; and
- retired 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 opportunities at a brokerage company; or
- starting or expanding their brokerage office.

## **Personal achievements display conscientiousness**

**Personal achievements** are tangible evidence of what an agent has accomplished so far in life. Accomplishments speak to an agent's tenacity, abilities and recognition. Lifelong achievements set the agent apart from their competition without the need to promote the value of their services to a prospective client. The client understands who you are by your trail of achievements.

An agent's personal achievements may include:

- awards, acknowledgements and recognition for having done well;
- unusual skills and extracurricular activities;
- career advancement, such as upgrading from sales agent to broker;
- presentations before professional groups;
- higher and additional education;
- government-issued licenses and endorsement; and
- ownership in a brokerage office.

## Achievement through career advancement

Perhaps the most obvious and straightforward way you can showcase their achievement is through **professional advancement**. Careers in real estate may begin from positions as minor as an unlicensed administrative assistant for a provider of real estate services – property management, a runner for a team, even a finder locating buyers and owners. However, when you as an assistant invest the time, effort, and expense to get a sales agent license and eventually a broker license, you demonstrate talent and persistence. A career progression advertises professional success and commitment, a magnet for new clients.

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

- mortgage loan origination (MLO);
- notary commission;
- contracting and insurance licensing; and
- corporate brokerage, as the responsible officer.

## Awards which influence your clientele

Your personal achievement as an agent also come through meeting professional milestones, like hitting production goals and receiving **awards**. Awards are most often given through the agent's brokerage company or trade groups, 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 uses awards to enhance their reputation when **marketing** themselves. Awards often have symbolic logos the agent includes 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.

Additionally, you display awards and other acknowledgements in your office space. This includes plaques, certificates, trophies, and other symbols of the awards you have received. Clients and colleagues who meet you in your office will see your personal achievements displayed in a professional setting, enhancing their **perception** of your professional success.

## Awards, authority, and your power base

Agents continue to expand 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, the arts 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/theatrical performances or marathon athletics.

Just when you think you have reached the pinnacle of success, it's time to start again as though you are just beginning.

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



When you consider a brokerage office as a possible employer, initially conduct a search of the broker's name and business online. Always check **DRE's website** ([www.DRE.ca.gov](http://www.DRE.ca.gov)) for information and a profile on brokers you are considering. Inquire of broker-associates and agents who are active in your community for their 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 to experience from employment with them. [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 **broker's reputation** among experienced licensees?

To get a feel for a broker's office environment, talk to – interview – 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 motivates and keeps 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 working for them will produce for you, both you and the broker will be satisfied with the results of the employment relationship. When a broker is candid concerning the effort required and earnings you can expect, you have greater assurance that employment with them will result in your time, energy, and resources having been well placed. It is difficult to meet goals that were unrealistic from the outset.

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

To determine the success of the broker with their agents, 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. Does the turnover rate seem high? Why aren't agents staying for at least two years?



Look for an office where you can imagine yourself working for at least two years. It takes 24 to 30 months to develop an enduring competitive position within the local real estate community and to acquire a well-rounded understanding of how to earn a sufficient income providing services in the real estate industry.

Other questions you will want to ask prospective brokers include:

- **Why are agents successful working** within your organization?
- **What makes your brokerage office successful?**
- **How many** full-time agents and broker-associates do you employ – is information also available online at the DRE website to confirm?
- Do you have **weekly sales meetings** and what subjects do you cover?
- Are you achieving your overall **sales goals**?
- **Why do you believe I can be successful** with your office?

### Interview with multiple brokers — patience finds the right one

As a newly licensed agent seeking to locate a suitable broker, make a commitment to yourself to **visit the offices of several brokers**. Your observations will tell you how different brokers operate; they do not often act the same. Some questions to keep in mind when interviewing with brokers include:

- What does one brokerage office offer that another does not?
- Is one brokerage more successful than others 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 have located the right one. Their attitude and yours as compatible without disruptive friction are **productivity considerations**.

## Part-time vs. full-time

When you are a **part-time agent**, your income will not come exclusively from real estate services you render. Part-time work means you depend on another source of income and your real estate fees will supplement that income. However, 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.

Usually, brokers are **hesitant to hire new part-time agents**. Brokers view part-timers as:

- devoting insufficient time and lacking flexibility to seek out clients, negotiate transactions, and close escrow;
- less committed to the enterprise than full-time agents as they generate less than average per person brokerage fees while employed by the broker; and
- requiring as much office space and administrative oversight as a full-time agent.

Brokers are not likely to 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.



Initially, as a new agent you will need extensive **training** and above average **oversight**. Brokers are not inclined to invest the time needed to train 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 if you seek employment 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 33]

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 part-time. 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 and not distracted by the demands a second job places on time and energy.

A fully submerged prospective agent makes brokers more likely 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 are on your own for:

- payment of **self-employment taxes** on your net business income (at 15.3% of net trade income, not just half that amount);
- payment of your installments for **estimated tax on taxable income**;
- **car insurance premiums**;
- **health insurance premiums**; and
- **unemployment insurance premiums**.

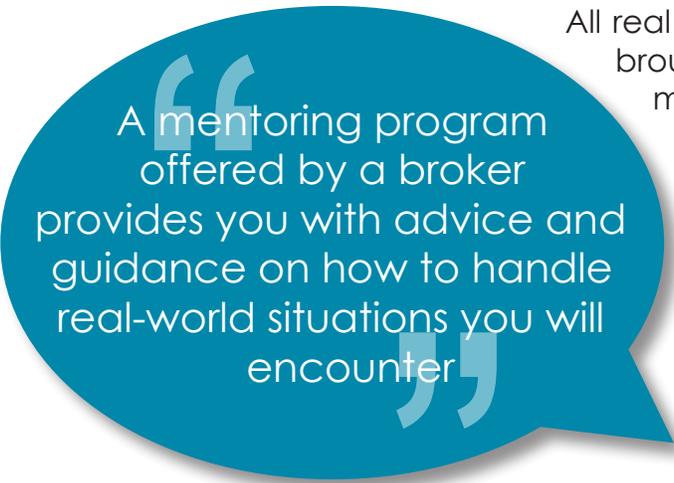
Before entering into an employment relationship with a broker, you need to learn what employment as a licensee entails. A review of the typical employment agreement brokers enter into with licensees is instructive, like

**Realty Publications, Inc. (RPI) Form 506.** Form 506 lays out the duties and responsibilities, and thus the reciprocal expectations of the broker and the agent on entering into the agreement.

Critically, the form contains a schedule for sharing fees you generate and the charges you incur as an agent with the broker. These charges most often are offsets against your share of the total brokerage fee from transactions you negotiate.

Do familiarize yourself with the contents of this form before contacting a broker. The information it contains prepares you for discussions with prospective brokers to set the parameters of your employment. Question whether the broker requires you to join a **trade union**, and whether you have access to the local **multiple listing service (MLS)** — and always ask about the costs and benefits of these services for you.

## The benefits of a broker with a mentoring program



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

All real estate offices have a **different culture** brought about primarily by the broker or manager. Further, each type of real estate has its own unwritten but customary rules of conduct to follow — industrial, retail, office, apartments, SFRs, land, farms, business opportunities, mobile homes, mortgage lending, etc. Also, each region of the state has local ordinances, 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 learn how to quickly fit in locally with the activities of other agents, a necessary collaboration 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. You need training to deal with diverse and often difficult clients, to market and qualify properties. Also, how to best manage your time spent with others, on property data analysis, and preparation of documents. It also gives you instant **networking capacity** with other real estate agents.

A broker who does not offer a mentoring program leaves you to figure out by observation, trial, and error just how to conduct yourself. After interviewing a few brokers in your selection process, you will acquire a sense of what level



of training or support you need from an office to develop into a competent agent. Until you sense a particular broker is for you, it is best you move on in your search for the broker with the right fit.

### **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 peremptorily **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 your annual **income and expenses**.

If you become discouraged or daunted by the exercise of completing worksheets for projects, 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. Do not leave your employment as an agent to somehow evolve into goals after you start work. Once set, goals are what you expect of yourself and your broker. As a result of preparation, you will fast learn to balance the use of your time, energy, and finances most wisely.

In your first year as an active agent, you might not earn as much as you planned when you first set your goals. But you do pursue goals, the objective of your work schedule which you update from month to month.

Income earned by agents varies greatly. The reason variation exists among agents is that annual income depends on how much time, effort and planning you put into the occupation. **Personal confidence** and **talent** are prerequisite traits for an early uptick in successfully solicitating clients, negotiating transactions with others and closings escrows, and in turn first-year earnings.

To figure out how much you will most likely earn in a particular set of real estate transactions – sales, type of property (SFRs, commercial, apartments), leasing (residential or commercial) or mortgage originations (consumer or investment) – 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 or 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 your employment?
- What **special knowledge** do you need to handle the class of sales leasing or mortgages the office handles?
- What level of **mentoring programs or training** do they offer?



Personal confidence and talent are prerequisites to an early uptick in successful client solicitation and actual closings

You need to determine the approximate amount your annual gross earning, operating costs and marketing expenses will be during your first year as an agent. Without an upfront analysis, you will not develop a realistic expectation of the net earnings you will end up with annually — and thus the financial support you need from fees to sustain or upgrade your standard of living.

**RPI's** Form 504 helps you keep track of the costs and expenses you 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]

On the worksheet, you enter the likely gross fees the broker receives on your transactions and your share of those fees based on your interviews with employing brokers. [See Form 504 §§1 and 2]

Ultimately, your **sales goal** is a reflection 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 you will incur based on sales volume goals, your expected after-tax earnings are woeful, uneducated guesses.

Completing this worksheet also works to accurately set the goal for the number of transactions you expect to close during 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 broker you interview.

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

Brokers are best able to anticipate the income and expenses you will incur working for them. It is the broker due to experience who is 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 their operating and marketing expenses. A broker's full disclosure — upfront and prior to employment — about your likely income and expenses leads to your better expectation of income.

To be ready for an interview with a prospective agent, a proactive broker needs to prepare an income data sheet estimating the expenses they believe you will most likely incur. Also, the broker needs to estimate the initial **cash investment** you will need to make to cover one-time, nonrecurring expenditures. Also, you

## 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. 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. Gross Fees due Agent</b>	\$ _____	_____ %
<b>3. 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. 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. 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	(-) \$ _____	_____ %
<b>6. Marketing and Sales Expenses:</b>			
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	(-) \$ _____	_____ %
<b>7. Agent's Net Income:</b>			
7.1	Income, SS & medicare taxes	(-) \$ _____	_____ %
<b>8. Agent's After-Tax Income</b>			
		\$ _____	_____ %

**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	<b>Total Entry/Relocation Costs:</b>	\$ _____

**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.		
_____			
_____			
_____			

do need cash reserves to cover your personal living expenses for a period of time before you produce closings and generate fees sufficient to sustain your standard of living without further resort to savings. [See Form 504 §10]

After establishing your operating expenses, nonrecurring costs and carrying costs for 12 months — based on the broker's history with their agents — what remains is the difficult task of anticipating your **gross fees** from transactions you will most likely close during your first year of employment.

## The broker helps estimate your future fees

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



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

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 six months working as an agent for the broker, they will not know at what level you are likely to produce

income, but they can give you a range of income earned from that of the weaker to that of stronger producers.

For analysis, you need to enter the various gross broker fee projections brokers give you — ranging from low, medium to high — on separate copies of the income and expense worksheet. Thus, you calculate your **after-tax income** based on various levels of sales. [See Form 504 §8]

Another approach in an interview is to ask the broker what range of gross broker fees a typical first-year agent employed by the broker generates.

Here, you enter and calculate the income you either:

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

The worksheet then becomes both your **budget** and a **sales goal**, which the broker needs to review and confirm as what you will likely experience.



## Comparative shopping for a broker

After two years of financially successful employment in the business of real estate sales, property management or mortgage lending you will be able to negotiate a more advantageous fee split for the time you spend:

- listing properties and buyers or tenants;
- locating buyers and properties; and
- engaging in all the activities surrounding a real estate 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** investigation to determine how other brokers share fees and expenses with their agents under comparable conditions as you have with your broker.

Whether you seek to renegotiate your 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**]

Limit the analysis to listing your expenses which then serves as your **budget**, a forecast of your expenses for the next 12 months. Further, you analyze the variables controlling the amount of your income and expenses and adjust your sales goals for the next 12 months.

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

Gather information for the worksheets from interviews with those brokers or their managers. Also, from agents in those offices who have a handle on their fee sharing 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 marketplace 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 logically based on comparison shopping and your sales history.

## 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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# Marketing yourself as a brand

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Whether you are 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. The aura of a brand defines who you are and what you do. Here are the actions you 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 colleagues see you determines whether they want to hire or associate with you — and what they remember about you when they or an acquaintance considers employing a real estate agent.

To market yourself, your approach is to set yourself apart from other agents in your community. However, do not be so specific that you narrow the services you render or select a segment of the market as your specialty that is

economically ineffectual to meet your financial goals. For instance, branding yourself as simply a “distressed property expert” is great for a limited amount of short-term clients who are active following a business recession, but not for clients over the long haul.

One direct way to build durability into your practice is to brand yourself as the **neighborhood expert**. This works for buyers and sellers of all types of homes in any neighborhood. It is also easily customizable to the pricing and clientele for each neighborhood where you market your services, called your **FARM**.

Also, when you qualify as a short sale expert, you mention it as *one* of your specialties as a neighborhood expert. Other **residential specializations** to consider mentioning are:

- relocation;
- Veterans Affairs (VA)-guaranteed mortgage;
- Federal Housing Administration (FHA)-insured mortgage;
- military-friendly;
- first-time homebuyers;
- bilingual or multilingual and specify the language(s);
- condos or multi-family;
- luxury homes;
- affordable homes;
- land;
- investment properties;
- energy-efficient or green homes; and
- senior living.

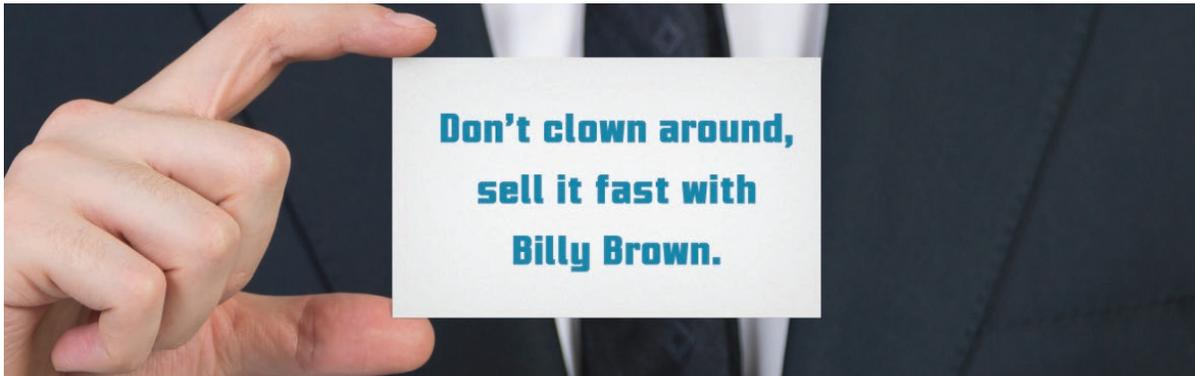


Check out what other agents are doing in your office to

market themselves. Classify every one of them by the territory and type of properties they primarily work.

Also note the expertise they have set as their brand of real estate services. Ask yourself. What **specialization is missing** from the neighborhood you intend to farm?

These data take time to gather. But your use of a spreadsheet and analysis of the behavior of others leads you to decisions in planning and implementation which will produce more clients and fees in the future.



Finally, **be honest** about yourself when developing your brand. When you have not worked with seniors before, it is not productive to tout yourself as a specialist in senior living.

Another iffy situation is the **photo** you use with your brand materials. One major pet peeve about real estate agents is the photos they use are often a headshot taken years ago before weight and styling have changed their appearance. When you use 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 up with you.

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

You want clients to **remember your name** in a positive manner. You do not want them to roll their eyes when you are mentioned.

Stay away from cringe-worthy slogans, especially political, religious, or elitist slogans as they are generally inappropriate and may express a bias as viewed by some clients. Even if you think a slogan is clever, most of a general client base are not perceptive enough to see it as clever. Also, you want to ensure the pictures or graphics you use to depict your business are family friendly.

That said, when you come up with a catchy slogan that's **fun, inoffensive and helps clients remember your name**, then go for it. This also works well when you do not yet have a specialty. In this case, you let potential clients know about another advantage they have when working with you.

Choose a descriptive personal characteristic you want to highlight as yours, like **capable, supportive or reliable**.

When branding yourself and your services as a business, **do not be generic**. You must distinguish yourself from everyone else who is a licensee. Do not use words such as: integrity, honest, trustworthy, or god-fearing. You word the characteristics of your branding to present your specific talents and unique personality traits. Start by including your name in the slogan: "Billy Brown, the informed 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: “Mary Williams, The South Bakersfield Expert,” or “Selling South Bakersfield since 1998.”

### Step 3: Market your brand

Now that you have the **perfect brand for your services**, how do you put yourself out front and draw 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)
- signs or billboards; and
- mailed marketing materials which you send to former and potential clients.



Order different business cards for each specialty.

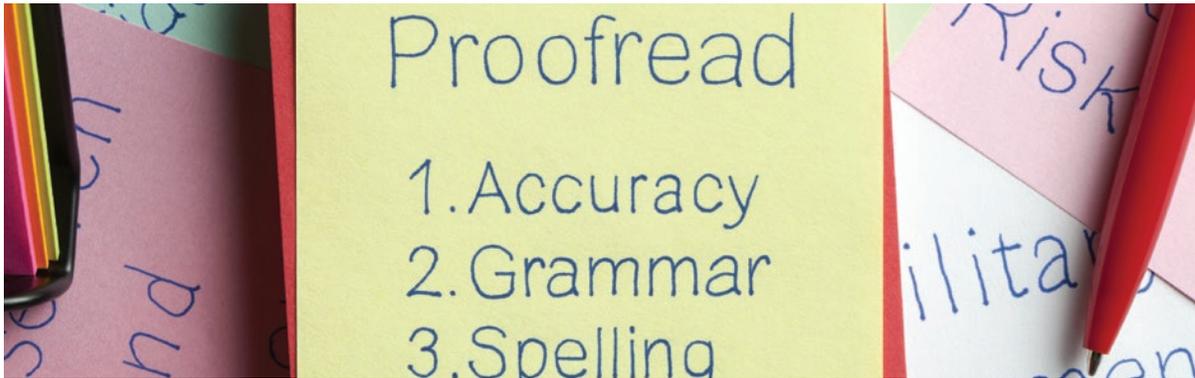
When you specialize in multiple types of real estate transactions, **order different business cards for each specialty**. That way, when you run into someone interested in buying their first home, you can hand them the business card which says, “The first-time homebuyer specialist.”

Likewise, when you speak with an investor seeking to

sell or acquire residential property for income, you can hand them your “Residential investment specialist” card.

Set the duration for implementing your branding strategy. Be consistent in your presentation, and keep in mind it may take upward of a year or more before you notice an effect. To ensure you have staying power, set aside time in your schedule and money in your budget to market yourself for a period of several months in your FARM community. **One promotional shot across the marketplace will not do it.**

When you are completely new to real estate marketing, it takes around 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 to deliver meaningful results.



On the other hand, when you are changing your brand to fill a rising demand for other real estate services in the community and you already have a list of your prior clients, the results arrive much sooner.

Also consider investing in a couple **out-of-the-box marketing strategies**. For instance, become “the locally 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 which arise as you do meet prospective clients while engaging with other community volunteers.

#### **Step 4: Common mistakes to avoid**

When you have nailed down your brand image and marketing strategy, give your material a **check for common errors** before implementing it. Once you have built a brand, it's difficult (and potentially costly) to change, especially if you've made a less than positive 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 the educated use of the language by a credible professional;
- **misspellings or grammatical mistakes** — this makes you look either unintelligent or unable to pay attention to detail, traits clients do not want in their real estate agent; and
- **giving up** on your brand strategy after only a few months of marketing, as it takes about two years before the payoff is measurable and consistent.



# FARMing 101: Keys to Success

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## **FARMing:** Harvesting new leads and cultivating prior clients

A **FARM letter** reflects who you are and what your business is about, whatever topic it reviews. This small publication often is your best opportunity to make an enduring impression on homebuyers or sellers in your target rental community and neighborhoods.

The goal of **FARMing for real estate clients** is to be recognized in your chosen neighborhoods by broadcasting your identity. Your initial step is to build a database of contacts, called your **target audience** by marketing folks.

To bring about a durable standard of living for yourself, many contacts — some old, initially mostly new — are required. Be clear in your mind that 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 and renters branded to turn to a dedicated agent — you — when they think or talk about real estate transactions. These objectives 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 believe you might select as yours. Be a trainee assistant.

Observe the agent's strategies and scripts they have adopted. Ask questions so you learn more. Typically, they will be happy to show you the ropes. When the location of your FARM will not overlap with their FARM, you will not present direct competition.

## Step 2: Choose your FARM

Choose the neighborhood or community to FARM that is a natural fit for you. First consider areas you already know about and are familiar with. Print and study maps of the areas, then choose the areas and boundaries for your FARM.

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



“ Consider commuting to a more profitable location for your FARM ”

- **how many doors** you can realistically knock on during the days and hours you will dedicate to canvassing; and
- **how many deals** you need to close each year to meet your personal financial goals. [See **RPI Form 504**]

To determine how many deals you need to close to make a decent living

each year, compile a detailed list of your financial needs, called an **income data sheet**. [See **RPI Form 504**]

This list includes expenses for:

- your brokerage activities;
- your office space and amenities;
- **multiple listing service (MLS)** and any industry memberships;



- your vehicle (loan/lease payment, registration, insurance, fuel, maintenance);
- technology (phone, internet, equipment);
- continuing education; and
- marketing (FARMing) services. [See **RPI** Form 504]

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

If you live in a neighborhood with low levels of turnover in ownership 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 Susanville, sales and closing principles are the same, though attitudes, lifestyle 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 when you keep this up for five days a week. Follow up by repeating your home-knocking coverage every two months. Even politicians understand that knocking on doors is productive.

Once you are familiar with your chosen FARM, **track individual properties** located in the FARM area.

Know and catalog the status of each property on a spreadsheet (distressed appearance, negative equity, positive equity, free and clear, length of ownership, price paid, etc.). Visit the streets and homes for information, using Google Earth to begin with. Then drive the streets to confirm your online observations. This knowledge enables you to adjust your marketing strategy for each category of home conditions.

This historical property information is found online, as well at the **local MLS** or **title company**.

### Step 3: Prepare a script

As a new FARMer, you need to prepare a **script**.

An effective script includes:

- a proper greeting;
- a brief introduction of yourself and your real estate services;
- questions to ask of the potential client to engage them in conversation;
- your 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, do not 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. Rehearsing keeps your content from becoming stale or irrelevant.

### Step 4: Craft your FARM materials

Make up a flyer appropriate to your area to leave with homeowners. They need something tangible so they **remember you**. They have to hear, see and say your name to begin to remember you.

The flyer needs to brag a little about your **recent sales**. When you have not yet closed your first sale, or your last sale 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



A **creative personal style** helps 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, and **engaging**, but not fluff.

Your primary goal is to **hold your reader's attention**. Your ability to do so in a flyer usually boils down to a low word count. Less is definitely better. You only have a couple of seconds to get your readers' attention — and your topic selection must aim to maintain that attention for at least the next few minutes.

Further, **notepads, schedules, or mini calendars** that can be placed on a refrigerator will ensure your name stays fresh in homeowners' minds.

Each time you make a contact, harvest their email address by asking for it. Also, ask for names and addresses/emails of other people they know who are considering buying or selling. Once you have garnered a few contacts, set up an **email database**. Then, email a **drip letter** that is prepared and sent periodically, at least once a month. This email newsletter needs to contain your recent sales, local market activity or an adapted FARM letter topic. [See Page 51]

*Editor's note — Agents often choose to do mailings to reinforce their door knocking efforts. Periodic direct mailings produce fewer immediate results than door knocking but have a long-term effect of developing name recognition. Postage and printing services do add up to becoming an investment in your FARM, just like your time spent knocking on doors. Email may be more financially productive than snail mail (no postage required) but you will never know unless you give direct mail a try. [See Page 59]*

Depending on the types of handouts and mailings you send, expect to spend \$3,000-\$6,000 a year. Don't let this amount daunt you — **one deal** will cover 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 at least monthly for three to four months. After you sense your brand is becoming established, you will likely distribute your materials less frequently—but at least bi-monthly.

*Editor's note — **firsttuesday** has a wide collection of personalized FARM letters tailored specifically to California residents. Also, consider forwarding online articles you have read to selected individuals – it is evidence you keep yourself technically informed. All firsttuesday FARM letters are available free of charge at [firsttuesday.us/FARM](https://firsttuesday.us/FARM)*

## Step 5: FARMing past clients

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

**Keep in touch** with your past clients. They are your best source of fresh transactions. Make it your business to let past clients know you are actively involved and successful and available to help them in their next real estate sale, acquisition or refinancing.

Keep a separate 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. They know you and are interested in what you are doing.

## Step 6: The key to FARMing success

**Consistency:** It will take around two years before FARMing begins to pay off with a steady stream of clients – when you consistently farm. Consider each door knock an investment of energy in your future career. In the meantime, you are always prospecting when in conversation with anyone, and that means asking for information that generates a lead.

**Persistence:** Explore all possible leads. After each conversation, ask if the homeowner knows three neighbors or acquaintances who are considering buying or selling. Get their name and email address. Google search them, learn something personal about them. When a good lead does not answer the phone, email or knock on the door during the week, try again on the weekend.

**Commitment:** When you give a 100% effort, you will likely get a huge return on your time invested.

Make a schedule for your FARMing activities and stick to it. Many agents mistakenly get 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 pivot.

## FARM letter templates and copy

**firsttuesday FARM letter templates** and copy help you market effectively. Just insert your image and company information into one of our pre-filled templates. Thousands of agents use this service every month.

Or choose your own copy and template to further personalize your message.

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[firsttuesday.us/FARM](http://firsttuesday.us/FARM)



# Introduction to online marketing for real estate agents

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## Why online marketing is important

Most all homebuyers use the internet at some point in their home searching process. To capitalize on this online consumer investigation into housing, you need to market your real estate services online to attract potential new clients for yourself and buyers for your listings.

Due to this consumer behavior, **perfecting your online presence** is fundamental to a successful real estate business. Unlike effective traditional marketing such as direct mailings and door knocking, online marketing is low-cost, time-efficient, and relatively easy. [See Page 59]

You, as an agent, use online marketing to:

- **solicit new clients;**
- **publish your listings;** and
- **retain contact with past clients.**

## Obtaining clients

The first step in your online marketing strategy is to create a compelling **real estate agent website**. [See Page 65]

For your website to be effective, you need to reference its destination in all your **digital** and **printed marketing** materials. As a starter, choose a URL title that is easy for clients to glean from your print materials and enter in the address bar of their browser (i.e. WhittierRealEstateAgent.com). [See Page 65]

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.

On your website, display all your:

- **listings** (if you have few listings, it is enhancing 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.

Recognize that the old saying, “Build it and they will come” does not apply to websites. So how do you best direct traffic to your website?



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

The simplest way is to **purchase ads** to solicit online consumers to come visit your webpages. Google AdWords is a tool-for-hire that gives your website a traffic boost from Google search inquiries. So, when an individual searches “Whittier real estate agent”

(and Google's keyword terms has categorized your website), your site will appear at the top of the results.



## Webpages, Keywords, and SEO

However, your use of Google AdWords compels you to invest time and thought in **search engine optimization (SEO)**, initially and on periodic keyword updates. SEO activity is wording you use to improve your website communication 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 relevant **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 property – a home or investment - in a specific neighborhood or area, 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. Limit neighborhoods or corridors 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**. Buyers and sellers seeking information about a real estate agent rely on the reviews of people they do not know – strangers – to direct them to a good agent. Facebook, on the other hand, is a personal form of **word-of-mouth marketing**, where someone posts that they are looking for an agent and their friends respond.

Nudge your buyers and sellers to review you online. This is all part of your branding and bonding activity. Getting it right takes a bit of finesse.

## Marketing property you listed

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

There is 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 does not, 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 MLS (a questionable interference with marketing) to repost your listing with other MLSs, though some are less possessive of data and 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 76]

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 district;**
- **amenities;**
- **area;** and
- **basic features.**



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



## Keeping tabs on past clients

Agents do count on **past clients** for future business. They ought to, and need to encourage it. For some reason, only 12% of homebuyers and 22% of sellers surveyed by a national trade association hire the same agent to purchase or sell their next home.

Even filtering out the first-time homebuyers (who make up one-third of homebuyers) and those relocated out of the area or whose agent retired, 12% is lower than it ought to be. To complicate this forgetful behavior, 63% of homebuyers and 70% of sellers said they would recommend their agent to others – if they could recall who they were.

Considering that 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 over years are unsure whether their agent still practices, or simply forget the agent's name. Inability to recall a name is also likely to exist when the marketing strategy of other real estate agents outshines and erases the past marketing of their previous real estate agent by interfering with the bonding they had.

On average, homes in California sell once every 16 to 20 years. As memories fade and sources of listings change, a periodic reminder to past clients that you remain a viable part of the industry strengthens your referral base for your future years in the business when clients upgrade, retire, or need to refinance.

Providing excellent service in the first place is a good start to being memorable. However, once the ink has dried after closing and the move-in boxes are unpacked, agents who maintain an ongoing presence in their client's life experience greater rates of referrals. The easiest, most efficient, and least expensive way to do this is through online marketing. To this end, always harvest email addresses from clients and adult family members and their advisors who have contact with you.

Several social media outlets are useful for keeping up with past and potential clients. Connecting on social media allows you to reach out effectively to multiple former clients at once, coordinated in one effort. [See Page 69]

Customer relationship management (CRM) programs assist real estate agents in tracking and organizing their customer service goals. CRM works to stay in touch with past clients and forms a network to create new **client leads** – in a word, referrals. 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 51]

## Dos and don'ts for messaging

A potential drawback to frequent online marketing is that you run the risk of appearing less personal, distant, and unattached than when you use other forms of communications. While trying online to make your brand appeal to as many potential clients as possible, you may come off as insincere and fake (read: untrustworthy).

For the personal touch, connect with individual clients whenever you have a reason unique to the client, even when it is just online. Send an email on their birthday or a social media message on the anniversary of closing the home they purchased with your assistance.

CRM software can help you keep track of these dates, and clients are more inclined to respond favorably to an individualized message than a mass email. The email is about them and not generic or about you. [See Page 51]

**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. Write out your online marketing strategy and evaluate it every quarter. Then enter adjustments where necessary.

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

**RPI forms** provide better protection for your buyers and your fee. Our forms are California-specific, easy to understand and 100% legal for use.



# Your guide to creating mass-marketing emails

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Maintaining your client base of past acquaintances and reaching out to all the prospects in your FARM is essential to grow your business. **Email marketing** is a practical way to nurture 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 it 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 for delivering your emails depends on your marketing needs. Consider the number of individuals you are targeting, the frequency you intend to send emails and what 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

**Client contact information** is the basic data you need to develop and grow a long-term email marketing campaign — and your business success. When you do not advertise, people either do not know about you or forget you, or they do not recall or know the services you now offer. The result: they do not contact you or refer others to you.

To gather data, **request contact information** from all past or potential clients you have contact with, called harvesting data. Make gathering critical information a routine daily practice – with everyone who might have need for your services – to provide a steady stream of additional email addresses, weekly all year.

The methods you engage in to harvest client email addresses are:

- provide a way for your website visitors to subscribe to your emails when they are on your site or your social media accounts;



- request potential clients to fill out a form during open houses and other points of contact;
- advertise your email newsletter and address in the marketing material you hand out; and
- ask 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 civic affiliations**. Ask for any other criteria that may be useful for creating email lists tailored to your specific interests and local demographics (population's age, income, education). Remember, people generally love to talk about themselves, so start by asking about their family.

For examples of collected data in motion, a client who has school-aged children is more likely to be interested in listings near top rated schools. First-time homebuyers are inclined to open emails about home maintenance and management tips.

You may also want to divide emails into separate databases by categorizing them as **prior, existing, and potential new clients**. You need to consider targeting them with different email content to offer a more personalized polish.

Categorize each newly acquired email address under the email lists relevant to them to ensure they receive only the content they 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 regulate online users with websites like yours to protect consumers from abuses and set an appropriate playing field of rules for your conduct. These rules:

- 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 when you asked for it. Recipients who consent by giving you their address on your request are more likely to read your emails.

Anti-spam laws prohibit some methods of harvesting email addresses, as you may not:

- 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

Rather than purchasing email address lists, focus on routinely 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 33]

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



### Step 3: Narrow your content

Once you have a list of email contacts, create campaign lists, each list comprising a separate category of clients for receiving the different types of email content 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 about different content for your categories of 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 content presenting frequently asked questions many clients have and the answers to them — your helpful flyers will identify you as a dependable source of real estate-related information.

*Editor's note* —All **firsttuesday** marketing materials are available free of charge at [firsttuesday.us/FARM](http://firsttuesday.us/FARM)

You may also use your emails to share content you have posted on your own real estate blog or use diverse online real estate news sources by forwarding their information or linking to their articles.

A simple rule: when deciding on content to send to clients, opt for material that is **useful to clients** and might pique their interest. Focusing on local real estate information and trends 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, pointing out that you continue to be active as an agent and the type of transactions you are arranging – 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 ready-to-use formats 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 promoting your listings is best delivered using a clean, simple template with a modest color scheme. This maintains your professionalism and makes it easier for clients to glean the important information they need.



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

When you send reminders and seasonal emails to keep in touch with past clients, consider indulging your creative side and playing with some 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 different fonts and font sizes. Aim to include only legible, standard fonts that will display properly on all computer platforms and browsers.



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 nature of the content in 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 will benefit from a multi-column design. It 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 content concise and simple. Focus on refining the words in your titles and subtitles so they quickly convey the purpose of your email or a webpage you are asking them to visit. Avoid excessive and repetitive wording. A three-second scan of your copy by a reader needs to tell them what it is about and when relevant, whether they need to read the entire content of your email.

Today, checking emails and news on mobile devices is common practice. Thus, it is crucial that your email design is crisp and **readable on a mobile device**. When you browse templates, look for “mobile-friendly” or “responsive” designs. These will automatically resize your copy to fit the smaller screens on mobile devices making it an easier read for your clients.

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

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 and theme some email campaigns for specific dates and seasons, while ensuring you send others on a recurring basis. You might produce an email that you send only once. Your email campaign schedule is entirely up to you. You should adjust it based on the content of each email you send and the feedback you receive.

In addition to scheduling, **tracking** how your clients interact with your emails helps you improve your marketing, and in turn your business activity. Most providers of email programs offer a way to track subscriptions to your email letter, as well as when recipients open your emails and how often readers click on a link you have sent them.

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 types of content are more popular among your clients which enables you to maximize your use of email marketing.



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# It's about direct mail marketing

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## Your use of direct marketing

**Direct marketing** is a means of bulk advertising you send to owners and tenants within your FARMing community. You accomplish direct marketing via United States Postal Service (USPS) snail mail, email, texting, YouTube, or social media. Think of it as **marketing in bulk** – a mass approach to reaching multiples of people, quite different from your personal face-to-face contacts.

**Direct mail marketing** is a packaged piece of physical mail periodically sent to your list of contacts through the USPS mail delivery service, blasting out your message consistently.

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

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

Direct mail marketing through USPS mail has a lasting impact. Unlike an email, **direct mail is tangible, persistent** — Importantly, a recipient of a direct mail envelope actually opens it and much of the content sits on the desk or counter of your contact for weeks (or more). While email



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

is cheaper, it has a short shelf life. When an email isn't opened the day you send it, it's likely to get deleted without your contact ever reading it —much less saving it for future reference. [See Page 51]

Contacts often 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. It's the same reason you constantly hand out business cards – they tend to keep them.

## 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 a list of property owners in your FARM?

### 2. How am I going to create my material?

- Will you originate your materials, or will you find them elsewhere?
- Will you print out materials with your own machine, or use a local printer? [See Page 33]

### 3. What is my budget?

Knowing the answer to these three questions will prepare you to initiate your own direct mail campaign.

## Narrow your target

Send materials to **whoever is most likely to engage you in their transactions.**



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, when you're looking for new listings, it's not productive to send materials to someone who just purchased their home last month.

Research into county public records of owners will be helpful in **narrowing your targets**. Most owners occupy the property. Those owners who rent it out have a different mailing address and no home ownership exemption.

### **What type of marketing material to mail**

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

Further, your physical marketing materials do not need to be limited to letters or postcards. Consider mailing – and handing out – “premiums” **your customers can use** at home, such as:

- **pens, key fobs, big clips;**
- **notepads, magnets, coffee cups;**
- **informational booklets;** and
- **calendars.**

As a rule of thumb, the more valuable the item appears or the greater the utility, the longer your contact will hold onto it — and the more likely the customer will remember to call on you for assistance.

In all instances, include:

- **your image** (logo, face, name, etc.);
- the **service you provide** (sales, rentals, mortgages, etc.); and
- your **contact information.**

Further, be sure to include your California Department of Real Estate (DRE) 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 levels for emails and physical direct mailings, contacts consistently **respond more often to direct mailings**. Thus, direct mail has more value simply because it's tangible, has to be handled, and lasts longer.

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

Your cost will depend on:

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

You qualify for a reduced **bulk postage rate** when you send out enough envelopes bundled in a mass mailing – at least 200 pieces of mail.

As ballpark figures, 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;
- **\$275 for envelopes**; and
- **\$200 for 8 x 11 letterhead**.

When 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.



It's all about name recognition

## Frequency of mailing

Agents need to send out materials as **often as they can afford to** without creating a cash flow issue 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 within your area of your **brand**. For a real estate agent, branding is the result of taking every opportunity to get your name out to potential clients and existing customers so they recognize and identify with you – they'll sense a bond.



Fundamentally, it's all about **name recognition**.

## Is it working?

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

To be more precise, track the response rate for your marketing efforts. By putting **reference codes** – tracking – on your materials for feedback when new contacts reach out to you and asking how they found out about you. Also, have a code for referrals from prior clients, social and civic acquaintances, other agents and the like.

Keep in mind that every email or direct mail is a test about the effectiveness of different material and different target groups of clients, contacts, and mail campaigns. However you choose to implement your mailings, be sure to **keep track of everything**. Tracking includes:

- **how much** you spend on materials, printing and postage;
- **who** you mail to;
- **what type** of materials get the best response; and
- **who responds** to your marketing.

Keep in mind that one listing gained from direct mail pays for more than the cost of sending out materials for an entire year. And when your client is satisfied, that will result in **referrals**, a valuable multiplier effect when you keep in contact with them. Remember, your best source of new business is past clients.

## Final advice to get the response you want

**Spend time on wording the envelope or the packaging.** Understand that when someone isn't enticed by the wording on an envelope to open it, your effort is all for nothing.

You don't want your mailings to look like junk mail, and the copy shouldn't be boring. Generally, **heavy envelopes** work great. Or skip the envelope altogether and go for a **postcard** to reduce postage and printing costs. Test different types and discover which works best for you. Postcards are generally less effective than an envelope stuffed with a letter, business card and brochure.

**As you get to know your clients, tailor your materials to keep their attention.**

**Start off small.** Test different words and designs. The response you get will tell you what works and what doesn't. It's the learning process both entrants and seasoned licensees go through with every mailing. And when you keep track of the results from your marketing campaigns, you'll be able to adjust your marketing strategy to best 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 have a personal website, but you want one to display your listings; or
2. You don't have a personal website and you don't think you need one to display your listings.

Whether you fall into the first or second category, consider this: a super majority of buyers, tenants and owners frequently use websites in their property searches. Thus, every real estate agent, whether in residential or commercial

sales, leasing or mortgage originations, benefits by having a **professional website**. It is their window to the world of individuals who need real estate services today.

Of the **website features** presented on an agent's website, the most helpful for buyers, tenants, and owners include:

- photos [See Page 76];
- property details;
- interactive maps;
- virtual tours; and
- neighborhood information.

When you do not have a website, building one expands your reach to potential clients who employ you and, in turn, you 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, abilities, and schedule. Important as a basic, do your **research** before pouring time and energy into building a website on a platform that may not be the best choice for the long run.



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

**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 IT fee to include your personalized real estate brand and

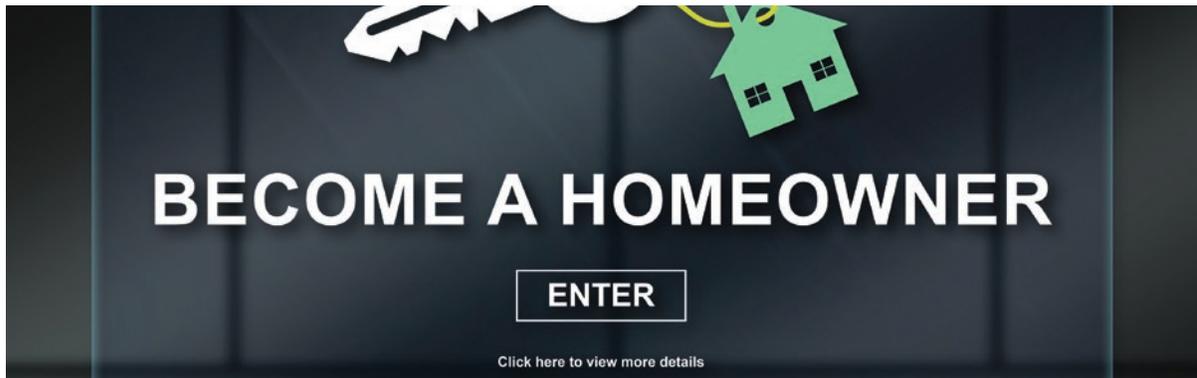
listings on your own homepage in the larger company

site.

On the other hand, when you want an easy set-up and readily available support, consider spending a little money as an investment. 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 your website a better offering. 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 credibility. Better you have no webpages than a stagnant set of webpages. Adding new listings, new photos and new reviews constantly – weekly – 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 friendlier.
3. **Brag about your achievements.** When it comes to gaining potential clients' trust, everyone "likes" a showoff. Consider occasionally **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 any education you complete and your civic involvement and its relationship to real estate.
4. **Incorporate videos.** Investing in a couple solid videos about your services 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, 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, but 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 when you lace your website material with critical words. 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 with these generalizations. 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...

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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** when you need assistance or have any suggestions for improving the content or presentation of these flyers — we intend to be helpful.

[journal.firsttuesday.us/client-qa-flyers/](https://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 online. 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 one of the most-visited social media sites on the web. If you're a social media user, 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 more personalized, **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.

## Instagram

**Instagram** has grown rather large in recent years, especially after being acquired by Facebook. Users post pictures and short videos to their Instagram feed or stories and can provide links to other websites or social media platforms like Facebook and Twitter, with more interactive linking options available for business profile users. This service has a comparable demographic reach to Facebook and is most commonly used by young adults. Thus, Instagram may be one of your best tools for reaching **Millennial first-time buyers**.

You can create a profile specifically to market yourself as an agent and/or your real estate business, being as formal or informal in your social media presentation or finding a balance of the two to better personalize yourself to potential clients. You can share real estate tips, photos of listings you have,



advertise your upcoming open houses, and homes or happy clients you've successfully sold homes to. The possibilities are quite varied on this particular platform.

## Twitter

**Twitter** has the third-highest number of users after Facebook and Instagram. With each post limited to 280 characters, most averaging 33, "tweets" tend to be less substantive and more about the instant gratification of the person sending a tweet 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. For you, 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.

## Pinterest

**Pinterest** is a smaller social media platform. 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. Similarly, you can create entire boards of homes you have listed.

## 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.

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.



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

## Getting started on social media

After you've created your profile(s), 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 a user clicks 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 social media ads. [See Page 59]

## 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 produce a rough picture.

First, set up a **Google Analytics** account to track activity on your **agent website**. Analytics measures a number of visitor activities, 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 your use of Analytics). Therefore, instead of wasting time posting photo-less listings, you'll know the **importance of always including pictures**. [See Page 76]

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 likely 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 59]

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 51];
- 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 38]

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 in 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 up with online house-hunters.

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

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

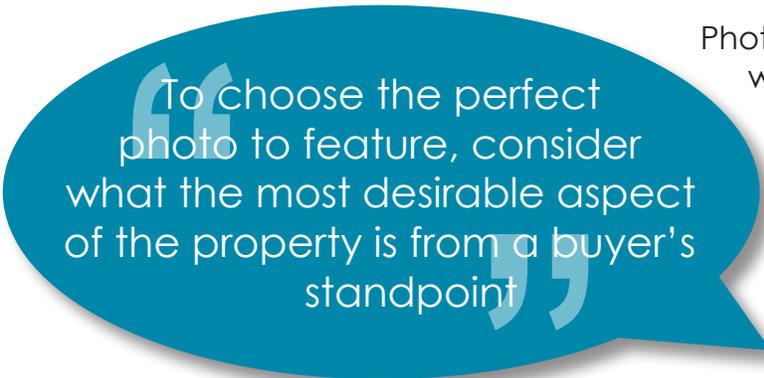
## Quality and quantity

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 property owner likely won't want to be bothered with your reshoot when the only shot taken of the kitchen has your finger in it. Thus, **take multiple pictures of everything**. This includes overview shots of all living areas.

Shots of the **exterior** and any scenic **views** the home may offer 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

Photograph any other selling points worth mentioning in the listing as well.

Also, carefully select the primary image of the property to feature in the listing. The **featured image** is the first and singular view an interested buyer will see at the outset aside from the

basic marketing information on the property. 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? A pool area?

The photo that sets the listing apart as unique 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 expensive, well-designed 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. Barrel lens distortion is when the photographed structure curves inward towards the edges of the shot (e.g., a fish-eye lens uses this effect to deliberately create distorted shots).

Barrel distortion effects vary by lens, so check reviews for discussion about distortions. You can also avoid the worst barrel distortion 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 improves 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 are 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

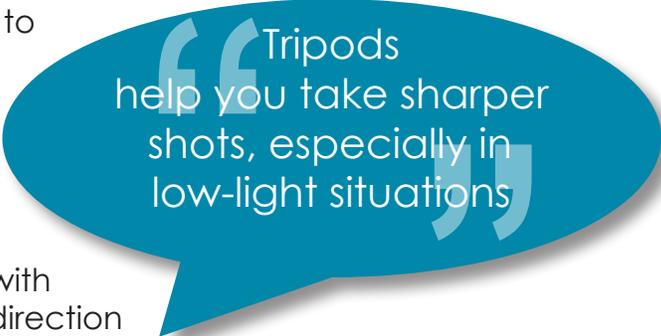
After the point-and-shoot you need to find an entry-level **digital single-lens reflex (DSLR) camera**.

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 you 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**. A variety of conditions cause camera shake, including shutter speed, how you press 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.

When 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 a date and time with the sellers to take photos of their property. Kindly request they give their home a **good cleaning** and **declutter it** before that date —staging is important.

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 cars** out of the driveway for the photo of the front of house.

Other preparation tips:

- **Charge your camera before your appointment, and have 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.** When you have more than one new listing, make it a photo day while you have all your equipment with you.
- **Take extra storage as a precaution.** You don't want to start dumping 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 – amenities.



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 **up to 100 frames**, then choosing the very best from the bunch. It's easier to take extra pictures than return to the property to re-take photos.

After the shoot, view the photos on your computer 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.



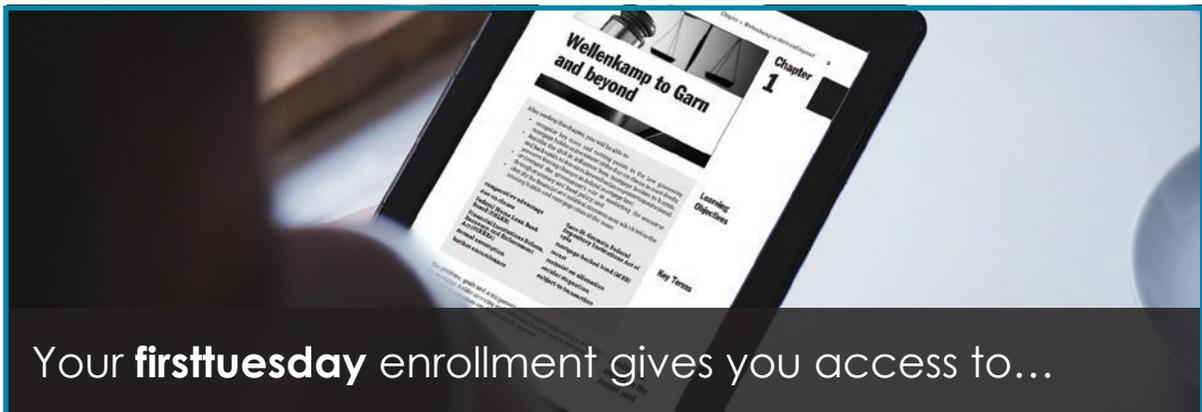
## Exterior shot tips

- **One shot of the whole property.** Get the entire front of the property in one shot, with the least amount of structures obscured by landscaping. Cross the street if necessary to get this wide shot.
- **Keep your back to the sun, when you can.** When 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 eliminate glare. Also, avoid inadvertently including your own reflection in the photo.
- **Shoot rooms from multiple angles.** When the shot doesn't look right, step to one side or step back a bit. To reduce the visual effect of a low ceiling, lower the shoot level of 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 lens 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.



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# Your solicitation of offers and the marketing package

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## **Coordinating** events favoring fairness

The contents of a property marketing package is the evidence a seller's agent needs to demonstrate they have fully informed prospective buyers **what it is that you sell**.

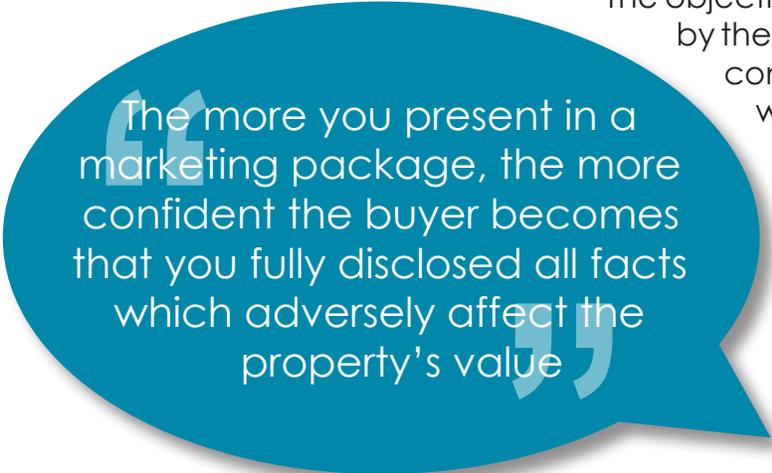
When you are employed as a seller's agent, you owe a **special fiduciary duty** to the seller to use **diligence to market** their listed property, locate a buyer who enters into a purchase agreement with the seller, and close escrow on a sale.

The sole objective: **solicit and locate** prospective buyers to **acquire the property** on the listed terms and property conditions disclosed. Symmetry of

property information between the seller and the buyer is the goal. Thus, what the seller knows about the property, the buyer also knows before entering into a purchase agreement.

Understand that negotiations by a prospective buyer start on their inquiry for property information and ends when bargaining results in the buyer and seller signing a purchase agreement.

At the moment a prospective buyer voices an interest by inquiring about the property, you as the seller's agent owe that buyer and their agent a **general duty** to **voluntarily** provide critical information on the listed property, including all conditions which might adversely affect its value as viewed by an informed buyer. This critical information affecting a property's value is labeled **material facts**.



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 objective of these upfront disclosures by the seller and their agent of known conditions is to provide the buyer with sufficient information about the property to make them aware – put them on notice – of conditions affecting its value and their use of the property to enable them to set a price before they submit an offer.

To accommodate your delivery of property information to a prospective buyer, organize the information you gather at the listing stage when you conduct your property investigation and include it in the **marketing package**.

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

A marketing package, as a collection of accurate information and data on a listed property, reaches well beyond the minimal engaging contents of the “promotional flyer” you use to attract buyers.

For the package to contain **critical information** about the property, it includes all state mandated property disclosures and third-party investigative reports acquired which set forth the property's present condition.



The **more information** you detail in a marketing package, the **more confident** the buyer becomes about the property. Equally as important, the package demonstrates you have fully disclosed all facts which might adversely affect the market value of the property.

To properly market a listed property, you hand the marketing package to buyers or their agents on their initial inquiry into further property details. The delivery of property information to buyers is part of the listing agent's duty, owed to your seller, to conduct a **due diligence investigation** and timely relay knowledge of adverse property conditions to interested buyers.

Upfront property disclosures avoid money claims by the buyer based on seller/agent deceit for failure to disclose material facts about the property before your seller enters into a purchase agreement with the buyer.

Further, the condition of property reports prepared by a licensed or accredited third-party – home inspectors – and included in a marketing package reduce:

- the seller's exposure to liability under their **duty to disclose their knowledge** of property conditions adversely affecting value; and
- your exposure to liability as the seller's agent under your legislated **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

When you enter into a **listing agreement**, prepare and review with the seller a checklist of property reports needed from third parties to perfect your marketing package. [See **RPI Form 102 §7**]

The checklist, called an **advance cost sheet**, is an estimate you prepare to review with the seller and advise on the costs they will incur for third-party investigative reports you need in the marketing package. The checklist becomes an addendum to the listing agreement as a condition of employment. [See **RPI Form 107**]

When the seller agrees to incur the marketing expenses itemized in the cost sheet, you have the authority to request the various third-party services and obtain their reports. On receiving a report, the seller will confirm its content and you will include it in your marketing package.

The recommended **third-party reports** 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 to the property;
- an **occupancy (transfer) certificate**, if locally required on sales; 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)**, unless obtained from an NHD advisory service [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 or 318**]; and
- a **rental income spreadsheet**, regarding the rent roll for tenant-occupied property. [See **RPI Form 352-1**]

Remember, you are to include all property information — third-party reports and disclosures the seller or you prepare — in the marketing package you hand to prospective buyers the **moment they request more information** on your seller's property. This information is not set out in a promotional flyer.

Also, prospective buyers interested in a property need detailed information on the property's fundamentals to distinguish it from other properties they are considering, and to set the price when they prepare an offer to purchase your seller's property.

In contrast, when you wait to deliver the marketing package and its contents to the buyer after the seller and buyer enter into a purchase agreement, you have made the disclosures in an **untimely manner**. For this tardiness, there are consequences such as:

- the price set and agreed to is subject to a price adjustment before closing, or a refund after closing, on the buyer's later discovery of undisclosed defects adversely affecting value.

These facts were known or should have been known by the seller or the agent to exist on the date the buyer and seller entered into a purchase agreement.



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

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## **First-time buyers – critical to your success**

One-in-three buyer clients are **first-time homebuyers**. Also, their access to the home sales market is primarily through agents such as you – the entryway gatekeeper. Thus, your training and familiarity with the unique needs of this group of homebuyers is a vital step in bolstering your real estate resume. Ultimately, it is about completing more transactions.

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

- how representing first-time homebuyers is a **different approach** from assisting repeat buyers and sellers;

- advising first-time homebuyers on the merits of different locations, proximity to services, and a home with suitable amenities.
- informing first-time homebuyers about the **practical aspects** of real estate transactions and the **costs** of buying and owning a home;
- helping first-time homebuyers **qualify for a mortgage**; and
- how to **market yourself** and **locate** first-time homebuyers.

## Approaching the first-time homebuyer

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

- be less knowledgeable, or worse, ill-informed about acquiring real estate;
- qualify to buy in a low-tier home price point;
  - hold unrealistic expectations about ownership and property operations and costs;
  - have less personal impetus to enter into property ownership; and
  - require more of your time than other buyers as their agent.

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

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.

Once you mentally accept this challenge, you will begin to form a strategy for completing transactions (and earning fees). You will learn to turn an uncertain homebuyer into a **satisfied homeowner**. In turn, they become a source of referrals among their peers in the first-time homebuyer tier. Your name is embedded in their mind for years to come. Eventually, they will need your services to sell the home you found for them and relocate to another.

## When they do not (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 mortgage 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** including your preferred lender. Shopping mortgage companies keeps them honest. Without a comparison of commitments from different lenders, your buyers simply cannot locate the most competitive or alternative terms available. Remember: where they bank will not likely be the best terms available due to customer bonding – of course.

Walk them through the preapproval process before you expose them to properties for sale, and never wait until you start preparing purchase offers.

Inform them **what personal documentation** they need to make available to the lender. When the time comes to submit a mortgage application following acceptance of your buyer's offer, remind the buyer 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 the mortgage amount they need to close their purchase?

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 advised by the lender or on the buyer's review of their credit report.

But don't just assume they will do so — without being pushy, continue to check in with them every week to see what they have done and are doing to get 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 approve a mortgage application is a **debt-to-income (DTI)** ratio that is too high. A homebuyer measures their DTI 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 **cannot exceed 43%** of their combined monthly income (before withholdings). Debt includes the entire payment to the mortgage lender of principal, interest, private mortgage insurance (PMI), property taxes and homeowner's insurance.

One common obstacle to an acceptable DTI is the high amount of **student debt** today's generation of first-time homebuyers too often carry. Some 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 frequently more. 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, part of the homebuyer's total debt for setting the DTI ratio.



Encourage your first-time homebuyer clients to ask questions

### 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 other 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 about specific questions they need to ask concerning things in the home buying process they have not heard about. That's where you voluntarily step in and initiate their enlightenment.

Your client likely knows about how much cash they need available for a **down payment**. However, additional costs exist that 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. When they are close to



having a 20% down payment, they may want to wait until they build up savings or find a donor to acquire the full down payment. The goal is to avoid the premium, so they qualify for a larger mortgage amount and a home with more amenities and a preferred location;

- **closing costs** — your buyer needs to know up-front that they are to set aside thousands of dollars to cover buyer closing and moving costs when sellers will not agree to pay them or the lender will not add them to the loan amount, a sum which impacts their saving and buying timeline;
- the **supplemental property tax bill** the buyer will receive shortly after closing and must pay themselves, separate from the annual property tax billing;
- **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 of their income to budget for **property maintenance** and **utilities** by requesting the seller to fill out a property operating expense disclosure 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, unless the seller prudently provides one when they enter into a purchase agreement – through this report they confirm the improvements are in the condition “as disclosed” by the seller and the seller’s agent before contracting to sell. [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, claims history of the property and the insurer selected; and

- the **tax reductions** available to homeowners, by deducting mortgage interest, the mortgage origination fee, mortgage insurance premiums (MIPs), interest on bonded assessments and property taxes.

## How to find first-time homebuyers

Your first stop to find potential first-time homebuyers is in areas 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.

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

Don't forget to **reward loyalty**. When you make contact with their referral, thank them. Send the person who made the referral 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, Trulia and on social media. They all work to create your brand. [See Page 65]



# Career Manual: Your Guide to Personal Branding and Income Enhancement

Welcome to the dynamic world of California real estate! As a new or future real estate licensee, you now face the task of building a sustainable career that will enable you to meet your income goals — and **firsttuesday** is here to help.

This **Career Manual** will guide you on the strategies necessary to excel. Topics include:

- laying the professional groundwork for a long-term and successful real estate career;
- building your own power base within your community;
- locating a compatible employing broker to train and employ you;
- analyzing your potential earnings;
- targeting first-time homebuyers as part of your business model;
- creating and marketing your unique personal brand;
- critical techniques for implementing a FARMing campaign in your target community;
- establishing an effective online and direct mail marketing campaign;
- tips for harnessing social media and taking real estate photography to improve your listings;
- putting together a compelling and transparent marketing package; and
- ...much more