

## CONVERTING FSBO'S TO LISTINGS

It's been there almost as long as real estate itself. Once the first owner of real property decided to sell, they became one. FSBO's or "For Sale By Owners" have always been an abundant source of listings for REALTORS. Yet, as hot as this market is, not everyone in real estate has desired to pursue this valuable type of prospect. Most agents feel that FSBO's hate salespeople, which is simply not true. If anything, they are simply misunderstood.

Many of the misconceptions that For Sale By Owners have had on *how* real estate is sold has changed very little over the years. Most still believe that if a property is listed by an agent, the agent themselves will in fact be the ultimate procuring cause of the sale. The agent will list the property, advertise the property for sale, answer questions that potential buyers have about the property, generate advertising, set up appointments to show the home, ultimately generating a contract from one of the so-called "interested" parties. With this basic (yet misdirected) understanding of how properties are sold, it is no wonder why many FSBO's generate the wrong impressions in the real value that REALTORS play in causing properties to sell.

Real estate selling has become extremely complex over the years. The changes in both technology and the way real estate is sold is profound. Sellers today face the same disclosure laws that REALTORS do. No one, not even FSBO's themselves are exempt from the sometimes catastrophic financial losses that generate from mistakes made in the conveyance of property information. This risk alone should be enough to stop most homeowners from thinking twice about selling a home themselves. For Sale By Owners who were once successful before may not be today due to the tremendous changes that have taken place in the way real estate is sold. Why then do so many still attempt the task? They do so for one, or more, of several reasons. The majority believe that they really can sell the house themselves. Since they *supposedly* know all that agents do to sell property, it cannot be all that tough, right? Besides, most know at least one other person who has been successful at selling a home before on their own, feeling that if their friends can do it, then so can they! Many For Sale By Owners simply don't want to "pay the commission" because they have not been convinced of its value. Some simply don't trust salespeople, or have had in the past a bad experience when working with real estate companies.

Surprisingly, the majority of For Sale By Owners eventually **do** list their homes with a REALTOR. Yet, most salespeople view the For Sale By Owner as a potential opponent rather than someone who has a real need for their services. Many salespeople are reluctant to call on FSBO's because they have concerns about the reaction of the owner and they do not want to be "rejected". While, initially, most For Sale By Owners do not see a need for an agent, or don't feel that the use of a real estate company is justified, many who are unable to sell their homes themselves eventually turn to a REALTOR for help.

So, who gets the listings? The REALTOR who can adapt his or her approach, build confidence and trust, and help the Owner recognize the valuable "systems" that they *exclusively* have which cause properties to sell in the 90's will end up the ultimate winner. For Sale By Owners represent a substantial percentage of the listing opportunities afforded REALTORS. One of the nice things about FSBO's is that they are not hard to find. They have signs out in front of their homes and often run ads in newspapers which means you can locate them without a great deal of effort. They are people who, in the majority of cases, are motivated to sell. Many times they have some of the best properties available, representing still another reason why they attempt this venture on their own.

To sell and succeed with For Sale By Owners in the 90's you need a plan! Before calling on the For Sale By Owner, put yourself into a positive and understanding frame of mind. Remind yourself that "these people have many problems" in trying to sell a home themselves. Your job, if nothing else, is to point out some of these challenges to them, offering assistance only when called upon. Remind yourself of why **you** can help them, even if you know they don't think so. Picture yourself, through visualization, establishing a positive relationship with the For Sale By Owner, with them asking for your assistance and giving you the opportunity to exclusively represent them. Never approach the For Sale By Owner on the basis of *listing their home*. If he had **wanted** to list, he would have already done so. Besides, you don't even know if **you** want the listing. You're only there, initially, to preview their property so that you can be in a position to tell potential buyers about it. Hardly any For Sale By Owner can resist this tempting opportunity and will, almost without exception, let you in to *preview* for your potential buyers. Previewing property for buyers is an easy way to initially avoid the listing questions and minimizes, if not totally eliminates, any initial rejection on the part of the Seller.

Make sure you have specific goals in mind before each visit. Your first visit, in most cases, is to (1) qualify the Seller, (2) determine if you want to pursue the property for a listing, and (3) to establish a liking, understanding, belief and trust bond with the Owner. In most cases, your preview will be done with only one party present and the most successful For Sale By Owner agents would never, ever consider making a "pitch" to only one of the decision makers. This is a major reason why the two-call approach to dealing with FSBO's is better. In addition, it allows you to base your presentation, on the second trip, upon facts you discover through questions asked or through your visual inspection of the Property. The two-call listing approach with For Sale By Owners allows you to address all of their "concerns" by customizing your presentation to address those specific areas you have previously uncovered as being important to them. It also allows for a stress-free environment, stress-free closing and increases the prospect's overall participation in conversation during the presentation.

Ultimately, obtaining For Sale By Owner opportunities comes from a combination of professional interest and activities applied on a dedicated basis. It also results in you having the better mouse trap. There are five techniques you may find value to keep in mind in order to be effective with For Sale By Owners in the 90's.

**IDENTIFY THE SERVICES YOU CAN OFFER OWNERS THAT THEY CANNOT EASILY PERFORM NOR CAN THEY BE ACQUIRED FROM ANYONE ELSE.**

To be effective with For Sale By Owners, you should recognize that, first, they are trying to sell their own homes to *save the commission*. Second, they do not believe that you provide any extra services that they could not do themselves. Third, they have personal ego involvement in the process of selling their own homes. Therefore, in working with any For Sale By Owner, the first approach is to clearly identify what you can do for owners that cannot be duplicated by anyone else including themselves. If you are going to successfully convince owners that you are worth the professional fees involved to list real estate, you must make them familiar with the full extent of the *systems* you employ and the *services* you offer. It is essential to make that presentation in a way that will dramatize the value of your services to intrigue the owners. If owners do not believe that you are worth the extra price or cost they perceive, they will continue to try and sell their own properties--often to their own disadvantage. The longer a property has market exposure, the more it tends to *psychologically* depreciate in value to buyers. If owners fail to achieve their objectives in the first couple of weeks, they may have already lost out on the marketing advantages inherent in the introductory period.

You have been provided a checklist of fifteen problem areas which owners may not successfully be able to handle themselves. There are certainly more, but being aware of these fifteen situations and the services you render to solve them, can be very beneficial to use in your presentation to convince owners to list with you.

**ALWAYS USE A VISUAL MARKETING PRESENTATION OR LISTING KIT**

Once you have identified the services you perform that owners (and your competition) cannot do for themselves, the next step is to put this information into a visual presentation that will effectively interest the owners. Based on clinical studies, for aiding retention and establishing credibility, the eye is 85% more effective than the ear. Therefore, if you are not visually marketing yourself and your services, then you are eliminating one of the most effective means of gaining and maintaining a person's attention. People are not going to give you the opportunity to stand on their doorsteps while you elaborate on your company's attributes in great detail. You have to put something in their hands, that they can see, to augment your presentation. If you do not have such a visual tool, you should prepare one. A listing kit is one such effective visual element that will do the job for you. Having third-party testimonials will certainly make your job a lot easier, too.

**CONTACT THE OWNERS AND GET THEIR ATTENTION, AND AN APPOINTMENT, AS EARLY AS POSSIBLE**

There is an old saying, "the early bird gets the worm". That is not necessarily true where For Sale By Owners are concerned, but it certainly helps to be one of the first to appear at the time property is placed on the market. Paying attention to property newly on the market shows your interest and, if you follow through on the other steps involved, the

owner will perhaps give you favored consideration. Owners may not believe you when you visit a property several weeks after it has been exposed and tell them that you specialize in their area and that you are really interested in their home. Get their attention by showing interest in the property when it first comes on the market--certainly within the first week and preferably the first day or two after it is listed. The best approach is to stay on top of all properties in your area as they appear, either through newspaper ads or during regular investigative trips in the neighborhoods where you specialize.

### **TELL OWNERS SOMETHING THEY DO NOT EXPECT TO HEAR AND GET ON THEIR SIDE**

Let owners know you have something to offer that is different than they had expected. The listing kit is one of your best tools to use for that purpose along with any other presentation materials you may have developed, including checklists owners may want to consider when marketing their own properties. Your object initially, is not necessarily to obtain the listing-it is to attract the owner's attention to what you can do for them. You can do that by telling them something that intrigues them.

### **ALWAYS BE PREPARED TO OFFER SOMETHING OF VALUE THAT CAN HELP THEM IN SELLING THEIR HOME**

There are many things that you can use and your Broker or Sales Manager may have some examples or suggestions for you. Some specific "value items" that come to mind include video tapes on how to sell a home or how to show a home to its greatest advantage, sample advertising, mortgage or financing information, and possible relocation information, if the Seller is transferring out of the city. This last idea of relocation information is an excellent way of showing the For Sale By Owner the credibility you can command on a national basis. Whether or not your company is a national franchise or not, you still have many sources to use to develop referral relations nationwide. Ask your Broker for the specific sources they wish to use, and start the ball rolling, immediately.

When you leave an item, attach your business card, and mention that you'll stop back another time to discuss the item and answer questions. This will give you a specific reason to return and help you overcome your own reluctance to make that second call.

Remember, when dealing with For Sale By Owners, show empathy, be patient and positive. Empathy is the ability to understand and appreciate the For Sale By Owners emotions, without becoming involved. Use words like *we* and *our* to show that you are fully involved. Observe their body language. If it shows a negative appearance, be cautious of that fact. Be patient and when you listen for the underlying meaning of their statements, be prepared to respond to their fears; every seller has some. This is best handled by allowing them to verbalize their concerns and in many cases they will reach their own conclusions and resolve their own fears. Never challenge or disagree with For Sale By Owners nor respond to an emotional statement with logic. Give them time to

think by allowing for silence. You're positive when your body language is open and visually reflects what you verbally say. Don't overprotect--most For Sale By Owners need to know the seriousness of the challenges they will be facing.

## **HOW TO GET AN APPOINTMENT WITH A FOR SALE BY OWNER EVERY TIME**

### **QUESTION ONE:**

*"I saw your sign (or ad). May I ask, are you cooperating with real estate companies?"*

If they say, *Yes*, go on to "The Close".

### **QUESTION TWO:**

*May I ask you just one quick question? If we had a qualified buyer, willing to pay a price acceptable to you, would you accept such an offer through our company?*

If they say, *Yes*, go on to "The Close". If they say *No*, proceed to next question.

### **QUESTION THREE:**

*If you felt that you could actually get more money, a quicker sale and fewer problems by doing business with a real estate company, would you do so?"*

If they say, *Yes*, go on to "The Close". If they say, *No*, ask the last question.

### **QUESTION FOUR:**

*May I ask why?*

The FSBO may now ask, *What do you mean?* This is the first time they have actually heard you. Now repeat question three again, slowly and finish with "The Close".

### **THE CLOSE:**

*Fine. It will take just a few minutes to see enough of your home to tell potential buyers about it. Would 6 p.m. or 7 p.m. this evening be better?*

**TEN POWER SELLING™ QUESTIONS TO HELP YOU QUALIFY  
THE FOR SALE BY OWNER  
DURING YOUR INITIAL INSPECTION  
OF THE PROPERTY**

These "loaded" questions are to be asked as you tour the home, which should be done immediately upon your arrival. They will determine the seriousness and urgency of the Seller by *qualifying* them. Your physical inspection of the home will determine its "showability", once you have finished touring the home.

Now, here are your qualifying questions:

1. Why are you selling? In addition to that, is there any *other* reason you are selling?
2. When would you like to know your home is sold for sure?
3. Have you found another home yet?
4. Do you need the money from your present home to buy your next one?
5. Have you ever sold a home before?
6. Have you had the opportunity to study a comparative market analysis?
7. How did you arrive at your asking price and what kind of net are you looking for?
8. What happens if you do not have a serious buyer for your home in the next 60 days?
9. Are there any conditions under which you would do business with a real estate company (or with me)?
10. Are you absolutely serious about selling?

Afterwards, arrange for a follow up when both parties are present, assuming of course that you want to proceed further. Some sample language for setting up the return visit might be this: *Mrs. Seller you certainly have a lovely home and on the surface I see no reason why it shouldn't sell. I would, however, like to return again when both you and your husband will be present, to show you several marketing ideas which you might consider using, in order to help cause your home to sell even faster. It will only take a few minutes and I think that both of you will find it productive time well spent. Would tomorrow at 7 p.m. be convenient or would 6 p.m. Saturday be better? Remember to always give an alternate of choice. Also, remember to mention the other "value items" you will be returning with which will help the homeowner in the sale of their home.*

## HOW TO "BREAK THE ICE" WHEN SITTING FACE-TO-FACE WITH FSBO'S

Some of these questions will be covered either upon your return visit to the home, when meeting with both parties, or when you are asked by both husband and wife, on the initial visit, for "specifics" about you, your services or what you could do for them. Make sure that you have already asked and gotten answers to your Ten *POWER SELLING™* questions, first. Assuming that the Seller is both qualified and motivated, that you feel the house is both showable and capable of being "priced right", and that you **want** this listing and are fully prepared to talk about the pricing issue, then go for it!

Your job, at this point, is to ask enough questions to find a problem, then show a solution. Your "solution" should initiate some use of one or more visual aids found in your listing kit. If they say anything about not wanting to list, put them immediately at ease, stating that is not your intention. Besides, you're only there to see the home for potential qualified buyers. Fear of loss is a stronger motivator than opportunity gained. If you can help them, you will tell them. If you cannot, you will tell them that, too. Fair enough?

If they talk about their potential buyers, compare notes, your buyers vs. their buyers. When you can show that during a one-week period your company worked with, say 150 qualified buyers to their one or two, it will become more obvious to them where the serious qualified buyers are going--to the real estate companies.

If the discussion centers around commission, ask about the single, greatest advantage they have going in selling the home themselves. Their answer? To save the commission, of course. This is also the Buyer's single greatest advantage in dealing directly with them, therefore someone has to lose since a commission is only paid once and both parties cannot save it.

If they talk about the activity or advertising, let them know that 90% of all buyers dealing with FSBO's directly are not qualified to buy the homes they are looking at. Why? Most are qualified, if indeed they are sincere, for a price range many thousands of dollars below theirs. Remember, anyone who looks to deal directly with a For Sale By Owner are out mainly to find *something for nothing*. A great way to *break the ice* is to ask them if they would like to get a little more than what other owners are getting in the same area. How? By pricing wholesale, not retail. A *bargain* sells faster and gets a greater net than what other sellers experience.

If the discussion turns to asking you about pricing, what your opinion is about a particular matter, or anything that relates to or needs your professional input, then use this to immediately begin closing on them. Show a solution through the materials in your listing kit. Also, don't forget the value of elaborating on some of the challenges they will be facing in attempting to sell the home themselves. Find a problem they are having through something they say, elaborate on it showing the *downside*, then show a solution.

## **TEN ELEMENTS YOUR LISTING PRESENTATION MUST COVER WITH FSBO'S**

To be successful when dealing with For Sale By Owners today, it is important that in your listing presentation you show what marketing skills, unique tools and programs you and your company have in order to help cause the home to sell. Never, ever, sell you or your company's personality by saying, *We (or I) am the best!* Trust me, sellers don't care. What they do care about is that you have the systems (which no one else does) that will cause their home to sell, in the shortest period of time, netting them bottom line, the most money. Not only is the competition missing these marketing systems, but they, as FSBO's, lack these tools also. The only way they can get these tools to work for them to help sell their house is to employ you.

Make sure your listing presentation and visual aids (a must) address the following:

1. Why you have the better way to sell their home.
2. What are the specifics of a "marketing system" you will use to help cause their home to sell (be unique, dynamic, and effective, appealing at all times to their "greed factor").
3. How and why you can mobilize the real estate community better than anyone else.
4. Fully explain to the For Sale By Owner where buyers come from and why you have the largest percentage of serious, qualified buyers.
5. Explain why you represent, and bring in, buyers from out-of-town and the importance of this type of buyer to them.
6. Fully discuss how and what you will use to promote their home.
7. Make sure they understand the importance you play in helping to price their home and the importance of a quality "Comparative Market Analysis".
8. Explain what you do weekly for them by using a written marketing plan.
9. Fully cover what you will continue to do for them once the sale is made.
10. Let them know why your company is better than the competition through the use of a comparative services checklist, which outlines your company's services against those offered by the competition. (Never, ever say you company is the best. Prove it to the FSBO through tangible benefits they can recognize.)

## **SEVEN KEY INTEREST SIGNALS TO WATCH FOR WHEN DEALING WITH FOR SALE BY OWNERS**

These are *Buying Signals* you need to be able to recognize with FSBO's. Once they begin to buy into what you have to say, your "asking for the order" should be close at hand.

1. Picking up the paperwork.
2. Leaning in towards you.
3. Offering a pleasant expression or smile.
4. Showing a relaxed position.
5. Showing agreement with body language (particularly head movements).
6. Verbal agreement.
7. Unusual spark of interest.

## **THE FOR SALE BY OWNER PRICE POINT HOME SALABILITY CHECKLIST**

How marketable is a FSBO's home? Help them take this "Salability Quiz" and let them find out for themselves. Give 5 points for every question you can answer, *Yes*. Want to increase the odds in selling the home? Do more! A score of 50 points is considered "Average".

1. Is the home listed below retail price (wholesale it)?
2. Is owner financing available?
3. Will owner accept below-market down payment?
4. Will owner accept a below-market interest rate?
5. Can property be sold FHA or VA?
6. Will owner today agree to post-dated price reduction?
7. Is property listed at an odd sales price (considering "ballonroning" it)?
8. Has owner given agent a full-term, 120-day listing (or longer)?
9. Will owner pay above-market commission?
10. Is property easily accessible? (lockbox, phone for showing, etc.)
11. Will owner allow a yard sign?
12. Will owner improve or redecorate home, where necessary?
13. Will owner offer immediate possession?
14. Will owner consider trade terms?
15. Are there any special features or extras included (appliances, etc.)?
16. Will owner pay in advance for an appraisal?
17. Will owner pay for a home protection plan?
18. Will owner agree to avoid entering into contracts with contingencies other than financing?
19. Will owner make property available for first caravan or tour?
20. Is seller willing to complete or pay to fix obvious repairs?