

Get paid to sell real estate!

FabJob Guide to
**Become a
Real Estate
Agent**



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1. Introduction

Welcome to the exciting realm of real estate, where property is bought and sold. Each real estate transaction is unique, and with market values constantly shifting, the advice of an expert — the real estate agent — is an essential component of a hassle-free exchange for both buyer and seller.

The reasons people work in real estate are as varied as the work itself. Real estate agents love the thrill of being a part of big-money deals, and rise to the challenge of negotiating the best price, or convincing clients that their services are the best there are.

But there's another side to the attraction of this career, which is helping people's dreams come true. Real estate agents talk of overwhelming satisfaction in finding the perfect new home for their clients, or helping owners sell a home with little hassle and for a great price. If you

love people and are rewarded by helping them, you have discovered a career that will allow you to combine your passion with a real way to make money.

A good real estate agent is someone clients turn to for his or her advice and expertise. You will be respected, trusted, and admired as someone with exclusive information and skills. And when your clients are jumping up and down in the living room after accepting the offer of a lifetime, you'll know you had a part in making their financial freedom a reality.

Being a real estate agent is also a job that offers a tremendous amount of flexibility. Many agents work from home and set their own hours, so you can create a job that works with the rest of your life. You can also choose to specialize in working with clients you enjoy the most, such as first-time buyers, single parents, or military families. It's up to you!

Here's a hot tip: real estate agents are the first to know when a great new property has hit the market, and may use this advantage to snap up investment deals. Many real estate professionals have made themselves financially independent through smart buying and selling.

Becoming a real estate agent is something you can start right now. You don't need a college degree to sell real estate, and the training for your license is readily available, even by correspondence or online. Finding somewhere to work is usually not a challenge, as brokers are happy to have agents out there making money for them.

With rising household incomes, low interest rates, and affluent baby boomers looking for an alternative to the stock market, the number of real estate transactions is at an all-time high. In fact, there's never been a better time to become a real estate agent.

So get ready... this guide is your ticket to a fabulous new career. The FabJob Guide to Become a Real Estate Agent will prepare you to launch yourself into whatever your local market holds, and hit the ground running. It will be no time at all before you're cashing your first commission check.

1.1 What is a Real Estate Agent?

Real estate agents help people with buying, selling, or leasing homes, buildings, and land. They are the experts who make sure that their clients' best interests are protected in these big-money contracts and deals. They provide counsel to help people make the right decisions.

Real estate agents are hired by people and companies to help them find and purchase or lease property, or get the best price selling or leasing property they own. These transactions can be complex and a lot of money changes hands, so the real estate agent is hired to make sure everything is handled correctly and according to the law.

Residential real estate agents specialize in working with homes and homeowners, while commercial real estate agents deal with office space and business-use buildings. An agent can represent the buyer, the seller, or both. They present offers and counter-offers from buyer to seller, and vice-versa.

Agents are expected to know what the real estate market is doing so they can negotiate the best price for their client. They also need to be familiar with the paperwork involved in transferring property from seller to buyer, and knowledgeable about issues such as mortgages and financing. Real estate agents' annual salaries are based on the commissions they earn when properties sell.

Real estate agents are usually self-employed, but by law must work in conjunction with a broker. (Some real estate agents choose to become brokers themselves after they have acquired enough education or experience.) Both real estate agents and brokers must pass a state or provincial exam, and hold a current valid license.

Real estate agents have busy but flexible schedules, and will often work evenings or weekends. As a real estate agent you will do some or all of the following:

- Meet with buyers or sellers to assess their needs
- Monitor the market for new properties for sale
- Show real estate to buyers or sellers
- Advertise your listed properties for sale

- Draft formal offers to purchase real estate
- Present offers and counter-offers to sellers and buyers
- Negotiate transactions
- Market your services to new clients
- Assist buyers and sellers with paperwork and financing

You may have heard the terms “real estate agent” and “Realtor” used interchangeably, but they are not the same thing. Realtor (capital R) is a trademarked term indicating that the individual agent is a member of the National Association of Realtors (NAR).

- *National Association of Realtors*
www.realtor.org

Real Estate Terminology

While every field has its own slang and specific vocabulary, real estate is exceptional in that many of the terms an agent uses are legal terms. These will be discussed in detail in your training, and will be a part of the exam for your license.

In the meantime, you can access online glossaries such as the ones below if you come across an unfamiliar term in this guide, or in other reading you do.

- *FannieMae Online Glossary*
www.fanniemae.com/homebuyers/glossary/index.jhtml
- *Canadian Real Estate Association (CREA) Online Glossary*
www.crea.ca/public/buying_selling/glossary.htm

1.1.1 Why Real Estate Agents Matter

Real estate is often the most expensive investment people will ever make. Hundreds of thousands of dollars change hands, and the legal repercussions if something goes wrong are severe. There are contracts to be signed, deposits made, and financing to arrange, all in a short time frame.

With all that's involved, most people don't make a habit of buying or selling real estate. Those who do are trying to make money, and are called home flippers — something you can more effectively pursue as an agent.

However, the average person doesn't know too much about purchasing or selling homes. Even if they went through the process when they bought the home they're in, chances are it's been years since then. So it seems logical that, when faced with the challenge of finding a home or marketing a property for sale, most people will hire a real estate agent to help them out.

There is a small portion of the population who believe that real estate agents take payment for very little work, and/or that their services are not required when property changes hands. Especially now, since the Internet allows people to look at homes and market theirs online. But in going into such a transaction on their own, they are taking a huge risk.

Real estate agents don't just open doors and file paperwork. A good real estate agent offers his or her clients real value. For example, the agent has access to the agent-only version of the MLS (Multiple Listing Service) so their clients learn of new listings as soon as they go up for sale. Agents are also frequently invited to preview a new property for sale ahead of the public.

The agent also offers the value of his or her knowledge of a neighborhood, town or city. They may be able to advise buyers, for example, on neighborhoods that have good schools, public transportation, lower property taxes, or whatever the buyer is interested in. They may have been inside other homes in the area when they were up for sale, and so can help buyers compare the property to their neighbors'.

A good agent offers even more value to the client. He or she can:

- Help buyers calculate mortgage payments to see if they can afford the purchase
- Refer buyers and sellers to prescreened industry professionals such as home inspectors and loan agents
- Help sellers decide on a price for the home
- Market a property effectively so it sells more quickly

- Ask questions to help buyers determine if a home will suit them
- Help buyers submit an offer that is more likely to be accepted
- Follow up with lawyers, title companies, and escrow issues
- Handle potentially uncomfortable negotiations with other parties
- And much, much more!

This guide will help you determine the best ways you can offer true value to your clients, and possibly specialize in certain services to set yourself above the crowd. The bottom line is that real estate agents matter because people's homes and financial investments matter greatly to them.

1.1.2 The Real Estate Market

One thing is certain in the real estate market — that it will always be changing. The market is in constant flux, and it's important to remember that the change is cyclical. If you know your market history, you will be more accurate in predicting future trends. But no matter in hot, cold, or steady markets, there is always money to be made in the field of real estate.

The real estate market in North America is currently stabilizing after experiencing an unprecedented boom in the early part of the new millennium then a rapid decline in the past couple of years. A strong sellers' market is now shifting to a more balanced one, so people who have been waiting for a "leveling out" are now ready to reenter the market.

Lending rates remain near 40-year lows, which allows a substantially larger portion of the population to own instead of rent, according to the most recent data released from NAR. They also reported that 2007 was the fifth highest year on record for existing-home sales.

In the U.S. right now, the median existing single-family home price is \$217,800. In the West, for example, where prices are traditionally higher, the median is \$342,300, and the Northeast part of the country is seeing a median value of \$287,700. In Canada, the current national average house sold through the MLS is \$311,887, up more than \$35,000 from two years ago. In Canada's major markets, the average is now above \$400,000. With that kind of money at stake, the majority of homeowners or buyers put their faith in a real estate agent to make sure that all goes well.

In fact, the most recent NAR profile of home buyers and sellers reveals that a home sold with the help of a real estate professional sells for 25 percent more than those sold without representation. In exchange for their service, the agent is compensated with a percentage of the commission from the sale, usually several thousand dollars per transaction. But rest assured, you'll work to earn that money!

According to the U.S. Bureau of Labor Statistics, the employment outlook is good for real estate agents, due to increasing housing needs of a growing population, as well as the perception that real estate is a good investment. Relatively low interest rates should continue to stimulate sales of real estate, resulting in the need for more agents and brokers. In addition, a large number of job openings will arise each year from the need to replace workers who transfer to other occupations or leave the labor force.

Technology is also having a profound influence on the way real estate is bought and sold. Virtual tours, laptops and PDAs, digital and phone cameras, and emailed listings are all part of today's real estate market. And a huge percentage of buyers and sellers now start their searches online. This guide will introduce you to some of the gadgets and techniques that the modern agent is using to reach and satisfy these modern clients.

Like most industries, specialization is also changing the way real estate services are offered. Most real estate professionals now choose to offer focused services to a specific group of clients, rather than try to be "everyone's" real estate agent. Clients appreciate the additional knowledge that a specialist brings to the table. This guide will look at marketable specializations to help you find your niche.

1.1.3 Benefits of the Career

There's a reason (actually, many reasons) why so many people turn to selling real estate when they are dissatisfied with their current career path. Here are some of the attractive benefits of being a real estate agent.

Flexibility

Real estate is not a 9-5 job by any means. You'll have availability during the day to spend time with the kids, go to doctors' appointments, and lunch with friends. Many agents chose to work in their own towns and neighborhoods. "It is easy to run personal errands and then pop over

to show a property in your own neighborhood,” notes guide co-author Pamela Gray.

Of course, the compromise is that you’ll need to commit some evenings and weekends to working with clients. And you’ll still have to put in enough hours to earn what you need to pay the bills. But this non-traditional career offers up more flexibility than most.

Be Your Own Boss

Since you are self-employed, how you choose to run and market your business is up to you. You can choose to specialize in certain services, or only work with select clients. If you don’t want to take on a client, that’s your choice.

The benefits of self-employment are tremendous, and range from tax deductions, to setting your own hours, to taking your business in the direction you choose. You can work part time or full time, and grow your career at the pace that suits you best.

A Fun, Social Career

As a real estate agent you can make new and exciting things happen for people, and in the course of helping them buy or sell, develop long-term relationships with them. If you like to socialize, working as a real estate agent may not feel like real “work” to you. Much of the career involves meeting people, chatting, and building relationships.

Also, the perception of the real estate agent is shifting, largely due to marketing campaigns by the National Association of Realtors. While the real estate agent may traditionally have been lumped in with salespeople who are pushy and manipulative, the public perception is shifting to seeing the real estate agent as a helper, facilitator and counselor. Of course, it helps when you help them make money.

Unlimited Income Potential

As a real estate agent, you will earn 5-10 percent commission on every sale or purchase you make for your clients. Six percent is the norm for residential deals in the U.S. If there is another agent in the deal, you will split that percentage with him or her. If you are acting as a dual

agent (representing both sides in the transaction) you will not have to share with another agent.

While you will split your half of the commission with your office, the percentage that you take in the split is negotiable, and in some cases, can even be 90 or 100 percent. The more you work, the more you earn. And real estate is definitely a job where you can work smarter, not harder to boost your income. This guide will teach you strategies that will save you time and earn you money.

Your yearly commission is determined on a percentage of the combined amount of all your sales each year, and for this reason, the sky is the limit. In both commercial and residential markets there are many agents earning more than \$100,000 a year. In fact, in recent years where the market boomed, talented agents in metro areas were earning six figures in just three months.

On average, agents currently earn \$59,179 a year, according to Salary.com. Income usually increases as an agent gains experience and a network of repeat clients and referrals.

Opportunity to Invest

Real estate agents are the first to see homes as they are listed for sale. As an agent, you will have the first opportunity to find the real deals. Many offices offer discounts to agents (after a set period of time) in selling their own home or purchasing a new home. Your expertise in the market and knowledge of specific types of homes will help you in making smart choices for your investments.

You Can Start Right Now

As mentioned earlier, real estate is a fabulous field to break into. You don't need a college degree to sell real estate, and the training for your license is readily available, often by correspondence or online. This guide will connect you with your local resources to find out what is required in your region.

As soon as you pass your state or provincial exam and purchase your license, you can call yourself a real estate agent. Then you will be able

to sign up with a realty office and land your first client in only a few months from right now.

1.2 In This Guide

The *FabJob Guide to Become a Real Estate Agent* initiates you into this exciting career. Follow the practical instructions in this guide and you will be well on your way to success.

Chapter 2 (*What a Real Estate Agent Does*) begins with a brief overview of how the industry works today, and explains the agent's role in how real property is transferred from buyer to seller. It covers representing sellers, touring properties, making an offer, listing a home for sale, marketing a property, receiving offers, and completing the deal.

Chapter 3 (*Developing Your Skills*) goes over the personal skills that will assist you in excelling as a real estate professional. It explains how you can develop your real estate knowledge and personal skills through both informal education (books and resources) and getting formal training. It also includes contact information for real estate licensing authorities across North America so you can book your licensing exam.

Chapter 4 (*Setting Up as an Agent*) gives you the information you need to get started, like a list of equipment and supplies (and tips on buying), as well as emergency supplies you'll need "on the go." It also explains important considerations for selecting an office or broker to work with, and teaches you budgeting tips and how to build a network of professional contacts such as title reps and home inspectors who can help you help your clients.

Chapter 5 (*Getting Clients*) goes over the ways you will connect with potential clients, such as spending "up time" in the office, working your "farm" territory, building and promoting your website, sending newsletters, distributing marketing items, networking with close contacts and making new ones, and approaching FSBOs. The chapter wraps up with a look at four key ways great agents are more successful on the job.

Throughout the books are insights, tips, anecdotes and advice from Pamela Gray, based on her almost 20 years of real estate experience. So if you're ready, let's get started. Your new career awaits you!