The most important aspect of this business is being proficient at marketing and selling properties.

You need to attract, pre-screen and present creative selling strategies that allow people to buy. Your job is to find a buyer who loves the house and find a creative way to get them financed.

The number one reason that houses don’t sell quickly is not the property; it’s most always the person doing the selling is not connecting with people.

The first part of this section addresses many of the primary reasons that houses don’t sell quick.
REASONS WHY HOUSES DON’T SELL QUICKLY

- Located in a bad area
- Located too far from the city
- Small house (800 sq. ft.)
- Houses that are functionally obsolete
- Has only one bath
- House with value far above local average

Salesperson issues:
- Bad attitude or personality problem
- Not knowledgeable attracting or prescreening prospects
- Poor follow-up habits
- Does not have control over the loan process
- You lose flexibility while selling
- Not knowledgeable about available financing programs
- Failing to understand your exit strategies
HOUSES LOCATED IN BAD AREA

- Stay away from properties located in “war zones” unless you have a clear exit strategy (wholesale only)

- War Zones:
  - Drug trafficking
  - Boarded-up homes
  - Run-down properties
Any house that located too far from the city can be more time consuming for you or more difficult to sell.

Try to stay within a half-hour drive from a city within your area.
Small houses are often difficult to sell.

Houses with less than 800 square feet are usually suitable for only 1 or 2 people; not families.
A house that is functionally obsolete will be a lot more difficult to sell. These are houses that:

- Have very small rooms
- Have little or no closet space
- Have ceilings are under 7 feet high
- Have poor construction
- Has an unusual floor plan
- Located near commercial properties
- Has a foul smell
- Has an unstable foundation
- Has a bathroom too close to kitchen
The house that only has one bath is often difficult to sell.

Houses that are difficult to sell:
- Four bedrooms and one bath
- Three bedrooms and one bath

However, 2 bedroom + 1 bathroom house is common.
You may encounter a home that is far nicer than all the other homes in the immediate neighborhood.

This home may be very difficult for you to sell.

You may face a limited number of buyers for any home that is “unique” for the immediate area.

Avoid guaranteeing monthly payments on these homes.

Be extra cautious about properties that appear to be “under-priced”, but are still well above local average (even after the price reduction).
PREPARING THE HOUSE FOR SALE

When getting the house ready to sell, consider the following:

- Kitchen having ample cabinet space
- Central heat and air appropriate for local weather
- Carpentry is attractive
- Paint:
  - Interior has two complimentary colors
  - Exterior has two complimentary colors that look fresh
- Trim such as:
  - Borders
  - Blinds
  - Curtains
  - Accessories
  - Handles
  - Door Frames
  - Floor
- Roofing in good condition
- Front of home has curb appeal
- Repairs are made

When you invest a little in your properties, you not only will attract a buyer quicker, but you may also benefit from:

- Increase in appraisal
- Home sells faster
- Your buyers will refer more customers to you
- You will enjoy a good reputation
- The neighbors may refer customers
- The neighbors may ask you to sell their home
- You will increase in confidence in selling homes
- You may make more profit by reducing your holding costs
DEALING WITH HOUSES IN POOR LOCATIONS

The benefits for dealing with houses in low-income locations:

- You may profit from the sale of purchasing houses at rock-bottom prices
- Less competition in these areas
- Properties are easier to locate and purchase
- More buyers can qualify with smaller incomes
- Even if buyer has no down payment, financing might be possible and if so, profitable for you
- If rehabbing the house doesn’t work, consider wholesaling it

The downsides for dealing with houses in low-income locations:

- Potential for vandalism
- You may have to screen a lot more buyers
- If your buyers cannot afford a down payment, you may be tempted to falsify their information. Never do this!
- A larger percentage of buyers may default and you may have to reclaim the property
- Do not expect to get 100% cashed out; be prepared to carry some of the paper for some buyers

When working on houses in these locations, ensure that you will not fall into any traps by tightening your exit strategy and remain flexible in your thinking.

Do not rehab in a difficult area unless you know you can find a buyer who can get financed.
You might increase the sales price higher than the appraised figure, but do not go overboard. A 20-25% increase may be too much. You will get a feel for what the market will bear based upon the number of complaints you receive regarding the asking price.

In this circumstance, the buyers will tell you that the price is too high, not your relatives, friends, neighbors or real estate associates.

Once you’ve set the sales price range, you can always lower it, but not raise it.

A good limit on pricing is 10% above the appraisal. Factors to consider are:

- **Location**
- **Condition of the property**
- **Overall attractiveness of the property**
- **The condition of the current real estate market**
**BE A POSITIVE SALESPERSON!**

When selling, you must talk to the buyer in a friendly, excited, approachable and flexible manner. Don’t think of yourself as a slick, oily, fast-talking “seller.” Simply have a friendly conversation with prospects about the house. Ask them to point out the features they like. Get them to describe how it would feel to live in the home.

If other people see some of these negative attributes in you (and you are unable to change your demeanor), consider hiring someone else to sell your houses:

- **Mean or grouchy**
- **Overly friendly**
- **Talks too much; doesn’t encourage buyers to ask questions**
- **Fails to ask open-ended questions:**
  - “What were you hoping to find in a home?”
  - “What do you like best about this house?”
  - “What would you first improve in this home if you bought it?”
- **Talks too little; don’t give enough information to buyer**
- **Uneducated about the mortgage industry and/or financing options**
- **A “know-it-all”**
- **Someone who talks over the heads of prospective buyers (condescending tone of voice)**

To see how you really sound, record your phone conversations, listen to the playback and start making adjustments in your tone of voice. Practice removing all traces of arrogance or dominance from your tone of voice.
REMAIN FLEXIBLE WHEN SELLING

When selling, remain flexible. You cannot expect to sell houses only to 100% Grade-A credit buyers (especially if you are selling a house in the low income area).

Consider other exit strategies and methods when selling houses.

Here are some ways to become more flexible:

- **Sell to a buyer that is qualified and can obtain 100% financing (cash out now)**
- **Lease with Option-to-buy (cash out later)**
- **Sell to a buyer with owner financing (and help buyer get the financing later)**
- **Sell to a buyer with owner financing (and sell the note for up to 93% of the face value)**
- **Find a buyer that can obtain a blended loan, i.e.: The first loan for 80% LTV and a second loan for 20% LTV**
- **Find a buyer who can get between 80% - 90% LTV first mortgage financing, and you carry a small second mortgage**
To be effective in selling, you should have a clear understanding of the available financing programs. The more you understand, the faster you will sell.

Here are examples of questions to consider:

- What types of things would be on a buyer’s credit that may hurt their chances of getting the loan?
- What types of programs require little down payment?
- What programs require no down payment?
- What part of the credit is repairable?
- What does the lender want taken care of prior to closing?
- What loan programs will allow you to take back a second?
- What programs will NOT allow you to take back a second?

Meet with a couple mortgage lenders and learn from them. They will tell you what works and what doesn’t. You simply obtain the information from the buyer, send to the lender and let them make suggestions.

Remember to always stay on top of things since information in our industry is constantly changing and constantly updated. Build relationships with multiple mortgage brokers; they also stay on top of changes. They are a critical part of your Dream Team.
1. Sell for cash to qualified buyers:
   ■ They will need to have:
     □ Good credit (A or B rating)
     □ Down payment
     □ Satisfactory debt-to-income ratio
     □ Verifiable income
   ■ These buyers only comprise about half the buyers on the market
   ■ These are your top targets for cashing out

2. Sell for about 75-95% cash out:
   ■ Take back difference on a second mortgage
   ■ Marginal credit is acceptable (C or D)

3. Sell to buyer on a lease/purchase program until they eventually qualify for own financing

4. Sell with owner financing:
   ■ Do not expect to cash out right away
   ■ You will be receiving monthly payments and paying a monthly payment to your seller

5. Sell with owner financing and sell the note and mortgage at closing:
   ■ You may have to keep a small 2nd mortgage after selling off the 1st mortgage to a note buyer