

Selling

Looking for listings? Follow these tips for farming FSBOs

When a seller spits a profanity at John Maloof, he shrugs it off as part of the job.

Farming FSBOs means you're sure to run into some rude sellers, says Maloof, an agent at a Chicago-area Century 21 office and author of the newly published *Real Estate Agent's Guide to FSBOs: Make Big Money Prospecting For-Sale-By-Owner Properties* (AMACOM Books).

With a little patience and a lot of persistence, you can turn FSBOs into a profit center, he says.

"The FSBO seller is most often someone who doesn't understand how we as agents can help them sell their home," Maloof writes.

He offers these strategies for landing listings from FSBOs:

FSBO Farming Tip 1: Call, but make sure you're allowed to do so. Before you call, check the MLS to be certain the home isn't listed with another agent.

Also check phone numbers against the federal Do Not Call Registry — you can look up names in up to five area codes for free at www.donotcall.gov. If you subscribe to a FSBO lead service, chances are it will check numbers against the Do Not Call database.

Just because a number is on the Do Not Call list doesn't entirely prevent you from calling it. If you represent a buyer who would be interested in the property, it's perfectly appropriate for you to call.

FSBO Farming Tip 2: Call from home. There's a good chance the seller is wary of real estate firms, and there's also a good chance he has caller ID. To improve the chances of the seller answering your call, phone from home so that your name and not the brokerage's

name appears on the seller's caller ID.

FSBO Farming Tip 3: Keep a FSBO journal. Successful FSBO farming requires contacting large numbers of sellers, and contacting them repeatedly. So you'd better be organized.

The FSBO journal is an effective way to track the FSBO properties you're pursuing. Create this document in Microsoft Excel, and give yourself places to record details about the property and the seller, along with a record of the dates you've contacted the seller.

To make your FSBO journal especially useful, include photos of properties and ratings of the seller's likelihood of doing business with you.

FSBO Farming Tip 4: Never give up. Just because a seller greets your first call with a profanity doesn't mean he'll never list with you.

Malooof recalls phoning one FSBO only to hear a profanity and a click. He swallowed his pride and called her back again, only to be cursed at again.

But a few weeks later, the seller called Malooof and asked him to set up a listing presentation.

Malooof's rule: "Do not cross off anyone who says they don't want to work with an agent. You must keep calling everyone until they list, sell, or die."

FSBO Farming Tip 5: Know the four types of FSBOs. Class A FSBOs often are first-time sellers who don't know any better. They're easy to persuade.

Class B FSBOs are intellectual and open-minded, and they'll listen to your pitch so long as you persuade them that they'll make

out better with an agent than without one.

Class C FSBOs are talkers. They'll talk about themselves and their homes and give you plenty of information. It's your job to convince them to see things your way.

Class D FSBOs are rude, possibly because they've had bad experiences with agents in the past. Don't give up just because they tell you off.

FSBO Farming Tip 6: Knock on the door. If the seller isn't answering your calls or returning your messages, go visit the property in person. This simple step will put you ahead of your competitors; most give up after not getting through by phone.

When you visit a property, make sure you exude professionalism. Your car should be clean and neat, your clothes understated and immaculate.

FSBO Farming Tip 7: Answer questions with questions. This is a time-tested technique for keeping control of a conversation.

For instance, if the seller asks, "How much is your commission?" respond with,

"Well, that depends. How much are you looking to invest in a professional?"

FSBO Farming Tip 8: Stress the value you offer. Most sellers are unschooled in the details of the real estate market. They don't know that the MLS is a powerful marketing tool, or that the online FSBO service they've signed up with is a poor substitute for the MLS.

They don't understand that a good agent will pay his own fee by fetching a higher price. They don't understand all the time and paperwork involved in selling a home. And they're often ill-suited to handling negotiations.

You're an expert in all these tasks, and you must convey that expertise to sellers.


FSBO Farming Tip 9: Offer a "dual-agency discount." As you approach FSBO sellers, you can be certain that your commission will be a point of negotiation.

"Saving money is first and foremost on a FSBO's agenda," Maloof writes. "You can bet that you'll be faced with the obstacle of handling a discount request from your sellers."

The best way to offer a discount is to offer a reduced fee if you represent both the buyer and seller. Because dual agency is rare, this is a low-risk way to appease the seller.

Other discount strategies include a temporary discount (if the home sells in the first two weeks after the listing, you'll take less) or incentives such as a free home warranty.

FSBO Farming Tip 10: Hire out your marketing dirty work. As a FSBO farmer, you must regularly mail marketing pieces to FSBOs in your market. This can be a time-consuming process, so contact a few print shops and get bids for printing, labeling, and stuffing your envelopes.

"Put your time to better use than stuffing, licking, and addressing envelopes two days out of every month," Maloof writes. *Contact: John Maloof, Century 21 Grande, 773-677-3001, www.johnmaloo.com. *

Five common mistakes made by FSBO farmers

FSBOs offer fertile territory for agents seeking listings, but most agents fail to win business from this group.

Five common mistakes:

- **Mistake 1: Not understanding their needs.** Most agents don't prospect FSBOs and therefore don't understand their unique needs.
- **Mistake 2: Giving up after the first call.** Persistence is key. Don't give up just because the seller is rude.
- **Mistake 3: Not returning sellers' calls.** Too often agents work hard to get sellers to call only to ignore them when they do call.
- **Mistake 4: Taking an overpriced FSBO listing.** FSBOs often are priced too high. It's your job to create realistic expectations. Compromise by offering to take a listing at the seller's price, but with the understanding that you'll lower the price if you get no offers within a certain period of time.
- **Mistake 5: Not being aggressive.** Being aggressive doesn't mean being pushy. It means focusing your effort on winning the listing and then selling it.