

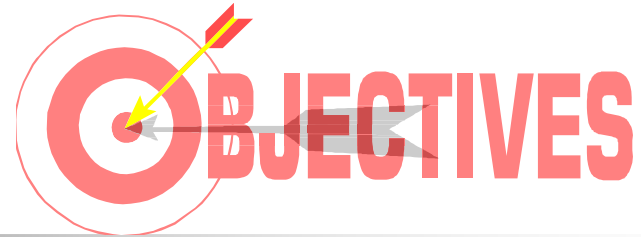


CHAPTER EIGHT

Buyer's: Qualifying and Showing Property



Chapter 8



1. Describe the qualifying process
2. Differentiate between “prequalification” and “pre-approval” letters
3. Describe preview inspections and caravans
4. Discuss how to show property
5. Understand buyer loyalty
6. Discuss the art of closing



A. The Qualifying Process

- Ways agents meet buyers:
 - Phone: floor calls, Ad calls, Sign calls
 - Sunday Open Houses
 - Social acquaintances
 - Referrals
- The qualifying process:
 - Build rapport
 - referrals are the best way to get new clients
(The blank line for referrals missing in student study guide, near bottom of p. 83. "Obviously _____ are the best way to get new clients.")



QUESTIONS FOR THE BUYER

- Are you currently working with another agent?
- Are you under contract and presently represented by a real estate agent?
- Have you ever owned property before?
 - If so, where?
 - Yes: Explain the differences in Southern California
 - The answer may lead to an agency relationship.



“We’ve grouped our listings into three buyer categories:

Horizontally Stagnant,
Upwardly Mobile and
Downwardly Decadent!”

BUYER INFORMATION SHEET

- Wants: Items desired
- Needs: Items required
- Hot button: Most desired
- Decision maker: Who?
- Motivation: When?
- Ability to buy: How?

qualifying NEVER stops!





B. Understanding the Importance of the “PreApproval Letter”

- Does the buyer have the financial ability to purchase a property?
- What is a realistic price range for the buyer?
- Licenses may or may not financially qualify the buyer themselves.
- Can you get a “preapproval letter” instead of a “prequalification letter”? This states the buyer is approved subject to verification of information.



FINANCIAL QUALIFICATION CALCULATIONS

	Conventional	FNMA	FHA
Cash on Hand:			
Income:			
Long-Term Debt:			

Front-End Qualifying Ratios: 28-30%

Back-End Qualifying Ratios: 36-40%

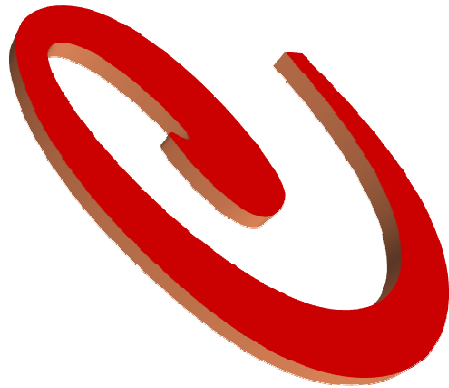
STEPS IN QUALIFYING THE OFFEROR

1. Determine if buyer is qualified
2. Ask leading questions to determine if prospect is in earnest
3. Make an appointment
4. Financially qualify buyer





THE 3 C'S OF CREDIT



Character (attitude)
Capacity (Capability)
Capital (Assets)





Pre-Qualification Letter

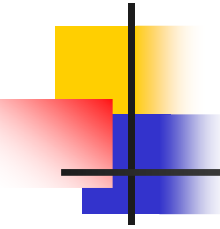
- Know lender & create your buyer ratios
- presumed that buyer was truthful
- BUYER: given an idea of costs
- SALESPERSON: determines price range
- SELLER: creates confidence
- LENDER: Uses computer for credit check

Pre-qual letter is NOT a substitution for loan approval Pg 85



Pre-Approval Letter

- Similar to a Pre-Qualification letter with the exception that the buyer has already filled out a loan application and has been given to the lender for approval.
- The loan is approved subject to property appraisal.
- Assures seller they are dealing with a fully qualified buyer.



HI AND LOIS By Mort Walker and Dik Browne



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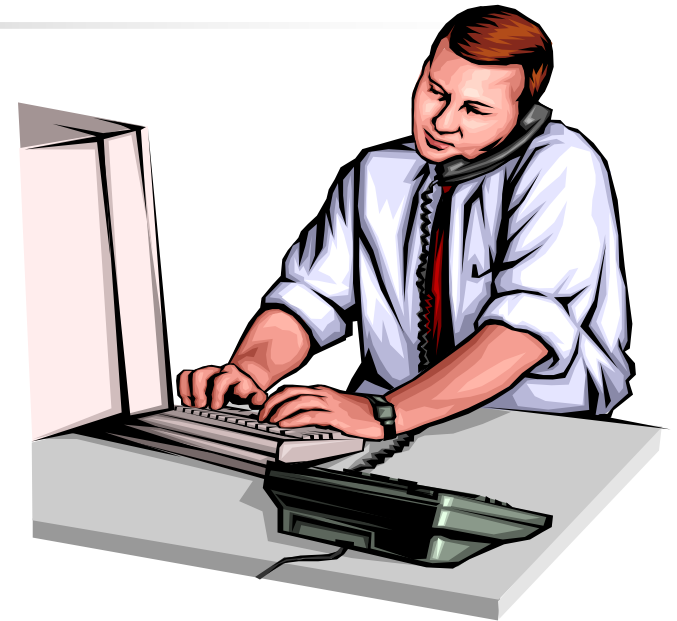
C. PREVIEWING and CARAVANS

broker caravan

- Offices view listings
- Serve refreshments
- Offer prize drawings

■ broker open house

- previewing allows agents to determine if this property is good for their buyer
- Open houses expose homes to a large number of agents at one time



D. Showing Property

1. PREPARATION – PREPARATION

- Confidence that you know your product and the process
- Carefully qualifying the buyer
- Property choice based on knowledge and qualifying

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2. THE DRIVE



- The drive is important.
- Do not waste this time
- Do not have buyer meet you there
- Do not drive in separate cars
- Build rapport
- Plan the route to display what is worthwhile
- Continue qualifying process



Plan the Showing

- Drive by “Sold” signs to establish value
- Discuss value for a later close
- Show the buyer the area
- Learn buyer needs





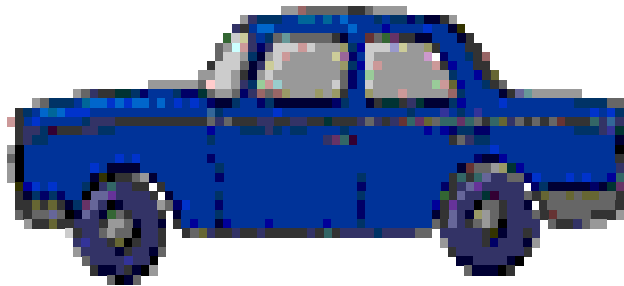
Which Showing order?

- Is showing **3** homes best?
(Blank space is missing from student study guide, top of p.87. "Some agents swear that showing ___...")
- What fits the best interest of the buyer?
- What order?
 - (\$: high to low – or – low to high?)
 - (area)
- Decide what works best for the client!



3. The Approach

- arrive for best full frontal view
- Property appears bigger from across the street
- Display neighborhood and comparable properties

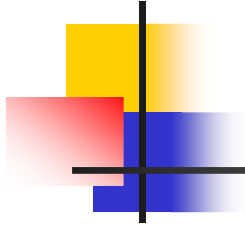




4. Showing the Property

- Lead the buyer
- control the showing
- Allow the buyer discover things
- Ask questions
- Ask for responses
- Look for buying signals
- Review the positive and negative elements
- Ask them to buy

EVALUATING A HOME



Site/View

Street and Sidewalk

Sewer or Septic Tank

Exterior Appearance

Overall Interior Layout

Living Room/Family Room

Dining Room

Kitchen

Bedrooms

Bathrooms

Plumbing and Electrical Systems

Heating, Ventilating Air Conditioning

Garage/Carport

Energy Efficient Features





E. Common BUYER OBJECTIONS

- “It’s all wrong for my furniture.”
 - What would make it better?
- “It’s too small.”
 - Would you prefer a bigger home in a lesser neighborhood or poorer condition?
- “The neighborhood isn’t good enough.”
 - OK, let’s consider what other neighborhoods fit your needs and price range
- “The yard is not bright enough.”
 - I see your point. I wonder how much brighter it might be if they trimmed back the trees



BUYER OBJECTIONS

- “The price is too high.”
 - Will you buy this house if the seller will take less?
- “I wanted a newer home.”
 - I’m glad we discovered that. What is it about a newer home that is better for you?
- “I want to sell my home first.”
 - Is it on the market now? (a listing opportunity)
- “The homeowners’ fees are too high.”
 - I agree. We should discover why. Or,
 - They are high, but the reason is there are more amenities offered than elsewhere. Wouldn’t you enjoy these extra benefits?



Objections

- Respond by agreeing
- Turn a negative into a positive
- Appreciate the buyer's feelings
- Is the objection real or an excuse
- Determine if the buyer should buy
- Avoid appearing:
 - defensive
 - indifferent
 - irritated

F. PERSONAL SAFETY



- MEET PEOPLE AT YOUR OFFICE
- LET SOMEONE IN YOUR OFFICE KNOW WHERE YOU ARE GOING AND ARRANGE TO CHECK BACK OFTEN
- LEAVE THE NAME & PHONE NUMBER OF THE PERSON YOU ARE SHOWING PROPERTY TO WITH SOMEONE IN YOUR OFFICE
- DRIVE YOUR OWN CAR
- CARRY A CELL PHONE



SAFETY



- DO NOT CARRY LARGE SUMS OF MONEY
NOR WEAR EXPENSIVE JEWELRY
- TEAM SHOWINGS MAY BE APPROPRIATE IN
CERTAIN CASES
- PLAN WHAT TO DO IF SOMETHING BAD
SHOULD HAPPEN



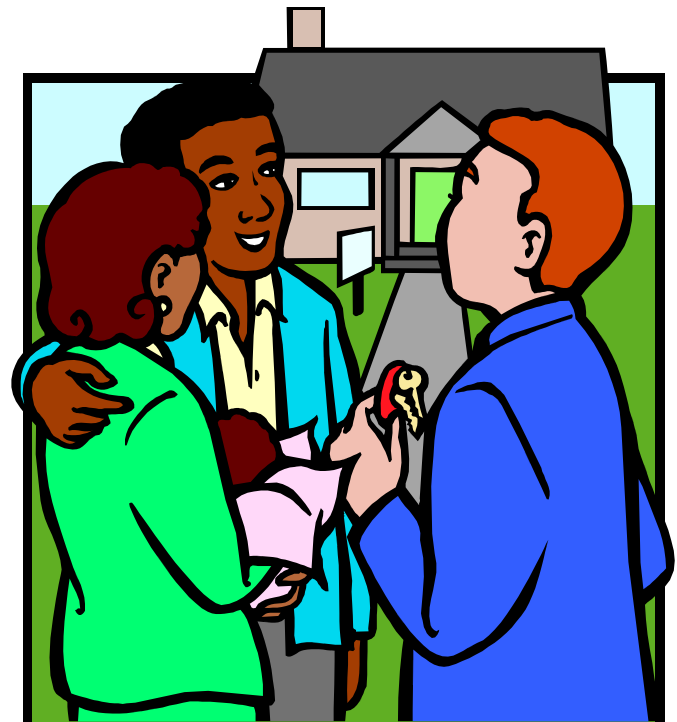


G. Buyer loyalty?

- DESERVE the buyer's loyalty
- ASK FOR the buyer's loyalty
 - Appendix A-9
- Continue to WORK FOR loyalty
 - Ask for a referral
 - "I am willing to make a commitment to work exclusively for you; are you prepared to commit to a similar agreement?"

H. CLOSING TECHNIQUES

- Ask Buyer to Buy
- alternative
- The assumptive Close
- The subordinate question
- The Summary
- The physical action
- Impending Event
- The narrative
- The Inducement



BUY vs. RENT



Advantages of Buying

- Security
- Personal satisfaction
- Equity appreciation
- Tax deductions
- Privacy and freedom from restrictions



Advantages of Renting

- Less financial commitment and risk
- Greater mobility
- Fewer responsibilities



Buyer relationship

- Agent actions should always be governed by their fiduciary duty to the buyer
- Help buyer make informed decisions
- Discuss the pros and cons of what they like and do not like
- Discuss all disclosures

**RUN, LET'S GO
HOME!**

