

Home Owner Handbook by Al Lewis

1st.

There is a saying among Realtors that a home is 75% sold the moment a buyer walks into it.

Fifty-percent of a property's sale, it is said, is earned by the locale and twenty-five percent earned by a property's curb appeal.

The remaining twenty-five percent of a property's sale is determined by other factors important only to the buyers themselves.

Getting buyers past the front door is everything. This sign does that!

The "Value-Buy" message implied by sale-by-auction marketing compels buyers and agents to immediate inquiry regarding your property's value and your terms of sale.

When posted alongside or near your or your Realtor's standard sign, your sale-by-auction sign will bring more buyers and agents to your property than any other sign you could use.

In situations where double-signing a property is not practical or allowed, the attractive sale-by-auction sign can be used alone. It's personalized with your or your agent's phone number and an agency designation.

You or the listing agent can

customize larger or smaller signs and open house signs for use any other way desired.

Note the statement at the bottom of the sign, "Represented by Agency's Exclusive Auction Service at Homeowner's Request."



That statement is provided to soften the effect aggressive sale-by-auction marketing of your property may have on nervous neighbors.

It's natural for them to assume you may be giving your property away (to "their" detriment) or that you may be in some kind of financial trouble; from your perspective that may or may not be negative.

The truth, however, usually works best. Should questions arise, merely discuss the advantages gained as a Seller by this type of "Value-Buy" real estate advertising and its positive attention-getting effect on buyers whether you actually

discount your property or not.

After all, properties must sell for an area to maintain value, let alone gain value, and we need buyers to sell property.

Now, I have a question for you: How do you suppose you or your agent will handle sign calls?

The purpose of sale-by-auction marketing and merchandising is to gain more buyers to work with. With that in mind, a sale-by-auction up-call may go something like this:

When the caller says, "What's the minimum bid price?," you or your agent should say, "I appreciate your asking, but the mini-

imum bid price on this home can (or will) only be given out from the property itself."

If a discount is involved, you or your agent can continue, "But I want you to know, it is a price well below the list price. We have a pricing display, sale-by-auction literature and bid forms at the property for your review. What would be a good time for you to visit the property?"

Answering questions in that manner will give you more buyers to work with.

And lastly, should you be more comfortable with the phrasing "Sale by Sealed Bid" as opposed to "Sale

by Auction" on your sign, that works just as well.

2nd.

Builders and their advertising agencies have found the value-buy appeal of sale-by-auction advertising to be the most tantalizing method of marketing they can use to get buyers to visit their developments.

That's why it is so common to see full page ads in some of our major newspapers advertising new homes for sale by "Auction."

Realtors, also, have found sale-by-auction marketing to be the most powerful, attention getting, buyer generating method of marketing they can use to sell a single resale property, but by different means than those of the building industry.

Here's why:

Buyers of new homes are mobile. They, typically, do not want to purchase a used home, a home within an area they know or are familiar with. Because of that, they will consider new counties, communities and locales: places to which they have never been.

That's great for the building industry because they can "Create" demand for new housing by advertising anywhere and everywhere for buyers. Traditional new-sale marketing is founded upon this marketing reality.

Resale buyers, on the other hand, are not mobile: they are predisposed.

They know ahead of the time they actually enter the marketplace for a home, the county, the community, the locale, the neighborhood, maybe even the street they want to live on.

Their single minded interests include school districts, shopping areas, work locales, drive routes, architectural styling, price and neighborhood aesthetics.

Resale demand, therefore, for any single house, on any single street, in any particular neighborhood is limited and cannot be created by Realtors in any substantial amount.

Instead of creating demand, Realtors "Encounter" it over time, week-to-week as it occurs so justifying the three-to-six month listing period.

"Location, Location, Location" is an old real estate adage which sums up this "Resale" sales and marketing reality. Resale buyers know where they want to live and location "is" everything.

As a result of that, advertising for buyers by Realtors is usually (and appropriately) confined to area-specific classified advertising within any number of newspapers that target the locale of the home they are marketing.

The same applies to Realtor oriented "Sale-By-Auction" advertising. It must be area-specific in nature and executed faithfully, week-to-week until success is achieved.

Brief classified ads which identify a property's "Sale-by-Auction" in the headline; that define the area-specific locale of the property for pinpoint targeting; and include a price benefit statement such as "This property selling by auction. Price below listed price published on site." work best to capture buyer attention in the marketplace.

Buyers reading these ads are compelled to investigate the potential for a deal and will often place the home advertised for sale by auction

"First" on their list of properties to call on and visit out of any number of dozens or even hundreds of homes advertised.

You will get the first chance to sell your home to one of these first-call buyers.

It's 1st-Choice, 1st-Chance marketing at its best. Sale-by-auction advertising will bring buyers to your home in greater numbers than any other type of advertising you could use.

3rd.

Buyer traffic (known as previews) can be interpreted as the essence of demand in real estate.

If buyers are looking at a specific property in a specific locale, then it can be assumed that demand for that locale and demand for that style and price range of home truly exists.

The opposite is also true.

An average sales ratio of one sale per fifty visitors is common to the sale of new homes and to the sale of used homes. I call it the "49-to-1 Rule."

Using the "49-to-1 Rule" as a guideline, if the week-to-week buyer previews of any specific property are not adequate to induce a sale within a desired time frame, we have a slow-sale property by the effect of demand itself.

As marketing professionals, it becomes our task to increase buyer traffic to that property by any means appropriate and thereby affect a sale.

Each buyer that previews your home puts you one step closer to the magic sales number of fifty.

The more buyers you get through your home, the faster it will sell.

It is for that reason, I recommend running this program side-by-side, piggybacked or commensurate with a conventional Realtor oriented marketing program.

Multiple listing a property for Realtor cooperation, as you probably know, is one of the best ways to ensure buyer traffic generated by the sign-calls and ad-calls other Realtors get on properties similar to yours.

The other Realtors, generally, will select like properties from the multiple listing service of the local Association of Realtors to show buyers that weren't interested in the property they first called on.

Some multiple listing services, however, have hundreds, even thousands of homes listed within them.

It's easy for a property to become lost in the crowd and for you as a seller to derive little benefit from the listing.

A multiple listed property selling by auction, however, with its stand-out "Minimum bid below listed price!" remarks will capture the attention of Realtors the same way sale-by-auction signage and advertising captures the attention of buyers.

Then, as cooperating Realtors call, your sale-by-auction information and minimum bid price should not be given to them over the phone by you or your Realtor, but made available for their review at the property.

Multiple listing this way puts Realtors and "their" buyers in your home.

4th.

So, now, let's assume you have made the decision to market your home for sale by "Auction" and buyers will soon be visiting, lots of them.

They will expect to see something. They will expect to see an auction.

The first thing they must see is an attractive pricing display like the one shown that establishes your property's highest estimated fair market value, based on valid comparables, or its list price and your minimum acceptable bid price.

For example purposes only, the three prices might run sequentially something like this: \$750,000, \$749,500 and \$727,500.

The pricing data is derived by you and your agent working together.

It is my recommendation that a value-buy price reduction for selling by auction be approximately 3% of your property's list price. (Urgent circumstances may warrant a greater discount in some instances.)

Discounting, however, is not mandatory. Some properties, because of their inherent value or locale, or because of an appreciating market can bring a higher price than their list price: bidding, in such circumstances, merely begins at the list price and goes up or down from there.

In either case, discount marketing or not, real buyers (buyers expecting to pay fair market value in the first place) will study the pricing display board with great interest.

The pricing display board validates the auction in the buyer's mind and helps reduce the need for a buyer to continue to shop for value-comparison alone.

It determines a starting point for negotiation and is a focal point of conversation between a buyer and you or your agent; a conversation that can lead to a sale.

5th.

The sale of your home by auction will be conducted by "Letter of Intent to Buy" bid form.

Bid forms will be given to buyers from the property itself.

Once the sale-by-auction marketing of your property has begun, it will continue week-to-week from the date you begin the auction to the day the property sells unless you decide to stop sooner.

A "Purchaser Bidding Package" should be displayed within your home and contain personalized documents for buyer perusal and use.

Its contents should include pertinent property information worksheets or flyers, a "How to Purchase by Auction" letter of explanation and a "Letter of Intent to Buy" bid form.

Pre-addressed envelopes for delivery of a buyer's confidential bid to you or your agent can, additionally, be included in the Purchaser Bidding Package.

Bids received by you or your agent are held until the bidding cutoff date and time, which is Tuesday evening at 5:00 each week, and then reviewed by you and your agent.

If by Tuesday at 5:00 no bids are received, then the auction merely begins again the next day.

These are the terms:

Seller, by distribution of the "Letter of Intent to Buy" bid form, acknowledges a commitment to buyer to hold all bid forms received until 5:00 p.m. the first Tuesday following their submissions and, then, to counter within three days multiple bids that may have been received, each with "equal terms" acceptable

or more favorable to seller than the terms of the most favorable bid submitted.

If only one bid is received by the bidding cutoff date and time, the seller may accept the bid as is or counter.

Upon the buyers receipt of seller's counter, buyers can accept the seller's counter as is, better the seller's counter or counter any other way buyers deem appropriate; also, within three days.

Should more than one buyer "better" or accept the seller's counter without changes, the seller will counter equally again and again until only one buyer's mutually accept bid form remains.

That buyer will be designated the highest bidder and be given the first right to purchase per the terms of the "Letter of Intent to Buy" bid form.

Significantly, the seller will not review and/or accept an "Offer to Purchase" without the buyer first having gone through the bidding process explained above and, additionally, the seller has instructed the listing agent to communicate this policy to agents and brokers not associated with the listing agent's company.

The primary reasons for conducting sale-by-auction marketing are to bring buyers to your home, to generate buying conversations with these buyers, and to create a sense of urgency to act.

The sale-by-auction activity helps motivate buyers to take immediate action for fear of loss. They believe other buyers will respond to your value-buy sale-by-auction message the same way they have.

It is this unique set of circumstances that can turn a slow-sale property into a fast-sale property.

6th.

Selling your home by auction is easy. Generally, if working with an agent, we and your agent will do everything for you.

You or your agent (working with us) can customized the sale-by-auction sign and install it.

You or your agent (working with us) can create a customized pricing display board and post it on an easel within your home.

You or your agent (working with us) can personalize the sale-by-auction bid form and information worksheet as needed, and prepare the "Purchase Bidding Package" with the documents inside for placement in your home along side the pricing display board.

There are no legal documents needed to authorize the sale-by-auction marketing of your home except the standard listing agreement if working with a licensed real estate agent and our startup agreement.

Simply review the "How to Purchase by Auction" letter of explanation and the non-binding "Letter of Intent to Buy" bid form shown in our brochure, found at the "TheFastSaleAuction.com" website.

Distribution of these documents from you home implies your commitment to the terms specified on each.

Should you wish to stop the bidding process you may do so at any time, usually by withholding the distribution of bid forms Wednesday morning after the last bidding cutoff date.

In any case, the "Letter of Intent to Buy" bid form is non-binding. It is merely an accommodation to negotiations between a buyer and a seller.

7th.

There really are only two kinds of real estate: they are "Fast" real estate and "Slow" real estate; and you never really know which kind you have until you put your property up for sale.

Fast, or fast-sale, real estate is generally considered to be property located within a popularly desired neighborhood, or property for sale at a time when virtually all real estate is selling quickly and when prices are appreciating steadily.

Fast-sale real estate almost never earns a sale price for a Seller that it could. A builder would call that leaving money on the table.

It's natural for a Realtor to list a property for sale at its highest estimated fair market value, and then to seek buyers for that property by marketing it at the listed price by all means appropriate.

When a buyer is then secured, it's natural for the buyer to consider purchasing the property at the listed price or at a lesser negotiated price.

Discussions which propose the purchase of the property at a higher price rarely occur.

When selling even a fast-sale property by auction, however, buying conversations which propose the purchase of the property at a price higher than the list price naturally occur.

Buyers will often bid up to ensure their getting the property.

Slow, or slow-sale, real estate on the other hand doesn't allow sellers to get on with their goals, ambitions and obligations. It's often the distinctiveness of marketing alone that affects the difference between a property being fast- or slow-sale and the marketing's active or passive influence on the marketplace.

Today, I am proposing the use of an ingenious active marketing program designed to get sellers the most money they can for their property in a quicker time than is likely with traditional Realtor marketing alone.

You "Can" sell your home faster by auction; maybe, even, for more money than the asking price.

Best Wishes.



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Since 1975

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Originally written in the early 1990's for the economic downturn dubbed "The S&L Crisis."

I have used this program to sell hundreds of homes with it since both then and now.

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