

Weekly Insight 6-23-2010

Kissy, Kissy, Smoochy, Smoochy - I Love Realtors

I looked forward to writing this article about as much as twisting my little finger off with a pair of pliers. It started when a real estate broker and mentor student called to say that she now understands why I hate realtors (I don't hate realtors). She went on to explain how the couple of deals she was working on were messed up constantly by other agents' arrogance and that they were clueless about how to get a deal closed if it wasn't perfect in every aspect. They also expected the co-broker's agent to do all the necessary work as they sell listings and don't have to do the dirty work to get the deals closed.

This broker happens to be a mentor student who reluctantly joined kicking and fighting because she knew investing worked but couldn't understand how or why. I can say it has been a mindset change for her but as with all realtors who come to the "light side" (real estate investing), she got it. I call her a super-broker as she is informed, smart and focuses on getting the deals done. She also learns quickly and takes ideas to new levels when she sees them and she is a privilege to work with. Almost forgot, she has integrity and is reliable and is trustworthy – a rare breed in any business.

Being human and having the realtor gene, she faltered a little while ago when we had a wholesale property that she showed to a retail buyer who said they would do some work for equity. Her perspective buyer wanted all sorts of changes to the property, including adding a pool, and wanted us to do them. In wholesaling, we don't add pools, maybe some minor fix-ups, but no pools.

When we say, "as is" it means just that, and she believed we would never sell it. In a couple of days we sold it and netted a \$38,000+ profit for the student who got the deal. Not bad for a deal that she thought couldn't be sold. Had she sold the property to her client, she would have earned a \$4,800 commission and gone through tons of aggravation including getting conventional financing, dealing with appraisal issues and overcoming the usual buyer's remorse. It just isn't fair that realtors make so little for all the work they do.

Actually her statement about my hating realtors was grossly inaccurate, I don't hate realtors. In fact, I greatly respect the hard-working ones who struggle to make a living and only get a paltry six percent commission (when they get the full commission). One of our students who is a listing agent for an REO brokerage firm gets a 1 ½ percent commission! For all the stuff they have to put up with from their clients, it just isn't fair.

The realtors I don't take kindly to are the ones who have read and abide by the black-arts book called "The Art of Intimidation" by El Diablo. These gals and guys seem to think they know it all and by over-powering their prospects they win, unfortunately they do many times because most buyers don't know any better. The net result is these actions have left a nasty taste in the minds of the public.

The reverse of the El Diablo advocates are the agents who diligently carry prospects around for months and months to get a deal where they have to split the commission with the listing agent who likely won't even show the property. He is too busy getting more listings. I just spoke to a new mentor student who has had a realtor showing her properties for a personal residence for one year and has not purchased anything yet. The record I know of was where an agent brought a buyer for a property I had for sale and she had been showing this prospect homes for two full years. When does it end, and what is their time worth?

The realtors I really feel great about are those who have the guts to become investors in spite of all the naysayers around them, especially their brokers who say everything investors do is illegal. These people are the break-away souls who take charge of their lives and move toward their dreams.

Being successful as a realtor isn't easy, but looking at the guys paying a \$1,000 a month for coaching or \$25,000 for a week-long boot camp, all the tools are available for anyone who can afford the training and is committed enough to be a successful realtor. The issue for me is that there feels like there are a trillion licensed realtors in every city. Ironically, they all have to abide by unreasonable regulatory standards just to deal with the public. Do you think regulators are being cautious or are they tired of specific shenanigans by past agents? Don't know and don't really care, as investors only need a driver's license to be functional (if they drive).

One national real estate guru's tactic to get deals is to get cozy with a local realtor and have him give you deals where you can make money. I laughed when I heard this and the student went back to his national guru's teleseminar and repeated what I had said, "Why would these realtors give away money?" The guru's answer was, "Because there are so many deals out there the realtors can't do them all themselves!"

Humm, seems like all you have to do is cuddle up to a realtor and have him send you deals. I don't deny it happens because the realtor doesn't have money to do the deals himself or he would be. I had a very seasoned investor tell me he gets a lot of his deals from a couple of agents who tell him what time the new property will be listed and he has to put his offer in exactly at the right time to get it. Since he is paying the listing price, the other offers that come in, even at higher prices, are backup offers. Obviously, kissy, kissy, smoochy, smoochy does work in some cases.

I have recently seen internal memos from FNMA that stipulate listings must be up for 72 hours for every REO. Sounds like a good idea but does it make a difference if your agent is giving you the property when your offer is the first in and not the highest offer? Could be a problem here that is similar to the one I mentioned in my last Weekly Insight where the realtors admitted to fraud for not showing the Asset Managers higher offers that were accepted – be careful out there.

Ironically, I had an appointment with a student this morning and he was explaining to me that he met with an REO broker who informed him that the broker's attorney says there is no fiduciary responsibility to show an Asset Manager a higher offer for a property. If you were an Asset Manager and you heard this, what would you think? Where are some of these people coming from—how can it not be a problem in not showing your client the highest offer received for his property?

So what was the point of this article, if you even got this far? Simply, that realtors have value, especially the few who truly understand investing and don't just give lip service to the idea. I invite all active and inactive realtors to learn more about what we do and how we do it so they too can cross over to the world of real estate investing and start fulfilling their personal dreams and aspirations..

To all of the investors reading this, just remember that you are usually more informed than the realtor you are dealing with and keep it in perspective that if you don't buy, the realtor doesn't get paid. His duty (I always thought) to his seller is to get the highest possible price, your duty to yourself and your business is to get the lowest possible price to make a profit on every deal. Can you see a conflict here?

To your limitless success,

Dave Dinkel

PS – if you are a realtor making that paltry 6% commission and you want to make serious money doing the same sales, take a look at <http://www.12PercentPlus.com> for how to do it.

If you are an investor who wants to have realtors asking you to be kissy, kissy, smoochy, smoochy, take a look at <http://www.12PercentPlus.com> for simple ways to do this.

For both investors and realtors, don't wait to get your copy of the automated tool to find buyers and sellers by the droves – <http://www.MakingaBuyersList.com> before everyone else beats you to it! One of the users called me yesterday to say he added 3,000 emails in just one month.