

Sell Your Home For Profit Within 30 Days

Avoid The Pitfalls



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Profit Home Sales Specialist

REVISED EDITION



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Edition

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DEFINITIONS

PROFIT

Profit is the positive realisation, between price achieved and today's market value, as determined by an independent registered valuer of the vendors choosing, within a 30 day marketing campaign.

POSITIVE REALISATION

A sale amount achieved by way of an exchange of contracts which reflects a price in excess of today's market value.

MARKET VALUE

The International Valuations Standards as described by The Australian Property Institute defines market value as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length-transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

INDEPENDENT REGISTERED VALUER

For the purposes of remaining (at arm's length) from the selling and marketing real estate agent, the seller selects a registered valuer which is both independent and appointed by the seller, followed by a 30 day marketing campaign to effect a sale between a buyer and a seller.

30 DAY MARKETING CAMPAIGN

A 30 day marketing campaign is calculated from the first open for inspection, reaching the widest possible buying audience.

THE ROLE OF THE SELLING AND MARKETING REAL ESTATE AGENT

This is twofold;

1. To properly market the property to the widest possible buying audience.
2. To negotiate the highest possible selling price within 30 days from the first open for inspection for and on behalf of the seller.

THE ROLE OF THE SELLER

To select a suitably qualified selling and marketing real estate agent based on common sense and logical outcomes.

DUTIES AND LIABILITIES OF A VALUER

The duty of care which a registered valuer must exercise goes beyond the mere expression of an opinion of value. A valuation must reflect the honest opinion of the valuer of the true market value of the property. Any person who holds themselves out as a valuer implies that they are competent and possess the ability and skill needed to make valuations. If they lack a reasonable measure of skill or if they fail to exercise reasonable care and diligence in making a valuation, they may be liable to their employer for damages arising from incompetence.

DUTIES OF A VALUER INCLUDE

1. Physical inspection.
2. Investigate relevant matters such as zoning, encumbrances, title, etc.
3. Investigate all comparable sales in the area.
4. Impartial assessment.
5. Act in person and not delegate.
6. Be qualified and experienced.
7. Complete valuation within an agreed time frame.
8. Keep all work confidential.
9. Disclose any interest in the property.
10. Not accept instructions to undertake valuation which is contingent upon a predetermined result.
11. When valuing for compensation purposes, fee not to be based upon a percentage of compensation.
12. Sign work and include relevant qualifications and registration number.
13. Know the general principals of law applicable to the valuation.

WILLING BUYER / WILLING SELLER

A vital concept of Market Value is that willing buyer and willing seller exist. This theory was further expounded in the court case *Spencer v. The Commonwealth of Australia* (1907) heard in the High Court of Australia.

In this case Spencer was the owner of approximately (6) acres of land in Fremantle, Western Australia.

In 1905 the newly formed Commonwealth Government acquired the land with the intention of building a fort for military purposes. Spencer sought compensation and therefore market value had to be determined for the land.

THE MAJOR POINTS FROM THE CASE WHICH CONSTITUTE MARKET VALUE ARE AS FOLLOWS

1. The parties are not over anxious;
2. Both parties are willing to trade on a given day.
3. The parties are aware of all relevant details.
4. The parties are business like in their decisions.
5. The parties are amicable and at 'arm's length' (not related or associated).
6. The price reflects the highest and best use of land.

This case is still the basis for determining market value of real estate in Australia as it established the concept of willing buyer willing seller.

Market value occurs at a specific point in time. For example, a house worth \$900,000 today may have a different value in three (3) months time.

Real estate agents are not considered to be suitably qualified to undertake formal valuations and therefore when they undertake an estimate of value for sale purposes, they note it is not a valuation, but a market appraisal. In such a situation it is also difficult for the agent to be impartial as they are working for a commission based upon value.

PITFALL 1

Asking a high price

Home sellers are usually petrified of underselling their home, and quite naturally ask for a higher price in an attempt to negotiate a better price.

My experience shows that purchasers, on the other hand, are looking for properties to buy in the suburb of their choice and in the price range of approximately 10-15% below what they will eventually pay. The obvious reason for this, is that they usually use this buffer to modify or improve the property of their dreams to suit them and their lifestyle.

The pitfall here then, is that the home seller attracts the wrong purchasers in a higher range, who unfortunately cannot see the value in the home seller's property, resulting in a delayed negotiation forcing the price even below market value.

Examples of this can be commonly found with private sellers who are simply not equipped with the correct marketing strategies to offer a sound solution.

As a result the property is either taken off the market or sold in a panic for a much reduced price.



PITFALL 2

Asking a low price

Some of the quickest sales I have seen are from those sellers who, in an attempt to save commission and advertising do not appoint a professional real estate agent and consequently undersell their home.

Herein lays the poor strategy of asking for a low fixed price on a property. In an emotionally driven property market where purchasers are trying to secure their dream home, often they end up paying more than they anticipated. However asking a low fixed price for a quick sale will ensure you never get more than you ask for.

It is important to ask yourself the following question: Would you know how to identify what a FAIR price is for your home? Many home sellers do not, and it is for that reason many home sellers ask too much, which results in a price well below a low price.

No matter how low the price you ask for your home, there will always be a purchaser wanting to secure your home for a price well below what you are asking, even though it might already be regarded as a bargain.

A purchaser's greed dictates that even if you offered your home for free, they would probably ask you for another one if you had one to give them, not being satisfied with the one they had already received for nothing.



PITFALL 3

Worse still – using a fixed price

Of the four strategies of sale available today, using a fixed price on a property, unfortunately rates poorly-indeed as the last alternative, especially in a changing market. You only need to recall the boom and bust cycles of real estate to confirm this.

Using a fixed price ensures you will never be offered more, even if you think you are already asking too much. After all, who set the price in the first place? Cast your mind back to the height of any real estate boom. Would you have fixed the price you were asking then? Certainly not!

Selling strategies are simply one component of an overall marketing campaign which compels the purchaser to act and then think in a certain way so as to buy your home.

Understanding that selling strategies are merely a vehicle for your sale to occur, are you then on the way to selling your home for profit.

The strategy utilised in the sale of your home is based solely on your expectations going into the sale. This is to say that reasonable and unreasonable home sellers put their properties on the market everyday; some sell, some don't. Ask yourself why?

Could it have anything to do with an unreasonable expectation to begin with?



PITFALL 4

Not doing business “at arm’s length”

“At arms length” is a common phrase used to signify that you are not compromising yourself in your business dealings. Often a home seller will ask a few local real estate agents to tell them the market value for their home. However owners often want to hear what they want to believe, as opposed to what they need to know. Regardless of the strategy utilised in the sale of your home, I would suggest that you appoint a registered valuer who will provide you with a valuation within plus or minus 5% of market value.

Once you have this information, you can then begin to talk strategy with your selling and marketing real estate agent, based on a clear set of expectations going into the sale. Your selling and marketing real estate agent is really employed to negotiate and market your home to ensure a profitable and successful sale, not to provide you with the market value of your property. Leave this valuable task to a registered valuer.

The same rule applies to a registered valuer. You would not ask a valuer to negotiate and market your property. It is simply not their area of expertise.



PITFALL 5

Not using the 30 day rule!

My experience shows that your best opportunity to sell your home for profit will occur within the first 30 days, when your property is still fresh to the market. After 30 days, it becomes stale in the minds of the purchasers. This pitfall is a psychological one. It is not known why, but the fact remains that if the property does not sell within 30 days, there must be something wrong with it – and there usually is – the price is too high!

Taking into account the age, style, condition and location of your home, the market value should be reflected in the price being asked. So the question remains, if it's still on the market after 30 days, is the price simply too high?

This line of thought is exactly what is running through the purchaser's mind every time. It is for this reason it is imperative to plan to sell within the first 30 days. Planning ensures all purchasers are dealt with within the prescribed marketing period.

As a rule of thumb, remember this:

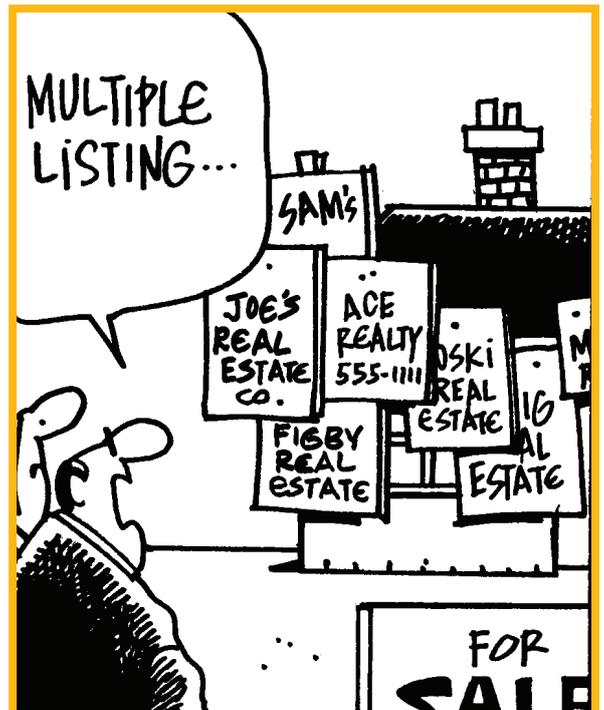
If the property is on the market:
> 30 days = PNR

If the property is on the market:
< 30 days = PNP

Principally:

PNR stands for purchaser becomes negotiation rich;

PNP stands for purchaser becomes negotiation poor.



PITFALL 6

Not advertising

Have you ever tried selling a secret? Almost impossible isn't it!

Don't be fooled into thinking advertising doesn't pay.

Every time you bite into a McDonalds hamburger, think of the millions of dollars spent advertising to entice you to purchase an inexpensive meal. Now imagine if McDonalds ADVERTISED free burgers for a day, would you be inclined to change your eating habits for that day?

Think about when your kids or younger siblings drive you up the wall and embarrass you at the local supermarket to pressure you into buying them a bottle of Coke. Do you think advertising has done its job here?

Where do you think all these buyers are going to come from if they don't know about your property?

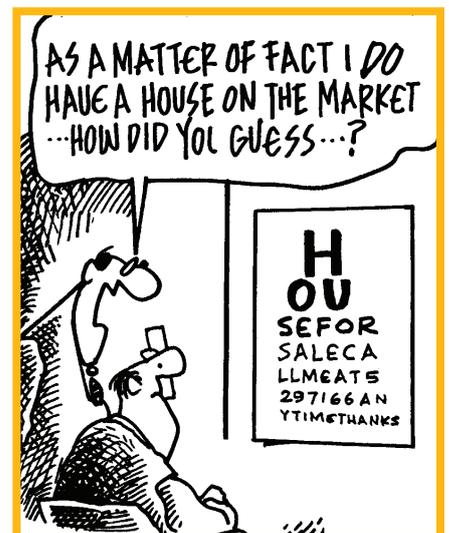
It is believed within the real estate industry that only 3% of the market is in buying or selling mode at any one time, and those selling, will be settling the sale of their property usually in six weeks from the date of exchange of contracts. This means when real estate agents claim they have thousands of buyers on their books, ask yourself how many thousands have they accumulated in the past six weeks?

The simple fact remains, if fewer people see your home, you will undoubtedly receive little or no interest, thus resulting in a no sale within 30 days. **Remember Pitfall 5 – not using the 30 day rule!**

At this point the price really starts to drop, and your frustration then turns towards your local real estate agent, who will simply throw their hands up and suggest the market has slowed down.

By getting as many people as possible to inspect your property as close as possible to the first "open for inspection" (**Remember Pitfall 5 – rule of thumb PNP**) you will achieve the maximum number of offers, which places **YOU AND THE AGENT** in a strong negotiating position to get your best price.

An essential part of that process is advertising your home to a wider community wanting to buy a property in the next six (6) weeks.



PITFALL 7

Free advertising

The only free cheese is in the trap!

When your local real estate agent suggests to you that they will advertise your home free of charge, they are now scraping the bottom of the barrel in a desperate attempt to list your property for sale.

Think for a moment what would happen if an agent put their hand in their own pocket and spent their money advertising your home.

Do you think the agent would be at arm's length (**Remember Pitfall 4**) with your negotiations if they had to recover not only their commission on the sale but the cost of all advertisements as well? Perhaps they would be inclined to encourage you to accept the first offer in order to recover their expenses, after all the advertising was **FREE** wasn't it?

Do you honestly believe **FREE** means **FREE**, especially from an agent who provides you with their **opinion** and refers to it as market value, when in fact only a registered valuer who is qualified for that task should provide you with such information?

Only a registered valuer can best advise you of market value. (**Remember Pitfall 4 – not doing business at arm's length**).

The reality is there are **NO FREE** lunches in life, and often you pay a higher price at the other end of a poorly negotiated sale.



PITFALL 8

Not opening your home for inspections

Some practitioners would have you believe that opening your home to the public is fraught with danger. These same practitioners have mastered the art of selling FEAR, a concept sold the world over. Don't become a victim to it. Question the rationale and the logic and ask yourself the following:

Would you be inclined to give your best offer if you were the only person inspecting a home for sale?

Would you be inclined to offer something better than your previous offer if you could see the desire from other interested parties?

Close your eyes and imagine a "Myers Closing Down Sale": now imagine you're the only one there! A sale isn't a sale without people, now is it?

Remember the key to selling is to sell for profit, not to settle simply for a sale for sale's sake.

Open inspections create the environment for the sale to occur! In the hands of a skilled negotiator, opening your home for inspection dramatically increases your chances of selling for profit.



PITFALL 9

Compromising a selling and marketing real estate agent's fee

Agent's fees have long been deregulated in New South Wales, which means real estate agents are free to charge what they believe they are worth. However a great negotiator is worth every cent, if you can find one?

Real estate agent's fees would have to be one of the biggest frustrations the public have with real estate agents. How much should one be paying? What should one expect for that fee? What if I don't sell? These and many other questions like them, keep real estate agents occupied at market appraisals for hours at a time.

Many real estate agents charge fees between 2 – 2.5% with fewer agents charging fees to or at 3%. However many agents are not worth their wages let alone the fees they charge.

Assume you have selected who you believe to be the best agent for the job at the top rate of 3% commission to sell your home. My question to you is: Do you believe of what you currently know of real estate agents, that this agent will spend 3 hours of their time negotiating with a purchaser to obtain a further \$1000 for your home for an extra fee of \$30? Or worse still, at 2% commission for \$20? The commercial world dictates; probably not. You really need to start asking yourself key questions about the real estate agent you are about to employ.

Ask yourself this question: If the local agent, who is apparently the best agent in the area, cannot even negotiate their own commission, what chance do they have in negotiating with the wider public to achieve the best price for your home, especially when it comes to selling for profit.

PITFALL 9 CONTINUED...

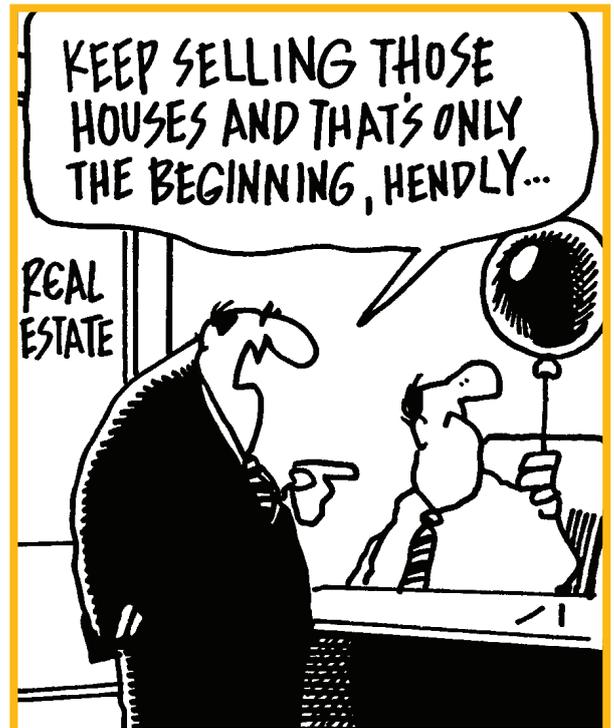
Compromising a selling and marketing real estate agent's fee

Before attempting to find out what real estate agents charge, the more important question is, am I looking for the best real estate agent for the job or do I simply want the cheapest deal?

The market is flooded with cheap suits and cheap deals. Home sellers should be very careful and expect to receive exactly what they pay for, because let's face it, if you pay peanuts you can expect to receive the service from a suitably qualified monkey dressed in a cheap suit.

So important are real estate agent's fees to the successful sale of your home that compromising the agent's fee could cost you thousands of dollars more than you bargained for.

In private consultations with home sellers I had always made it a point to prove my fee structure to ensure the highest possible selling price within 30 days from the first open for inspection.



PITFALL 10

Non-accountability of agents

Real estate agents need to be made accountable for statements made in order to secure your business. Keeping them honest is your responsibility! Many typical statements from real estate agents are very seldom, if ever, scrutinised by home sellers. Therefore it is essential to require real estate agents to provide proof at every step of the selling transaction.

Agents are well known for making sweeping statements like the following;

“We get the best prices.” If an agent makes this statement, make the agent **accountable** to you by asking them to physically show you how they get the best prices, what do they say to a buyer to get more money out of them – ask them to prove their skill set to you.

“We have thousands of buyers.” Again ask them to show you the names and telephone numbers of those who entered their office in the last six weeks only. Keeping in mind, whilst an agent could show you, you could not use the information because privacy laws would prevent such information from being given to you. Make them accountable for everything that comes out of their mouth.

“We know what our buyers want.” Again make them **accountable** to you and ask them to prove it to you.

“We are skilled negotiators.” The proof is in the pudding – this will not take long to discover!

I put it to you that unless a statement can be proven or substantiated, it does not really exist. If it does not exist, it is not true, thus eliminating your choice of a selling and marketing real estate agent to sell your home.

It is very important to begin to question the questions and seriously start thinking on your feet about who you are about to employ to sell your most prized asset... your home.



PITFALL 11

Unqualified buyers inspecting your home

Whilst real estate agents may claim to bring more buyers to your home in one form or another, the truth is, if the purchaser can't afford it, most real estate agents can't get the deal over the line.

Introducing home loan professionals suitably qualified to assess the affordability of a purchaser to buy your home is another important element, to ensure you receive the highest selling price for your home.

This can only be best achieved through the power of competition, with each buyer fighting for the right to own your home. Ask your selling and marketing real estate agent, how they will best integrate this essential element in the sale of your home?





FORMAL VALUATION REQUEST

Instructions to;

Telephone: _____ Fax: _____

Email: _____

Please undertake a market valuation as advised below. The valuation may be relied upon by the selling and marketing real estate agent for market value purposes, so that the property may be offered to sell within the next 30 days.

Address of property to be valued: _____

Instructing party Name: _____

Address: _____

Confirmation of your fee: \$_____ inclusive of GST

Access arrangement; please contact:

Dr Mr Mrs Ms Miss Other _____

Name: _____

Work Number: _____

Home Number: _____

Mobile: _____

Please forward the original bound valuation report to Raine & Horne Parramatta, who will be acting as my selling and marketing real estate agent and forward me a copy of the report to my residential address above.

Signature of instructing party: _____

Mr Nick Xenos
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Mobile: 0400 999 647
Phone: 02 9635 4788



Mr Nick Xenos
Sales Director
Raine & Horne Parramatta

PROFILE

Nick Xenos continues to thrive in a real estate career spanning the last 25 years, having built, integrated rent rolls and sold a number of real estate offices both for himself and other entrepreneurs whilst serving in senior positions for award winning independent and franchise real estate organisations.

Nick has appeared in print, radio and published work on real estate matters over the years and is now committed to a continued selling career with his sales team.

Married with two delightful children, Nick is passionately focused on two key areas; his family's well being and his commitment to achieving high levels of excellence amongst his clients and achieving outstanding performance based results.

Professional Testimonials

"Nick's ability to "demystify" the real estate process is first class."

Mr Mark Bouris
Wizard Financial Services – Chairman

"Nick is certainly a passionate and well prepared presenter with an amazing energy in getting his point of view across to an audience."

Mr Peter Raptis
Director – Metropolitan Valuation Services

"Nick is a dedicated person who understands the business of real estate, best practice and franchising in the real estate industry. Nick knows the importance of the development of people through skills training and leadership as critical for the success of the real estate business."

Mr Warren McCarthy
CEO – Century 21 Australia

Seller Testimonials

"If I had not experienced it, I would not have believed it was possible. Remarkable the way in which you handled the sale, unlike anything I've ever seen. I was delighted with the sale price."

Dr Fiona Atkinson,
Burwood NSW

"We were left with the certain knowledge that the very best price was achieved and experienced the excitement of seeing the offers just get better and better."

Mr Andy Kyiet & Mrs Jane Kyiet,
North Rocks, NSW

"A lot of real estate agents expect properties to sell themselves and show little interest in getting the best price for you. Nick's emphasis is on 'quality of sale' and achieving the best price, which is testimony to his selling skills and strategies of sale."

Mr Peter Chilton,
Balmain, NSW