BUYING 101: JUST FOR THE BROKER

Here you'll find help with types of buyers, answering phone and email, asking qualifying questions, scheduling appointments, scheduling showings, preparing the customer pack- age, showing an apartment, handling objections, getting an offer and closing the deal!

Types of Buyers:

Qualified and motivated:

Personal Referrals – already qualifi ed by people you know and trust
Past customers – upgrading or down-sizing
High income renters – lease about to expire

Relocating from out of town:

Family growing – need more space
Lifestyle changes – divorce, marriage

Parents buying for children:

Recent positive changes in salary or bonus

Try to determine who is unrealistic, indecisive or unqualified. We attempt to manage expectations, but learn who will buy and who won't. Your time is money..... learn to let go if you cannot help. If their dollar will not go far enough in Manhattan you may want to offer alternative locations and refer them to a professional in another area... in exchange for a referral fee.

Insight into Buyers:

•Be a good listener – take notes... this is about them and NOT you
•Analyze what you hear
•Manage expectations early on in the process
•Psychoanalyze, educate and help be the compromise finder
•While working with couples determine who is "driving the bus"
•Enjoy your job... be enthusiastic and caring
•Realize that the consumer does not know how our industry works, so spend time educating them in the beginning
•Importantly, the buyer has the right to spend the least amount and the seller has the right to expect the highest price... don't be frustrated by this
•Buyers and sellers pay our salaries, and as such, have every right to expect professionalism and courtesy

Qualifying the Customer- A Checklist for non-financial information:

Assume your buyer knows nothing about the process. Spend up-front time educating them about how things work in Manhattan. Explain the differences between a co-op and a con- do. Take the opportunity to explain to them why they should be working with you. Give your buyers a copy of our Guide to Buying and insure that they understand everything

clearly before they begin. This will save you time and frustration. Preparation is everything!

1.What size apartment are you looking for?
2.How many people are in your family?
3.When do you plan to move?
4.Why are you moving? Do you have to sell to buy?
5.Do you have to be in a specific public school district?
6.What areas are you interested in? Would you be open to other areas?
7.Are you working with an agent now? Are you happy with that agent?
8.Why would you be interested in working with me?
9.What are you interested in spending?
10.What are your monthly maintenance goals?
11.Have you been pre-qualified for a mortgage? May I recommend a mortgage broker?
12.How long have you been looking?
13.What has come closest to meeting your needs?
14.Why didn't you buy that?
15.Are there specific features that are more important than others?
16.What's your "must have" list versus your "would be nice to have" list?
17.When are you available to look?

Qualifying the Customer- Financially:

Whether a co-op or a condo (but obviously extremely important in a co-op purchase), you should gather as much financial information about your customer as possible. This will benefit you, and just as importantly, your customer.

Some general rules of thumb for co-ops: Boards generally expect your carrying costs (maintenance plus coop loan) to be no more than 25% of your income. Boards generally expect that after purchase, the buyer will have at least 50% to 100% (sometimes more) of the purchase price of the apartment in liquid assets after the down payment is deducted. Liquid assets are defined as cash, stock, bonds, mutual funds, etc...only something which
is immediately converted to cash is considered liquid. Real estate, retirement plans, life insurance plans (unless there is a cash value), stock options, etc. are NOT liquid. The most lenient co-ops would require a purchaser to have a minimum of 2 year's maintenance and co-op loan payments in liquid reserves after the payment of the deposit. It's uphill from there with the most stringent buildings requiring 3 times the value of the apartment in liquid assets after purchase. But, as stated earlier, if the buyer has 50% to 100% of the purchase price of the apartment in liquid assets after purchase, they should be able to look at most co-ops within their price range.

Likewise, the bank that finances the purchase will ask for a financial statement. Banks will accept fixed costs of 28% to 32% of your income. How much of the purchase price can be financed will vary from 0% to 90% depending upon the building's guidelines.

Example:
Let's say your housing costs per month are $5,000 X 12 = $60,000
Your income, hypothetically, is $250,000
$60,000 divided by $250,000 = 24%
This scenario would be acceptable to most co-op boards and to all banks.

The following are the basics you should know before you begin to work with a potential buyer:

Income:	**Assets:**	**Liabilites:**
Salary	Cash	Mortgages
Bonus	Stocks & Bonds	Loans
Dividend/interest income	Real Estate	Credit Card Debt
Trust fund income	IRA, Keough, etc.	Car Loans
Real estate	Other	Alimony/child support
Other (alimony, rent, etc.)	Total:	Other
Total:		Total:

Net worth (assets minus liabilities):
Has your customer been pre-qualified? How much will the bank lend?
You may also want to show your customer the following financial statement. This will need to be completed for application to a co-op or condo, so you may want to make them aware of it and use it as a tool to pre-qualify.

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Financial Statements:

Name(s): _____

Address: _____

The following is submitted as being a true and accurate statement of the financial condition of the undersigned on the _____ day of _____ 20 _____.

Assets	Applicant	Co-Applicant	Liability	Applicant	Co-Applicant
Cash in Bank			Notes Payable		
Money Market			To Banks		
Contact Deposit			To Relatives		
Investment Bonds & Stocks			To Other		
Investment in Own Business			Installment Account Payable		
Account & Notes Received			Mortgages Payable on Real Estate		
Real Estate Owned			Unpaid Real Estate Taxes		
Automobiles: Year: Make:			Unpaid Income Taxes		
Personal Property & Furniture			Chattel Mortgages		
Life Insurance Cash Surrender Value			Loans on Life Insurance Policies (Including Premium Advances)		
Retirement Funds IRA			Outstanding Credit Card Loans		
401K			Other Debts - Itemize		
KEOGH			Total Liabilities		
Profit Sharing/Pension Plan			Net Worth		
Other Assets			Combined		
Total Assets			Contingent Liabilities		
Combined Assets			An Endorser of Co-Maker on notes		
Source of Applicant			Alimoney Payments (Annual)		
Base Salary Overtime Wages			Child Support		
Bonus & Commissions			Are you defendant in any legal action?		
Dividends & Interests Income			Are there any unsatisfied judgments? Have you ever taken bankruptcy? Explain?		
Real Estate Income					
Other Income- Itemize					
Total					

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General Information	Applicant	Co-Applicant	Projected Monthly Expenses/Monthly
Personal Bank Accounts at			Maintenance
			Apartment Financing
Savings & Loans Accounts at			Other Mortgages
			Bank Loans
Purpose of Loan			Auto Loans
			Total
Schedule of Stocks and Bonds			

Amount of Shares	Description (Extend Valuation in Column)	Marketable Value	Unmarketable Value
Schedule of Real Estate			

Description & Location	Cost	Actual Value	Mortgage Account	Maturity Date
Schedule of Bonds & Stocks Specify any assets pledged as collateral, including liabilities they secure				

To Whom Payable	Date	Amount	Due	Interest	Pledged as Security

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Answering the Phone and Emails:
If you're advertising a property you should know the rest of the market in that category and be prepared to talk about alternatives.
• Prepare for calls as though they were business meetings – don't waste people's time.
• First impressions count.
• Your voice is you (smiling, strong, knowledgeable).
• Work to develop confidence.
• Ask questions.
• Try to get as much qualifying information on the phone...before you meet. Deal Transaction Sheet (Deal Summary) sent to both attorneys

Scheduling Appointments:
• Be prepared for phone tag with other brokers.
• Plan showings by geographical area to save time.
• Allow 20 minutes between showings (but this varies).
• Be polite to your colleagues and doormen!! It's a small world.

Preparing for the first showings:
• Buyer's Guide (a great overview).
• Rutenberg Overview.
• Your bio and business card.
• As much info as possible on properties being shown.
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Showing the Apartment:
• Remember that the rule is that you will not be living there...your customer will.
• So, keep your opinions objective and not subjective.
• Don't do a lot of talking unless invited to. Let the customer discover the space on their own. They know what a kitchen is, and they know whether it's new or not, so they don't need you to point out the obvious.
• Ask the customer what works for them and then stick to it.
• Wait until you've left the building to discuss a property. Do NOT talk in the elevators. It's quite simply unprofessional.
• Ask for feedback. Use that information for the future.

Handling Objectives:

- Always use phrases such as, “I understand...” “That’s a good point...” It sets a tone which is non-confrontational.
- Question the objections in the correct way. You will never know what someone really wants or is really saying to you unless you ask. Explain why you are questioning...not to be contrary, but to better be able to do your job well.
- Address the objection through correct information and product knowledge. Some objections you will never be able to address. For instance, the buyer who is convinced that they should wait to buy because the market will go down will never be satisfied with your answer (it might be a good idea for them to stop looking...)
- Always ask whether or not you have addressed a question satisfactorily.
- Don’t be afraid to ask about objections. They will come up eventually and if you can handle them in advance you’ll have a much smoother transaction.

Get the offer:

If you have done your job and found the right property for your buyer, your customer may volunteer the offer and begin the dialogue of bidding with you. However, some people need to be asked. They need some help and permission to move forward. That becomes your job. We make the assumption that they have come to us to buy a home, but it’s a big decision and some need our help in taking that step.

Don’t be pushy or anxious. It shows, and while you may be able to shove a deal down someone’s throat once, you will never receive a referral from them for the rest of your life. And, if you do push, the process will be long and arduous and might never close.

While bidding, stay in control. Don’t talk too much and say things that could come back to haunt you. Never promise you can deliver something which you cannot. Your job is to facilitate and keep all parties cool and calm. NEVER say negative things about the other broker or the seller or buyer, whichever the case. It sets a tone that’s hard to change. It’s pretty easy: buyers have the right to pay the least, and sellers have the right to achieve the highest price. This is “no harm, no foul.” There’s nothing wrong with this and it’s your job to make sure everyone understands. Even if the other broker is not doing his/her job, do not say a word. It frightens people. It’s your job to make it look easy!