Agent Best Practices
Maximize Buyer Lead Conversion & ROI

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For a buyer its location, location, location...for you it should be educate, educate, educate!

- Most agents mistakenly assume that buyers understand the MLS and the buying process. It’s your job to educate and guide your buyers.
- We wonder why buyers work with several agents at once – Prove your abilities upfront and get their commitment early.
- “Other” agents don’t take the time to educate and make a presentation to that buyer….By understanding their needs and being a prime resource for information and guidance, you capture their commitment for loyalty.

**Best Practice Top Policy** – Assume your buyer knows nothing. You will guide them and be the prime agent who educates and gives transparency to the process while supporting them along the way as much as possible.

**10 Best Practices: New Buyer**

1. Understand their true needs/motivations: buyer questionnaire
2. Meet face to face as quickly as possible
3. Be prepared: property printouts, mapped route, presentation material
4. Show 1 to 3 properties at first meeting
5. Qualifying questions and rapport building throughout first viewings
6. Use buyer handouts to explain MLS, fsbo’s, the entire process
7. Confirm their understanding: they only need you to see all available properties
8. Obtain signed agreement or verbal commitment of loyalty
9. Obtain viewing feedback and commit to next meeting
10. Obtain commitment for pre-approval at next meeting

**Tip:** Categorize your buyers: A, B, or C (see ABCs of Lead Management section)

**Converting Buyer Leads**

**Lead Quality – all leads are good!**
Some leads are ready to go right away but the majority will need some incubation and consistent follow up. There are several things that can help you achieve great success working with leads:
1. Remembering that “leads are people too!” Sometimes, it is easy to see them as just numbers in an e-mail or CRM. They got to us because they need help with something.

2. Not only are they people, but they are people that have your money! When you get a lead, envision that this person has $5000 dollars for you. It may take two months or it may take several but you are not going to stop until you get that money.

3. All buyers start by “just looking for information” this is not a “bad” lead

4. They begin by looking for listing information, not an agent, but you’ll demonstrate that they need one. We all know they are not going to buy the listing they called about; they need you to find them the right one.

5. Many will be in the early stages but remember this is your opportunity to capture that client for life.

6. **Building your real estate business is a marathon not a sprint.**

7. Some studies have shown that up to 70 to 80% of internet leads contract on a home within 9 months of their initial search. How often is that with another agent due to the initial agent’s lack of attention and follow up?

8. Drip campaigns are great but personal touch follow up of value is really the key.

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**For more free tips and tools on converting leads, visit Conversion University.**

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**The First Phone Call – 4 Steps to Nail it:**

**Objectives of each Lead Call (inbound or outbound)**

- Establish your qualifications and expertise in the local area
- Establish rapport, building a relationship
- Listen and determine their wants and needs
- CLOSE FOR THE APPOINTMENT!
- Set Expectations

1. **Probing / motivations / relationship building:** Conversation permitting - **begin to establish rapport and exemplify your consultative sales approach.** How long have you been house hunting? Do you currently own a home? If not, have you purchased property in the past? What do you like about this property? (a much better question than “what do you want to know about this property?”) Here are some additional samples you may use. The idea here is that they are open ended questions, not answerable by yes or no.
Sample open-ended questions – for establishing rapport:

- What do you think about the market?
- Beside the baths and bedrooms and feature type questions, what things are important to you in this process? – and then: Why is that important?
- How familiar are you with the home buying or selling process?
- Is there anything that could affect your timeline?

2. **Assess wants and needs:** The more you can ask here the better; i.e. How many bedrooms? Baths? Square footage? Specific buildings? Neighborhood (detailed boundaries if possible)? Max price range and how did they arrive at that number? If pets, what size and weight? Age of building? Necessary condition? Here are some others you may use:

- What else are you looking for in a unit/building?
- Describe what type of neighborhood you like (Fair Housing – be careful how you phrase this)?
- What is it that you’d like to be near? Grocery stores, hospitals, schools?
- Do you have special interests that might affect your home buying decision? Near a park, golf course, etc.?

**Tip:** “Finally, throughout this process Mr. Buyer think about these features in these terms and make a list and be prepared to discuss when we meet”

NEEDS: WANTs: MUST HAVES:

3. **Set the appointment:** This next piece is what separates the highest converting agents from the rest of the field...

*Try to secure an appointment on the call for as soon as possible to view the property they called about in addition to a couple of others that you will find based on their search criteria.

**Bottom line:** They may be in contact with other agents or companies during initial search and most of these other agents are probably just sending them some listings and waiting, be the one who gets face to face first and own the client!
• Whatever it takes to get an appointment as quickly as possible and do it on this first call. Skip steps 2 & 3 above if necessary to do so.

• Do not heavily pre-qualify. Avoid the standard agent response of sending listings and waiting to see what they like and exchanging back and forth until arriving at an appointment to see some properties. Set appointment on first call! Line up showings after.

• Instead of asking what do they want to know about the property they called about. Ask them things like “when can we go look at this unit together? (Assume they want to see it, do not ask if they are interested in seeing it)

• “Based on the criteria that you just laid out for me, I will line up a few buildings for us to look at it in addition to the one that you saw on our site. When can we meet?”

4. **Set expectations:** “I will be sending you an appointment confirmation e-mail with my contact information and explanation of my services. I will also be sending an e-mail from the MLS with all of the properties on the market that meet your criteria. If you would like to add any of them to our agenda for Saturday...just let me know. I look forward to meeting you...”

See, you can still send them a list from the MLS and add the ones they like to your meeting but the difference is you have a commitment already.

What’s the strategy? **Why would I want to meet potentially unqualified buyers?** We’ll discuss more later, but here is the gist:

• Show them two or three units
• Build relationship and qualify them during the viewings
• Make a presentation to those who qualify to earn their loyalty
• Offer guidance to those who do not qualify and incubate them
• Obtain referral business from broadening your contact network
Ways to Lose a Customer – Things to Avoid:

• Sending them back to the internet – sending a list of props for review. They obviously know how to find homes on the web. They are ready to meet an agent.
• Telling them the property they called about is under contract. Why? Game over. Are you being deceitful? No, because you shouldn’t even be talking this specifically about the property, you are finding out what they are looking for and when do they want to go out on an appointment. Shift the focus off the specific property; they are not going to buy it any way in most cases.
• Do not ask “What do you want to know about this property?” You are not an information source. You are a consultant. Ask what do you like about that property instead?
• “Are you PRE-APPROVED?” Get to this at the end of the first face to face, not the first phone call. While you will weed out some bad people with this question on the front end, you will also weed out some good people who do not like this line of questioning. They haven’t met you. They were not referred by you. They called a web site. You will meet some unqualified people but when they get qualified, they will come to you….build a book of business. I have obtained referrals in the past from clients like this. I have also met some people not qualified to buy but who had a property to sell.
• I am not in front of my computer or in my office, can I call you right back? A lot of agents like this one because they want to be able to open up to the specific property or the MLS. However, buyers will keep on searching the web and end up in the hands of an agent who does have time for them. It is not necessary to be in the office to have a conversation, to find out what somebody is looking for, and to set an appointment. Carry around pen/notebook and you will be all set.

Conversation Tips:

Create urgency, put them in a “buying mood” and make them feel smart! Let the customer know how “wise” they are for being in the market at this time. Interest rates are favorable and sellers are very motivated to sell. “Now is the PERFECT time to buy!”

To really draw out their needs, ask them: “What are the 3 things a home absolutely must have in order to even consider living in it?” There are 3 components that make this question powerful:
1. "3 things" this forces the buyer(s) to prioritize their response so you can truly determine what’s important to them.
2. "Absolutely must have" emphasizes the importance of their response.
3. "In order to even consider living in it" get the buyer(s) to visualize the home and thus, gives their response more credibility and you a true feel for what they are looking for.

**The ABC's of Lead Management**

Every lead is important, whether they are classified as an A, B, or C Buyer. They all need attention and constant follow-up or sales AND referrals are lost.

The key to constant success is ensuring you are asking the right questions and maintaining consistent contact based on their type.

**There are 3 Types of Buyer Classifications:**

1. “A” Buyers – These Buyers are ready to buy a home immediately.
2. “B” Buyers – These Buyers will be ready to buy a house in 30-90 days.
3. “C” Buyers – These Buyers will be ready to buy in 90+ days.

Each type of buyer is given a different amount of attention. And each type of Buyer should feel confident that you are giving them 100%. From the first contact it is essential to gain as much information about the Buyer and their needs as possible. This will determine whether they are typed as an A, B, or C Buyer. The importance of any lead management process is keeping in constant contact with your leads on a daily and monthly basis. Your leads will also provide you with referrals and these referrals will keep your pipeline full of sales.

Outlined below is a simple plan of action and will enable you to keep in touch with all of your buyers each month:

1. “A” Buyers will be contacted daily.
2. “B” Buyers will be called every 2 weeks.
3. “C” Buyers will be called once a month.
Notice we say “called”; e-mails and drip campaigns are a great supplement and should be happening simultaneously but the “contact” outlined here, should be phone calls. This plan of action is proven and will fully ensure you are consistently filling your pipeline with new Buyers and keeping current Buyers moving along from the initial call to the closing table.

“A” Buyers – These Buyers are ready to buy immediately.
Be sure to ask the following questions on that first meeting to establish that they are ready to buy immediately. Note – this is in face to face meeting, not on first phone call. First phone call should be simply about getting a meeting or showings.
1. “If we found the right condo for you are you prepared to purchase that unit today”?
2. “Can you bring your pre-approval or loan qualification letter from your lender to our next meeting?"

“A” Buyer Action Plan – “A” Buyers will be contacted DAILY.
• Documentation/tracking in your CRM and frequent contact is essential.
• Three to four times a week you should be calling, meeting or showing homes with them.
• It is up to YOU to create this consistent and urgent communication.
• It is up to YOU to successfully guide the Buyer through the process regardless of how many homes they may have purchased in the past.
• If YOU leave it up to the buyer to contact you whenever they see something they like, opportunities will be lost for both of you. Stay in touch!

The First Appointment
• Set a date to show the properties and where to meet the client: typically the 1st property that you view together, try to plan this to be a vacant unit.
• Always meet with the buyers first and go over the showing process. Use this opportunity to discuss your buyer services and answer any questions about the home buying process or financing.
• Present around 3 properties on the first meeting, no more than 5 to 8.
• During the showings constantly solicit feedback and make notes of what they like or dislike about the properties you selected. This will allow you to narrow their criteria. Any future showings will be homes visually closer to these needs.
Follow the ABC’s (Always Be Closing):

Every step of the way when working with an “A” Buyer. During every home shown if the buyer seems interested in that property; start the closing questions.
   1. Ask for the sale - “Do you want to make an offer on this home”?
   2. Be prepared - “I’ve got the paperwork in my folder if you think this is the one”
   3. Offer contract terms - “Let’s make some notes to add to our offer on this home”
   4. Ask for the sale - “Let’s go ahead and make an offer, homes in this area are selling quickly”

At the end of every tour, have a short meeting in order to narrow their selections to the final 3 homes, or schedule the next appointment.

*Never leave a buyer without a full understanding of what the next step is, or when you will see or call them again.

“B” Buyers – These Buyers will be ready to purchase in 30-90 days.
Regular communication with these Buyers is essential because in the next 30 to 90 days they will potentially become “A” Buyers. Ask the following questions to establish when they would be ready to buy:
   1. “If we found the right home for you, are you prepared to purchase that home right away”?
   2. “OK, when would you be prepared to purchase if I find the perfect home for you”? Their answer should have them ready to purchase within the next 30 – 90 days.

“B” Buyer Action Plan – “B” Buyers will be called every 2 weeks and should be receiving e-mailed information consistently as well.
These calls will be to stay in touch, review general information and ask more questions:

“Hi, I just wanted to give you a courtesy call to see how you are doing and to let you know:
   1. Inform them of any interest rate changes
   2. Inform them of any changes in the housing market
   3. Let them know there are builder incentives they may miss.
Remember the purpose of the call is you are trying to find out if they are closer to becoming A Buyers. Once you have established the client is now an A Buyer, follow the A Buyer process as outlined above.

“C” Buyer- These Buyers will be ready to purchase a home 90+ days.
It is important to maintain monthly communication with these buyers so they can develop a consistent relationship with you. When you make these calls once a month, it will allow you to recognize when they are ready to become “B” or even “A” Buyers. In these calls you will be staying in touch and asking questions or giving them information such as:

“Hi, I just wanted to give you a courtesy call to see how you are doing and to let you know:
1. Inform them of any interest rate changes
2. Inform them of any changes in the housing market
3. Let them know there are builder incentives they may miss.
4. Finding out if they are closer to becoming a B or A Buyer.
Remember the purpose of the call is to find out if they are closer to becoming “A” Buyers. Once you have established the client is now an “A” Buyer, then move them into the “A” Buyer action plan.

“C” Buyer Action Plan – “C” Buyers will be called once a month and receive e-mail information periodically.
Generally you will not be giving them any listing information until they become a “B” Buyer. Make them aware of the fact that listings change frequently and until they are ready, the listings available now, may not be available when they are ready to purchase.

However, the client may ask you to give them listings anyway just to give them an idea of what is out there and mostly because they want them. That’s OK to give them listings this may be an indicator this “C” Buyer ready to move up to a “B” Buyer.

Once you have established the client is now a “B” Buyer, move them into the “B” Buyer action plan.
After the Initial Lead Call: Next Steps

1. Send appropriate e-mail template with your bio and Home Search Services Plan of Action (create several standard intro e-mails to send each lead depending on lead type and results of the call).

2. Send all current matching homes from MLS and set buyer up for prospect match so the MLS will send them a notification of each new listing moving forward that matches their search criteria.

3. Coordinate showings and follow up with buyer for confirmation. Ensure they received your listings e-mail and it did not go to Spam folder.

4. Meet buyer to show properties:

   Look at this like a job interview; you are trying to get hired by the buyer. This simple strategy can really make a difference.

   • Appearance and dress code
   • Clean car
   • Be on time
   • Be prepared (have data sheets on all properties for you and buyer; have buyer handouts; have route/directions planned)

After showing properties, if there isn’t an immediate offer and you’ve determined that this is a viable buyer that you’d like to work with:

Bring value to the home buying experience and lay out a strategy for what you are going to do to help them find their next home. The summary of the overall message is that you have access to all listings on the market without agenda to
steer them anywhere and will work to help them find the right one for them. There is no fee since the seller will pay commission; all you require is their loyalty. If we’ve educated them properly, they will see that there isn’t any need to contact another agent moving forward.

5. Ask for the business! Would like to use my services exclusively?

6. If the answer is yes or becomes yes after further discussion, then **these are the next steps to educate and ensure buyer loyalty:**

   - Let’s confirm your home search criteria in detail. Also, if necessary; what are your timelines? Motivations? Do you have a home to sell?? (many agents miss this listing opportunity)

   - What is your process for home searching? If you see something on the internet, for sale by owner, or a lawn sign or whatever; make sure and send it to me or call me and let me do the legwork for you. As you know, I can help you with any property at no cost to you.

   - Have you been working with other agents? *If so, reinforce that they do not need to any more and that you cannot work with them if they continue to do so. Make them feel comfortable that you will show them everything and give great service and get the job done. Remember, you are selling yourself throughout this process.*

   - You are free to use whatever financing source you like but I will have my mortgage broker call you to issue the pre-approval we will need to continue to see homes together. You will need this to make sure we are looking at the right price homes and you are comfortable with your monthly payment and we are ready to act quickly when we find the right home. Upon receipt of the pre-approval, I will call you to set up our next time to view properties.

   - In the meantime, you will continue to receive properties from the auto MLS system on a daily basis so please save the ones that you will want to see.

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*If you have buyers who will not agree to meet or will not agree to the parameters above when you do meet, continue to send them listings and keep them as long term prospects but do not spend much time on them. Focus hard on the ones willing to go through this process with you.*
Showing the Home – Tips: There isn’t any right way and everyone has their own style, here are some tips for consideration:

• Start creating value on exterior and neighborhood on walk to building
• Position yourself strategically to control the presentation
• Comment on key features and respective benefits if this fits your style
• OBTAIN FEEDBACK – keep prospect involved it better equips you to service buyer
• Forewarn your customers about any problem spaces and offer solutions
• Try to move from smaller space to larger space
• Finish in the impact space
• Give prospects space, do not crowd them
• Take notes on questions you cannot answer; it’s okay not to know and to advise that you will find out ASAP. That is more respected than fumbling your way through the answer or guessing!

Tip: Watch for buying signs

When there is no inventory, buyers have to make snap decisions about whether they would purchase or not. Today’s buyers have the luxury of being able to take their time. When you’re showing property to buyers, they may not always want you to know that they’re interested in a specific property. If you know what to look for, however, there are a number of body language signals that reveal which properties appeal to them most. To make this determination, remember to stand behind the buyers as you show them properties. This allows you to make sure that nothing disappears out of the property. It also has the additional benefit of letting you observe their body language without having to maintain eye contact. Some of the classic signs that show a buyer is interested in the property include slowing down their pace as they walk through the property, looking at a feature two or more times, or touching a wall, or opening the cabinets.
How to Deal with Buyer Objections

The idea here no matter how you word them is to challenge the buyer and get them moving towards buying or moving out of your life, do not just guide them around. This is the mistake a high percentage of agents make.

Below are some common buyer objections and answers:

O - We aren’t ready to look or we’ve decided to wait.
A - If you thought you could get a better property at a better price or a lower monthly payment by buying now, would you consider doing so? By the time the news that the market is on an uptick happens, it’s too late. Now is the time to catch the most motivated sellers, most inventory, lowest rates, and numerous other buyer advantages.

O - Now is not the right time for us to buy.
A - I understand...there’s never a perfect time to buy. What specifically is stopping you from moving forward now?

O - I don’t like the neighborhood/building.
A - I understand...many times we find the right unit/building but wrong building/neighborhood...the solution usually is to find a similar unit in a nicer area/building which means thousands of more dollar up front and a higher mortgage. Are you prepared to increase our search range?

O - The taxes are too much!
A - I understand....taxes are really high today. You are aware that taxes are deductions on your income tax, right?

O - The unit is in poor condition.
A - I see that too. This unit does offer you the chance to add your own personal touches. Would it be better to increase our price range for a more complete unit or renovate this one to meet your specific needs?

O - The price is too high.
A - I can appreciate that....realistically what price would you pay for the condo? We can submit that offer but we should expect a counter offer. Do you want to buy this condo if the price can be negotiated?
O - We want to think about it.
A - I don’t blame you….this is a big decision but you are in the market to buy and this one meets the criteria of what we’ve been looking for, what is it specifically that you need to consider at this point?

**Get Your Buyer to Make Reasonable Offers:**

Everyone is looking for a bargain these days. It is up to you to educate them that they are getting a **bargain already built into the list price**. Show them closed sales from the past couple of years of similar properties at much higher prices. Also educate them that in addition to a great price, they can likely get some closing costs paid for too.

Here are some scenarios to consider that you might pull some useful bits:

**Buyer:** What do you think they will take for this unit?
**Agent:** I know that they will take the list price...below that, I am not sure. What is the most you’d be willing to pay for it? I would be happy to provide you with the most recent comparable sales so that you can see what market values seem to indicate. Unless they are under extreme duress, I would expect that they will look to get current market value.

**Buyer:** I want to offer less.
**Agent:** I can appreciate that. It is always possible that another buyer will like this condo as much as you do and there could be more than one offer. If that happens, the seller could choose not to counter if you come in too low compared to the other, you could lose it.

**Buyer:** I still want to go in low.
**Agent:** In my experience, often times a seller will not take you seriously and either rejects your offer or gives you a counter offer that is not anywhere near their bottom line. I always recommend that we go in at the price you are truly willing to pay, and then if we get outbid, we know we did the best we could.
Buyer: I want to get a good deal.
Agent: I understand but this condo fits your needs. If you lost it over a few thousand dollars which amounts to dollars on a monthly mortgage payment, it would not be easy to find another one just like it, would it? **Let’s do the right thing and make a reasonable offer...it’s our best chance to get the home you’re going to love!**

**Prevent Buyer Remorse:** This is a natural occurrence and it helps to be pro-active to prevent it. Make this part of your post offer routine....it could save one or two transactions a year.

“Mr. Buyer, congratulations on your purchase! I know you are going to be happy with the condo! I just want to advise you about something though. Buying a condo....like many things you will do in life, is a big decision. It’s normal to be nervous when making a big decision, isn’t it?

It’s also common for well meaning friends and family to give you advice and opinions, which can actually make you more nervous!

So when you get nervous and can’t sleep just remember....it’s all normal.

Think about it.....you guys did your homework, studied the market, looked at the choices, and made a careful, sound decision. Do not doubt yourself! If you get scared, call me and I will help you through it.”

**What if they call to back out?** In this case, reassure them that you are on their side and simply want to help. Don’t beat them up over the phone. Suggest that they should see the unit again before making a final decision.

Remember they buy on emotion. If they see it again, it’s going to be easier to move them forward. They may just scared...be patient.

**Working with Condo Buyers**

Here is a checklist for some of the necessary steps to take when working specifically with a condo buyer. As always, we believe that one of the most important things an agent can do is educate the buyer on the process and what to expect along the way.
1. It is good practice to make sure that you ask a few extra questions of your condo clients than in your regular residential buyer survey of beds, baths, square footage, etc.
   - Make sure to ask not only if they have pets but do they intend to get one during the time of ownership?
   - If they have any or plan to, what type, breed, weight?
   - Do they intend to rent the unit at any point?
   - Do they need parking? How many spaces?
   - Any minimum or maximum number of floors in the building?
   - Any minimum or maximum floor for their specific unit?
   - Do they need an elevator?
   - Any particular amenities required?
   - What are the maximum monthly association dues they will pay?
   - Do they require a balcony?
   - View?

2. Upon identification of a building for consideration, it will be good service to advise the buyer to be cognizant of the following:
   - What are the conditions of the common areas?
   - Who is currently living in the building?
   - What are the association dues for the units?
   - Does the building have commercial space?
   - Is the building a condo hotel project?
   - Does the building have any special assessments now or pending?

Educate your buyer about the typical buildings and how to find the right unit for them within a building. Taking these steps along with those mentioned above will really cement your position as an expert and consultant and will create that ever elusive “buyer loyalty.”

Most condo buildings have several different floor plan layouts that the buyer may choose from. These floor plans generally remain the same throughout the different floors of a condo building creating vertical “lines” of the same floor plan. This means you can help them choose a floor plan that is suited for them and then choose what floor the unit is on depending on their preference. There are many variables that should be taken into account when choosing a unit in a condo building, especially if they are buying pre-construction.
Here is a list of things to consider when choosing a condo unit. Review these with your buyer to see if they will play a role in their decision.

The View
Take into consideration where the project is located, what direction the unit is facing and what floor the unit is on. Will future construction block the view of the water?

The Floor
If you’re looking at a unit on the 35th floor it would be prudent to make sure they aren't afraid of heights. If you like the price and convenience of the 6 floor, evaluate the noises created by the buildings surroundings (i.e. streets, pool, generators).

Finishes
Did the previous owner have quality upgrades made to the unit or is the unit lacking in its appearance? If the unit will need to be upgraded make sure they account for the upgrades in their budget (crown molding and tile can be expensive).

Steps specific to buyer’s agent on a condo sale:

• Make sure that the seller or seller’s agent delivers the condo docs. Your buyer has 3 days (maybe different per your state) upon receipt to cancel the contract.
• Advise buyer to consider a condo inspection.
• Make sure that the buyer receives and complete any necessary applications for residency or request for information from the condo association.
• Although the following items should be handled by the lender, it is good to educate your buyer of these necessary steps: Appraisal, Estoppel Letter and PUD Certificate (Condo Questionnaire).
• It is imperative in today’s lending environment that you follow through on the Condo Questionnaire. Press the lender to order this.

Looking to work with more condo buyers? Join the Condo.com directory and promote your expertise to millions of condo buyers. Join for FREE here: http://www.condo.com/Register.aspx
Here is some more information on the above items:

What does **Estoppel** mean?

It means that the ownership of real property is stopping with the Seller (Owner) and will begin again with the Purchaser (Borrower). All debt owed to the association by the Seller (Owner) will appear on this form, payoff of such debt is expected prior to or at the time of closing.

What does this mean to the Purchaser or Seller?

In order to purchase real property, an Estoppel request must be made by the purchaser’s Title Company. The information contained in an Estoppel is used for compiling the costs for closing purposes. These costs and fees are found on the HUD Statement or Settlement Statement that you will receive at closing.

An Estoppel will let the Title Company know if the maintenance fees are current, if there are any special assessments due and/or pending, the name of the Association’s Insurance agent, pending litigation, violations against the subject property, etc. Responsibility of payment for Estoppel is of the Seller (Owner).

What is a **PUD Certificate** or **Homeowner's Certificate** (Condo Questionnaire)?

When the applicant/purchaser is purchasing the property using a mortgage, a PUD Certificate or Homeowners Certificate (Condo Questionnaire) is also required. This is a requirement of the lender. The lender will request this information to find out if the Association that you are purchasing in meets the criteria of the lender; i.e. - BoA requires 10% reserves, less than 15% delinquent HOA dues, less than X% investor owned units in project. Some of the information that they require will be financial stability of the overall Association, total number of units, owner-occupied units vs. rentals, pending litigation, etc. Responsibility of payment for the Certificate is of the Purchaser (Borrower).
Share these buyer tips:

- When a developer plans a new condo project, one of the major transaction hurdles they face is financing. Construction lenders gauge market interest and finance-ability on the developers pre-sales. When there are adequate pre-construction sales reservations, the project will move forward. Pre-construction reservation pricing is generally below that of completed condo units which translates into savings for buyers who are willing to reserve or purchase units at this early stage.

- Insist on a condo inspection. The first really hot day you spend in your new condo is way too late to find out that the air conditioning unit does not work. The one condition you should always include in an offer to purchase is for a condo inspection. Find out how much it will cost to fix any defects and have the seller fix them before you agree to buy the condo or deduct the estimated cost from your final offering price. If the seller won’t help bear the costs and you want to go ahead with the purchase, make sure you can afford the necessary repairs on top of your mortgage.

Want to go the extra mile for your client? You should. This is how you turn one lead into 5 referrals!

Here are 6 Important Questions to Expect from Condo Buyers:

1. "Can I see the board minutes please?"
   Take a look at the minutes of the condo association board meetings to see what the owners have been griping about. If everyone was complaining about the faulty plumbing or the gardener’s absence, you know that the complex is having management difficulties. Even if there aren’t any complaints, reading the minutes will reveal the sorts of projects that are under way at the complex – projects the seller may have neglected to mention.

2. "Can I see the association dues records?"
   Find out the delinquency rates of present owners. If people aren’t paying their association dues on time, that is either a sign of discontent or an indication that the association might be underfunded.
3. "How Much Is In the Repair/Reserve Fund?"
   Ask if the community has done a reserve-fund review in the past five years. Lester Giese, the author of The 99 Best Residential & Recreational Communities in America, recommends the following formula: If the complex is one to 10 years old, the reserve fund should have 10% of the cost of replaceable items (roofs, roads, tennis courts, etc.). Between 10 and 20 years old, the repair fund should be at 25% to 30%. At 20 years, that amount should be 50% or above. Residents who brag that they don’t pay much in maintenance may be in a complex that either is not being kept up well or is living beyond its means.

4. "Can I see the Insurance Policy please?"
   If you look at nothing else, get a copy of the certificate of insurance, which is a summary of the association’s policy. First see if the replacement costs covered by the policy are an accurate estimate of the cost of rebuilding. Then make sure that the policy has a building-ordinance clause, which means that the insurance will cover the cost of bringing the building up to code if there is any rebuilding to be done. On older buildings, there may have been many code upgrades since the time of construction. Finally, make sure that you understand exactly what the association policy covers and what you are responsible for. The smart condo owner will insure his or her personal belongings, along with any other items within the unit that are not covered by the association’s policy. If you have trouble understanding the insurance lingo, take the insurance certificate to an agent whom you trust and who understands the state laws.

5. "Is the Complex Renter-Friendly?"
   If the renter population is over 10%, there should be clear rental policies, either listed in the bylaws or tacked on as an amendment. Does the management company find renters for you? If so, do they get enough good renters? Ask other tenants about their experience. In addition, ask to see the association’s rental lease, and have a real estate lawyer look it over. Keep one thing in mind, though: An association can change its bylaws to prohibit or restrict renting at any time. The more owners who rent, the less chance that will happen.

6. "Am I My Community’s Keeper?"
   Watch out for a condo whose owners manage the place themselves. Although many are operated efficiently, self-management can lead to more hassles for owners – especially those who live thousands of miles away. If the complex is...
professionally managed, check out the management company as thoroughly as you check out the association. Ask other owners. Ask people in nearby buildings. And be sure to interview the day-to-day manager directly. If you hook up with a bad manager, you can be sure of this: Your dream condo will keep you up at night.

**Working with Investor Clients:**

- **Old vs. New**
- **Pre-Construction vs. Completed**
- **Condo-Hotels**

**Old vs. New:**
As you look for an investment property that is suitable for your situation you will most likely be looking at both old and new condo units. While both types of properties can make sound investments there are some issues that you should be wary of.

**Older Units** - Because a condo unit is aging does not necessarily mean that it will be more maintenance than a brand new unit. However, there are specific things that you should investigate before purchasing an older unit:
- **Common areas** - Take time to observe the common areas of your condo unit. As a condo unit owner you will be responsible to pay monthly association fees to the condo association. If there are common areas that need repairing (i.e. leaking roof) you may be liable for an additional assessment fee even if the problem doesn’t directly affect your unit.
- **Your condo unit** - Even though a condo unit may appear to be well maintained and up to your area's building codes you should hire a professional inspector to thoroughly check the unit. Older buildings can be riddled with problems like mold and asbestos that may not be visible to the untrained eye. A simple inspection to insure that the unit is up to code can prevent you from taking unnecessary losses on your investment.

**New Units** - Buying a new condo is not always as simple and carefree as we would all like to think. Although buying a new condo generally avoids most maintenance problems there are things you can do before purchasing a new condo to insure that it will be a sound investment.
The Developer's History
Take some time to research the project developers past condo developments.

- Have the developer's past projects had serious problems?
- Is the developer known for attention to detail?
- Are the developer's past projects appreciating well compared to their respective markets?

Buying a new condo is not always as simple and carefree as we would all like to think. Although buying a new condo generally avoids most maintenance problems there are things you can do before purchasing a new condo to insure that it will be a sound investment.

Pre-Construction vs. Completed Projects:
Both preconstruction and complete projects have their advantages as investment properties. Choosing between preconstruction and completed will most likely depend on your investment strategy and your financial situation. Here are some benefits and drawbacks to each type of property.

Pre-construction:
Benefits
- Units are usually offered at a discount.
- Buying preconstruction does not require you to pay the entire price of the unit until it is built.
- Your unit can appreciate while it is being built.

Drawbacks
- You may have to wait several years before your condo is complete.
- Your condo may decline in value while it is being built.
- If you run into financial trouble you may have to walk away from your deposit.
- The market or area could deteriorate during construction.
- You are unable to rent the unit until you receive a certificate of occupancy.

Completed:
Benefits
- You can rent the unit to help pay your mortgage and build equity.
- You can take possession upon closing.
- You can use the unit as a vacation property.
Drawbacks

- You immediately have a mortgage payment to cover.
- You must pay association dues in addition to your mortgage.
- If the market begins to decline you may have difficulty selling your unit.

**Condo-Hotels:** the consensus is that these are not a good play for the pure investor. They may make a sound investment for the end user who would like to offset some of the expenses.

They are a unique type of condo investment. There are both positive and negative aspects of owning a condo-hotel unit and condo-hotels are not for everyone. Here are some things you should keep in mind if you are thinking of investing in a condo-hotel:

- Condo-hotel units are generally much smaller than normal condo units. Units usually resemble hotel rooms rather than spacious condo units.
- If you are looking to live in your condo-hotel unit remember that you will be sharing the common areas with hotel guests.
- If you opt in to a lease back program with the hotel you may be limited to a certain number of days you can use your property.
- Check with your mortgage broker to make sure you can qualify for a condo-hotel property. Due to the small square footage of most condo-hotel units you may have trouble finding financing.
- If you are participating in a lease back program you will be required to furnish your unit to the standard of the hotel.

If these issues do not deter you from your desire to invest in a condo-hotel property, than a condo-hotel could be perfect for you. Even though you may face some inconveniences in owning a condo-hotel unit, there are many positive aspects to investing in a condo-hotel.

Here are some reasons people invest in condo-hotels:

- Most condo-hotels offer lease back programs that allow you to immediately see revenues on your unit when other people stay in it.
- Condo-hotel properties offer you all the standard hotel features like room service and full time maids.
• If you travel to a specific destination frequently and purchase a condo-hotel there, you can save the money you would normally spend on a hotel room.

*Remember: You can get more FREE agent tools and tips on Conversion University. Visit: http://condo.com/cu