

You have Questions We have Answers

Q. Why haven't we seen this from other agents?

A. We operate under a belief that if we do what is right, tell clients the truth and educate you instead of trying to trick you, you will ultimately do what is right and hire us. As a result of us helping you, you will go ahead and trust us to help your friends, family, and anyone else you care about.

Q. Why do some agents claim they can get me more money?

A. There are several possible answers:

An agent that will list your property overpriced assumes they can take the listing now. Then they will start beating you up on the price week after week because your property isn't selling.

Or, they are telling you whatever you want to hear just to take your listing knowing that by having a listing, potential buyers will call, the agent can then switch them to other properties that are priced competitively and be paid a full commission.

Or, they simply aren't paying attention to the market.

Now are any of these the type of agent that you want working for you?

Q. Should we list high? We can always come down in price later.

A. We understand you may be tempted to list high and leave room for negotiating, but have you considered the problem that creates for you? Most qualified buyers won't even bother looking at properties that are priced too high. Would you rather have a bidding war on your home or not have an opportunity to negotiate any offers at all? With the market trend heading downward for at least a few more years, why would you want to wait to get further from the top?

Q. How long should we list the property?

A. In today's market with properties sitting longer and longer it is imperative we price the property aggressively up front, and react quickly if it doesn't sell within 15-30 days. If we can agree to price it aggressively up front, and then adjust our shelf position as necessary, if the market doesn't see our value, we should absolutely be able to sell the property in 90 days. However, if we cannot price it right up front and instead need to adjust to catch up to the market it can take many times longer.

Q. I have a friend or relative in the business, shouldn't I use them?

A. We can certainly appreciate this, and in this market almost everyone does. So ask yourself some critical questions:

Do you absolutely have to sell this property or are you just looking to do your friend or relative a favor? As the seller you need to consider this as a business decision and ask yourself, "Which agent will I financially benefit from hiring? " "If something goes awry would I want it to impact that friendship?"

Q. Why should I move forward now? Won't the market come back soon?

A. Please review the most recent "Reality of the Phoenix Real Estate Market Report." Ask yourself the following questions if that is realistic:

Interest rates have risen consistently the past several years, now the 80%+ of buyers who bought with an adjustable rate mortgage are facing severely escalating monthly payments, what will happen when they simply can't make the payments? Do you want to try and compete against banks that just need to get foreclosed real estate off their books?

* In recent years the cost of owning real estate in this market escalated to the point that it is now 3-5 times more costly to own, than to rent here. With an uncertain market, a desire to not be tied to any specific area, lower costs to rent than own and minimal need for up front capital, don't you think more and more financially savvy buyers will choose to rent?

At the markets peak we were selling over 8,000 homes per month. Even if we returned to that level of sales, it would still

take over 1 year to sell just the current inventory. What do you think the odds are of returning to that level anytime in the near future?

Speculators accounted for over 60% of all the sales in this market during its greatest upswing. That demand is now almost entirely gone. How many of those people who bought properties hoping to make a quick buck are we going to be competing against when you hire us to sell your property?

Q. Why wouldn't we save the commission by selling it ourselves?

A. This is a common thought among sellers and you need to be aware that the total number of choices buyers have in the market today is higher than it has ever been, and there have been only about 3000 homes/month actually selling. This has created an inventory of several years' worth of homes if no other homes come on the market, and since January 2007 we have averaged about 14,000 new homes a month coming onto the market. This doesn't even include all the new construction currently flooding the marketplace!

What's worse for the seller is the fact that only 2% of For Sale by Owners actually sell themselves and 98% are listed and sold by real estate agents. You need to ask yourself, can I afford to have only a 2% chance of selling my home?

Q. Is it important to have an agent who sells a lot of homes in a certain area?

A. The most beneficial reason to choose someone like us is we have homes for sale all over the area. Meaning when you sign the contract we can expose your property to potential buyers from all over the area. Now isn't that the kind of marketing exposure you are looking for?

Q. Will you cut your commission, other agents said they would?

A. This is a great question and we want to share with you why this makes us nervous. There are a lot of desperate agents out there, and if an agent doesn't have the courage to stand up to you regarding their own worth, how strong could they possibly be defending you and the price we set on your home? We're going to show you upfront how tough we are going to be on your price by being tough on our commission.

Q. Should we think it over?

A. We understand that making a logical decision is important. So during our appointment tell us what it is specifically that you would like to think over because three minds are better than two, and having an open discussion is very important to us to help you achieve the goals you have set for yourself in selling this home.

Q. How important is it to be familiar or comfortable with the company you hire?

A. When you stop and think about it we are certain you realize that a company doesn't sell a home, it's the individual agent's activities. The question you need to ask yourself is do you feel we can sell your home and maximize the equity we are trying to preserve?

Q. What do you do to sell homes?

A. That's another valid concern. Are you aware that there are two kinds of real estate agents in the market today? There are Active and Passive agents out there. We are Active agents, meaning when you sign the contract, we will spend our time actively marketing your home to the public and the other active agents in town. We get on the phone and call people. It's a lot like work, and don't you deserve to have someone actually work to sell your property and earn their commission? You want an agent that will work actively and aggressively to get your home sold, right? We won't try to convince you that signs, open houses, websites, advertising and other forms of passive marketing are going to get anything accomplished. We know that when you stop and think about each one of those activities, no one is going to buy because of junk mail or an ad that is lost amongst a million others. Buyers will buy because you hire powerful agents, like us, who go find the buyers and/or go find the agents they are working with. You do want us to be honest about what it takes to sell real estate in the current marketplace, right?

Listing Plan of Action

Our Objectives Are The Following:

1. To assist you in aggressively positioning your property to allow the most qualified buyers to view your property.
2. To communicate with you regularly the results of our activities and the condition of the market.
3. To assist you in negotiating the highest possible equity preservation or loss minimization.
4. To aggressively and creatively think outside of the conventional real estate box thereby assisting you in putting together sales that otherwise would not happen
5. To clearly explain and implement the 4 key components necessary to sell real estate in the current market.

The Following Are The Steps Necessary To Get A Property Sold:

6. Submit your home to our local Multiple Listing Service. This single step provides access to your property to all the other Realtors in the marketplace as well as to www.REALTOR.com, which draws more potential buyer traffic than all the other websites combined.
7. Constantly study the marketplace to remain the most informed, knowledgeable professionals in our business, period.
8. Price your home competitively ... to open the market vs. narrowing the market.
9. Promote your home within our office.
10. Work with you to develop a list of your property's features & benefits for other agents to use with potential buyers.
11. E-mail a feature sheet to the top agents in the market and the other agents looking for buyers in your neighborhood.
12. Constantly communicate with other top agents "pitching" your property to them.
13. Contact listing agents of all competing properties to "pitch" our offering to them and their buyers.

14. Use innovative technology to capture names and phones numbers of prospective buyers.
15. Work with you to create a "dear prospective buyer letter."
16. Suggest & advise as to any changes necessary to make your property more saleable.
17. Constantly update you as to relevant changes in the marketplace.
18. Prospect and speak with potential buyers, constantly looking for your buyer.
19. Contact over the next several days ... our buyer leads, sphere of influence, past clients, their referrals, and any other prospective buyers.
20. Work with you to notify all of your friends and family about your desire to sell, looking for anyone they know who may want to buy your property.
21. Maximize exposure through professional signage and a lock-box.
22. Whenever possible pre-qualify the prospective buyers and their agents.
23. Keep you aware of the various methods of financing that a buyer might use.
24. Pre-sell and follow-up on the salespeople who are showing your property to plant the features and benefits of your property in their minds prior to their showing it and to gather their feedback after the showing.
25. Assist you in the arranging interim financing ... if necessary.
26. Represent you with all offers ... to assist you in negotiating the best possible price and terms.
27. Handle all follow-up upon a contract being accepted ... mortgage, title, inspections and other closing procedures.
28. Assist everyone you know and care about with any Real Estate needs they might have anywhere in the world.

Tips for Showing your Home

- Front of the house - Paint, fix or wash railings, steps, screens and/or doors.
- Other exterior - side or back doors, gutters, wash windows, screens, do any painting necessary.
- Garage - clean up, organize, show maximum storage space
- Lawns/yard - remove clutter, cut grass, edge walks, trim hedges, weed gardens.
- Kitchen - Clean stove and refrigerator, sink should be spotless, all work space clear.
- Cupboards/Cabinets - Keep free from clutter.
- Halls/Stairs - Remove clutter to give wide appearance.
- Bedrooms/other rooms - Shampoo carpets and clean windows.
- Bathrooms - Neat, spotless and fresh, repair broken putty around tub.
- Closets - Untidy or overcrowded closets suggest inadequate storage.
- Lights - Replace burnt out bulbs, faulty switches.
- Plumbing - Repair drips, leaky faucets.
- Heating/Cooling - Clean exterior of unit.
- Hardware - Oil hinges, tighten knobs, faucets

When Agents Show your Home, Help Us Help You!

- Open drapes during the day, close at night.
- Turn on all lights, or let us turn them on for entire tour.
- Make sure home is fresh for showing.
- Turn off the TV, radio, CD player.
- Be out of the house for all showings, buyer may feel like an intruder otherwise.
- Be courteous, limit conversation with potential buyers.
- Keep pets away from home

What Are My Options?

Q: I own property; the value is dropping by the day, and will continue to do so for at least 4-6 more years. What do I do?

A: You have several options:

#1 You could bury your head in the sand, refuse to acknowledge the reality of the declining market we are still in the early phases of experiencing and instead hope that it will get better, ultimately this will most likely lead to a foreclosure, or

#2 you can try to ride it out and rent the property, or

#3 you can try to work out a short sale or something similar with your lender, or

#4 you can be aggressive and sell the property now at whatever the market will give you, because it is more than you will get during the next few years.

Q: So if I wait, nothing happens and I go into foreclosure can't I just give the property back to the bank?

A: You can, and an interim step may be a deed in lieu of foreclosure, and the bank will resell the property after incurring their 20-40%+ in costs. You will of course sacrifice your credit for a up to 7+ years. You may also owe the bank the difference between what they sell it for (minus their costs to sell) and what you owed them (plus their costs to foreclose, late fees, interest and penalties.) This may well end up being reflected as a deficiency lien or judgment of a very large dollar amount.

Q: I don't need to sell; I can afford to wait so why not just rent it?

A: As more and more properties are foreclosed on, as fewer and fewer properties sell and as prices continue to decline – do you foresee rental rates going up or further down during this correction when literally thousands and thousands of owners are trying to rent their properties? Your cost of owning residential real estate is approximately 1% of the value of the property each month. Right now the cost of renting a property in this market versus buying the same or similar property is around 30%. Meaning that to own a \$1M home will most likely cost you at least \$10,000 per month. Renting the same home will cost you \$3,000 or so per month. When renting you have no capital at risk and don't have to worry about an unstable market. Take a second and add up the following costs for your property:

Taxes - will they go down as fewer and fewer people pay them and fewer sales take place?

Insurance – will this go down as fewer people can afford to pay it so those who can have the risk spread to them?

Maintenance – what does it cost to keep the property in good condition?

Management – what does it cost you in time or money to manage the tenants?

Vacancy – what percentage of the time will the property be vacant or without income?

Tenant issues – will all your tenants pay and maintain the property?

HOA/Condo Assoc fees – as fewer of your neighbors can afford to pay their share of these bills, who will be stuck to pay them? If they are unpaid how attractive will your community be to potential buyers or tenants?

Interest – if you have a mortgage what is it costing you per month?

Potential earnings – if you don't have a mortgage, what could you do with your cash if you had it out of the property? They claim Wall Street averages 10% per year. If you invested the equity in your property, what would that be worth each year?

So, what's the total of these numbers? How does it compare to the rent you are going to receive, if you can find a tenant? If you can afford to not sell now, you are probably a savvy enough business person to see that it makes a lot of sense to go ahead and sell while we are still near the peak.

Q: What is a short sale, how does it work?

A: If you are financially in a position where you have little or no other assets, you are behind 60 days or more in your mortgage and there is no viable way out, your lender may be willing to take a loss on the property.

Taking this loss is better for them than having to go through the possible foreclosure. It can be better for you too, but only if you are really in the position described above. There are companies out there who specialize in working out these arrangements for homeowners and if this describes your situation contact me 602.510.5591 or kristinaarias@kw.com to discuss this option further. It could be significantly better than a foreclosure and if done properly could leave you in a position of having decent credit again within a year or so.

Q: How aggressive do I need to be to sell the property right now and put it behind me?

A: It's all a matter of value. With the huge, and growing, supply we have and the normal demand we are seeing. We have to be aggressive in 4 areas:

#1. We must be at least 5-10% below the lowest of our competition based on age, area, size and price just to get traffic through the property

#2. We must be attractive to agents who are working with buyers so they want to show ours instead of the competition

#3. We must aggressively go to work to find buyers every day instead of waiting and hoping the buyers will find us.

#4. We must be as creative as may be necessary to structure unique deals getting any and all possible interested buyers into position to buy your property.

Q: What is happening in the market?

A: The market hit its last bottom around 1992/3. From there it slowly improved until the late 90's and then a little more rapidly until 2001 when, technically, it had just about peaked. Then of course 9/11 took place, interest rates were forced artificially low, billions of dollars left the stock market and people who were looking for safe investments were sold on the idea that the baby boomers would pay a fortune for properties in a few years. This combined to create a great deal more demand than supply at the time. This of course pushed up prices in a manner previously before never seen. In October 2004 the supply started to consistently outpace the demand and by summer 2005 the market peaked. In effect this created about a 12 year up cycle. Normally, in a high appreciation market you see 3-5 years of up followed by about 2 years of down. The 1993-2001 up was quite long

by conventional standards, you would have most likely seen prices correct to 1999-2000 levels after what should have been the peak. Instead, we experienced the craziness that became the Phoenix real estate market. While no one can know with 100% certainty, it appears likely that the next bottom will be at a pricing level comparable to values in 2002. We are still seeing supply grow as new construction typically takes years to wind down to a halt.

So do you sell now?

Do you ride it out for until it bottoms, most likely in 2010 – 2012, then wait who knows how many more from there back up to where the market is today and eventually even further up? Do you bury your head and just ignore it? Do you try to work something out with your bank?

I don't know what you will decide to do, but I do know that we want to help. This is a very frustrating time for many people. Those who can remove the emotion, step back and look logically at the options will come out of this time ahead, the others will not.

How can we help you make the best choice for you, right now?

REALITY OF THE PHOENIX REAL ESTATE MARKET

IT'S ONLY ABOUT SUPPLY AND DEMAND!

Stable demand + hugely excessive supply = continued declines in prices

With the number of new listings coming on the market, and the amount of new construction still taking place, what options really exist for prices? Be honest with yourself don't buy into the uneducated hopes and wishes of the uninformed, face the facts of the market.

IT'S SIMPLE YOU CAN EITHER FACE THIS REALITY NOW, OR COST YOURSELF A LOT OF MONEY LATER

Want to go ahead and take advantage of this now?

Call!

480-626-6373