

2023 EDITION

Becoming an Agent

Or: Of Mental Models, Systems Thinking and Adding Value

By Rob Thompson, Realtor®
The Agency Colorado Springs



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Nothing in this text should be construed as legal or financial advice. It is intended as a practical guide for real estate agents interested in adding value.

Dedicated to Samantha and Sloane, my daughters. For them, everything.

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I am only one, but still I am one. I cannot do everything, but still I can do something; and because I cannot do everything, I will not refuse to do something that I can do.

Edmund Everett Hale

Prologue

Are you ready for a rollercoaster of a job? One in which you get to experience the highs of finding people their dream home? Also one in which you get to bear the brunt of their anger if (when) Murphy decides to insert themselves in the process and something goes wrong? A job in which you will be negotiating \$500K contracts while simultaneously hustling for new clients because you are “only as good as your last sale?”

Let me begin by asking you to identify your “Why?”

Why do you want to do this job?

My why began in December 2006, when I bought a home in Las Vegas, NV. I was just finishing up a fourth tour overseas. I'd been gone for 8 years. I wanted to buy a home in my hometown, build some equity, start a real estate empire. You know, modest goals.

The housing market was on FIRE. I would be told that agents' phones were literally ringing off the metaphorical hook with people looking to buy literally anything. My agent told me he received multiple calls a day of people offering \$50K or more just for a contract on a home they would flip within the week for another \$50K profit.

In retrospect, this should have set off alarm bells in my head. It didn't but it gave me enough pause to ask both my

agent and lender at the time, “What’s up with this market? I read bout this ‘bubble thing’ online.”

They both assured me, “You will be fine.” The agent told me, “It can’t pop, there aren’t enough homes to sell.” The lender told me, “If it pops, we will just refi you.”

This was enough for me and I bought a house.

Fast forward five or six months and the housing market collapsed.

I wasn’t alarmed, initially. I was active duty military, receiving an allowance for housing and my spouse was employed. And my advocates had said it would be ok, right?

Then, my spouse was laid off. And suddenly, the issue become much more urgent as one of my twice monthly checks went just to pay the mortgage. We now had to live on the other for the month, pay car payments, utilities... you know, life.

And the prospects for employment with the subsequent recession meant my wife would probably be out of work for some time.

I started looking down the road, too, and asking “What am I going to do when I get orders to move from Nellis?” I started doing the math on the mortgage vs projected rental prices and realized I was in trouble. Home rental prices were dropping, widening the affordability gap associated with carrying the home once I left the area.

Thus began my search for ANSWERS. I started with my agent, reaching out to him and asking, “What do we do now?”

His response: “Beats the hell out of me.”

I asked, “You told me we would be fine. What do we do now?”

He replied, “What did you expect me to say? I have a family to feed, too.”

To this I said, “But I specifically asked you about all of this. Did you know this was coming?”

To which he replied, “I don’t know what you want me to say. Yes, I thought it might happen.”

Thus ended our relationship.

Two notes here:

One, I accept full responsibility for buying that property. I don’t blame him for selling it to me. Two, I do wish he’d been candid in sharing his market expectations with me vs putting the profit ahead of principle.

My next visit was to my lender. When I got them on the phone and asked about refinancing, I was met with literal laughter. “We are no longer in the refinancing business,” they told me.

“But you told me you would refi me if the bubble popped. And if I am to carry this house, with rents falling I need to get the payment down.”

“I’m sorry, we are no longer in the refinance business.”

Thus ended our relationship.

Another aside here: I do NOT advise buying a home based on the idea that two adults must be fully employed to pay the mortgage. This is a dangerous idea in an uncertain economy as well as the simple idea it does not factor in illness, downsizing or just plain getting fired.

This experience also directly led to my “Three Questions” that I ask every client to ask themselves, detailed in Part 10.

My next stop was the financial services center on the base. Their response was confusion at the notion I was struggling to pay my mortgage, wanted to see if I could reduce the payment or was at all thinking about all of this from a numbers perspective.

“Just pay your damn mortgage,” was the advice I received.

Thus ended our relationship.

As this all unfolded, my time in the squadron was starting to get short. I knew I would receive orders soon. Also, we were now expecting a baby.

I began researching a relatively unknown concept at the time called a short sale. I knew enough to know I didn't want to "walk away" or strategically default, the outcome being foreclosure. I also knew I didn't want to do a deed-in-lieu of foreclosure, both of those potentially impacting my ability to buy a home for seven years. I wasn't sure the mortgage company would accept the latter, either.

That left carrying the home as a rental, short sale or a bankruptcy. I'd calculated I would be buried by the difference between the rent I could collect and the amount of the note. I knew, too, with an average loss of home value exceeding 60%¹ that any recovery would be a long time coming. The math just didn't make sense.

I then went in search of and found an agent whom stated they specialized in short sales. This turned out to not be the case. "Just sign it," was their go to phrase when I asked any questions about what I was supposed to sign. "It'll work out," was their other mantra when I asked about the difference between a proposed sale price and the amount owed on the mortgage.

None of this sat well with me. I became educated in the short sale process, from deficiency judgments to cancellation of debt under the Mortgage Debt Forgiveness Act. I became my own advocate, ultimately being the one to call the bank weekly to check on the status of my application once we found a buyer for the home (whom, to

¹ KTNV, 1 May 2018: HISTORY: A look at the housing bubble burst and long-term impact on Las Vegas

their and the two agents credit hung in there for the nine to ten months it took that home to sell).

I also observed that the military didn't really know how to deal with what was happening. In my squadron of 120 people, I learned that at least 25 of us were going through foreclosure, short sale or bankruptcy.

It was in one such conversation that I had my light bulb moment. I was talking to another Airman about what I was learning and the conversation turned into one, then two, then a number of people surrounding us...an impromptu town hall of sorts. In that moment, it occurred to me: "I could get a real estate license and be the advocate I wished I'd had."

Thus began this relationship.

It took me the rest of the time in Las Vegas and two years stationed here in Colorado Springs before I could execute on that light bulb vision.

But I did it.

And this working book here is the culmination, the check in point, of that decade of work to date.

I have been an agent here for nearly a decade. For at least six of those years, I have qualified as a top producer. My first full year of real estate, I sold over 50 homes.

I invite you to follow me on this journey.

I ask you to identify your why. What is the driving force behind your decision to pursue a real estate license?

If your why is helping people navigate what will likely be the largest purchase of their lives with integrity, with their interests at heart and not being led by a paycheck, I think what follows is for you.



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Part 1: First Things First

First things first, being an agent is expensive. I estimate my baseline costs to be approximately \$4,500 a year. This includes desk fees² and annual National Association of Realtors® (NAR) dues, local board renewal fees, Multiple Listing System (MLS) MLS access and insurance. This does not include marketing.

The startup costs are somewhat costly, too, at an estimated \$4,500. The covers the process from signing up for a class (add an additional cost for in residence), to paying the application fee to the local board, taking the state and national exams, fingerprinting and background exam as well as the application fee to the state.

As we will discuss later, there are models of real estate that bring down those annual costs. But there is no free lunch; you will pay for it on one side or the other.

Here is the link to DORA's (Department of Regulatory Agencies) Division of Real Estate [steps for licensure](#). When picking a school, make sure you've picked one that is licensed to [offer the education](#). The state will require a form sent from the school once you've passed their curriculum before they will process your application for licensing.

² Desk fees are the monthly fee some brokerages charge to hold your license.

The general flow is this:

1. Enroll in a credentialed class.
2. Begin interviewing brokerages.
3. Near the end of the class, get your fingerprints done and start the background check.
4. Pass the class.
5. Schedule the national and state exams.
6. Pass the national and state exams.
7. Apply for licensure with the state.
8. Start with a brokerage.

A note on number 8: you will have to hang your license with a brokerage for two years before you can go independent.

SECTION TAKEAWAY:

Do you have the startup capital to get started? If not, do you have a plan to save up the same?

Part 2: Will this be a part time gig?

You need to run the numbers and expect not to get paid for the first 3-6 months. Do you have the startup capital to sustain yourself for that long, or possibly longer?

I started as a ‘part time’ agent but in reality, I worked two full time jobs while I was getting established. Actually, as I think about it, strike the ‘while’ portion of that statement. For the first several years of being an agent, I had two full time jobs. After I retired from the military, I went down to one but only for about two years. Then, I went back to school to learn to program and became a freelance programmer while working as an agent (I also wanted to be able to build my own tools for my business).

Treat this as a full time gig, even if you are ‘part time’. If you think of yourself as part time, you will only given it part time effort.

If you are looking to do this part time, know that part time agents have a bad rap in the business, though it is unfounded. Some of the best agents I’ve worked with are part time, some of the worst are full time. I think it boils down to the individual, their drive and motivation.

All that said, **NEVER** get comfortable. This is a job you must juggle active contracts, homes searches, writing offers, opening doors and constant lead generation. You

cannot rest, unless you want to see your pipeline zero out. If you do allow your pipeline of transactions to zero out, it's a minimum of six to eight weeks to getting paid again.

SECTION TAKEAWAY:

Can you go three to six months without a paycheck?

Part 3: Brokerage Selection

Choosing a brokerage is critically important. It can be a make or break decision for a new agent. As you interview brokerages, there are a number of questions you should consider:

1. Do I click with the brokerage?
2. Does the brokerage set commissions?
3. What splits does the brokerage charge?
4. What are the desk fees?
5. Are there transaction fees?
6. Are there mentorship fees?
7. Does the brokerage generate leads for you? Is there a cost to these leads?
8. What kind of training does the brokerage offer?

This is not meant to be an all inclusive list but a starting point from which to begin your search.

I would touch on a few points here. First, there is no free lunch. A brokerage needs to collect funds to stay in business. In looking at the models with very low or no desk fees or low or no splits, there is very likely going to be a cost somewhere. This may take the form of a transaction fee or a mentorship fee (one brokerage I know of charges agents 25% if they ask a single process or advice question during a transaction). A brokerage that charges a desk fee may also provide free leads.

Regarding being philosophically aligned with the brokerage, this is very important, too. Some brokerages have a sales driven culture. Others are education based. Neither is wrong just different and you have to find one you mesh with, or you will be unhappy.

I think it's also important you be able to negotiate a commission. Some brokerages require a certain percentage or they collect that percentage basis anyway (e.g., if the brokerage has a 3% policy and you negotiate 2% with a seller, the brokerage may collect their split on a 3% anyway). The ability to negotiate said commission is an important tool in your agent toolbox.

Let's also touch on training. As a new agent, you have passed the state and national exam. You are licensed and empowered to sell a home...but do you know how to do that? A good brokerage will train you in what exactly that means, what that process looks like and how to even go about gaining clients. Part 9 details some of the questions that you may not even know you don't know yet.

SECTION TAKEAWAY:

Setup an appointment today to talk to a brokerage you are interested in.

Part 4: Market Analysis

Colorado Springs has been **booming**. In May of 2022, if you were solely a buyer's agent, it was actually difficult to win a contract because the demand for homes was so high. As of February 2023, if you are a buyer's agent, it is difficult to find a qualified buying client because of the interest rates and our pricing. On the listing side, it's been a consistent source of income throughout the last decade (though at times slower than faster).

The market hit an all time high for average pricing in May of 2022 as well and has since come down app. 12% at the time of this writing.

It's imperative you don't enter this career EXPECTING you are going to close 40+ transactions annually. You don't want to enter timidly but just know the market here has widened between affordability and prices; there may be a correction coming.

The flip side of that correction is that people still need places to live and you may want to study up on short sales. In short (pun intended), short sales are sales in which the seller sells the home for less than the mortgage owed. This require an additional approval by the seller's lender and take 3-9 months to process, if not longer.

To the larger point of market analysis, it's critical that you know your market space. There are many vendors whom

will try to sell you flashy marketing that you can then mail out or share online. A lot of this marketing is things like, “THE AVERAGE PRICE OF A HOUSE IN THE US IS...” or “THE AVERAGE PRICE OF A HOME IN COLORADO IS...”

Those data points are irrelevant to someone searching for a home in Colorado Springs. Within the Springs, the price of a home in Fountain is largely irrelevant to someone searching in Monument and vice versa.

The point here is you want to know your market inside and out. You want to be able to share with your clients things like, “In this subarea, homes are selling for an price of \$X with X Days on the Market (DOM) at an average closed to list price ratio of X%.” This information applies to both buyers and sellers.

You should be able to speak to your market’s turnover period. How long do people hold the homes they buy, on average? What areas are turning over?

The ability to parse the market like this (and more) will establish credibility with your clients and set you apart as a market expert (check out my site at www.grokthemarket.com for a look into the analytics I do in our market).

SECTION TAKEAWAY:

Why is it important to be able to speak to the numbers of a given neighborhood?

Part 5: How do I get paid?

Real estate is a constant balance of serving existing contracts and clients and generating new business. To consistently produce income, you have to have a battle rhythm that allows you to meet that balance.

- Rob Thompson

You only get paid when you close a deal. Let's take a \$400,000 home as an example, using a 6% commission.

Typically, the commission is split between the buyer's and seller's agent. In this example, each agent makes 3%. However, it's the brokerage that actually gets paid, then pays the agent. In this case, let's assume a 70/30 split (agent gets 70 percent, brokerage gets 30).

So, each agent in this example would walk away with:

$\$400,000 * .03 = \$12,000$ gross commission

$\$12,000 * .7 = \mathbf{\$8,400}$ net commission

But, wait!

You MUST plan for the taxman. Personally, I set aside 35% of every paycheck, 25% for the taxman and 10% for 'operating capital' (advertising, paying for photos for listings, car payment).

So, in my business plan, that \$8,400 is actually **\$6,222**.

Not a bad paycheck on the surface but you need to factor in the hours of the home search, etc. If it took you a full

month to find that buyer a home, then a week's worth of hours to manage the transaction, you've made \$31.11 an hour.

This math is also just you as the sole agent. If the lead was a referral from someone to whom you owe 25%, your pay for the same deal is now \$23.33 an hour.

Let me add one more variable here to emphasize why you need to constantly be lead generating. What if you get three weeks into this particular transaction and it falls through, for any one of the hundreds of variables life and real estate throws at you and your clients? You will have invested this time for no paycheck.

SECTION TAKEAWAY:

Do you know the average home price in your area? Run the numbers and assume a 2.5% commission on your side. What is the payout with a 25% split?

Part 6: Office Hours / Work Hours

*Diligence is the mother of good fortune.
- a fortune cookie I received as I am writing this book*

How many hours should you work? As many as you need to. The more you work, the more leads you will generate and the more closings you will have.

I will say this:

ADD VALUE.

If you approach this profession from a sense of “add value in every interaction” and you do this CONSISTENTLY, you will succeed.

Another mantra in the industry is “don’t calculate the commission until you get the check at closing.” I like this one a lot. If you can practice this mentality, it helps distance you emotionally from the transaction, which makes you a more effective negotiator and advocate for your client.

What office hours should I expect?

This is a really good question. There’s a question I often ask myself: Is my business driving me or am I driving my business?

It is REALLY difficult to drive this business; it tends to drive you. You are at the whim of your clients for the most part, particularly when you start out.

That said, you can establish boundaries though you need to be prepared to pay for those boundaries and/or have a system (and make sure your clients know and are okay with the system).

What I mean by this is you will encounter clients whom, if you choose not to answer the phone during dinner, will find another agent. How can systems address this and/or what do I mean by that?

If you have a partner agent, you could consider forwarding your phone to them when you will be unavailable. Or, update your voicemail (or have custom greetings set up). The key here is to have a system, inform your client about your process and then stick to the system.

One more thought on office hours: your brokerage may establish “floor time” where they ask you to volunteer to be present and manage the phones or walk in clients, but they will not mandate specific hours as you will be a 1099 independent contractor.

Ok, one more thought: I highly recommend you establish and maintain your own office hours. Five years or so into this job, it’s really hard to work from home and maintain the discipline required to be effective at this job. I maintain regular office hours at my brokerage as part of my systems approach to this job (vs. a linear approach).

SECTION TAKEAWAY:

Are you ready to be your own boss?

Part 7: Mental Models

Most geniuses - especially those who lead others - prosper not by deconstructing intricate complexities but by exploiting unrecognized simplicities. - Andy Benoit

How do you view the world? Is your worldview transactional? Do you react emotionally? Do you filter everything through a religious framework? Maybe you have an engineering background and are very analytical?

This is the basis of what is meant by a mental model. It is the lens through which we view the world. A model can be as simple as a series of questions you ask yourself as you make decisions. It can be as complex as written analysis of the same. Chances are you are already operating inside a mental model, you might just not have formalized it.

There are many models you can use. The most important aspect for me is finding those that speak to you and work for you. In real estate, *intuition alone will not be enough to succeed consistently*. You need to be constantly evaluating, if not evaluating and innovating. Many of your competitors will be doing so.

I'd start here by sharing something a mentor of mine, retired Air Force Master Sergeant John Mitchell shared with me once. "Rob," he said, "leadership is not a byproduct of being a nice guy." This led me down a path of study of leadership whereupon I came to this definition of the same:

leadership is the thoughtful and methodical application of a continually studied framework that becomes a mindset. That framework becomes is a mental model.

As a young leader in the military, I knew I wanted to be a good “boss”. I wanted my people to know I cared about them and the mission. I wanted to be and wanted to be perceived by them as even keeled and approachable. An early model I learned about and used was this: if I was approached with good or bad news, I ran it through a mental filter. I would tell myself, “Pause for a moment. Ask yourself - if bad news - ‘will this matter in 5 minutes, 5 hours, 5 days? If good news, share the victory with them.’”

The good news about this approach was it gave me the reputation of being unflappable. The bad news is I might have carried it too far and also developed the reputation of being something of a robot. It took one of my Airman blowing up at me and yelling at me “YOU ARE A DAMN ROBOT” to be made aware of this. This was in response to an issue he was very upset about but that our mission (and his performance) disallowed me from supporting that day. He was looking for more empathy than I was demonstrating. While I may have been strictly correct, I learned something more about leadership that day. It also made me aware of the limitation of the simplified mental model I was using. It led to the realization that I could also hold multiple mental models in my toolbox, bringing them out as needed for a given situation.

Charlie Munger, Warren Buffet’s partner in Berkshire Hathaway believes in building a multidisciplinary

“latticework” of mental models. No single disciplinary framework provides a robust view off the world.

Consider: as someone who served twenty years in the military, I have a military biased view of the world. It affects the way I walk, the way I talk, where I sit in a room, the way I view systems and the way I view hierarchies in an organization amongst other things. No matter how many other models I read about and practice, there will always be the influence of the military on my thought processes.

This influence and the mental models that make effective military leaders don't necessarily translate well to the civilian world, though. Consider just one component: in the military, there exists the authority to compel action. At the end of the day, no matter how egalitarian a boss, subordinate members are obligated to follow the legal orders of those above them. In the civilian world, if someone doesn't want to do something a manager or boss asks of them, they have the ability to quit the job. Thus the mental model that assumes an inherent authority has applicability in the military but not in the civilian world.

No one model will work for every situation, to restate the issue. Further, in the words of George Box, *All models are wrong, some of them are useful*. The key for your success in finding the useful models. Collecting and using these models will also allow you to reveal dynamic insights that you can use to build your business and add value to your clients. They allow **synthesis**. My own collection of mental models is a collection of various models I have accumulated, from my initial framework, to training, quality assurance, running a maintenance Helpdesk, being

a teacher, serving in a high profile public facing job to project management to being a programmer. They also include models gleaned or developed from Seth Godin, Gary Vee, Robert Kiyosaki, Napoleon Hill, Nassim Taleb, Colonel John Boyd, MSgt John Mitchell and others.

All of these positions / disciplines combined to build my own custom approach to business and real estate, specifically.

SECTION TAKEAWAY:

When you make decisions, do you run through a mental checklist?

Part 8: Systems Thinking vs Linear Thinking

*A trained mind is better than any script.
- Today's Daily Stoic*

Real estate is a massively complex issue. It reaches every corner of the country...indeed, I think the case could be made it reaches most parts of the planet, as it covers everything from residential real estate to commercial real estate to land uses. Mortgage backed securities are tied to pension funds. Consumer spending is heavily tied to housing prices and equity.

Why does this matter, Rob, you are probably asking? I just want to sell residential real estate!

Great question. To my mind: scope.

There are two ways you can approach real estate. One is that you wake up in the morning and say, "I'm going to close 3 deals today." This is a linear thinking based approach.

The other has you wake up and says, "I'm going to engage my systems and processes today." There is nothing wrong with the former but I tend toward the latter; I also find it freeing to not necessarily worry about meeting a daily quota. I have found that if you wake up and say, "I'm going to engage the system and add value" business comes your way (provided you have a good system in place).

Great, Rob...still not seeing the point.

If you approach real estate from a systems perspective, I think you see more opportunities than a more narrow linear perspective. Let's call this *Don't Pull Your Punch*.

I have been a practitioner of Krav Maga for 15 years. One of the first things the system teaches you is to 'punch through your target'. That is, if you have to punch aim for the wall behind the person (may you never be in a situation where you must do this). We modern day humans tend to pull our punches in a fight situation, for fear of harming the other person.

If you are thinking in a linear manner, you will pull your punch. After landing those three sales, you may be inclined to back off, relax. A systems thinker has no quota, though. They have a system that produces results commensurate with their effort.

Consider: in our market, agents are largely unable to make money from helping renters with rentals. There simply isn't enough money there. An agent may make \$50 to \$150 dollars if they show a home. For this to happen, the tenant has to apply and be accepted. They then have to make the deposit and first months rent payments. Then, the property manager will send a check over. That wouldn't be too bad if you could only show one home. But with the rental market the way it is, it's likely there will be multiple applications on a given home. And the tenant may want to see a number of homes. A couple of hours of driving and you have now used in gas the potential payment you would

receive, assuming the tenant liked, applied, was accepted and tendered the funds.

A linear thinking based view of real estate would have one look at this scenario and suggest one of a couple of possibilities:

1. There's no money here.
2. Any money here is from converting the renters to buyers.

A systems thinker might look at the system itself and ask, "How can I help renters that at some point may become homeowners?" The systems thinker might build a resource that streamlines renters' search for homes, adding value in a space in need of help. A systems thinker might build a resource like www.cospropertymanagers.com which has helped many renters find homes. This site also brands me as an agent and having helped these renters often results in them coming back when they are ready to buy...because I added no strings, no hook just value.

SECTION TAKEAWAY:

Think about the 'inputs' to your market. Is there a niche you are passionate about?

Part 9: Great, I'm an agent! What do I do now?

*When you be yourself, you don't have to rehearse.
- Kodi Nottingham*

A common mantra in this industry is that the test teaches you what you need to know to stay out of jail. I'm not a fan of that particular mantra for the negative lean of it but it does have a lot of truth to it. That said I prefer, "The test teaches the legal ways to advocate for your client."

The test does not teach how to be an agent. You may be feeling overwhelmed and wondering:

What do I do now?

What are my first steps?

Find an experienced agent who will mentor you.

You may find this experience comes with a cost. But, fifty percent of a commission is better than no percent of the same. If you find an agent whom will take you under their wing and show you the ins and outs of the transaction, this is invaluable. Even if you have to "co-op" on the first several deals, you will gain a lot of valuable experience that the books don't teach.

There are many nuances to real estate transactions. Even seemingly minor word differences can mean the difference between a happy client or writing a check to fix something due to a mistaken word in the Inspection Resolution.

Read the contract.

Read the contract.

Read the contract.

A big part of being the best advocate you can be for your clients is being a subject matter expert. The contracts associated with the profession are your primary tools as an agent. The better you know them, the better an advocate you can be.

Read the contracts and ask questions. Ask your mentor and other experienced agents to give you their rundown on the contract(s) as though you are a client.

Ask about the dates:

Why does the inspection objection date for where it does?

Why should you have the inspection resolution date before the appraisal, if possible?

Why should you seek consideration for your buying client if the seller requests possession after the closing date?

Ask about the clauses.

What does it mean if the home doesn't appraise under the VA? The FHA? A conventional loan?

What happens in the appraisal comes back with a condition? Can the seller walk away? Can the buyer?

What happens if the buyer passes their inspection objection deadline but still wants fixes?

These are just a couple of questions out of hundreds (or more) scenarios you will encounter. Ask your mentor(s), what are the mistakes they have made? What contractual mistakes did they make? I promise you, we have all made them and we all have stories to share.

Put yourself out there.

You will not succeed if you don't put yourself out there. Business will not come to you, particularly if no one knows you are. You must put yourself out there in your Sphere Of Influence (SOI) if you want to sell homes. If you don't have an SOI, you need to build one. If you have an SOI, you need to evaluate it and build upon it.

Accountability.

You are entering a field in which you are solely accountable for your success. As an agent, you are an independent contract. You may decide to join a team or

your brokerage may send you leads but YOU are ultimately responsible for your success.

Early on, I had an employing broker who'd bristle when I called them "Boss". I'd meant it in an endearing and respectful way and it took me a bit too long to understand why it was bothering them.

Then, one day they'd heard it once too many times and stopped short. They said, "Look, I am NOT your boss. You are your boss. You hang your license here but you don't work for me." There ensued a discussion about independent contractors and the limits and opportunities therein. They also pointed out that me thinking they were my boss, even in a respectful way, was actively limiting my thinking.

To the point of accountability, find something that works for you. It could be as simple as something like [ToDoist.com](https://www.todoist.com), a barebones, non-flashy project/task management tool. Or it could also involve an accountability partner, another agent or mentor with whom you check in regularly (don't partner with someone who will not be straight with you).

Build a Battle Rhythm.

I have what I call my Battle Rhythm. This is a series of daily, weekly, monthly and annual actions I do on a recurring basis. I have mapped these out on a Google Calendar and it provides the baseline for my systems actions.

This doesn't mean I'm restricted to these actions at these intervals, just that it's the basis. If ever I am bored (which is never) or think to myself "What should I be doing right now?" I reference my battle rhythm to make sure I am doing those actions to keep my systems running.

SECTION TAKEAWAY:

Is there an agent in your market you can ask to be your mentor?

Part 10: Philosophy of Engagement

Business is not a finite game. It is an infinite undertaking and the self limitations imposed by a finite lens should be abandoned.
- James P. Carse

There are several core principles I operate with when I ‘engage’ with regard to real estate and social media. Let’s collectively call them my *Philosophy of Engagement*.

Meet them at their stated level of need.

I am not one to hard sell or even soft sell anyone. I try hard to meet people at their stated level of need. If someone calls and they state “I am looking for a rental and here is what I need” I answer their question based on that statement.

This does not mean I don’t ask them about buying. If their budget allows for it and they haven’t specifically said they are not interested, I will ask the question. But I first give them what they asked for. Then, if they say no, I stop asking and focus entirely on their initial needs statement.

Give your art away (without the expectation of reciprocation).

Author and guru Seth Godin suggests in his book [Linchpin](#) we should give our art away without the expectation of reciprocation. In doing so, we will build a tribe of authentic followers.

Does Mr. Godin mean we should work for free?

Not at all. He defines that art as the emotional labor of our profession. This book is an example of what he means. I have spent time and effort in producing it and I am giving it away for free. No hook, no additional subscription required. I offer it in the sincere hope you internalize the lessons herein and use them to do good business. I do hope you think of me for your real estate or data analysis needs but your business is not required for me to share this information with you.

Gary Vee is far more blunt. He openly states his end goal is to give people free advice for ten years at which point he is going to buy a widget factory. He then intends to guilt us into buying his widgets and buy the Giants.

I admit when I heard him say that on his podcast, I was offended. I turned off the podcast. I thought about what I'd heard for a couple of days.

I thought, *the gall.*

Then, as he probably intended, another thought hit me.

If I spend ten years listening to him and his wisdom helps me build my business...if I profit from him and then he sells a widget I could use...I will buy his widget.

Godin and Gary's approach isn't so different. Really, it's a matter of unstated and stated goals. I have bought Gary

Vee's widgets and I have bought Seth Godin's seminars. I find immense value in each.

Back to the point of the mantra, if you spend time and effort helping people, giving them information you don't gatekeep...really, truly authentically helping them without a hook, it will come back to you. And if it doesn't? Well, you have helped people make good investment decisions.

Permission based marketing.

The average consumer sees in excess of 3,000 ads a day. That's boggling. Assuming 16 waking hours, that is 187.5 ads an hour or 3.1 ads a minute.

How do you stand out in that kind of crowded space?

Ask permission.

Ask, 'May I message you?'

Ask, 'May I call you?'

And here is the secret, secret part:

HONOR THEIR RESPONSE.

Will you lose sales you otherwise might not have had you vigorously pursued their business? Sure. But I propose you will gain more over the long term by showing them the respect of their person.

Should I buy a house today?

I offer this as a mantra phrased as a question. I see this question in one form or another multiple times daily across Facebook. I see 600 agents respond with some variation of YES! YES IT IS AND YOU SHOULD USE ME TO BUY IT BECAUSE I AM TRULY AWESOMER.

Here's the deal. The actual answer to that question is nuanced. **It depends.**

It depends on the person's financial state. It depends on their goals. It depends on their risk tolerance. It depends on their jobs.

I had a military member call me once and open with, "Hi, Rob, we heard you are the guy to talk to about buying a house. Here's the deal," they said, "we are tired of our landlord and paying him rent. But we are only here for 18 more months."

I asked, "Are you willing to be a landlord?"

They replied, "Absolutely not."

I said, "That sounds pretty firm. What if you can't sell the house after 18 months? Are you prepared to bring cash to the table to make up any needed difference?"

They replied, "No."

I ran the quick mental numbers. The historical appreciation of real estate is 3%. They would need to bring 4-7% to break even in 18 months.

“I’m not sure you should buy a home,” I said. “I can’t promise you will get the appreciation you need to break even in that short period of time. And if being a landlord isn’t an option, this doesn’t pass my 3 question test.”

We talked a bit further and they stuck to their statement. They were unwilling to be landlords and didn’t like the risk of not getting the appreciation. The call ended without a sale.

Fear not, there is a silver lining: they referred another buyer to me a month later whom did buy a home.

SECTION TAKEAWAY:

Is there ever a bad time for someone to buy a home?

Part 11: Build a Database & Ask for Business

When I started, I didn't think to maintain a database of contacts. My initial social media strategy and belief was that the body of my work alone would carry me through.

However, over time and enough comments (and missed deals) where people said things like "Oh! I thought you just helped people. I didn't realize you were also an agent!" I came to realize a couple of things:

People are busy and if you aren't front of mind as an agent, they may not remember you are an agent.

Not everyone is as active on Facebook as you (or I) am.

It is possible to market in accordance with the principles I believe in. I really worried about this; I did not want to be perceived as a "pushy" agent so I resisted the idea of what I thought of as marketing for the sake of selling a house. I wanted and want to be an advocate, not a salesperson. But, this is also a business and you need to be in the business of reminding people you are in business, as well as asking for their business.

So...build a database. As you make contacts, add them to your database (with their permission). Check in with them regularly but with value. I have a standing rule with my

mailing lists: *I do not send them anything unless I have something to say that is of value and actionable.*

What does asking for business look like?

For me, it's posting on social media at semi regular intervals and in applicable places letting people know that their business keeps my "metaphorical and literal lights on". It's letting them know as much as I try to bring value to their timelines, I do need their business to keep doing so.

SECTION TAKEAWAY:

How will you track your contacts?

Part 12: Three questions

There are three questions I ask my clients to ask as they look at homes to buy. I share these questions online at: www.shouldIbuyahousetoday.com

These questions are:

Can I reasonably expect the 7-10% appreciation that I need to break even on the sale of this house in the time I intend to hold onto the home?

Let's talk about break even for a moment. Generally, most people define this as not having to bring money to the table at closing. This is a good definition but I would add to it a bit. I would suggest a better definition of break even is "not having to bring money to the table at closing as well as recouping the maintenance and upgrade costs I would not have had to pay as a renter." Of course, renting (particularly in Colorado Springs) does often command a premium over a monthly mortgage payment, but not always. There is a cost to being a home owner that should not be underestimated and I think you should account for.

If not, am I prepared to be a landlord?

Being a landlord carries risk. At the time of this edit, Feb 2023, I have just had to post a 10 day notice to a 60 day delinquent tenant who subsequently has abandoned the property. The same tenant still owes money from a delinquent power bill. And they have left the property in

quite a mess, though thankfully it doesn't appear to much physical damage has been done. Still, all said, this particular situation is going to end up costing me about \$4,000. This is more than the cash flow for a year on the property.

It can also carry reward. I firmly believe real estate is one of the - if not the - most secure and stable methods of building long term wealth. As you build a real estate portfolio, it becomes easier to purchase more property. But, I like to say, "One single family home is not a good property portfolio?" Why not? Specific risk. If your one tenant doesn't make the rent payment, you are at specific risk to make it yourself plus your own housing payment. If you have two doors and the other property cash flows plus some additional, you can use the additional to offset the short term loss of a non paying tenant.

If I am prepared to be a landlord, does this property cash flow?

What is cash flow, while we are at it? For our purposes here, I propose that cash flow be defined as the positive or negative amount you pay monthly to own a home, inclusive of all costs. Let's take a \$250K home that rents for \$1650. Let's assume your mortgage payment is \$1390. If you pay a property manager a 10% (negotiable, not stating a standard) fee to manage the home, you need to account for your mortgage + \$139, or \$1529. You might say your cash flow on this home is then \$71 a month. This does not account for maintenance, though.

A good rule of thumb for maintenance costs is 1% annually of the purchase price of a home. In this case, our hypothetical home is \$250,000, so we want to budget for \$2,500, or \$208.33 a month. So, this home we are hypothesizing then has the mortgage @ \$1390 + the management fee of \$139 plus the maintenance projected costs of \$208.33. We are then paying \$1737.33 a month for the home whilst renting it for \$1650, or a negative cash flow of - \$87.33.

Is this a good deal? The answer, as with much of real estate is: it depends.

Back to the original question of “Should I buy a home?”... it depends on your goals and projections and a number of questions (this list is not all inclusive):

Is this your forever home? If so, you might be tempted to say renting then doesn't matter. I propose it's smart planning to still run through the above exercise because circumstances do change.

Maybe you have to move away but intend to come back? Then carrying the home at the app. \$87 a month loss may be worth it.

Maybe you are planning on future appreciation and want to carry the home until then? The historical appreciation of real estate is app. 3% a year in aggregate. There have been and will be down years.

Your tax situation comes into play as well. Maybe you need the 'loss' on your taxes? There's an additional

consideration, too, in that any income on the rental property may be taxable. Please talk to a CPA before making that decision.

Maybe the house can be rented for \$1750 or more, putting you in a positive cash flow situation. These are all considerations you should make when considering buying property.

SECTION TAKEAWAY:

**If you own your home, run the numbers. Would it cashflow as a rental? If you rent, run the numbers against the current market value of your home?
Would it be a good rental today?**

Part 13: Facebook

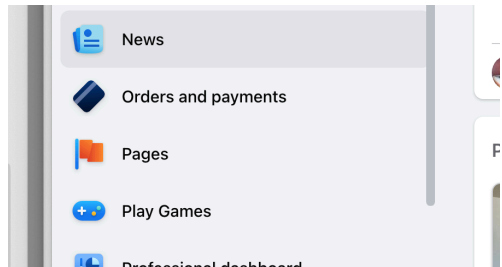
Don't try to stay ahead of the technology. Develop your systems, run your systems. Look for efficiencies but don't chase the shiny things.
- Rob Thompson

Facebook...what to say about Facebook. It is both the most incredible and sophisticated networking platform this has ever existed in the history of the world...and a very toxic space. However, used correctly, it can be an incredible asset to your business.

If you don't have and/or haven't already created a Facebook page for your business, stop right here and do so.

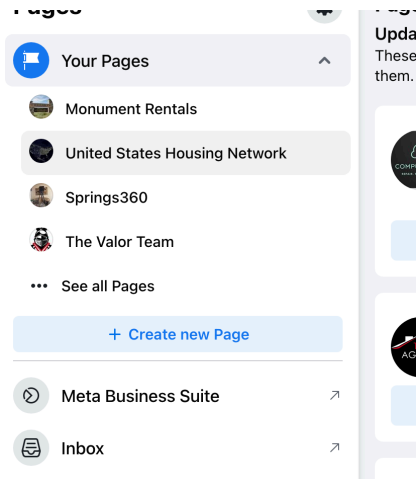
Don't know how?
That's ok.

Open up Facebook and on the left side of the screen, you should see this ->



You'll then be presented with the pages you are subscribed to. On the left side, there's an option to "Create a Page."

Please click that.



Facebook will then step you through the process of creating a local business page. This page will be the public face of your business and the one you'll link your Facebook group(s), too.

What's the difference between pages, groups and my profile?

Good question! Your Facebook profile is you; it's your unique person.

Your Facebook page is your business profile. Your page is public.

A Facebook group can be public or closed. The best way to think about a group is a tribe of people who've joined your SOI.

I highly recommend you also create a Facebook group.

There are many strategies you can employ here but the one that's served me best is **authenticity**. I don't try to keep my profile separate from my page and group(s). I am who I am and that helps more than it hurts, in my opinion, in social media.

DISCLAIMER: You should take some time and contemplate your personal profile and if it reflects you in this profession. E.g., I don't post a lot about politics; it's simply too inflammatory. I am not hiding that part of me; I just think it distracts more than it would add value (and it

causes a lot of anger, no matter what ‘side’ of the political spectrum you fall on).

So, you have a FB page and a FB group...what now?

Content.

You now need to become a content creator. Find a niche that you are passionate about and create and share content relevant to that niche. For me, it is advocacy and data. I share a lot of content that represents these passions.

There are several methods to how you share this content. I tend towards a mix of sharing on my personal profile, my page and group(s). I often share the content to the groups from my page though I do this more for the analytics pages show vs groups than a desire to communicate from my page. I have found folks really don’t like communicating with ‘Rob Thompson, Associate Broker with The Agency’. They prefer communication with ‘Rob Thompson the person who is an Associate Broker with The Agency’. On top of that, switching between messaging with pages and your personal inbox is a pain to do and still keep track of everything.

Back to content: you need to be generating and posting content daily. The algorithms that serve up what people see must be fed...and they must be fed often. I have often heard “But I made a post three days ago and nothing happened.” You should be posting daily and at varying times, tracking when and what gets engagement. If you are just posting “whenever” and not truly testing and tracking what works,

your responses and the business you generate from them will be “whatever”.

Your content should be engaging and relevant. As an agent, I often see people posting things about “The average price of the house in the USA is \$XXXX.” Here’s the thing: that is poor content and entirely irrelevant to someone shopping for or wanting to sell a house in Colorado. In fact, the average price of a home in Colorado is largely irrelevant to someone looking to buy or sell in Colorado Springs.

You see where this is going?

The average price of a home in Colorado Springs is mostly irrelevant to someone looking to buy on the north side vs someone looking on the south side, etc.

Engaging content is specific. It addresses a need. It’s actionable. You also want your content to be original. I highly recommend you create your own blog, too, and host your content on the blog. This blog will become your body of work. I have had clients reach out after seeing my work, checking my blog and telling me, “We saw your consistency and quality of posts and you are our guy.”

This happened twice again this morning as I edited this manuscript. Two potential buying clients reached out after seeing my posts online, one commenting “I love your statistics.”

SECTION TAKEAWAY:

Have you created your FB page and a group?

Part 14: FAQ

Can I buy a house for myself with my license?

Yes, probably. You will need to check with your brokerage on this to be sure. Some brokerages also do not collect splits on the commission earned from your own sales.

Can I buy a manage properties for myself and others?

Maybe. You will also need to check with your brokerage on this for your own properties. To manage properties for others, your brokerage must be set up and willing to be property managers.

Part 15: Bibliography and Stuff

HISTORY: A look at the housing bubble burst and long-term impact on Las Vegas, Lupiani

<https://www.ktnv.com/news/history-a-look-at-the-housing-bubble-burst-and-long-term-impact-on-las-vegas>

Reading List:

Antifragile by Nassim Taleb

Atomic Habits by James Clear

Finite and Infinite Games by James Carse

Linchpin by Seth Godin

Science, Strategy and War by Osinga

Think and Grow Rich by Napoleon Hill

About the Author



I was born in Las Vegas, NV, but until the age of 10 lived in the Bremerton, WA, area. At 10, I moved back to Las Vegas where I remained until I was 17 then spent a year in Reedpoint, MT, where I graduated High School. After a “gap year” of sorts, I found myself in Two Harbors, MN, searching for my next steps. I ultimately enlisted in the US Air Force.

I served 20 years, retiring as a Master Sergeant. I traveled the world, serving in several stateside locations then Camp Casey in the Republic of Korea to Aviano, Italy. I had numerous deployments and training in locations from Tunisia to Israel to Iraq. As the Thunderbird Comm Chief, I traveled & participated in airshows from Europe to Asia to Australia.

I have a BS in Technical Management through Embry Riddle Aeronautical University and an MBA through Alliant University.

Most importantly, I am a dad to two wonderful daughters, Samantha and Sloane, whom I hope when I am gone, know that their dad loved them with all his heart and that I dropped everything to dance whenever they asked.