

**INSTANT  
EXPERIENCE  
for  
REAL ESTATE  
AGENTS**

**Great Lessons,  
True Stories  
and Lots of Fun  
for Real Estate Agents**

by  
**David A. Thyfault**

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## DEDICATION

*To Adam, Justin and Patty, the second-best  
core family anywhere (the law of averages says there  
must be a better one somewhere).  
Each of you has blessed my life in ways  
too numerous to count.  
Thank you. Thank you. Thank you.*

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All the folks who ever got a real estate license, whether things worked out for them or not

My own clients, customers, tenants and friends in the related businesses

The entire gang at Remax Professionals

The Association of Realtors

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## INGRESS

Only two percent of those who pass the state exam for a real estate license are still in the business and working full-time after three years. I heard that startling statistic a couple of decades ago, and the basic dynamic remains: The fatality rate of new licensees is very, very (not over-stated) high. If that information is tempting you to put this book down right now and try something else that would be a mistake because there is some very good news for you. Please read on.

The above information would imply that the agents who do well in this business are extraordinary in some way, but that is simply not the case. This writer has known hundreds of them personally, and I assure you, they are very ordinary people, probably a lot like you.

So, all that sets up an interesting enigma: If most of the successful agents are common, ordinary people, why do so many equally promising new licensees fade away within a few months of getting their first box of business cards? The information in this book will answer that question and a whole lot more. The differences between the two groups are subtle but very powerful.

We are not going to discuss familiar topics like how to work expired listings or make effective listing presentations. There are already plenty of sources for that information. Instead, we are going to explore fresh new topics which licensees need to know

in order to survive and succeed. You will uncover information the real estate schools do not tell you. You will also find out important facts your managing broker and other instructors do not usually discuss with you.

Until now, the information provided in this book has been very elusive to the new licensee because nobody had an incentive to assemble the information and share it with you. That is where I come in. Over a long and storied career, I came to understand what it really takes to succeed as a broker. I had to learn my information in the proverbial School of Hard Knocks. Most successful agents learned their lessons that same way. Fortunately, you don't have to plow that same old tired ground. A few hours with this book should help you join the "Two Percent Club."

I hope you will relate to me like a favorite uncle who is talking with you in your living room rather than as a stuffy-shirted professor, lecturing in a classroom. I will refer to myself as "Uncle Dave" but it would be weird to speak in third person all the time, so I do not do that. This less formal approach is intended as a constant reminder that I am a common guy, who learned his lessons in the streets, homes and offices of real live people, not from the theories of intellectuals.

I will consider this book a glowing success if either one of two contrary activities occurs. One is, you absorb this material, broaden your knowledge and enter the business better prepared to succeed and make worthy contributions. The other possibility is you discover you are not sufficiently prepared for this business at this time. If that happens, you win anyway. It is much better to find out what you need to know by spending a few hours with this book than it is to invest thousands of dollars and months of frustration to arrive at the same inevitable conclusion.

If the information you uncover causes you to have doubts about entering the sales side of the business, do not give up without reviewing the chapter subtitled "Jobs of the Industry." There are many career options in this business and I am certain there is something else for you. There are several other licensed

positions including some with salaries and some that allow you to phase into the profession gradually. There are also plenty of clerical and support jobs available, both in the real estate offices and in the related professions.

Occasionally I will mention tax matters, marketing ideas, legal issues or some topics which may be unfamiliar to you. Naturally, I cannot know every situation in every market for every person before it comes up. Therefore, it is incumbent on you to do your own independent homework before you act on the ideas contained herein.

The words “agent,” “licensee” and “broker” are used interchangeably throughout these pages. I fully realize that some states have a step-up process wherein a new licensee must be an “agent” for an apprenticeship period before he or she is eligible for a broker’s license, but that distinction is not necessary here.

As you peel back the pages you will meet some of my friends and colleagues by first name. These are real people. Unless otherwise indicated their real names are usually used (with their permission).

Finally, for a change of pace, I have included a section called “Uncle Dave’s True Story” at the end of each chapter. I was involved in all of these situations, sometimes as a broker, sometimes as a principal (the buyer or seller). While most real estate transactions fit a predictable and priceless pattern, occasionally we become embroiled in unusual circumstances which lend us extraordinary opportunities to learn something additional. These transactions are in the latter group. Most of the stories tie in especially well to the topics of the chapters that they follow but a couple of them are just good stories that lend worthwhile knowledge on their own.

You will gain the most “experience” if you imagine you were in Uncle Dave’s shoes when these transactions unfolded and try to determine what lesson you could have absorbed from that experience. Just in case you miss the lessons, I have included them in the last chapter of this book, titled “Your Instant Experience.”

## Instant Experience for Real Estate Agents

Now that you understand the purpose of this book, it is time to find out just exactly who I am. Let me assure you, you are in for a surprise or two.

## **ABOUT UNCLE DAVE**

Ordinarily, a biography is written in the third person, but Uncle Dave's background includes some less becoming experiences so this section does not lend itself to that style. Therefore, here is what you should know about me.

Prior to working fifteen years in one of the most dynamic RE/MAX offices anywhere, Uncle Dave spent seven years in four different entry-level type offices. I have worked with hundreds of beginners and hundreds of successful brokers. Along the way, I began a call-in radio program titled "Let's Talk Real Estate." Callers were invited to ask questions about their real estate matters. I also wrote some articles for a local newspaper and taught classes at a community college and local real estate offices. I have accumulated nearly 300 rental properties, including a couple dozen houses and condos, but mostly apartments.

I sold more than 600 homes before retiring. My highest-high was the month I earned \$86,917.50 in commissions and my lowest-low was the time I suffered through five months with no income. After 22 years working full-time in the business, I earned over two million dollars in commissions.

Although there were plenty of other agents who sold more homes than I did, I had a secret weapon which enabled me to become the first person to retire out of that fantastic RE/MAX office, while I was still in my forties: I always believed I should be

my own best client. By employing that concept, I earned another eight million dollars along the way. That combined effort of earning commissions plus profits from investments brought my average income to around a half-million dollars per year, weighted more heavily in the later years.

If you find yourself impressed, in any way, by my accomplishments you might suppose that success came easily to me, but the opposite is true. When it comes to successful real estate agents, very few of them have had so many hard lessons to learn. When you discover the rest of my story you might even consider it a miracle that one person could make so many stupid mistakes and still turn things around. Here is a little juicy background information for you:

I was surrounded by six sisters and raised in a lower-middle class neighborhood in West Denver. Although my parents were honorable people, there was so much activity in our large and hectic family that there was not much time for individual attention. Therefore, when it came to learning the important lessons of life, I was essentially left to my own devices. Naturally, when a lad is exposed to such unbridled freedom, he is bound to succumb to the whims of youthful indiscretions; hence, I made plenty of poor choices before I straightened out and eventually fulfilled my destiny.

I was basically a C student who could have done much better if I had had any interest in what they were teaching. In spite of that sub-par performance, I was the first person in our family to give college a try. That decision changed the course of my life. I found out right away that I wanted to get into the real estate business, but ironically, I did not learn that fact in a classroom.

The fathers of two of my classmates each accumulated a small portfolio of rental properties separate from their primary jobs. When I learned how those gentlemen turned ones into twos, I knew that was for me. It would take ten more years before I would obtain my real estate license. In the meantime, I still had a lot of mistakes to make and some more growing up to do.

For starters, I was introduced to marijuana that first year of college. I was like many others of the time and lent drugs too much importance, so I rarely went to class. Naturally, I flunked out. The next year I flunked out of a junior college, primarily for the same reason.

By the time I was nineteen, my friends and I were getting high fairly often. Whoever could find a supply of pot would buy a medium-sized quantity and recoup his money by distributing it among our small group and each recipient would pitch in his fair share of the cost. None of us were “dealers” in any sense of the word, but there was some selling and buying in those seemingly innocent exchanges between friends. Eventually a friend of a friend joined the group and I had the misfortune of “sharing” some pot with him in exchange for the \$10 which I paid for it. As you probably guessed, he turned out to be an under-cover narcotics officer. I was arrested and convicted of a felony for selling \$10 worth of marijuana (drug penalties in small towns were very harsh in those days). I went to jail for sixty days, beginning on my 20th birthday. That was where I started to realize that I needed to rethink my priorities. But, unfortunately, I still needed some more convincing.

Having no better ideas, I decided to work in the grocery business at Safeway. I did not want to start out with any strikes against me so I lied on my application about having been arrested. That worked out well and I got a job in the produce department. I applied myself and did fairly well. The next year I transferred to a different company and lied on my application again.

A little over a year later I made one of my few smart choices of those days; I married Patty, who would become my life partner.

I was beginning to think about real estate again and I invested in some land. Then I decided to get my license. The application for a license asked the same question I had seen on previous ones. Since lying about the arrest had worked before, I did it again. This time the outcome was different. The local Real Estate Commission did a background check and discovered the felony conviction of

three years earlier. Obviously, they cannot approve people for real estate licenses if they know them to be liars, so they denied my license. That was very humbling and I decided it was time to stop hiding from my past. My newly established commitment was immediately tested.

The resident manager in our apartment building bought a home and that created an opening for the position. I called the professional manager and asked for an appointment to discuss the job. I poured out the whole truth about my past and he must have admired the candor because he decided to give us a chance. Finally, things were starting to look up.

A couple years later we moved to California and I decided to try for a real estate license in that state. This time I knew what to do. I told the whole truth and got references from the former property manager and my employers. I wrote a letter and explained what I had learned from all my mistakes. They issued a red probationary license which was unusual because all the other real estate licenses were either white or yellow. When my red license was hung by the others in the office, I had a lot of explaining to do. Nobody knew better than I did: Honesty was the best policy.

A little over a year passed and we decided it was time to put down roots and start our family. We elected to return to Colorado for that purpose. I worked in the grocery business for a while then I got my license and took a position working in a two-man sales department of the same property manager I mentioned earlier.

In those days, there was no Internet, and very few books or seminars on any phase of real estate sales or investing. Absent any traditional guidance, I continued to sell real estate and accumulate small rental properties any way I could.

After seven years I joined a very dynamic company, RE/MAX Professionals, in nearby Lakewood, Colorado. Unfortunately, more problems were just around the corner. In the mid-eighties, home prices in our community took a deep nose dive and we watched an impressive real estate portfolio fade away. Bankruptcy was inevitable. As you can imagine it would have been easy to quit

at that time, but as you know by now, Uncle Dave is no quitter. Instead, I dusted myself off and started over, once again determined to learn from my mistakes. I formed a new investment philosophy which proved to be the solution to my financial problems.

Eventually, the market rebounded and new commissions were earned. In addition, the rental properties were generating real spendable cash flow and I finally understood the big picture. The next 13 years I employed the wisdom gained from my hard-learned lessons, both as a broker and an investor, and accomplished the important tasks mentioned earlier.

Now, I am essentially retired but I still love the real estate industry and I am in a position to “give back.” I have trained others, written this book (with additional ones in the works) and I teach classes on the subjects of this book. As you might guess, somebody who has traveled so many unusual roads has plenty of interesting stories to tell.

I like to think my story is useful because it proves that if a lower-middle class, C student, double drop-out, bankrupt prisoner with six sisters and a red real estate license can overcome so many stupid obstacles, practically anybody else can succeed... and I would love to help you do just that!!!

So, let's get to it. Pull up a chair, grab a highlighter or two and let Uncle Dave share the insider's secrets of the real estate profession with you.



# **Chapter 1 – THE THREE-LEGGED STOOL OF KNOWLEDGE**

**or**

## **Gathering Wisdom**

If I were you, I would be wondering why I should read this book. What makes it different? Is it worth my time? Please let Uncle Dave assure you, you are starting off on the right foot. Those are very good questions. The answers to them, and a whole lot more, can be found in a symbolic piece of furniture.

### **The Three-Legged Stool of Knowledge**

The “Three-legged Stool of Knowledge” is an important concept to illustrate the three sources of information you need to survive and succeed in the business. Nearly all of the agents who fail do so because they only gather information from the first two legs of the stool. Fortunately, you are not going to repeat their mistake.

### **The Real Estate Schools**

The first leg of the Stool of Knowledge is provided by the

traditional Real Estate Schools and the formal education that they deliver. Those schools provide a valuable service because you cannot get a license without them. They teach the technical information you need for that purpose. Their objective is limited to providing specific formal classes, which usually result in some sort of official reward like fulfilling licensing requirements or earning continuing education credits. They are very good at delivering that much-needed information.

***Structured learning is not a substitute for experience but it is a great way to gather information and professional designations; you know... all those capital letters behind our names.***

If they were to share some of the things you will learn in this book, they might actually discourage some of their potential students from going into the business and therefore chase away their own customers. That would be contrary to the school's basic mission and self-destructive.

Furthermore, they have no way of knowing who will make it and who will not. The flashy fellow in the front row may have a \$1,000 suit and look very promising, but he might have the personality of a pickle or lack the perseverance to survive. On the other hand, the young woman in the corner may be wearing blue jeans and seem distracted, which does not especially boast of success, but she might actually hit it big.

## **Managers and Sales Trainers**

The second leg of the Stool of Knowledge is offered by sales trainers, including managing brokers and other experts. The managing broker provides priceless information about office policies, organizing your files, and marketing. They frequently hold sales meetings and teach things like telephone techniques, hosting an open house and how to show homes effectively.

You can also attend seminars of selected experts and learn more

advanced techniques on specialty topics such as how to improve your time management skills, making dynamic listing presentations and advanced closing techniques. Sometimes you get certificates or continuing education credits from these people, and you usually get valuable information and excellent motivational aid. Generally, these folks don't have time to explore all the odds and ends you need to know because they are experts on specific topics.

***JOKE TIME - A grieving family is called into the surgeon's office to discuss the dire circumstances of their senile grandfather. The surgeon says to the family, "There is bad news and good news. The bad news is that Grandpa's brain is gone and he will never be the same. But, the good news is he is a perfect candidate for a brain transplant." The surprised family talked among themselves and then one of them asked the doctor, "How much will a new brain cost?" The doctor responded, "It is \$100,000 for a typical brain or \$5,000 for a Realtor brain." Stunned, the family member inquired, "Why the big difference?" and the surgeon responded, "Everybody knows Realtors are only worth about five percent."***

So, that leaves the third leg of the Stool of Knowledge, which is "Experience." You might call it "Insider's Wisdom." Prior to this book, experience could only be gained the hard way: by years and years of trial and error in the proverbial School of Hard Knocks. But that takes too long. Many new licensees do not have time to lose so they want to gain their knowledge from some sort of crash course. This is what Uncle Dave has to offer you. I sincerely believe that reading this book will provide the reader with the equivalent of several years of experience.

This elusive information comes from a blend of personal observations of hundreds of brokers plus real experiences, facts, mistakes, opinions, anecdotes and some occasional juicy gossip is thrown in. Most importantly, I share with you how these things relate to the traits you might have so that you can exploit your

strengths and improve your weaknesses before you ever get into your first real estate office.

After a few hours with this book you should have a much better idea of the Insider's Wisdom that is stored in the soul of the successful agents. The knowledge you gain from this leg of the stool will round you out so that your stool won't fall over as has happened to millions of licensees before you. You don't have to be like them. In the next chapter we will see why you have more than enough opportunities to be successful, provided you gather the right knowledge and then put that information to work. But first, here is a true story about my very first real estate transaction. Look for clues that will serve as a source for your first dose of Instant Experience.

### **Uncle Dave's True Story #1: The Three Stooges of Investing**

My very first transaction took place seven years before I obtained my license. When I was twenty-one years old, I joined forces with two long-haired friends to buy some raw land as an investment. Curly, Moe and I each brought a different asset to an inexperienced but enthusiastic partnership.

Curly's dad found a piece of raw ground that was for sale. It was priced well and offered particularly good terms. It consisted of two nice residential lots in a charming mountain community, nestled in the foothills fifteen miles west of Denver. I was aware of his father's successful investments so I did not hesitate to accept the wise man's recommendation.

Moe had a nice free and clear car which we pledged as collateral for a loan. The proceeds of that loan were used as a down payment for the property, and the owner financed the remainder of the purchase price.

I was the only one who had a banking relationship and any established credit, so I was the primary signer for both of the loans.

We all were excited about the idea of investing, but we lacked any real experience. One of our biggest mistakes was a failure to

understand a concept I later came to identify as, “completing the circle.” More specifically, whenever you buy any property you had better have a good idea what your goal is, as well as an exit strategy. But, we were so focused on profit potential we never even considered that someday we might want to get out from under the property. Therefore, we did not have any idea how we were going to complete our circle.

After we bought the lots, we were proud to be land owners, so we did the only thing we were all good at. We drove to the mountains on weekends and played Frisbee. A few months went by, and then we got a surprise phone call.

A man moving into the area from California was driving around the subdivision when he discovered our lots. Somehow, he got our number and made us an offer to buy the property for a nice profit. That was a minor miracle, because we were doing absolutely nothing to market the land. There was no For Sale sign in the yard. We had not talked to any Realtors. We hadn't even considered reselling the property.

The details are a little fuzzy now because so much time has passed, but I still remember that my share of the profits was \$900. At the time, I was earning something like \$6.00 per hour working in the local grocery store, so all that “easy money” seemed like millions to me. I was immediately hooked on investing and I still love it to this day.

***Think about it. What did you learn?***

***Hint: Consider the admitted error and how the transaction was structured.***

***Go to page 215 for your Instant Experience.***