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## Just because it's not 'for sale' doesn't mean you can't offer

By Gayle Pollard-Terry, Times Staff Writer  
September 3, 2006

Every so often, Payam Zamani receives a letter from a real estate agent who has a buyer interested in his two-story Mediterranean home in a San Francisco suburb.

There is no "For Sale" sign in front of his four-bedroom, four-bath, mountain-view home. But he just might part with it for the right amount.

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"My wife and I love the home. We love the view," Zamani said. "But we think, 'Wouldn't it be great to get another house like this with the kids' bedrooms closer to the master bedroom?'"

"We're not actively listed, but if we got an offer and could sell it immediately," he said, he would be tempted.

How many people who fall in love with a house that is not on the market are willing to make an unsolicited offer? Zamani is betting that thousands will.

His website, Reply.com, launched a new service Aug. 23 that allows consumers to make a bid on just about any house in the United States.

The site won't sell the names of buyers who use the new feature to its network of 15,000 real estate agents, according to Zamani, although Reply.com makes money by generating leads.

"As a consumer, you do your research on our website, and you select the homes that you are interested in making an offer on," said Zamani, who is the founder, chairman and chief executive of the Walnut Park, Calif.-based company. The data provided by the site — ranging from valuation to square footage to past sales history — are based on public information.

"You select one or as many as you like," he said. If a prospective buyer is unsure of how much to offer, he or she can indicate a price range.

"At some level, this is a game of numbers. If you truly want to buy a house, the chances are in the ZIP Code that you are interested in, out of thousands of homes there are 20 homes that

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meet your specs," Zamani said. "You send offers to 20 homeowners, engage with four or five homeowners and you will essentially find a home."

For \$24.95, the website will send the offer by Priority Mail to the homeowner. (There is a volume discount after the first nine offers.)

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The owner can respond on the site, using a special code that will allow the prospective buyer to retrieve the information.

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Of course, that homeowner could ignore the offer, but Zamani believes 20% to 25% will respond one way or the other.

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That's much more optimistic than the 5% rate of response predicted by another Internet entrepreneur, Glenn Kelman.

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His site, Redfin.com, plans to offer a similar service by the end of the year to its current markets — Seattle and San Francisco — and possibly all of California.

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The "First-to-Know" feature will allow consumers to bid on unlisted properties, and like Reply.com, Redfin.com will send those offers by Priority Mail for an as-yet-undetermined fee, said Kelman, president and chief executive of Seattle-based Redfin Corp.

The online brokerage allows consumers to find, buy and sell homes on the Web. It makes money from commissions and refers users to in-house real estate agents who handle the details of the deal. It does not generate leads for money.

First-to-Know also will build in some safeguards.

"We are going to make sure the person is pre-approved, and do a basic criminal check to make sure the person hasn't got a history of nefarious dealings.

"Having gathered all that information, we will provide a profile of this person in a letter, and the homeowner can decide if he or she wants to meet the potential buyer," Kelman said. "People have legitimate questions about inviting a stranger into your home."

With today's market flooded with houses that offer plenty of choices to prospective buyers, Kelman expects two types of buyers to use First-to-Know:

"An investor may feel an entire neighborhood is gentrifying and may want to take a block," he said. And "a dream-home buyer — somebody who says, 'I've always wanted that house. It's very beautiful. If you decide to sell it, please tell me first.' "

Homeowners may respond to an unsolicited inquiry for a number of reasons. Until an offer arrives, they may not know that they could get \$1 million for a house that cost \$27,000 decades ago, because they haven't paid attention to the housing market.

Others already are contemplating selling because they want to cash out, trade up, get more space, live near better schools, downsize, relocate for a new job or retire.

Still others may fear that prices are about to drop and that they are about to lose some of the equity they have acquired during the spectacular run-up in value over the last five years.

"Essentially, if we know how much money we can currently gain from an asset, we are more likely to sell it.... People fear regretting 'holding on too long' and riding the price back down," said Dr. Richard L. Peterson, a psychiatrist who is the managing partner of San Francisco-based Market Psychology Consulting. "Psychologically, the pain of a potential loss is twice as large as the pleasure from a gain."

Making that unsolicited offer via a website may be a new concept, but making an offer on a house that isn't on the market is not. Real estate agents often do it, blanketing neighborhoods with postcards and fliers or sending a personal letter to a homeowner when a client has fallen in love with a particular house or a buyer dreams of living once again in the childhood home.

"Agents make offers on homes that are not on the market all the time, and it is rarely effective," said Syd Leibovitch, owner of Rodeo Realty, a residential real estate brokerage firm with 10 branch offices in Southern California.

Two or three times a year, Los Angeles real estate agent Patricia Penny is asked by clients to approach the owner of a home that is not on the market.

"I just had one of my dearest clients ask me about a house in View Park. He asked me to go and let the buyers know that he would be interested in buying it, anytime they would be interested in selling it," said Penny, of Pat Penny Realtors in View Park, a neighborhood in southwest Los Angeles.

Her client didn't offer a specific price for the large, ranch-style house.

"He said whatever they wanted within reason," Penny explained. "He already has a beautiful home, but he's lived in the community since he was a young boy and he's always adored that house."

She wrote the owners a letter, introducing herself and her client. "They called me and said they weren't interested in selling right now but you never know about the future. About once every six months, I'll drop them a nice note that says please don't forget about us," Penny said.

As for Zamani, he's no novice in the world of dot-com commerce. In 1994, he founded AutoWeb.com, an online car-buying service, and took the company public five years later.

Reply.com began as an automotive website five years ago and added real estate three years ago.

"The most popular feature for sure has been instant home valuations.... That is the gateway to everything else we offer," Zamani said. Users do not have to register to access the valuations, which the website qualifies with a percentage "confidence" rating regarding accuracy.

"They provide their name if they are interested in being connected with a real estate agent in a specific market."

Reply.com is one of many real estate websites that connect home buyers to an agent.

Realtor.com, which is partially owned by the National Assn. of Realtors, is among the best known. There are also many websites, such as Zillow.com, that allow anyone who can use a

computer to find out what a house is worth.

What makes Reply.com stand out today is the unsolicited offer feature, which could help a love-struck buyer persuade a homeowner like Zamani to sell.

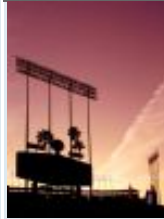
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