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Charlotte Regional Realtor® Association

MARCH 2016 NEWSLETTER

FIRST PERSON

YOUR BUSINESS

SUCCESSION PLANNING AS A BUSINESS TOOL

What's next for older agents?

by Steve Murray, publisher

There are a great many people who comment that the difference in the ages of real estate agents and the average age of buyers is vast, and likely causing problems, or perhaps will cause problems. While we don't subscribe to that theory (the age difference 30 years ago was likely the same), we do know that there is an entire generation of both agents and brokers who are thinking about "what's next"? They are north of 55 years old, have accumulated some net worth, and they are trying to figure out what is next with their careers, businesses, and lives.

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COUNSELING AGENTS AND TEAMS

While most of our work has been with broker-owners for the last 29 years, we are increasingly counseling agents and teams about the same topic. How does an owner of a realty business establish a plan, other than a sale, for his or her business? What are the keys to successfully establishing a succession plan?

We would offer this. First, don't try and replace yourself with yourself. In all likelihood, you have grown your business with your skills, background, relationships and view of the world. As we have previously said, it is difficult to replace an iconic founder with someone just like him. So, don't go down that path.

SELECTING SEVERAL PEOPLE in your organization who might have the skills to lead your business is also key. It may take more than one person to fill the roles the founder has provided.

CONSIDER FUTURE SKILLS

Instead, consider what skills are needed to continue to drive your organization forward. Can that be found in one person or a team? Some firms have been successful using personality assessment tests to line up the people skills of potential successors as a starting point.

Selecting several people in your organization who might have the skills to lead your business is also key. It may take more than one person to fill the roles the founder has provided. The next steps are investing your time in educating this team about the business and the environment, testing their ability to make decisions and be responsible and, most importantly, testing their ability to work as part of a team to achieve mutual goals.

MEASURE RESULTS

Lastly, whether you are building a team as part of a succession plan or to strengthen your company, measure results rigorously. We've found that it doesn't mean only measuring financial or operating results, but also measuring how well these potential future leaders work together and support each other. As Patrick Lencioni said in his book, "The Five Dysfunctions of a Team," it is the attention to results and not egos and status that marks a truly effective team.

Thinking about how you would build a future team should be the goal of a business owner whether he intends to sell or not. One of the biggest weaknesses in residential brokerage is the lack of investment in the leadership and business skills of the management teams of brokerage firms. The important thing is to invest your ***personal*** time in doing so.

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TIMES ARE CHANGING

WHAT'S NEXT FOR THE MLS?

In the age of Upstream, what is the next move for MLS?

by Steve Murray, publisher

Upstream is formed and partnered with NAR and its RPR/AMP technology platforms to build and activate a national parcel-centric property database. NAR partners with ZipLogix to deliver free transaction management while Realtor.com expands its agent profiles with a new agent review and rating platform. Where does that leave the MLS in the discussion and where is its future headed?

We spoke with Kevin McQueen, founder of Focus Forward Consulting, who advises many MLS leaders and boards about where their future lies. Here are some things he had to share.

"We are talking first of all about the women and men who run what is arguably the backbone of the industry. MLSs have made the market work for the last 40+ years. And, they realize clearly that technology and new entrants [into the market] threaten their role. What to do about it is where the discussion really takes place," said McQueen. "In our work with them, we try to get these leaders to see what the future may look like, and what the options may be for them. The future is not crystal clear, and the options each have pluses and minuses. It gets complicated."

NOTHING STAYS THE SAME

McQueen commented that first MLS leaders have to admit that things will not continue as they have. The model in the industry of having hundreds of MLSs, far too often only existing because of the pride of owning your own MLS, still exists. "Instead of asking whether an MLS should exist, one big question should be what is the most efficient way to deliver first class MLS services for members?" he said.

FEWER MLSs IS THE ANSWER?

Many believe that fewer and stronger MLSs are an answer. "Fewer and larger MLSs can deliver more and better technology and data solutions to members. That is one of the main premises of Upstream—one platform, one set of data standards and one set of publishing tool sets. MLSs need to be thinking this way about the future. The recent announcement of the combination of MRIS and Trend is an example of leaders who thought that, while they are both large already, they can serve their members better by combining." McQueen's thought is that size will matter, not just to say how large one is, but also to have the resources to offer better services to members and other constituents.

McQueen adds that "too many think that merely picking better technology is the answer. It isn't. One must first define the business strategy and plan and then find the technologies that will get the job done. Tech as your focus is not the way to go. Rather, focus on a strategy that includes better service, lower costs and less complexity."

He admits that governance and control issues remain a big part of the problem of advancing the interests of MLS. While the problem is not as bad as it used to be, it remains a significant roadblock in some cases.

McQueen said that the threat of the nationalization of the MLS has always been at the back of the minds of many who run MLSs. He said that for many of his clients, these recent moves by NAR bring that threat more to the forefront. His view is whether that is reality or not, MLSs have it within their resources and capabilities to remain strong and viable parts of the industry in the future.

NEGOTIATING SKILLS

DO YOUR ASSOCIATES HAVE THE NO. 1 SKILL?

Teach your agents how to negotiate.

By Larry Kendall, chairman of The Group, Inc. and author of Ninja Selling

Have you seen the latest National Association of Realtors® (NAR) survey? Eighty-nine percent of buyers and sellers rate *negotiation* as the key skill they are looking for in selecting a real estate professional. This high percentage may be related to the shortage of inventory and multiple contract negotiations in many markets. How are your team's negotiation skills? What can you do to help them perfect this skill?

Start by helping your associates understand the five basic negotiation points of a real estate contract. Most real estate contracts are lengthy. All the pages of legalese are designed to help buyers and sellers agree on just five negotiating points. Here they are:

1. **Price.** Are you in a seller's market with multiple offers? Will buyers need to offer full price or above to compete for this property? What about a price escalation clause?

2. **Terms.** Cash is king, as long as it can be verified. Conventional loans are next in line, followed by FHA and VA. If you are in a competitive seller's market, and your buyer is a low-down payment buyer (FHA or VA), can he or she get help from a family member to raise his or her offer to conventional financing to be more competitive?

   What about the earnest money? In some markets, a winning strategy is to release all or a portion of

> *Most real estate contracts are lengthy. All the pages of legalese are designed to help buyers and sellers agree on just five negotiating points.*

the earnest money to the seller upon contract acceptance. This strategy is effective in markets with a history of buyers making offers on multiple properties, then deciding which one they want and using the inspection clause to walk away from the others.

3. **Dates.** Closing and possession dates can often be the most important negotiating point of all. Sellers don't like to make a double move. Sometimes they want time to find another home. Buyers who match their closing and possession dates to the seller's goals are more likely to win. Often a closing with a seller rent back (sometimes at reduced or free rent) for up to 60 days makes the difference.

4. **Inclusions and exclusions.** Remember the buyer's markets in the 1980s where the price sometimes included the cars in the garage? Fortunately, those days are over. However, in many resort markets, the price may include the furnishings.

5. **Contingencies.** This one is a biggie. The cleaner the buyers can make their contract (and still be comfortable); the more likely they are to win in a multiple offer situation. The two biggest contingencies generally involve the loan and the inspection. A buyer who is pre-approved (not just pre-qualified) has an advantage. However, the property will still need to appraise. Do the buyers have enough extra cash that they can agree to buy the property so long as it appraises for a minimum amount? If so, they can modify the appraisal clause unless they are buying FHA or VA.

On the inspection clause, if the listing real estate professional had the property pre-inspected by a reputable inspector, and the seller is also offering a Homeowner's Warranty, would the buyer be willing to accept these inspections and waive the inspection clause? If the buyer is competing for a property where contracts will be collected and then presented to the seller at one time several days later, is there time for the buyer to get his or her inspector into the property and have an inspection done BEFORE he or she writes the contract? If the property inspects, they can write an offer waiving the inspection clause.

The strategies mentioned here can be used by buyers to compete in a multiple offer market. They can also be used by sellers to request concessions from buyers when they receive multiple offers. These strategies are generally unnecessary in buyers' markets and may vary by state law.

Regardless of the market, your associates should be familiar with the five negotiating points. We recommend you have them rehearse their strategies and share best practices, so they become master negotiators. After all, it is the No. 1 skill for which customers are looking.

EVENTS

STAY TRUE TO YOUR CULTURE

Tips for making sure your culture is reflected in your annual real estate events.

By Travis Saxton, vice president of technology

Recently, a person from the REAL Trends team was asked to speak at a client's annual gala/awards event. Through these events, we rediscovered how two firms continue to build excellent companies and cultures with unique circumstances and deliver on annual events. These events speak to those cultures and create great value for their agents.

I believe the most important aspect may be perception—what your agents, partners, and guests perceive is critical of your firm and your culture as an extension of your real estate event.

CULTURE MATTERS

Fun is a key ingredient for an event, but it is not the most important ingredient. Focusing on prestige, another common theme can hit the mark. Education is also important, so delivering interesting speakers and vendors can play a critical role in making your real estate event a success. However, I believe the most important aspect may be *perception*—what your agents, partners, and guests perceive is critical of your firm and your culture as an extension of your real estate event.

THE LUXURY CULTURE

Daniel Gale Sotheby's in Long Island has 646 agents in 26 offices spread out over Long Island covering a wide geographical area. The 59th ranked brokerage by volume according to the 2015 REAL Trends 500 has a knack for luxury, and they deliver. This luxury theme carries over into their annual gala. This year it was hosted at the Garden City Hotel on Long Island. They brought in Philip White, the president of Sotheby's, to represent their firm at the annual gala. They had an exceptional mix of local, national and technology vendors at the event. Their partners had dedicated time with the real estate professionals to make their way through the exhibit space. Energy levels were high, and music and a feeling of success surrounded you at their event.

Turning Stone Resort and Casino, New York

ROCKER CHIC

Across the state of New York, we attended RealtyUSA's 2015 Annual Rally. The company boasts a strong footprint in the Buffalo, Syracuse, and Albany markets. The 9th ranked firm in the country by sides, per the 2015 REAL Trends 500, has 63 offices and 2,100 agents. You can imagine that geography and size play a challenging role in their event. The event is held annually at Turning Stone Resort and Casino in upstate New York, which happens to be centrally located and just far enough away that the event becomes a party. I knew I was in for something unique as I departed my hotel room at the Turning Stone Resort only to be greeted with what appeared to be members of famous rock bands and their groupies on multiple occasions. I knew my country club attire was not going to fit in. I was correct, yet I still joined the nearly 800 rocker clad guests at the event.

The party was a blast and a testament to the culture Merle Whitehead and crew have developed. By 6 p.m., as dinner was being served, the dance floor was full of agents, managers, partners, and more. The party was followed by excellent content sessions and speakers. Every year, they change themes and spare no expense decking out the conference center with elaborate decorations, props and more. See some of the madness below!

Both of these unique events were effective at showing the company's cultures. Consider that when developing your event.

DAN DUFFY, CEO,
UNITED COUNTRY REAL ESTATE

UNITED COUNTRY IS OVER 90 YEARS AND STILL ACTING YOUNG

Learn from leaders where tomorrow's opportunities and threats lie. 2016 will be a year of surprises for the industry.

By Steve Murray, publisher

That's right. United Country Real Estate, founded in 1925, is the nation's oldest and longest surviving real estate franchise organization. Originally United Farm Agency, this network has today become one of the largest in the country with over 450 offices in the United States under the United Country brand and a fast growing network in its United Real Estate brand.

We spoke to Dan Duffy, who with little background in real estate but a great deal of experience in technology, acquired the firm eight years ago and set about re-energizing the organization in some new directions. Duffy told us, "there was already a great sense of culture and tradition here. Most of all, we wanted to keep that strong. We also wanted to redesign the company to take advantage of its uniqueness in the market. Then, we were mostly a rural-, country-, farm- and ranch-focused company. Now, we see ourselves as a lifestyle company with over 27 specialties in various types of property."

We were mostly a rural-, country-, farm- and ranch-focused company. Now, we see ourselves as a lifestyle company with over 27 specialties in various types of property.

TECHNOLOGY IS A TOOL

We asked how his technology background has helped in the growth of United Country. "I think our team brought a mindset that technology is a tool, an enabling tool, to allow us to market more effectively, to reach consumers better. We have multiple websites for each of our property specialties, we invest heavily in SEO and SEM to drive traffic and leads to our affiliates. In fact, we send hundreds of leads a year to each affiliate. It is not so much that I knew about technology as I thought we had a good idea of how to apply it to the business of United Country."

Duffy said technology allows them to enter new market niches as well. "We now have what we think is the largest network of licensed auctioneers in the country, over 245 of them, and every one of our offices can offer auction services through one of our affiliates," he says. "Another example is we have a network of trained and certified foresters, men and women who know timberland, not just about land value but how to maximize the return from investing in forest land. Technology allows us to market the totality of our services as well as listed inventory."

NEW OFFERINGS

As far as United Real Estate, the firm's newest offering, which focuses on technology by offering flat fees in major metropolitan areas, Duffy said that they have several offices opened, most growing faster than anticipated and that he expects the network to grow rapidly in the years ahead. "We have several offices that within 18 months have grown to more than 200 agents. Again, the technology that we already built enabled us to offer each agent in United Real Estate offices a full technology suite at no cost in return for low monthly and transaction fees."

While all this makes Duffy feel confident about the prospects for the company, and having just raised over $30 million in new investors to support the future growth, Duffy kept coming to how important it is to retain and strengthen the culture of the 90-year-old company. "Through our communications, our training, and all of our interaction with our affiliates and agents, we keep stressing how important it is that we not allow technology to replace our willingness to share with each other, network with each other to deliver great service and support each other. The continuation of our culture is what I believe matters as much as anything else we do."

We keep stressing how important it is that we not allow technology to replace our willingness to share with each other, network with each other to deliver great service and support each other.

NOW YOU KNOW

Mr. Duffy led a buyout of the United's legacy 90-year-old platform company, United Country Real Estate, in February 2006. Since acquisition, Dan and his management team have established three complimentary businesses to gain leverage on the services and technology platform developed for the core business: United Auction Services, Enhanced Marketing Solutions and United Real Estate.

Prior to joining United, Dan spent nearly 20 years focused on serving clients in senior executive positions in the technology and services marketplaces.

Most recently Dan served as the President and Chief Executive Officer of Microsoft's twice awarded "Global Partner of the Year" and largest North American Microsoft business solutions partner with over 20 offices serving 12,000 clients across the United States, the U.K. and select foreign markets.

Prior to his tenure in the technology product development and services market space, Dan served as the Chief Development and Financial Officer of the largest on-line business-to-business exchange serving the auction and brokerage market for industrial equipment and was a founding member of the Chicago practice of The Center for Strategic Transactions, a division of Ernst & Young LLP, providing strategic and corporate finance advisory services to Fortune 100 companies as well as high growth technology, product and services organizations across multiple industries.

Dan and his wife Chris have five boys and are active in various organizations in the Kansas City community and national conservation groups including Ducks Unlimited. Mr. Duffy earned a B.B.A. from Indiana University and an M.B.A. from the Kellogg School of Management at Northwestern University.

REAL TRENDS HOUSING MARKET REPORT

JANUARY HOUSING NUMBERS UNIT SALES GROWTH

Unit sales up strongly in January with a gain of 9.2 percent over the same time last year.

The REAL Trends Housing Market Report for January 2016 shows that housing sales increased 9.2 percent from the same month a year ago. The year-over-year gain is the strongest year-over-year increase since June 2015. The Northeast led the way with a 17.8 percent increase.

"January housing sales continued the increased pace of rising sales recorded in the last two months of 2015. The last two months of 2015, and now January home sales, have risen on a year-over-year basis faster than any month since last spring," said Steve Murray, editor of the REAL Trends Housing Market Report. "The Northeast region had the strongest showing with unit sales up 17.8 percent. Each region showed increased strength indicating that the housing market is heading into the new year in solid shape," he added.

The annualized rate of new and existing home sales was 6.210 million which was up strongly from the 5.687 million rate of home sales recorded in January 2015. This was also the strongest rate of unit sales since June 2015.

Housing prices rose an average of 2.5 percent from January 2015 indicating that home sales and average prices are rising in tandem and above the average for the last six months of 2015.

"The market appears to be stronger than anticipated and has shrugged off other negative news such as the decline in equity markets and the slower rate of foreign purchases of homes," said Murray.

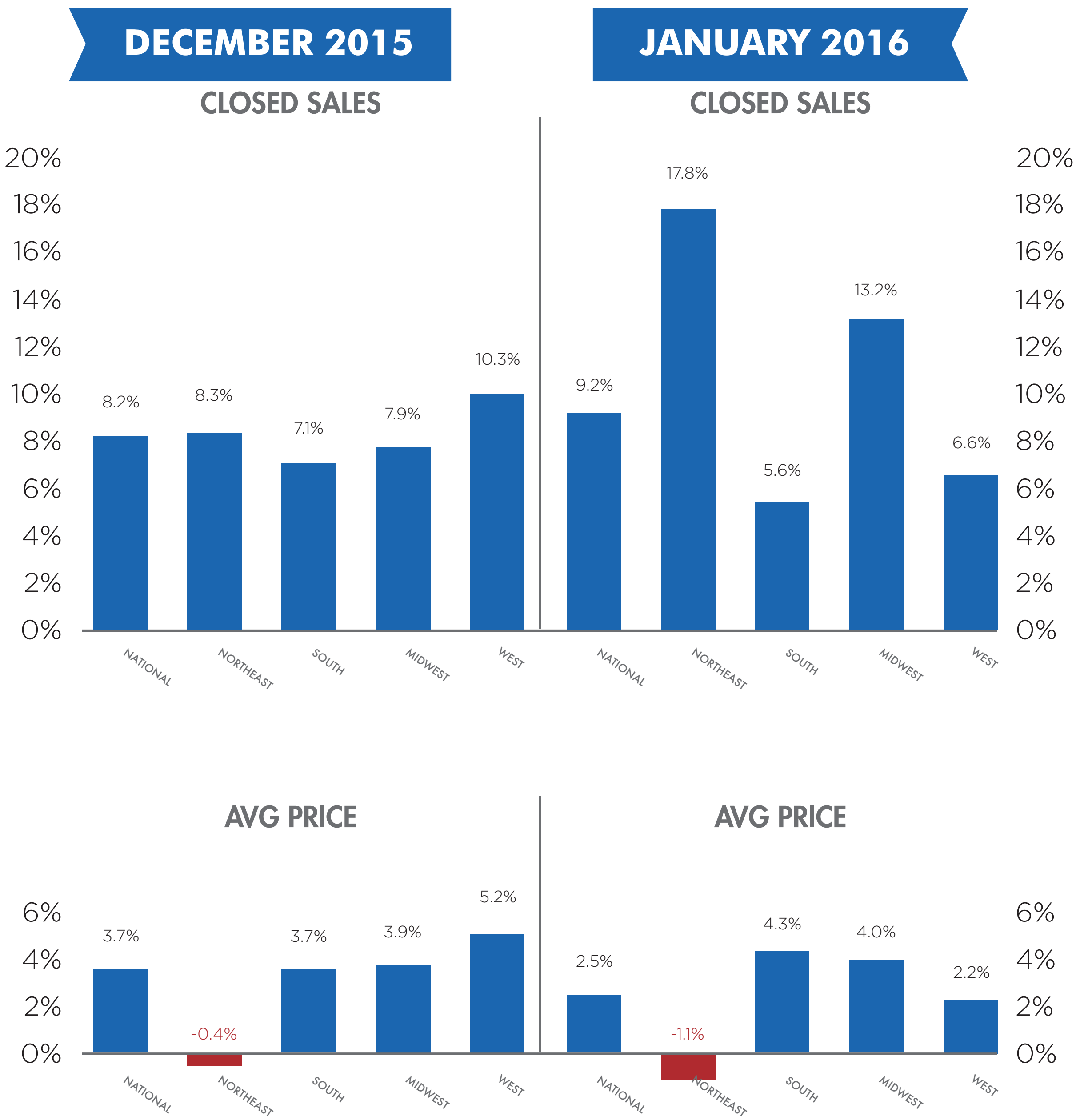
Housing unit sales for January 2016 increased 9.2 percent, up from the December 2015 results. Unit sales were up 17.8 percent in the Northeast, the best performance in all regions. Sales in the Midwest region were up 13.2 percent, the West saw an increase of 6.6 percent, and the South region had an increase of 5.6 percent.

The average price of homes sold in January 2016 in the South region increased by 4.3 percent, the best result in the nation. The Midwest saw average prices increase 4.0 percent, average prices in the West were up 2.2 percent while the Northeast experienced a decline in the average price of homes sold with prices dropping 1.1 percent.

"We now expect that housing unit sales increases will continue to be higher in 2016 than thought earlier this past year. Most forecasts believe that housing unit sales will increase 3 to 5 percent for all of 2016 and that average prices will increase 3 to 4 percent. With the recent strength in housing sales both of those may be on the low side of what may happen in 2016."

REAL TRENDS HOUSING MARKET REPORT

DECEMBER 2015 & JANAURY 2016 EDITION



BRYAN FAIR

OPERATING PARTNER
KELLER WILLIAMS/
PINNACLE PARTNERS GROUP
ATLANTA, GEORGIA

REAL Trends: Tell us about your path to real estate.

Fair: I quit my job two weeks after leaving college and backed into real estate. That was in 1988. I struggled the first two years, because I didn't know what to do. But, I figured out how to lead generate and call expired listings. I built a team and in 1999, Keller Williams asked me to open a franchise.

REAL Trends: Tell me one lesson learned when building your brokerage.

Fair: I love the author John Maxwell. "Failing Forward" is an excellent book. When I started hearing that failure was part of success, and it's OK to fail, my whole business changed. You have to understand you have to make mistakes. But whether or not you succeed is based on how you react and move forward. You must take action steps. Something I read that was pivotal for me is that you can't always fix your weaknesses, so focus on your strengths. So, I started focusing on my strengths and delegating my weaknesses. That's when things started to change. Along those lines, what is very important to me is helping others grow at a high level. That is really fun, and a big passion of mine. If you're succeeding but the people around you aren't; that's no good.

Being an agent and building my business as a mega agent helps me now. I wake up thinking about agents. We have to earn the right for agents to stay with us, and that perspective has served me well.

REAL Trends: What was the biggest professional challenge you faced when building your brokerage?

Fair: We ran a sales team for many years, almost a decade. I learned a lot of skills through that. In 1999, when we started our KW franchise, the hardest thing was that Keller Williams didn't have any name recognition in our area. That was a huge challenge.

REAL Trends: Based on your experience, what is the one thing you did with your brokerage that changed the trajectory of your business? What was the turning point from success to major success?

Fair: I realized that I couldn't do everything myself. You can will things to happen and work hard, but that only goes so far. After that, you have to succeed through people and learning that skill made the difference in my business. It's easy to wake up and do it yourself, but that only takes you so far. It's a lot more fulfilling to succeed through people. And, when you see them take off and grow, it's a cool thing. Our company took off when we got the right people in place and started focusing on helping them succeed.

REFORMS

THE NEW CFPB SCRUTINY OF MSAs

Are marketing and services agreements illegal under RESPA?

By Sue Johnson, strategic alliance consultant

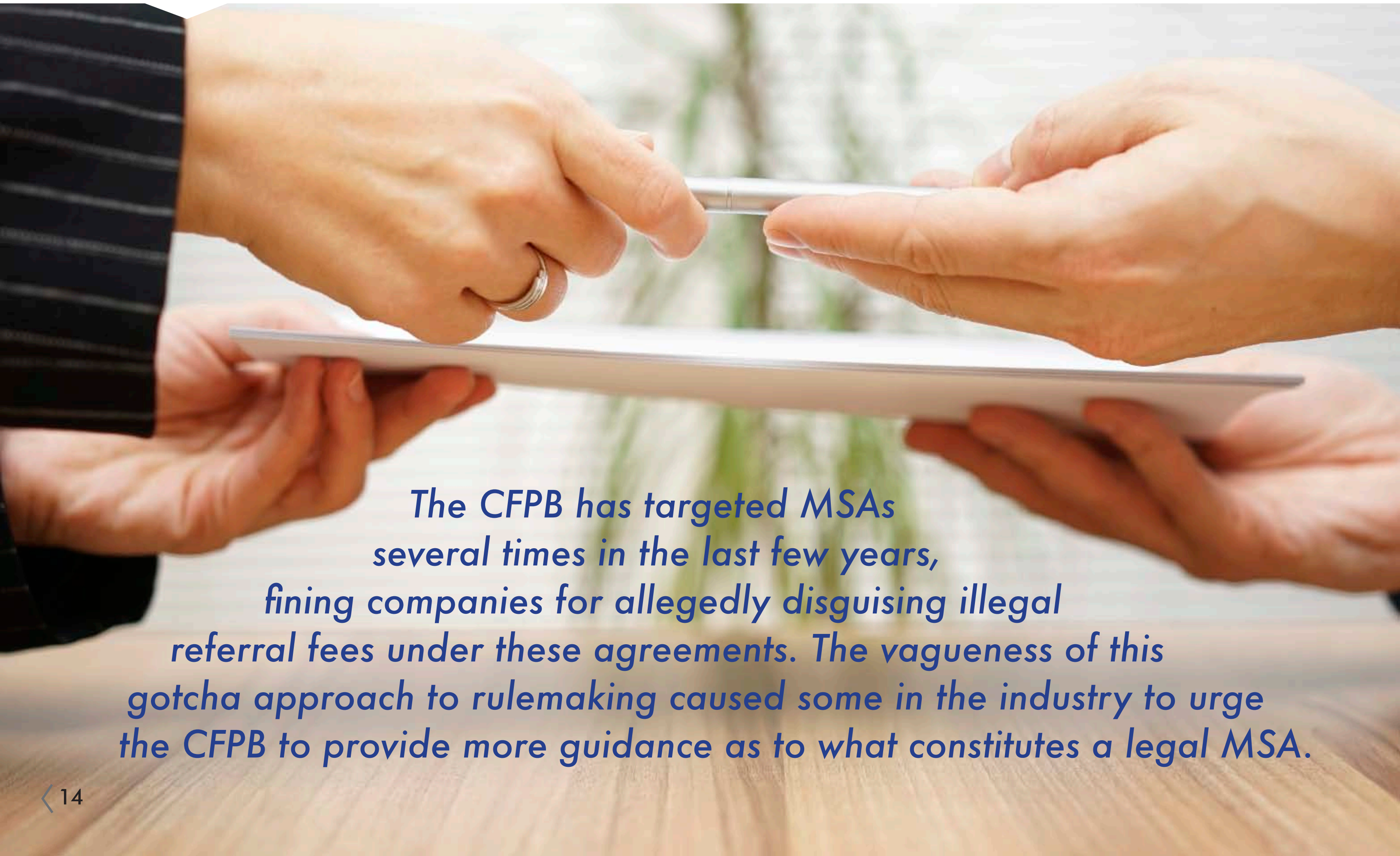
Marketing and Services Agreements (MSAs), under which a company agrees to market the services of another company in return for a fee, have been common in the real estate industry for years. They long have been considered lawful under the Real Estate Settlement Procedures Act (RESPA) provided that the fees are for services actually performed and not a quid pro quo for referrals.

But today, MSAs are squarely within the sights of the Consumer Financial Protection Bureau (CFPB), and it is important to tread carefully.

The CFPB has targeted MSAs several times in the last few years, fining companies for allegedly disguising illegal referral fees under these agreements. The vagueness of this gotcha approach to rulemaking caused some in the industry to urge the CFPB to provide more guidance as to what constitutes a legal MSA.

The CFPB responded on October 8, 2015, by issuing a Compliance Bulletin, “RESPA Compliance and Marketing Services.” But, the Bulletin is a powerful reminder of the adage, “be careful what you wish for.”

The Bulletin stops short of saying that all MSAs are illegal under RESPA, but it clearly expresses the CFPB’s dislike for the arrangements. It repeatedly warns against “the substantial risks” posed by entering into MSAs and



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states that the CFPB "intends to continue actively scrutinizing" MSAs as part of its enforcement and supervision efforts.

After having issued these warnings, the CFPB surprisingly fails to provide substantive guidance on how to properly construct an MSA or guidance as to what can and cannot be done in an MSA. Instead, it summarizes the facts of some of its past enforcement actions against MSAs and provides a few examples of activity to avoid, such as paying for services that are not performed.

So, where does that leave a company that has an MSA in place or which is approached with an MSA offer? First, it is important to examine the specific facts and circumstances surrounding any MSA with legal counsel who is familiar with the constant twists and turns of RESPA. Below are some other tips to help reduce your legal risks.

- Don't assume that real estate brokers can't be a CFPB target. It is true that Congress excluded real estate brokerage as a "consumer financial product or service" that is subject to certain CFPB regulatory, supervision, and enforcement activities under Dodd-Frank. But real estate brokerage is a "settlement service" that is covered under RESPA, and the CFPB can enforce (and has enforced) RESPA against real estate brokers.

- An MSA involving flat fees for the market value of consumer-direct advertising services (e.g., for banner ads on websites, links to websites, advertisements in email or direct mail campaigns) involves fewer risks than an MSA that could more easily lead to affirmative referrals by the company or its sales force.

- Obtain an independent analysis of market prices for advertising and any services being promoted. Don't assume that this review will get you off the hook if you are investigated. The CFPB made clear in its Bulletin that independently-established market rate compensation for marketing services, alone, does not ensure the legality of an MSA.

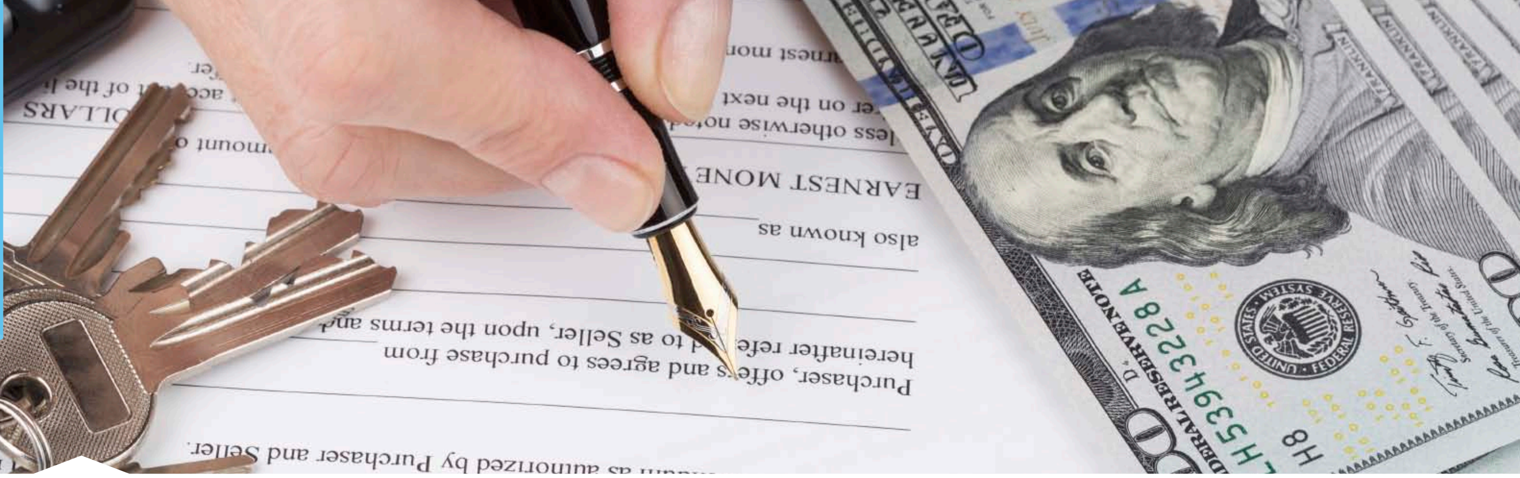
- Develop a company-wide MSA policy and constantly monitor your operations and the operations of your partners to make sure the policy and the terms of any MSA are being followed. Regularly emphasize the importance of compliance. Conduct training sessions for the sales force. A properly-structured MSA and/or a sound MSA policy can be made irrelevant by unauthorized referrals or loose talk by sales representatives.

- Try to use any MSA as a catalyst for creating a better consumer experience. The CFPB's concern over MSAs is in part based on its belief that they prevent a consumer from shopping and that they involve high costs. Consider using voluntary, legitimate consumer discounts or rebates (within the applicable law) to make the price of the marketed services more competitive. Be ready to verify the consumer benefits of the MSA through documented customer feedback.

> Assuring that an MSA is RESPA-compliant in the CFPB's eyes can be costly and time-consuming, but it's **BETTER TO BE TOO CAREFUL** than to be careless and regret it later.

- Use the same regulatory caution needed for MSAs with office space rentals. While HUD issued specific guidance on office rentals in 1996 (saying that the rent must be at market rate without regard for referrals), it relied on the same RESPA exemption that the CFPB appears to ignore in its MSA guidance.

RESPA violations can subject the violator to civil penalties, consumer lawsuits, disgorgement of profits and even imprisonment. Significantly, both givers and receivers are liable under RESPA. Assuring that an MSA is RESPA-compliant in the CFPB's eyes can be costly and time-consuming, but it's better to be too careful than to be careless and regret it later.



MEETING IN THE MIDDLE

THE PRICE VS. TERMS TRADEOFF

How do you get to a win-win?

By Steve Murray, publisher

All sellers want the highest price when they are selling their businesses. Sellers also prefer that they receive all of their proceeds in cash at closing. Buyers want to pay the lowest price they can to achieve their goals. In residential brokerage, buyers know that any time a change is being made in ownership, branding, and leadership, there is a likelihood of the loss of sales agents and their production. So, they want to have some monies paid over time based on the retention of those agents.

TRADEOFF: PRICE VS. TERMS

These are all normal tensions in a transaction. What most don't realize is that there is a distinct tradeoff between the price of a transaction and the terms of a transaction. As one buyer once put it, *your price; my terms,* and *my price; your terms.* What this means is that the higher the price a seller wants for their company, the more generous the terms must often be offered by the seller.

So, a high price might mean that more of the proceeds will be in an earn-out, payments made over one to four years based on either the retention of sales agents and their production or the maintenance of a certain level of operating income. Earn-outs are done both ways by buyers of residential brokerage firms. But, this also means that the more reasonable a seller is on price; the more likely it is he or she can receive more of the purchase price in cash or guaranteed notes. The corollary is that the more cash a seller wants; the greater the tendency is that the purchaser will pay a lower price.

FACTORS OF PRICE VS. TERMS

There are many factors that bear on the price vs. terms discussion. Is the seller going to stay involved and active? Does the seller have to change its brand name and are there any other significant changes to the commission program, or office locations? Are the cultures of the two firms alike in most regards? Are there overlapping operations? Does the seller have core services and how well developed are those?

So the price vs. terms issue is not just about the money but about the risk of the transaction. Both parties want the other to take as much of the risks of the transaction as possible. Sellers wanting all cash are saying they want the buyer to take all of the risk. Purchasers wanting the seller to take 50 percent of the deal in an earn-out are asking the seller to take more of the risk. No two deals are alike for all of these reasons.

Should you be in the market to purchase a brokerage or sell your own, understand that risk sharing drives the structure more than any other factor. When planning for a potential sale, sellers need to grasp that the less risk a transaction poses to a purchaser the higher the likely price they are going to receive. And lastly, despite what you may have heard, fewer than 1 percent of all transactions of any size in the last 15 years were all cash. And, multiples are not as high as some say they are.

KEEPING UP WITH TECHNOLOGY

WHERE DOES YOUR BUSINESS STAND?

Find out how new partnerships enhance technology.

By Maggie Hall, communications manager

The National Association of REALTORS® Real Estate in a Digital Age report states that 46 percent of all real estate firms consider keeping up with technology in the next two years to be a challenge. The continuous change of existing technology and the development of new technologies make it tough to stay ahead of the game. So, how do you?

Consider your prospects and clients. Target your technology according to who comes to you for real estate support, advice and assistance in finding a home.

Statistics from the report found that the use of online information such as website listings and photos were more effective when marketing to Millennials and Generation Xers. Whereas baby boomers found virtual tours on your listings and in-person meetings more effective to meet their needs.

The availability of new technology also means the transaction process has changed. The recent integrations with companies like BackAgent, DocuSign, and Dotloop® have shown leading technology company Lone Wolf Real Estate Technologies guiding this change. Lone Wolf's Transaction Management Integration Program facilitates allowing individual agents to submit transaction documents the way they choose to, instead of being forced down one path. The Program serves the diverse needs of the office and connects the industry for more streamlined and efficient operations.

BackAgent, DocuSign, and Dotloop® are the newest additions to the Program. The partnerships enable real estate agents to streamline the transaction process from the creation and execution of the documents managed through the partner platforms. Transaction data then seamlessly flows into the brokerage's back office solution, brokerWOLF, to eliminate duplicate data entry in multiple systems. All of these advancements mean the transaction process can turn into minutes and hours rather than hours and days.

These new partnerships enhance the functionality of transaction management technology and the electronic transaction process.

Brokers and agents have some preferences when it comes to the technology they use. Though brokerWOLF is their top choice for accounting software, there may be another choice for eSignature, eForms and transaction management. The Transaction Management Integration Program integrates with dozens of leading technology providers from eForm and eSignature to survey providers to transaction management and more, all to improve brokerage operations through the elimination of duplicate data entry.

Nearly half of all brokerages surveyed by the National Association of REALTORS® agree that the advancements in technology will keep us all on our toes in the coming years. Rather than seeing the abundance of technology available, focus on the needs of your clients and ensure you're using the right tools and technology that align with how your clients want to buy or sell a home.

Source: http://www.realtor.org/reports/real-estate-in-a-digital-age

Maggie Hall is the communications manager at Lone Wolf Real Estate Technologies. With a background in Public Relations, Maggie has worked in the real estate industry for more than eight years, including roles with the REALTORS® Association of Edmonton and the REB4 Group.

For more information on Lone Wolf Real Estate Technologies visit www.lwolf.com or call 1.866.CRY.WOLF (279.9653).

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ONLINE MARKETING

HOW TO SUCCESSFULLY USE **FACEBOOK TO MARKET YOUR BROKERAGE**

Social media marketing is vital to your brokerage's success.

By Paul Salley, marketing strategist

Want to recruit more agents? Get your brokerage's listings noticed? Then social media, particularly Facebook Marketing, should be considered a priority in the overall marketing plan for your brokerage.

There is no other site that is viewed as frequently with as much user profile data as Facebook. Facebook allows you to segment and pinpoint your marketing efforts to a select audience. Because Facebook pulls marketing information from user profiles, anything included in that profile is fair game to use as a marketing filter. You may drill down to job titles, interests, geography and more when choosing who you want your ad to reach. Also, by choosing to advertise on behalf of your brokerages' own Facebook Page, you can place an ad in an individual's newsfeed. The benefit to this over the traditional right-hand column ads is obvious—your ad is viewed without the distraction of other ads, or content, around it.

GETTING STARTED

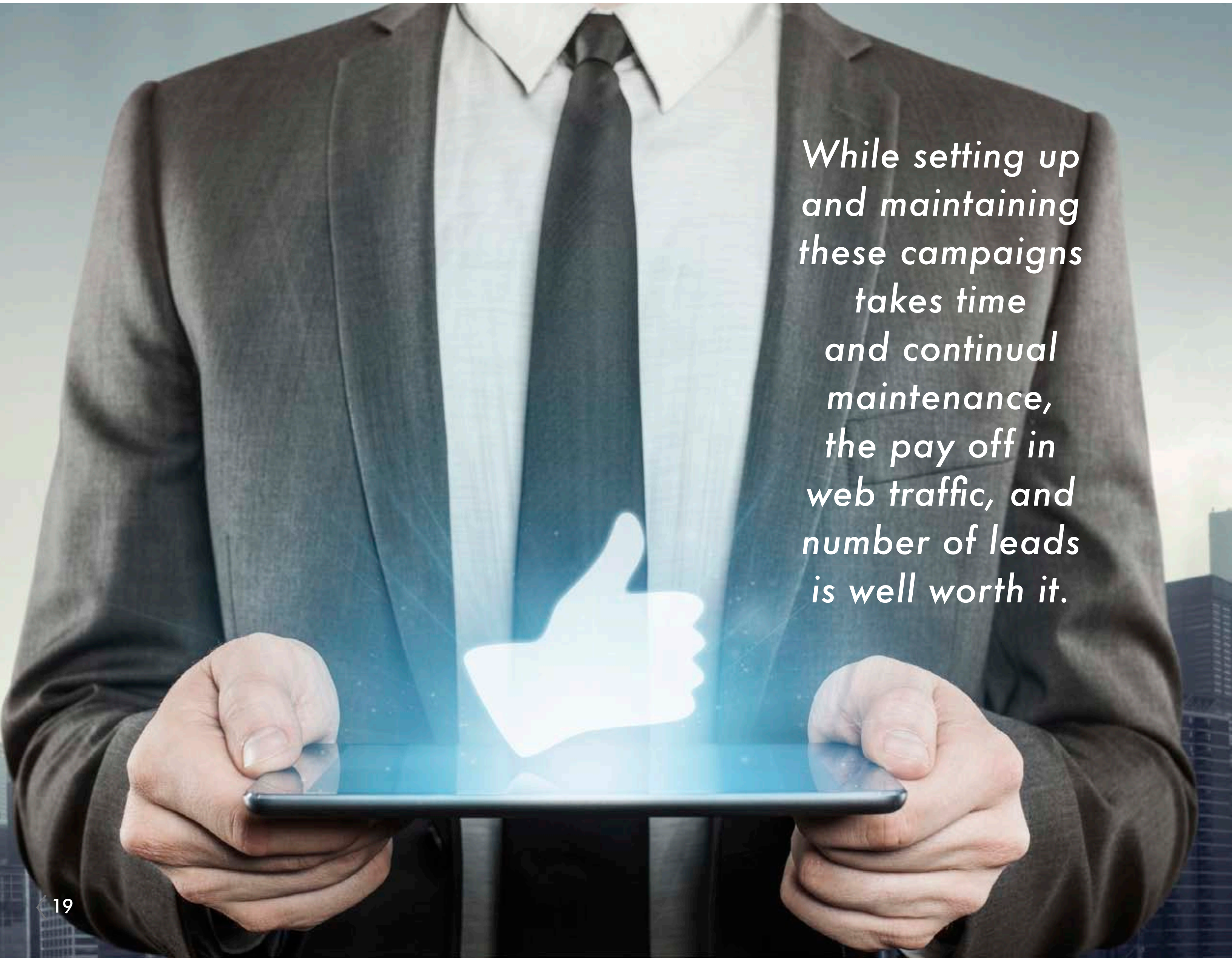
To get started on Facebook, ensure that your brokerage has its own Facebook Business Page, then go to business.facebook.com, where the ads manager is located. This is where you may create and edit ads and determine the audience for those ads. In addition to creating your ads in the Ads Manager, you'll also assign a budget associated with your ad campaign. When advertising with Facebook, you set a daily budget. I recommend starting with $7 to $15 a day and run this ad continuously for four weeks. With Facebook, you may send your target audience or potential leads to your website, Facebook Page, Mobile App or other designated conversion target. To ensure maximum efficiency, make sure you have a solid lead capture strategy in place on the landing or home page to which your audience will be directed.

TIPS

To maximize the success of your ads, try different campaigns targeted at specific audiences. For example, try a new homebuyer campaign with a targeted audience of 25- to 35-year-olds with a relationship status of not single who live in a certain location. Or, for a campaign aimed at recruiting, target those who have an interest in real estate. Another example of a successful ad is to target those who work for large employers of the area. Rotate these highly targeted ad campaigns so they run in short, four to six-week bursts and compare which performed the best to replicate for the future.

When creating the imagery and text for your Facebook Ads, speak to the lifestyle your area provides. Use interesting photos of a specific area rather than just house images and a lot of text. People love seeing interesting photos of things to do and places to visit. This strategy also coincides with the reason users are on Facebook in the first place, as an escape from the day and to be entertained.

While setting up and maintaining these campaigns takes time and continual maintenance, the pay off in web traffic and number of leads is well worth it. You will experience an exponential return on investment. This is especially true when comparing Facebook Advertising to traditional print advertising, as a potential lead can take action immediately on his or her computer or device while the ad and your brokerage remain top of mind.



On May 1, REAL Trends will begin our 30th year in business.

In that time, we have seen some changes; the rise of RE/MAX and Keller Williams; the formation and expansion of a multi-brand organization, Realogy; three housing recessions; and the technology boom led by the Internet wave. Think about that. Some 30 years ago, the terms *Internet* and *the web* as they are now used weren't even discussed in our business.

We remain what we were then—a business primarily populated by privately-owned businesses, whether they are brokerage firms, individual agents or teams. While large companies now own many large brokerage firms, the two largest owners of brokerage firms even today account for less than 6 percent of all transactions. The rest is owned and operated by private entrepreneurs. Many would have thought otherwise back then.

TRENDS

Over the next year, we will be reporting on trends as they continue to shape our industry. Certainly technology will play a role. New, hybrid types of brokerage and agent-led organizations will also be prominent in the changes ahead. Federal and state regulatory actions are already forcing changes in the way things are done.

But, we continue to believe that fundamentally we are a business of people serving people, that technology is still just a tool, and that those who succeed will be those who use those tools to serve home buyers and sellers wanting to live the dream of owning a home—just as it has been for the last 30 years.

REAL TRENDS THE THOUSAND AND AMERICA'S BEST

Surveys have been sent to all brokerage firms and agents who were on last year's list. The deadline for submission is March 31, 2016, and that is a firm deadline.

This program, which we market in conjunction with *The Wall Street Journal,* is composed of four separate rankings of the top 250 of individual agents by transactions, the top 250 by volume and the top 250 in each of teams by transactions and volume. Last year, we also added the top 250 for both individuals and teams by average sales price.

We will publish the rankings for average sales price in a separate report to cut down on some confusion we had in 2015.

One last comment on The Thousand and America's Best, based on the growth of agent-led sales organizations, we are adding new levels of scrutiny to our verification process. One part of that is our new position that unless one of these hybrids can affirm their business model and the separation of their personal business from the business of the firm, we will not allow them to be ranked in The Thousand or America's Best.

REAL TRENDS RELEASES ASSOCIATION BENCHMARKING REPORT

With REAL Trends' increased services for Realtor® associations and regional MLSs, they are proud to announce the first benchmark report for those associations and MLSs. Please note that, while the American Society of Association Management publishes an annual report, it includes all types of associations. The Realtor Association Financial Benchmark Report is the first of its kind.

This Realtor Association Benchmark Report is a compilation of financial, operational and personnel data organized to allow association leaders to compare basic data common to most Realtor associations and regional MLS. It will allow association and regional MLSs to see how their organization compares to similar organizations.

Last July, the survey was sent to all local and state associations, as well as regional MLSs that are Association Network members of REAL Trends. REAL Trends also provided a non-disclosure agreement to each Association that responded, assuring each participant in this study of absolute confidentiality. The results were broken down into the following categories:

- All responses
- Local associations that do not run an MLS
- Local associations running or receiving funds for MLS
- State associations
- Regional MLSs

Categories cover the per-member cost for common expenses and income, and CEO days out of the office for member visits and business meetings on behalf of the membership and more.

In March, REAL Trends Association Network Members will receive the report free as part of their membership benefits. Those associations that are not members of REAL Trends may purchase a copy for $199.

For more information, contact Terry Penza, REAL Trends director of network memberships at 224-600-8846 or via email at tpenza@realtrends.com.

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