

Navigate the NEW NORMAL

Lynn Madison
ABR, AHWD, CRB, GRI, PSA,
RENE, SFR, SRS, SRES, C2Ex
Lynn@madisonseminars.com
Illinois ROTY
RPAC Hall of Fame
REBAC Hall of Fame

1

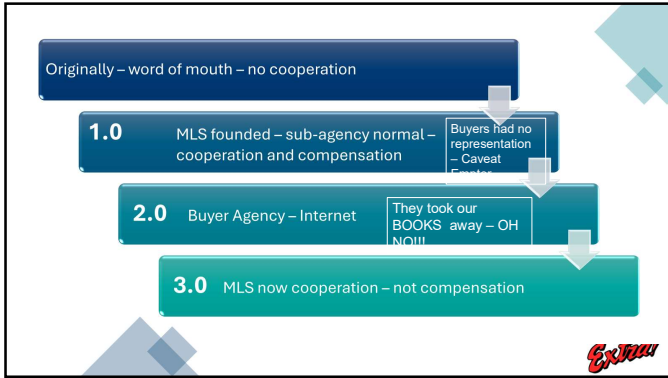
PARADIGM SHIFT

Fundamental change in approach that causes old ways of thinking and doing things to become irrelevant.

2

It's really more like ... **Real Estate 3.0**

3



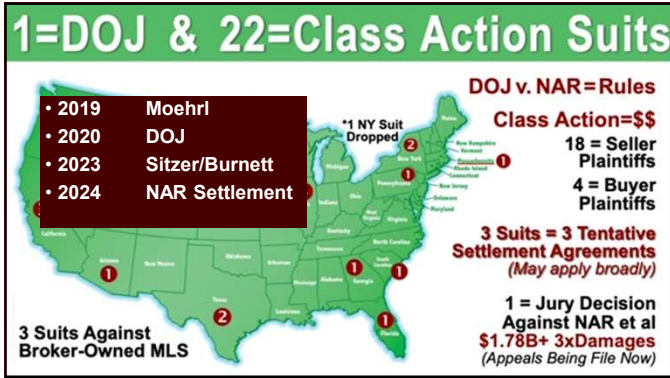
4



5



6



7



8

Buyer Allegations

- "Mandates a 'blanket offer,' meaning that the same compensation must be offered to every buyer's broker, regardless of skill, experience, or the services provided"
- It has the effect of encouraging 'steering' by buyer-brokers, it incentivizes them to direct their clients to properties with higher commission offers."
- "REALTORS® have overturned the natural order of a rational price system where home sellers and home buyers each separately bargain and pay for the services provided to each of them"
- "Causes America's home buyers to pay inflated commissions for broker services they misrepresent as free and to receive reduced quality broker services"

9

HW Media

RT REALTRENDS

NEWS RANKINGS EVENTS RESEARCH PODCASTS

Brokers and agents who don't prepare for compensation changes will lose market share, opportunities

October 4, 2023, 9:38 am By Phillip Cantrell

Guaranteed shared compensation goes away

Regardless, in the absence of the NAR membership requirement, the NAR rule of guaranteed shared compensation also disappears. This means the icy real estate agents who provide very little value to their client can no longer just show up and know they will automatically get paid a percentage of the sales price just for writing a contract.

Imagine that.

The need to evidence value suddenly becomes the only pathway to earning a commission. Clearly, this will weed out those who fail to articulate their value proposition.

Guaranteed shared compensation goes away

Regardless, in the absence of the NAR membership requirement, the NAR rule of guaranteed shared compensation also disappears. This means the icy real estate agents who provide very little value to their client can no longer just show up and know they will automatically get paid a percentage of the sales price just for writing a contract.

Imagine that.

The need to evidence value suddenly becomes the only pathway to earning a commission. Clearly, this will weed out those who fail to articulate their value proposition.

10

inman™ April 05, 2024 🏠

DOJ can reopen its investigation into NAR, appeals court rules

In another loss for the National Association of Realtors, the court ruled the US Department of Justice can reopen its investigation into rules around commission sharing

Participation Rule – requirement to put offer of buyer brokerage compensation in MLS

Clear Cooperation Policy – requires listings to be put in MLS in one business day after going public or 24 hours depending on your MLS

11

NAR Settlement - Boots on the Ground Issues

12

WRITTEN BUYER AGREEMENTS

- NAR has been advocating the use of written agreements for years, in this settlement we have agreed to require MLS participants working with buyers to enter into written representation agreements with their buyers
 - Prior to touring the home (1to 4 residential housing units)
 - Must include a specific fee amount – not open ended
 - May not accept money from any source in excess of the amount specified in the agreement
- This can be done now but change will go into effect in mid-August 2024.

13

OFFERS OF COMPENSATION MOVED OFF THE MLS

- New rule prohibiting Listing Firm Offers of compensation on the MLS.
- Offers of compensation could continue to be an option but sellers must first authorize those offers.
- Additionally, Sellers can offer "concessions" to Buyers in the MLS
 - Seller 'incentives' for prepaid taxes, HOA fees, repair credits, other buyer incentives
 - Concessions may not be conditioned nor limited to brokerage fees
 - Seller and/or Buyer can agree to pay the buyer broker directly
 - Can be written into the offer as a negotiated Seller payment to the buyer to settle their contractual obligation with their buyer agent/firm

14

RISMEDIA

DOJ LAWYER: NO OFFERS OF COMPENSATION 'ANYWHERE'

Antitrust regulators at the Department of Justice (DOJ) appear unsatisfied with the agreement struck between the National Association of REALTORS® (NAR) and plaintiffs in commission lawsuit class-actions, with a DOJ lawyer saying explicitly that they do not want any offers of compensation made by seller agents to buyer agents

At a court hearing today in the Massachusetts-based MLS PIN case (the first commission lawsuit to settle, which the DOJ has taken an outsized interest in), Jessica Leal, a lawyer representing the DOJ, called the NAR settlement "an improvement," but implied it was not enough.

15

Many State/Local Associations and/or MLSs are contemplating and evaluating form changes to:

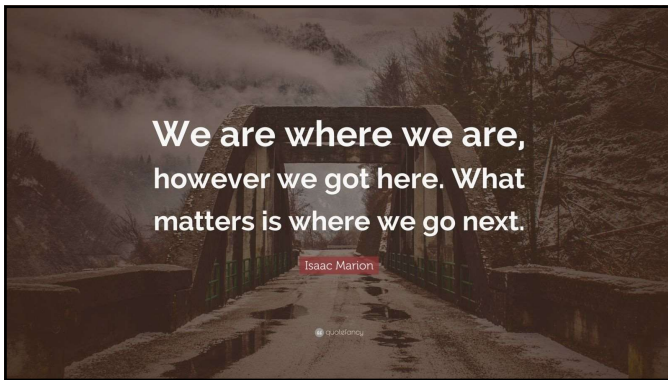
- Sales contracts and Addendums if required
- Listing Agreements and Buyer Agreements
- Disclosure forms
- Compensation agreements between companies

Other items being considered:

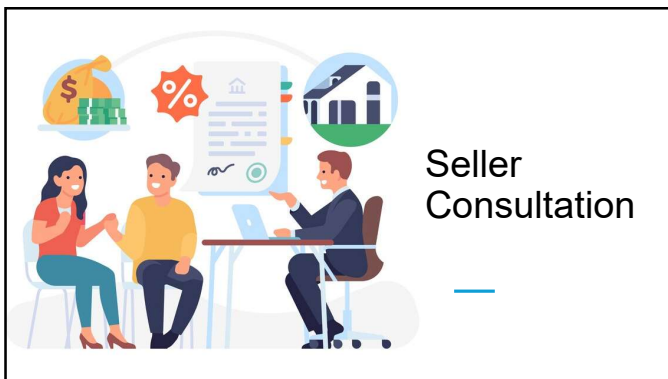
- Code of Ethics
- MLS rules
- License Law – in some states
- Statutes may change in some states, i.e. lien rights




16



17

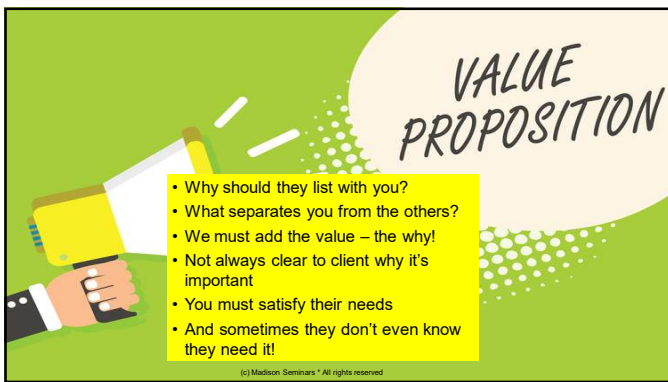


18



- Lawsuits, the DOJ rulings, and the NAR settlement have been discussed in mainstream media – and not always accurately.
- We will be questioned about it – we need to be ready to respond
- We will need to articulate our value proposition even more than before
- Literally – justify why we are worth what we are charging since the implication is that we are not!

19



VALUE PROPOSITION

- Why should they list with you?
- What separates you from the others?
- We must add the value – the why!
- Not always clear to client why it's important
- You must satisfy their needs
- And sometimes they don't even know they need it!

© Madison Seminars - All rights reserved.

20

From NAR Statistics

- 27% of NAR members started since 2020
- Typical REALTOR years of experience = 11
- 81% of real estate firms are 1 office firms
- Typical firm has 3 full time licensees

21

Brochure at competition.realtor



179 WAYS

AGENTS WHO ARE REALTORS® ARE WORTH EVERY PENNY OF THEIR COMPENSATION.

22

PRE-LISTING ACTIVITIES

1. Make appointment with seller for listing presentation
2. Send seller a written or e-mail confirmation of listing appointment and call to confirm
3. Research and verify legal description
13. Research property's land use coding and deed restrictions
14. Research property's current use and zoning

LISTING APPOINTMENT PRESENTATION

23. Give seller an overview of current market conditions and projections
24. Tour property
36. Review and explain all clauses in listing contract and addendum, then obtain seller's signature once property is under listing agreement

OFFERS

109. Receive and review all Offer to Purchase contracts submitted by buyer's agents
110. Evaluate offer(s) and prepare a net sheet for the seller for comparison purposes
115. Obtain buyers' pre-qualification letter from loan officer if not submitted with offer
116. Negotiate all offers per seller's direction on seller's behalf; set time limit for loan approval and closing

CONTRACTS

121. Record and promptly deposit buyer's earnest money in escrow account
122. Disseminate under-contract showing restrictions as seller requests
127. Change status in Local MLS/Broker Marketplaces to Sole Pending
128. Update transaction management program to show Sole Pending

23

INSPECTIONS

132. Deliver unrecorded property information to buyer
133. Order septic system inspection, if applicable
134. Receive and review septic system report, and assess any possible impact on sale

THE APPRAISAL

151. Schedule appraisal
152. Provide to appraiser any comparable sales used in market pricing
153. Follow-up on appraisal

PROCESSING FOR CLOSING

154. Enter completion into transaction management program
155. Assist seller in questioning appraisal report if it seems too low
156. Get contract signed by all parties
166. Receive and carefully review closing figures to ensure accuracy
167. Confirm buyer and buyer's agent have received title insurance commitment

FOLLOW-UP AFTER CLOSING

175. Share the warranty paperwork for claims in the future
176. Attempt to clarify and resolve any conflicts about repairs if buyer is not satisfied

24

competition.realtor

Local Broker Marketplaces Make Home Fantasies Realities

Many people enjoy scrolling endlessly through thousands of homes on the internet, but few know about local MLS broker marketplaces that make it all possible.

Online home search sites and broker websites source their data from local broker marketplaces, which contain verified, up-to-date home listings for each region, all in one place. Realtors® participate directly in local broker marketplaces to ensure home buyers and sellers have access to the largest pool of available homes and buyers.

- Provide transparent, equitable and instant exposure and access to all home listings.
- Ensure the most accurate, up-to-date and verifiable source of active listings and past sales.
- Maximize consumer choice about which brokers with whom to work.

What Local Broker Marketplaces Do for You:

25

SELLING A HOME IS EASY!*

*If You Work with a Real Estate Agent Who is a REALTOR®

SOME PEOPLE THINK SELLING A HOME IS AS SIMPLE AS:

- Put a sign in your yard
- Let other real estate agents know
- Patiently wait

BUT THERE'S SO MUCH MORE TO IT.

Some of the things a real estate agent who is a REALTOR® helps you with include:

PRE-LISTING

- Research sales activity for past 18 months from local broker marketplaces and public records databases.
- Guide on best market pricing position based on current market.
- Perform exterior curb appeal assessment.
- Address important topics such as odors, clutter, cleanliness, décor neutralization and more.

26

ReTHINK Compensation Conversations

The Seller Conversation

27



- Talking points about negotiating compensation are examples.
- They are not intended for you to use verbatim.
- Use them as samples to build your own dialog with your clients.

28

Maybe I shouldn't say that

- the commission we charge is X and we pay out Y to the co-op brokers
- if we don't pay out at least Y, no one will show your listing

This strategy also means . . .
Re-thinking your compensation conversation with your sellers

29


Listing Compensation + Buyer Brokerage Compensation = Total Compensation

- Compensation is two parts added together to make the whole.
- Part is for the listing office and what they do for the seller.
- Part is for the buyer brokerage and what they do for the buyer
- The total is paid by the buyer and seller in the price they agreed on

© Madison Seminars * All rights reserved

30

Talking Points with Sellers




- The compensation our brokerage charges to put into place everything we need to do to get you the most money, the quickest sale with the least amount of inconvenience and get us to the closing table is X%
- Although we are no longer allowed to publish the offer of compensation in the MLS, that doesn't mean we shouldn't offer it – nor does it mean the buyer brokerage will not get paid.
- In our marketplace, most of the buyers do not have extra money after they've paid their down payment and closing costs to pay their brokerage out of pocket.
- Most buyers want to include the buyer brokerage side of the compensation in the offer they make you. In other words, put it into the price they pay and pay it in their mortgage.

(c) Madison Seminars * All rights reserved

31

Talking Points with Sellers




- In our marketplace the buyer brokerage compensation varies greatly. Our offer cannot possibly cover each and every one of the formats that may be out there.
- That said, we want to try to offer what a buyer may be responsible to pay their brokerage so they do not have to negotiate compensation with you at the same time they are negotiating other issues of the purchase.
- The other issue right now is they cannot add it into their mortgage, the lenders won't let them, but they can include it in the amount they offer you and have you pay it.

(c) Madison Seminars * All rights reserved

32

Talking Points with Sellers



- So, one of two things will happen –
 1. the buyer agents will call me to ask if – and how much – you are willing to pay
 2. or the buyers will just ask you to pay it as part of the contract.
- As we saw in the comps, the properties in your area that sold in the \$300 - \$305,000 range all paid buyer brokerage compensation. If you choose to not pay it on behalf of the buyer, any offer the buyer makes will take that into consideration and it will probably be lower.
- We anticipate an offer in the \$290,000 - \$300,000 range if the buyer is paying their brokerage themselves.
- So, let's talk about what we're going to offer to the buyer brokerage.
- What were you thinking?

33

They want to pay nothing – or very little

- That is certainly your decision, but it could affect your sale. If the buyers owe their brokerage and we are not including it – they will have a few options:
 - They can choose not to see your property and focus on those that are covering their compensation
 - They can pay their brokerage the compensation, but as we talked about, most of them don't have the extra money to pay it
 - They can ask you to pay it in the offer they bring you regardless of whether you are offering it or not.



(c) Madison Seminars * All rights reserved

34



Let's take another look at our CMA for a moment. The six homes that we looked at as comparables to yours and that the appraiser will probably use as well, include the offer of compensation to the buyer brokerage. Each of them state that they will pay buyer brokerage compensation. If we are not including the compensation – and you are going to ask the same for your home as these six sellers asked – the buyers are going to offer you less if they are paying their brokerage themselves.

Not offering buyer brokerage compensation does not give you an extra money in your pocket – that is not your money – it's always been set aside for the brokerage who brings in the buyer.

35

The Co-op Side



- Seller decides what compensation – if any – they will offer to the buy side brokerage
- Prepare seller for buyers' options if seller chooses a non-competitive amount
- Buyer can – and probably will – use the sales contract to ask the seller to pay the compensation regardless of what the seller's decide to offer

(c) Madison Seminars * All rights reserved

36

Buyers have choices

- 01 Choose to not look at the property
- 02 Pay their brokerage at closing
- 03 Ask seller to pay as part of sales contract

37

It's important to note that these are the buyers choices – not the buyer agents.

We should never state or infer that an agent won't show the property because of the compensation.

The **buyers** can choose not to look at a property that doesn't cover what they have agreed to pay their brokerage.

They may not want to negotiate compensation while negotiating price, closing date and whether the pool table stays!

38

Difference between adding it and including it

Lender will not allow adding it

Buyers purchase property for \$100,000

Down payment of \$10,000

Mortgage - \$90,000

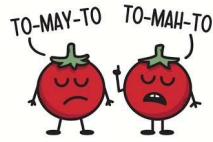
Want to mortgage \$93,000 to pay brokerage \$3,000

(c) Madison Seminars * All rights reserved

39

Lender will allow including it

- Buyers purchase property for \$103,000
- Down payment \$10,000
- Mortgage \$93,000 and buyer-broker compensation comes from seller



(c) Madison Seminars * All rights reserved

40

Reality #1

- Comps show 10 houses sold for \$100,000 in the subdivision
- All those sellers paid buyer brokerage compensation
- The house buyer wants is not offering any compensation
- Buyer will be paying his brokerage directly
- They will not pay that seller \$100,000
- They will pay somewhere around \$97,000



If the sellers do not pay the buyer brokerage compensation from the transaction price – they will not be 'pocketing' that money – if the buyers pay their brokerage themselves, they will pay the seller less.

Common sense and basic math!

41



Reality #2

- Buyer is paying the compensation in the sales price of the property
- Without offering buyer brokerage compensation seller will receive less than those sellers who did
- They may get fewer showings – buyers can choose not to look
- Will probably be asked to pay it by the buyers!

(c) Madison Seminars * All rights reserved

42

BOTTOM LINE IMPACT

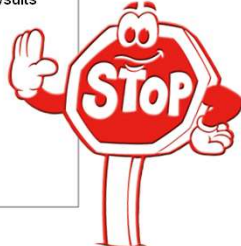
- Buyers don't have extra cash
- Lenders won't let them add it to the mortgage
- If buyers do pay it themselves – they will pay the seller less!
- Seller's property will be more marketable if they offer compensation
- If they do not – it will probably be negotiated in the contract
- It ends up being the same thing – compensation comes out of the agreed upon price the buyer is willing to pay and the seller is willing to accept

(c) Madison Seminars * All rights reserved

43

Quick Word on Offering Bonuses

- Are you saying that the buyer agents will now show your listing because you are offering more compensation?
- Totally what the DOJ and the class-action lawsuits are claiming we do – and it is a violation.
- Let's not add to the problem
- Seller should offer 'bonus' to buyers
 - Pay closing costs
 - Prepay HOA at closing
 - Pay title charges
 - Buy down buyer's interest rate




(c) Madison Seminars * All rights reserved

44

Seller Side Policy Considerations

- Policy on minimum listing side compensation
- When will variations of the listing commission be accepted (seller is repeat client, seller lists multiple properties, etc.)
- Policy on variable rate
- Different policy if buyer does not want to be represented – customer status



(c) Madison Seminars * All rights reserved

45

The Facts for REALTORS®

A central resource for updates and materials about NAR's steadfast commitment to strengthen the association, defend REALTORS® and their immense value, and look to the future.

Access The Facts for REALTORS® – Login Required

Resources

- [competition.realtor](#)
- [facts.realtor](#)

National Association of REALTORS® Reaches Agreement to Resolve Nationwide Claims Brought by Home Sellers

The agreement would resolve claims against NAR, over one million NAR members, all state/territorial and local REALTOR® associations, all association-owned MLSs, and all brokerages with an NAR member as principal that had a residential transaction volume in 2022 of \$2 billion or below.

[Read Press Release](#)

Litigation Update

from NAR President Kevin Sears and CLO Katie Johnson

Litigation Update: Kevin Sears and Katie Johnson

49

Buyer Counseling

50

What makes you stand out? Why are you unique?

51

WHAT IS A VALUE PROPOSITION

52

We asked ChatGPT about agent value. Its answers may surprise you

53

YOU ARE THE DESIGNER OF YOUR OWN DESTINY

Elements of a Value Proposition

- **Market Expertise**
 - Insights into local market conditions, recent sales, pricing trends, helping buyers make informed decisions
- **Experience**
 - Contract and forms expertise
 - Past successes that worked for others
- **Negotiation Skills**
 - Negotiate best possible price and terms for buyers
 - Handle counteroffers effectively

54



Elements of a Value Proposition

- **Client Services**
 - Valuation expertise
 - Guidance throughout entire process
- **Networking**
 - Access to listings in MLS
 - Networking with other agents
 - Recommend other professionals
- **Ethical Standards**
 - Provide expertise, support and representation while adhering to the Code of Ethics

55



Know Your Unique Value Proposition

- Tailored to your clients and your market
- Gives you competitive advantage
- Your market distinction – expressed as services you offer to buyers

56

Example

- **More earnest money makes buyers offer stronger**
 - Great suggestion for buyers with large downpayments and available cash
 - Bad idea for most first-time or minimum down-payment buyers
- **Suggestion for them is different**
 - If your contract calls for seller to leave property in 'broom-clean' condition – buyer can cross that out
 - Seller just moves their own stuff out
 - Leaves everything else for buyer to move out
 - Only costs buyer some pizza (or po-boys!) some beer and maybe a dumpster if he and friends do not have pick-up trucks ☺

57

105 MORE WAYS

AGENTS WHO ARE REALTORS® ARE WORTH EVERY PENNY OF THEIR COMPENSATION.

Here's a look at all the things – big and small – that a REALTOR® may do to help clients when buying a home.

58

Counseling Session Activities

1. Prepare the buyer for executing a buyer representation agreement
2. Explain agency relationships to the buyer and get state required legal consent to represent, if needed
3. Inform the buyer of working relationship based on state law, the REALTORS® Code of Ethics, and the broker's business policies

Building a Relationship

4. Learn the buyer's wants and non-negotiable needs
5. Understand the buyer's budget and what will be needed financially
6. Help the buyer understand what property their chosen budget will buy
7. Consider having the buyer fill out a homebuyer's checklist

Educating the Buyer

15. Communicate the working relationship based on state law, the REALTORS® Code of Ethics, and the broker's business policies
16. Explain Federal and State Fair Housing laws
17. Explain what to look for in applicable property disclosures
18. Reassure the buyer that their personal information will remain confidential
19. Inform the buyer that you will always disclose all known material defects

59

Preparing the Buyer

22. Explain the timeline for house hunting, mortgage approval, and closing
23. Explain the local market and how it impacts the buyer
24. Show statistics on what percentage of list price sellers in the area are currently receiving
25. Inform the buyer on what home features are popular
26. Identify current average days on market
27. Share the dangers of using the price per square foot to figure home values

Showing Properties

40. Schedule showings and provide access to all listed properties as soon as they become available in their local MLS broker marketplaces
41. Educate the buyer on the immediacy of new listings appearing in their local MLS broker marketplaces and the lag time for them to appear on some websites
42. Collaborate with the buyer on properties they may have learned about through their sphere contacts

60

Negotiating Offers

- 57. Assist the buyer in getting the best property at the best price
- 58. Suggest that the buyer learn more about the neighborhood prior to making an offer
- 59. Prepare a comparative market analysis (CMA) in advance of making an offer
- 60. Prepare the buyer to have the most attractive offer in the current marketplace
- 61. Explain common contract contingencies and include approved protective clauses in the purchase offer

Advocating for the Buyer and Facilitating the Close

- 73. Advocate for the buyer throughout the entire process
- 74. Encourage the buyer to fully investigate their options in terms of a home inspector, title company, appraiser, mortgage lender, and other services
- 75. Present a list of the types of required and optional inspections such as environmental, roofing, and mold

61



The Buyer Conversation

ReTHINK
Compensation Conversations

62



- Talking points about negotiating compensation are examples.
- They are not intended for you to use verbatim.
- Use them as samples to build your own dialog with your clients.

63

Most buyer rep agreements say something like this

COMPENSATION

If, during the term of this contract or the protection period, Buyer enters into a contract to acquire real estate and such contract results in a closed transaction, Buyer agrees to pay Brokerage firm a Brokerage Fee of _____% of the purchase price.

Prior to showing any property, the Agent will make best efforts to determine the compensation being offered by the seller or Listing Brokerage and communicate that to the buyer as soon as practical.

(c) Madison Seminars * All rights reserved

64

Buyers, you are in total control of how our compensation is paid. We have a couple ways we can proceed.

1. I could call each listing broker prior to showing you the property and ask whether the seller is offering compensation and how much. If they are, we would need to get something in writing from the managing brokerage of that office prior to showing – which could take a while if they are not available right away.
2. You could choose to look at all properties that fit your needs regardless of whether – or how much – the seller is paying. You have the ability to use the 'Seller Agreement to Compensate Buyer Brokerage' addendum (or paragraph in sales contract) to ask the seller to pay the Brokerage Fee at the closing. This would be the easiest and fastest way to accommodate your schedule and facilitate the showings.



65

easy way. hard way.
choose one.



66

Compensation Off MLS – The Hard Way

- Buyer agent calls listing agent prior to every showing
 - Listing MB must send offer of compensation to Selling MB
 - Buyer informed if it covers agreed upon compensation
 - Buyer uses sales contract to ask seller to pay difference
 - Buyer brokerage gets some from listing brokerage – some from seller via contract
- OR**
- Nothing comes from listing brokerage
 - Everything comes from seller
 - No need for brokerage to brokerage offer of compensation
 - Buyer uses sales contract for all
 - Will not know how listing brokerage is doing it until you call and ask

67

Compensation Off MLS – The Easy Way

- Buyer agrees to compensation in representation agreement
- Buyer agent educates buyer on how compensation can be handled
- Buyer – and agent don't care what seller is offering
- Buyer agent shows all properties the buyer wants to see
- No need to contact listing agent prior to showing
- Buyers are in total control of what they see and do
- Buyer uses sales contract to ask seller to pay compensation
- No compensation is taken from listing brokerage

68

Buyer says they only want to see properties where the seller is compensating the buyer brokerage at the level that is in the Buyer Rep agreement

I will certainly do whatever you want me to, but I must recommend that this may not be the best plan.



There is no reason why you should possibly miss out on what could be the best property for you because of a hasty decision on the part of the seller – or even worse – a listing agent who did not know how to properly market their sellers' property.

You always have the right to ask the seller to pay it, whether they are offering anything or not and I am much more comfortable making available to you all properties that meet your needs and having you decide whether you want to see them – not me deciding for you.

69



We cannot refuse to show – nor make property unavailable to our buyer clients – because of the offer – or lack of an offer of compensation.


Recommend you get something in writing – an email will suffice – if the buyer chooses to NOT look at a property because of the offer of

This Photo by Unknown Author is licensed under CC BY-NC

70

They question your value or say they can find houses themselves

The hours spent getting a license is not what prepares me to represent you. I have spent over *100* hours learning about buyer representation and years becoming a market expert to assist you in the largest single investment you will probably make in your life and one that shapes your family for years to come.




Although the Internet is a tool for you – and me for that matter – to use – real estate is a human relationship that cannot be managed through algorithms, formulas and apps.

(c) Madison Seminars * All rights reserved

71

What I bring to you is not just the hours – and they are numerous – that I put in to finding you the right property, at the best price and terms and making sure that we get to the closing table – it is the years of experience and the constant effort that I put in to stay on top of an ever-changing marketplace.



The compensation paid to the buyer brokerage has historically been paid by the seller at the closing – out of the proceeds they have available based on how much you - the buyer - are paying for the property.

(c) Madison Seminars * All rights reserved

72



73




Why do I have to sign an exclusive agreement to work with just you?

I am committed to spending a significant amount of time and expertise to represent you as a real estate professional and help you achieve your real estate dreams. I cannot make that commitment to you unless I know that we have an exclusive mutual agreement to work together. Like all professionals — attorneys, accountants — even your auto mechanic — we require a signed agreement before we can begin.

(c) Madison Seminars * All rights reserved

74



WHAT IF?

I want to work with another Realtor at the same time?


Whether you are hiring a contractor, going to a dentist or doctor or having work done on your car — you choose the best person you can — but only one.

A buyer agreement is now required by most brokers in our area — any other buyer's agent you may want to work with is probably going to ask for an exclusive agreement as well.

And as I mentioned earlier — you are better off working with one agent with whom you've signed an agreement than a bunch of agents who have a lesser obligation and commitment to finding you the right home, at the right price and committing the time and energy it takes in this market to get the job done right for you"

(c) Madison Seminars * All rights reserved

75




I've discovered that if someone is uncertain about signing this agreement, it usually means either I haven't answered their questions to their satisfaction or there is something they haven't told me.
Is there something that concerns you that I haven't covered today?

I really don't feel comfortable signing an agreement like this

(c) Madison Seminars * All rights reserved

76



What if I want out?
If at any time you are unhappy with the service I am providing, all I ask is that you give me 10 days to correct things to your satisfaction. If, after that time you are still not satisfied, I will immediately release you from the agreement, up until we have a signed purchase agreement with a seller.


What if I do not want a lengthy contract?
We are happy to sign an agreement with you for a time frame that works for you, or we can do it for a specific number of properties

(c) Madison Seminars * All rights reserved

77


After you have handled their objections, all that is left is the close:
After our discussion today, and based on what I've committed to do, do you feel comfortable and confident that I am the agent to represent you?
Great, let's get the agreement signed so I can begin to work for you. And remember, if you do not feel this is going the way you like, then you can fire me and we can go our separate ways.

If they disagree and do not want to sign:
OK. I can respect that. It means we will not be able to work together, but I wish you all the best. If, at some point, you change your mind, then please feel free to come back – we would love the opportunity to work with you.




(c) Madison Seminars * All rights reserved

78



In the event they do not want to sign, leave the door open for them to return.


Chances are the next agent they talk to is going to ask them to sign an agreement as well, causing them to rethink the process and potentially come back to you.



(c) Madison Seminars * All rights reserved

79

Buyers Buying Without Representation?



- There is concern that buyers will try to save the compensation by buying with the listing agent.
- If they do – what is their relationship with that listing agent and what services will they be giving up
- And – where's the guarantee they are buying it for less?!?

80

As the Listing Agent –

I can certainly show you my listing, here is the Notice of No Agency form that I legally have to give you. Please understand that I do not work for you – I work for the seller and everything I do and say will be to the benefit of them. If you are OK with that, I'll need you to sign this form acknowledging that and caution you to not tell me anything that you do not want me to disclose to the seller.

81

☆ ABR **Figure 1.4** Determining the Level of Service Desired

Needs Assessment	
BUYER NOT REPRESENTED	BUYER IS REPRESENTED
<input type="checkbox"/> Maintain Loyalty to the seller's needs.	<input type="checkbox"/> Pay full attention to the buyer's needs.
<input type="checkbox"/> Tell seller all that you learn about buyers.	<input type="checkbox"/> Tell buyer all that you learn about sellers.
<input type="checkbox"/> Focus on the seller-client's property.	<input type="checkbox"/> Focus on expanding the range of choices to satisfy buyer's needs.
Property Selection	
BUYER NOT REPRESENTED	BUYER IS REPRESENTED
<input type="checkbox"/> Get the best offer for the seller-client.	<input type="checkbox"/> Find the best property for the buyer-client.
<input type="checkbox"/> Limit properties to listed properties only.	<input type="checkbox"/> Promote the buyer's search.
<input type="checkbox"/> View new listings after house client	<input type="checkbox"/> Offer opportunity to view new listings

82

☆ ABR

Viewing Properties	
BUYER NOT REPRESENTED	BUYER IS REPRESENTED
<input type="checkbox"/> Just the material facts.	<input type="checkbox"/> Okay to give advice with facts.
<input type="checkbox"/> Protect the seller. Cannot help the buyer compare competing properties.	<input type="checkbox"/> Educate the buyer. Okay to compare competing properties.
Negotiating the Purchase and Sales Agreement	
BUYER NOT REPRESENTED	BUYER IS REPRESENTED
<input type="checkbox"/> Disclose only material facts.	<input type="checkbox"/> Give advice accompanied by facts.
<input type="checkbox"/> Negotiate on behalf of seller-clients.	<input type="checkbox"/> Negotiate on behalf buyer-clients.
<input type="checkbox"/> Strengthen the seller-client's negotiating position.	<input type="checkbox"/> Strengthen the buyer-client's negotiating position.
<input type="checkbox"/> Share all information about the buyer.	<input type="checkbox"/> Share all information about seller.

83

☆ ABR

<input type="checkbox"/> Volunteer a CMA for the buyer only if it supports the seller-client's listing price.	<input type="checkbox"/> Provide price counseling for a buyer-client
<input type="checkbox"/> Negotiate approved sales contract protective clauses to safeguard seller-client.	<input type="checkbox"/> Negotiate approved sales contract to safeguard buyer-clients.
<input type="checkbox"/> Suggest buyer financing alternatives that benefit the seller-client's interests.	<input type="checkbox"/> Suggest financing alternatives that may be in buyer-client's best interests.
<input type="checkbox"/> Continue services to seller-client during negotiations.	<input type="checkbox"/> Continue services to buyer-client during negotiations.
Follow-Up	
BUYER NOT REPRESENTED	BUYER IS REPRESENTED
<input type="checkbox"/> Attempt to solve problems to the seller-client's satisfaction.	<input type="checkbox"/> Attempt to solve problems to the buyer-client's satisfaction.

84

NOTICE OF NO AGENCY RELATIONSHIP
To Be Used When Buyer Requests No-Agency Representation

Name of Licensee: _____
 Name of Sponsoring Brokerage Company: _____
 Property Address: _____

Thank you for giving Licensee the opportunity to show you their listing. Licensee's Sponsoring Broker has previously entered into an agreement with the Seller to provide real estate brokerage services through Licensee who acts as that client's designated agent. As a result, Licensee will not be acting as your agent.

You understand the licensee will not be acting as your agent and acknowledge the following:

85


	No Agency	Buyer Agent Only	Dual Agency
Assist buyer to develop favorable offer terms	No	Yes	No
Educate buyer on market conditions	No	Yes	Yes
Keep buyer's information confidential	No	Yes	Yes
Do CMA for buyer	No	Yes	Yes
Do CMA and advise on price	No	Yes	No
Tell buyer seller's bottom line price	No	Yes *	No
Advise buyer on home inspection issues	No	Yes	Limited
Disclose to buyer the seller's motive	No	Yes *	No
Advise seller how much to counter	Yes	N/A	No
Tell seller how high buyer is willing to go	Yes	No	No
Disclose to seller the buyer's motivation	Yes	No	No
Receive compensation on both sides of transaction	Yes	No	Yes

*If agent is aware

86

Buyer Side Policy Considerations

- Use of buyer rep agreements?
 - When must they be signed?
 - Exclusive or non-exclusive
 - Which agreement will you use?
 - Length of agreement?
 - Length of protection period?
 - Recommended or mandatory buy-side compensation
 - Cancellation provisions?



© Madison Seminars * All rights reserved

87

Training Issues – Buyers Side

- Assist agents in creating their value statement for buyer services – UVP – Unique Value Proposition
- Role play getting buyer rep agreement signed – before showing and with compensation.
- Educate agents on why getting them signed is good for them



88

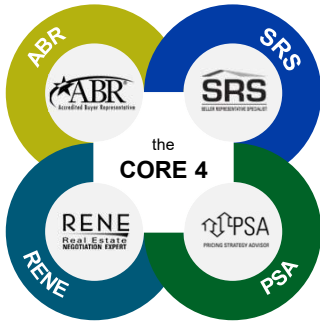
Professional Development

It is also critically important for you to encourage your agents to have on-going professional development.

We recommend the "CORE 4" as the baseline credentials for every real estate professional to do business.

These courses provide the skill sets needed to be successful in today's real estate environment.

They are also a terrific risk management strategy for managing brokers.



89

90
