

Getting That *DARN* Buyer Rep Agreement Signed!

Presented by



Getting the Rep Agreement Signed

WELCOME!

- ◆ Handout: Major slides & room for notes
- ◆ Challenges vary depending on area
- ◆ Foundation: Basics
- ◆ Specific tips, tools, & practices
- ◆ **Anti-trust**

EVER FEEL UNCOMFORTABLE...

- ◆ Explaining buyer representation?
- ◆ Presenting and explaining the buyer representation agreement?
- ◆ Talking with a buyer regarding how you will be paid?

Getting the Buyer's Representation Agreement Signed

**PRESENTATION IS
EVERYTHING!**



PRESENTATION SKILLS

To be able to make a great presentation...

◆ First Key:

KNOWLEDGE!

The slide features a vertical strip on the left with a key in sand. The main content is on a blue background. The title 'PRESENTATION SKILLS' is in yellow, bold, italicized font. Below it is the subtitle 'To be able to make a great presentation...' in white, italicized font. The text '◆ First Key:' is in white, and 'KNOWLEDGE!' is in white, bold, italicized font.

a few basics... **FOUNDATION**

- ◆ Agency relationships
 - ◆ Agency duties
 - ◆ Client level services
- vs
- Non-client level services
- ◆ The “whys” for you

WHAT IT MEANS TO REPRESENT BUYERS

- Buyer representation is a form of agency
- Agency: a relationship when one person delegates to another the right to act on his or her behalf in business transactions

WHAT IT MEANS TO REPRESENT BUYERS

- Agent puts best interests of client above interests of all parties, including the agent's
- Client relies on agent to represent him or her and puts confidence and faith in the agent

CLIENT

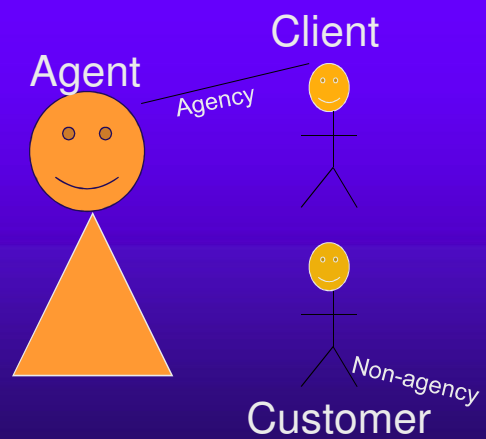
- ◆ AN AGENT WORKS FOR A CLIENT
- ◆ CLIENT DELEGATES AUTHORITY TO AGENT
- ◆ AGENT ACCEPTS THE DELEGATION
- ◆ A CONTRACT NOT REQUIRED BY LAW FOR REPRESENTATION TO OCCUR

CUSTOMER

- ◆ AN AGENT ASSISTS A CUSTOMER
- ◆ NO representation

Agency and non-agency relationships

- ◆ Broker
- ◆ Agent
- ◆ Client
- ◆ Customer

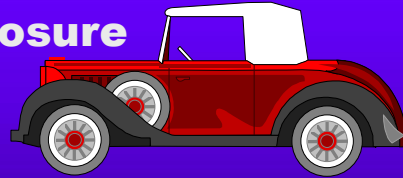


FIDUCIARY DUTIES

(Undivided) **O**bedience

(Undivided) **L**oyalty

(Full) **D**isclosure



CLIENT DUTIES

Confidentiality

Accounting

Reasonable Care &
Diligence

Reasonable Care to Protect the Buyer

- ◆ Foreseeable risk

Reasonable Care to Protect the Buyer

- ◆ Property disclosure
- ◆ Recommend inspections
- ◆ Approved protective clauses
- ◆ CMA
- ◆ Home warranty
- ◆ Other professionals:
 - home inspectors
 - lenders

Limiting Duties Tip!

- ◆ Anytime you limit fiduciary duty services, you must get it in writing!

Limiting Duties Tip!

- ◆ Anytime you limit fiduciary duty services, you must get it in writing!

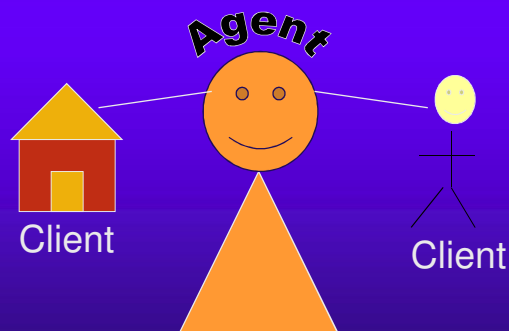
Example:

Intermediary-
Representing two parties in same transaction.

- ◆ One broker represents two principals in the same transaction

- ◆ Conflict of interest exists
 - Impossible to provide all the fiduciary duties to both parties

Dual Representation



Responsibilities & Duties

Customers

Clients

- ◆ OBEDIENCE
- ◆ LOYALTY
- ◆ DISCLOSURE
- ◆ CONFIDENTIALITY
- ◆ ACCOUNTING
- ◆ REASONABLE CARE & DILIGENCE

What level of service do we give?

Responsibilities & Duties

Customers

Clients

- ◆ HONESTY
 - ◆ ACCOUNTING
 - ◆ REASONABLE SKILL
 - ◆ DISCLOSURE – agency & property
- ◆ OBEDIENCE
 - ◆ LOYALTY
 - ◆ DISCLOSURE
 - ◆ CONFIDENTIALITY
 - ◆ ACCOUNTING
 - ◆ REASONABLE CARE & DILIGENCE

What level of service do we give?

THE 5 STEPS OF THE HOME BUYING PROCESS

1. Assessing needs
(consultation)
2. Selecting the property
3. Showing the
properties
4. Negotiating the offer
5. Following through...
Closing the transaction

Level of Service?
Client? Customer?

Each area of the process...

Customers

- ◆ HONESTY
- ◆ ACCOUNTING
- ◆ REASONABLE SKILL
- ◆ DISCLOSURE – agency & property

Clients

- ◆ OBEDIENCE
- ◆ LOYALTY
- ◆ DISCLOSURE
- ◆ CONFIDENTIALITY
- ◆ ACCOUNTING
- ◆ REASONABLE CARE & DILIGENCE

What level of service do we give?

In your handout

1. Needs Assessment	
<u>Buyer-Customer</u>	<u>Buyer-Client</u>
<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.
2. Property Selection	
<u>Buyer-Customer</u>	<u>Buyer-Client</u>
<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 buyer-client.	<input type="checkbox"/> First opportunity to view new listings.
<input type="checkbox"/> Show only properties listed within buyer's affordability range.	<input type="checkbox"/> All properties are available and viewable, and the sale price is negotiable.
3. Viewing Properties	
<u>Buyer-Customer</u>	<u>Buyer-Client</u>
<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.
4. Negotiating the Purchase and Sales Agreement	
<u>Buyer-Customer</u>	<u>Buyer-Client</u>
<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 of 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 buyer.	<input type="checkbox"/> Share all information about seller.
<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 purchase agreement protective clauses to safeguard seller-client.	<input type="checkbox"/> Negotiate approved purchase agreement 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.
5. Follow-through After the Purchase Agreement	
<u>Buyer-Customer</u>	<u>Buyer-Client</u>
<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.

Buyer Services

-NEEDS ASSESSMENT-

Customer Level

Client Level

- ◆ Relay to seller all info that agent learns from buyer

- ◆ Keep information confidential – buyer talks freely

Buyers have a right to understand

Selecting Property for Showing

Customer Level

- ◆ Find the best buyer for the seller clients.

Client Level

- ◆ Find the best property for the buyer client.

Selecting Property for Showing

Customer Level

- ◆ Limit properties to listed properties only.

Client Level

- ◆ Consider non-listed properties to fit needs.

Selecting Property for Showing

Customer Level

- ◆ Show properties listed strictly at or under the pre-qualified price.

Client Level

- ◆ All properties available, even those above pre-qualified price.

Finding Properties...

- ◆ MLS
- ◆ Fax broadcast *
- ◆ Personal solicitation *
- ◆ Internet
- ◆ FSBO publications
- ◆ FSBO file
- ◆ Foreclosures
- ◆ Auctions
- ◆ New construction
- ◆ Others

* Remember do not call, fax, and e-mail laws

Viewing Properties: Buyer Services

Customer Level

- ◆ Disclose just material facts only

Client Level

- ◆ Full disclosure of all facts and pertinent information

Viewing Properties: Buyer Services

Customer Level

- ◆ No advice regarding property, only the facts

Client Level

- ◆ Advice and opinion along with the facts...
...Educate the buyer

Buyer Services – Negotiating the Purchase & Sales Agreement

Customer Level

- ◆ No price counseling

Client Level

- ◆ Volunteer an “opinion of value” (CMA)
- ◆ Provide price counseling

Buyer Services – Follow Through & Close The Transaction

Problem Solving...

Customer Level

- ◆ Attempt to solve problems and close the transaction to satisfy the seller

Client Level

- ◆ Attempt to solve problems and close the transaction to satisfy the buyer

It's a Mindset!



Some “WHYS” For YOU!

- ◆ Educates the buyer & increases loyalty



Some “WHYS” For YOU!

- ◆ Better quality of buyers!
 - Serious
 - More qualified





Some “WHYS” For YOU!

- ◆ Satisfies your requirement to get consent in writing for possible Intermediary



Some “WHYS” For YOU!

- ◆ Notices you are required by law to make





Some “WHYS” For YOU!

- ◆ Satisfies your Code of Ethics requirement regarding agreements in writing



--- NAR® Code of Ethics ---

Article 9 makes it clear that

Realtors® shall assure whenever possible that all agreements including, but not limited to, listing and representation agreements are in writing in clear and understandable language expressing the specific terms, conditions, obligations and commitments of the parties.

Questions for you...

- ◆ You have two buyer clients...
 - Same price range
 - Looking in the same areas
- ◆ Can you show them the same properties?
 - **Answer: only with a written & signed competing client clause**

Some “WHYS” For YOU!

9. **COMPETING CLIENTS:** Client acknowledges that Broker may represent other prospective buyers or tenants who may seek to acquire properties that may be of interest to Client. Client agrees that Broker may, during the term of this agreement and after it ends, represent such other prospects, show the other prospects the same properties that Broker shows to Client, and act as a real estate broker for such other prospects in negotiating the acquisition of properties that Client may seek to acquire.

Questions for you...

◆ Is it acceptable for you (Broker) to receive a bonus from the Seller?

– **Answer: only with permission from your client**

Some “WHYS” For YOU!

11. BROKER’S FEES:

D. Additional Compensation:

If a seller or their agents offer compensation in excess of the amount stated in Paragraph 11A (including but not limited to marketing incentives or bonuses to cooperating brokers)

Broker may retain the additional compensation in addition to the specified commission.



One Page Buyer Rep Agreement?

- ◆ Know what is covered and what is not

Some “WHYS” For YOU!



Reasonable Care & Due Diligence

to PROTECT & PROMOTE your Client's best interest

Reasonable Care to Protect the Buyer

Once again...

- ◆ Foreseeable risk
- ◆ Property disclosure
- ◆ Recommend inspections
- ◆ CMA
- ◆ Home warranty

Reasonable Care & Due Diligence to Protect the Buyer

What about???

**Fiduciary
Duties
services?**

**Making
recommendations:**

- Home inspectors
- Surveyors
- Repair person

Limiting Duties

◆ *Anytime you limit
fiduciary duty
services, you must get
it in writing!*

Reasonable Care & Due Diligence

- ◆ Explore special needs
- ◆ Verifying all property information
- ◆ Provide info about issues affecting value of salability
- ◆ Describe traffic
- ◆ Crime statistics

What about?

*Without a written agreement
defining your scope of services*



The SKY is the limit!

Representing Buyers...



Article
July, 2001



TAR Buyer Rep Agreement

3. DEFINITIONS:

D. “*Property*” means any interest in real estate including but not limited to properties listed in a multiple listing service or other listing services, properties for sale by owners, and properties for sale by builders.

Some “WHYS” For YOU!

Limiting your services in the Buyer Rep Agreement

With Broker’s approval



Limiting Your Services

Define your
Scope of Services

- ◆ Property Search?
 - MLS Withdrawn
 - Foreclosures
 - FSBO publications
 - Internet
 - Builders
 - Auctions
 - Others

Limiting Your Services

◆ What else?

Define your Scope of Services

Limiting Your Services

◆ **Fiduciary
Duties
service?**

- ◆ Recommendations?
 - Inspector
- ◆ Attend inspection?

Define your
Scope of Services

Limiting Your Services

◆ **Fiduciary
Duties
service?**

- ◆ Research and
provide
information?
 - School district
specifics
 - Crime info
 - Future Zoning

Define your
Scope of Services

Limiting Your Services

**Define your
Scope of Services**

*Be the source of
the source, but
not the source!*

- ◆ Research and provide information?
 - Verification of square footage?
 - Property age?

SAMPLE -- Limiting your services

a. To assist Client in acquiring property in the market area, Broker shall search active listings of the multiple listing service (MLS) of which broker is a member. At Broker's discretion, Broker may or may not search properties that are "for sale by owner" (including builders) and/or any other non-MLS properties. At Client's request, Broker shall pursue information for a specific "for sale by owner" property address (including builders) or other non-MLS property address that is given to Broker by Client.

SAMPLE -- Limiting your services

All information that is provided to Client by Broker (including but not limited to, property square footage, age, dimensions, taxes, etc.) shall be information Broker received from other sources. Broker has not verified the information and does not guarantee the information to be accurate or reliable. It is the Client's responsibility to verify the accuracy and reliability of information provided to Client by Broker.

SAMPLE -- Limiting your services

c. To answer Client's questions regarding any information unknown to Broker or outside of Broker's expertise, Broker shall, to the best of Broker's ability, provide Client with suggested sources to answer Client's questions. This includes, but is not limited to, statistical information regarding crime, teacher/pupil ratio and other school district information, subdivision restrictions, etc.

SAMPLE -- Limiting your services

Broker advises Buyer to seek legal advice regarding builder's contracts when building or buying a new home. Promulgated contract forms provided by Texas Real Estate Commission (TREC) and/or contract forms provided by Texas Association of REALTORS® are rarely the choice of builders. Broker can not comment on the legality or validity of builder's contracts.

SAMPLE -- Limiting your services

d. Broker will not recommend and/or endorse a specific inspector, repair person, or surveyor. Broker will, upon request, provide Buyer with a list of repair people, surveyors, and with a list of state licensed inspectors. Surveyors, repair people, and licensed inspectors may also be located by consulting the telephone directory yellow pages. Licensed inspectors may also be located on the Texas Real Estate Commission internet site (www.trec.state.tx.us).



PRESENTATION SKILLS
To be able to make a great presentation...

First Key: *KNOWLEDGE!*

- ✓ Foundational principles
- ✓ Valuable services for Clients
- ✓ Your personal value
- ✓ The “Whys” for you

Tell me...

***When is it, that you
are you unafraid
to do something?***

*When are you
determined
to do something?*

*When are you
able to accomplish
great things?*

*When you BELIEVE it is the
right thing to do.*

*When you are CONFIDENT that
you can do those things.*



PRESENTATION SKILLS
To be able to make a great presentation...

- ◆ First Key: ***KNOWLEDGE!***

Knowledge
produces...

- ◆ Second Key: ***Belief!***

Skydiving

Sign what?... WHY?

Because you
had to -
to get what
you wanted!

What do buyers want?

- ◆ Solutions
- ◆ To reach goals

Solution-based service

Why Sign With You?

- ◆ Why be exclusive with you?
 - Differentiate!

Buyer Services List!

Think outside the box!

Why Sign With You?

- ◆ How are you different?
- ◆ Must know the value of your services
- ◆ Why should a buyer choose you?
- ◆ What is your value?

To be able to make a great presentation...

Second Key: BELIEF!

- ✓ In the value of your services
 - ✓ Beneficial for them
 - ✓ Provide higher-level service with loyalty commitment
 - ✓ Your services are WORTH a signature
- ✓ The right thing to do



PRESENTATION SKILLS

To be able to make a great presentation...

◆ **Third Key: Good Communication!**

- Listening and understanding needs



PRESENTATION SKILLS
To be able to make a great presentation...

- ◆ **Third Key: *Good Communication!***
- Communicating knowledge – educating the buyer.

Sell Yourself!

“BUT, HOW DO I DO THAT?”

- ◆ Demonstrate your personal value!
- ◆ Differentiate yourself!
- ◆ Solution-based service

PRESENTATION SKILLS

“BUT, HOW DO I DO THAT?”

- ◆ Use the right tools
- ◆ Believe in it
- ◆ Work on confidence
- ◆ Practice until you own it!

PRESENTATION SKILLS



***PRESENTATION...
CONSULTATION...***

***Specific Tools, Tips &
Practices***

Who's in Control?

If you don't take control, buyers will control you!

Take Control of Your Business!

Your own Personal Business Policy!

****Must be within Broker's policy)**

Test the Water!

- ◆ Buyer interview
- ◆ Consultation
- ◆ Information packets
- ◆ Services promised

You will decide
what works for you!

Buyer Packets

& Interview/Consultation

*Specific Tools, Tips
& Practices*



Buyer Marketing Packet

*Specific
Tools, Tips
and
Practices*

**NOT a
Relocation
Packet!**

Buyer Marketing Packet

*Specific
Tools, Tips
and
Practices*

**“What should a
lead generation
packet contain?”**

Sell yourself and your services!

Buyer Marketing Packet

- ◆ List of Services
(think: Benefits)

**Speak their
language!**

20 Questions Every Buyer Wants Answered

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

Buyer Marketing Packet

*Why You Need Your
Own Agent*

◆ IBS form

Buyer Marketing Packet

*Why You Need Your
Own Representation*

◆ IBS form

Buyer Marketing Packet

*Things You Need To
Know Before
Choosing A Real
Estate Agent!*

**Agent
Comparison
Checklist**

Buyer Marketing Packet

*Buying Process
Checklist*

**Buying
Process
Flowchart**

Buyer Marketing Packet

*Things You Need To
Know Before
Choosing A Lender*

**Questions To
Ask A Lender**

Buyer Marketing Packet

*Informational
Websites*

TXHomePrograms.org

Marketing Packet

- ◆ **Accolades**
 - Testimonials
 - Statistics or info that demonstrates

Marketing Packet

- ◆ **Personal & Company Info**
 - BIO or Brochure

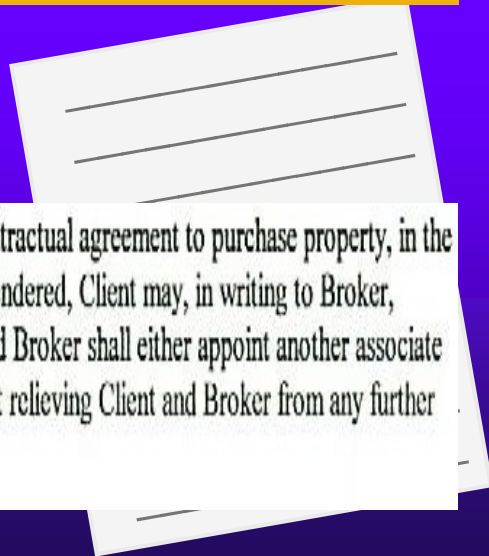
Pledge of Services

Guarantee!



Pledge of Services

**Termination
Clause!**



e. At any time prior to entering into a contractual agreement to purchase property, in the event Client is not satisfied with services rendered, Client may, in writing to Broker, specify the reason(s) for dissatisfaction, and Broker shall either appoint another associate to assist Client, or terminate this agreement relieving Client and Broker from any further obligations.

Buyer Marketing Packet

- ◆ Paper Packet
- ◆ Electronic delivery
- ◆ On a disk

*Specific
Tools and
Practices...*

*Buyer
Consultation*

**What should a
buyer interview
accomplish?**

**Is a buyer
interview different
from a buyer
consultation?**

Buyer Interview

Decide – work with them?

Run when you need to!

**“What should a buyer
interview/consultation
accomplish?”**

- ◆ **Make required disclosures**

NAR's Policy on Agency Disclosure

◆ **Timely**

◆ **Meaningful**

◆ **Written**

1. Of all possible types of brokerage relationships available under state law

AND

Enables consumers to make informed choices

2. The most significant implications of choosing one type over another.

Timely *Disclosure to clients & customers*

- Before agreement is entered into
- Before substantive discussions
 - ✓ About real estate needs
 - ✓ About financial capabilities
 - ✓ Before exchanging any confidential information
- ❖ Applies to consumers that REALTORS® have met online



Presentation Skills

With tools for explanation

Ability to make disclosure?

- Easy delivery
- Detail person or big-picture

Ability to make disclosure

...

Specific Tool

Before working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

IF THE BROKER REPRESENTS THE OWNER:

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

IF THE BROKER REPRESENTS THE BUYER:

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

IF THE BROKER ACTS AS AN INTERMEDIARY:

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License Act.

The broker must obtain the written consent of each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property.

With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

If you choose to have a broker represent you, you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

Client Services Value Explanation

...

Specific Tools and Practices

1. Needs Assessment	
Buyer-Customer	Buyer-Client
<input type="checkbox"/> Maintain loyalty to the seller's needs. <input type="checkbox"/> Tell seller all that you learn about buyers. <input type="checkbox"/> Focus on the seller-client's property.	<input type="checkbox"/> Pay full attention to the buyer's needs. <input type="checkbox"/> Tell buyer all that you learn about sellers. <input type="checkbox"/> Focus on expanding the range of choices to satisfy buyer's needs.
2. Property Selection	
Buyer-Customer	Buyer-Client
<input type="checkbox"/> Get the best offer for the seller-client. <input type="checkbox"/> Limit properties to listed properties only. <input type="checkbox"/> View new listings after buyer-client. <input type="checkbox"/> Show only properties listed within buyer's affordability range.	<input type="checkbox"/> Find the best property for the buyer-client. <input type="checkbox"/> Promote the buyer's search. <input type="checkbox"/> First opportunity to view new listings. <input type="checkbox"/> All properties are available and viewable, and the sale price is negotiable.
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5. Follow-through After the Purchase Agreement	
Buyer-Customer	Buyer-Client
<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.

Client Services Value Explanation

...

Specific Tools and Practices

Duties and Services Desired	
<i>Review and compare the services listed below to determine what level of services that you desire. A Customer is a buyer who is NOT represented by an agent. A Client is a buyer who IS represented by an agent. This includes every aspect of the homebuying process such as in consulting/assessing the buyer's needs, the property selection process, viewing properties, negotiating, and problem solving process.</i>	
Buyer-Customer	Buyer-Client
<ul style="list-style-type: none"> ▪ Honesty ▪ Complete loyalty to seller's needs ▪ Relay to seller all information received from buyer ▪ Focus on our seller-client's needs in selling/ Limit properties to MLS only ▪ Less attention given in searching new listings ▪ Show buyers properties listed strictly within buyer's pre-qualified affordability range ▪ Disclose just material facts regarding properties discussed ▪ No advice regarding property, only the facts ▪ Get the best price for the seller and fulfill the seller's needs ▪ Cannot give an "opinion of value" (CMA) unless it supports the seller's listing price ▪ No price counseling ▪ Suggestions made regarding financing or any other terms must benefit the seller ▪ Prepare offer on behalf of seller ▪ Negotiate on behalf of seller ▪ Attempt to strengthen the seller's negotiating position ▪ Attempt to solve problems and close the transaction to satisfy the seller 	<ul style="list-style-type: none"> ▪ Honesty ▪ Complete loyalty to buyer's needs ▪ Keep information confidential – buyer can talk freely ▪ Consider alternative solutions in finding property to fit the buyer's needs ▪ Given first opportunity to view new listings ▪ All properties are available for showing consideration ▪ Full disclosure of all facts and pertinent information ▪ Advice and opinion along with facts/Educate the buyer ▪ Give every attempt to find the best property for the buyer and fulfill the buyer's needs ▪ Volunteer an "opinion of value" (CMA)/specific property value ▪ Provide price counseling ▪ Suggestions made in buyer-client's best interests ▪ Prepare offer on behalf of buyer ▪ Negotiate on behalf of buyer ▪ Attempt to strengthen the buyer's negotiating position ▪ Attempt to solve problems and close the transaction to satisfy the buyer

Specific Tools and Procedures...

Client Services Value explanation

Rhonda Hamilton

ABC REALTY

Many Advantages for HOME BUYER Working with an Agent who is Representing You Exclusively


ABC REALTY

Duties and Services Provided

	My Client	Customer
Honest	√	√
Disclose known property defects	√	√
Copies of paperwork	√	√
Deposit earnest money	√	√
Place your interests first	√	
Give you advice and opinion	√	
Keep your position and information confidential	√	
Negotiate with your best interest in mind	√	
Offer to do a CMA on any property you make an offer	√	
Disclose known property/situation confidential information	√	
If possible, personally present your offer to the Seller	√	
Show you MLS + non-MLS properties per our agreement	√	
Collect fees from the Seller, per our agreement	√	


Specific Tools and Procedures...


Intermediary explanation



	My Client	Customer
Honesty	*	*
Fairness	*	*
Accountability	*	*
Responsible Data	*	
Disclose Material Facts	*	*
Undivided Loyalty	*	
Confidentiality	*	
Full Disclosure	*	
Objective Evaluation	*	
Qualifying	*	
Help Negotiating	*	
Works for You	*	
Asking for the Buyers' Best Interests	*	

INTERMEDIARY RELATIONSHIPS





IN EITHER SITUATION:

1. The professional, who is not a party to the real estate transaction, is not a party to the transaction and is not a party to the transaction.
2. The professional, who is not a party to the real estate transaction, is not a party to the transaction and is not a party to the transaction.
3. The professional, who is not a party to the real estate transaction, is not a party to the transaction and is not a party to the transaction.
4. The professional, who is not a party to the real estate transaction, is not a party to the transaction and is not a party to the transaction.
5. The professional, who is not a party to the real estate transaction, is not a party to the transaction and is not a party to the transaction.

Rhonda Hamilton
ABC Real Estate Brokerage
123-456-7890

“What should a buyer consultation accomplish?”

- ◆ Build Rapport
- ◆ Educate the Buyer
- ◆ Discovery
 - Understanding needs, goals
 - Financial
- ◆ Rep Agreement signed

“What should a buyer consultation accomplish?”

- ◆ Differentiate self
 - Solution-based service

Creative solutions!

Buyer Consultation... Presentation... TOOLS

- ◆ **Buyer Marketing Packet?**
- ◆ **Consultation Worksheet**
- ◆ **Presentation Packet**

Consultation Presentation Packet

- **To be used and given during the client consultation.**
- **Buyer is already a client when the packet is given.**
- **What would be the purpose of using & giving the packet?**

Presentation Packet

What would be included?

What tools would you use?

PRESENTATION PACKET

- ◆ Client Services List/Scope of Services
- ◆ IBS form and copies of all signed papers
- ◆ Information From Other Sources form
- ◆ Other Notices, Disclosures, & Disclaimers

PRESENTATION PACKET

- ◆ Residential Services Contract samples
- ◆ Copy of contract form?
- ◆ Copy of settlement statement?
- ◆ Sources of information

SOURCES OF INFORMATION

- ◆ Provide Sources for Buyer/Seller to gather information---
 - Websites, phone numbers, written information, etc.
 - regarding schools, crime, restrictions, etc.
- ◆ Suggested sources of information should include:
 - inspectors, surveyors, lenders, etc.

SOURCES OF INFORMATION

- ◆ Inspectors:
 - Home, Structural, Pest, Septic, Water well, Radon, Mold, Environmental,
 - And any others that may be relevant to the area of property.
- ◆ Surveyors
- ◆ Lenders

Buyer Consultation... Presentation... TOOLS

- ◆ Consultation
Worksheet

CONSULTATION WORKSHEET

- ◆ **Key Questions:**
 - Needs, Wants...Goals
 - Previous home search
 - Cash or Loan
 - Financial Qualification
 - Expectations of agent?

Consultation Worksheet

- ◆ Representation
- ◆ Process List
- ◆ Helpful Information and Suggestions



Notices To and Helpful Information For Prospective Buyer

During the consultation, the following items were discussed and the following determinations were made:

Information Regarding Brokerage Services presented: _____
 Customer Services & Client Services presented and discussed _____
 Buyer chooses representation- (Buyer Representation Agreement to be signed) _____
 Buyer chooses NO REPRESENTATION _____

Questions for Buyers:

1. Tell me about your Previous Home Search Efforts/ How long have you been looking? Etc?

2. Financial Qualification: cash buyer or obtaining loan?
 Lender pre-approval, pre-qualification, or date/time for initial appointment?

3. Closing Cost Estimate provided, or Good Faith Estimate from lender:

4. What are your goals? What are your wants and needs?

5. What are your expectations of me?

List of Services to be provided covered: _____

Buyer Rep. Agreement signed: _____

Sources of Information provided: _____

BUYER CONSULTATION

- ◆ **Authorization To Release Certain Info.**
- ◆ **Buyer Representation Agreement**



**Home Buyer
Workbook**

Buyer Consultation... Presentation... TOOLS

- ◆ **Personal Business Policy**

BUYER REPRESENTATION AGREEMENT...

Overcoming Objections

- ◆ The agreement is too long and intimidating.
- ◆ How long is your listing agreement?

It's a Mindset! ...Attitude!

Overcoming Objections

- ◆ Buyers are uncomfortable with the legal form.
- ◆ If you are comfortable with the form, Buyers are usually comfortable.

It's a Mindset! ...Attitude!

Overcoming Objections

- ◆ Buyers want to get to know me before they commit to me.
- ◆ One-day rep agreement
- ◆ 24-hr opt-out clause

It's a Mindset! ...Attitude!

Overcoming Objections

- ◆ Buyers don't want to sign an agreement.
- ◆ What is your Personal Business Policy?
 - “I only work with a written agreement.”

It's a Mindset! ...Attitude!

Overcoming Objections

SAMPLE – Termination Clause

e. At any time prior to entering into a contractual agreement to purchase property, in the event Client is not satisfied with services rendered, Client may, in writing to Broker, specify the reason(s) for dissatisfaction, and Broker shall either appoint another associate to assist Client, or terminate this agreement relieving Client and Broker from any further obligations.

COMPENSATION ISSUES

- ◆ Odds are slim to none Buyer will pay
 - Seller usually pays
- ◆ If Seller won't pay, Buyer will have a choice

Specific Tools and Procedures... payment discussion

MLS Spreadsheet

Price	Address	Comp-BA:	BR:	BA:
\$234,900	1603 Eva Dr	E	3	2
\$239,900	3014 Kathleen	E	4	2.5
\$245,000	5312 Maisie Cir	E	3	2
\$245,900	1226 Marigold	E	3	2.5
\$245,999	200 Lakewood	Z.S	4	2.5
\$249,500	1519 Meandering Way	E	3	2.5
\$249,900	1615 Lovers Ln	E	4	3

COMPENSATION ISSUES

- ◆ Non-MLS or non-listed properties
 - CMA
 - Negotiating
 - Problem solving
 - & more!

COMPENSATION - TRUTHS

- ◆ Business has changed in the last 5 years
- ◆ Worth more to Buyer today
 - Internet sales
 - Market changes

COMPENSATION - TRUTHS

- ◆ YOU must believe that your services are worth what you charge!

Specific Tools and Procedures... Buyer Rep (Loyalty) Agreement

PARTIES: The parties to this agreement are:

Client: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-Mail: _____

Broker: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-Mail: _____

APPOINTMENT: Client grants to Broker the exclusive right to act as Client's real estate agent for the purpose of acquiring property in the market area.

DEFINITIONS:

A. "Acquire" means to purchase or lease.
B. "Closing" in a sale transaction means the date legal title to a property is conveyed to a purchaser of property under a contract to buy. "Closing" in a lease transaction means the date a landlord and tenant enter into a binding lease of a property.
C. "Market area" means that area in the State of Texas within the perimeter boundaries of the following areas: _____

D. "Property" means any interest in real estate including but not limited to properties listed in a multiple listing service or other listing services, properties for sale by owners, and properties for sale by builders.

TERM: This agreement commences on _____ and ends at 11:59 p.m. on _____.

BROKER'S OBLIGATIONS: Broker will:
A. use Broker's best efforts to assist Client in acquiring property in the market area;
B. assist Client in negotiating the acquisition of property in the market area; and
C. comply with other provisions of this agreement.

CLIENT'S OBLIGATIONS: Client will:
A. work exclusively through Broker in acquiring property in the market area and negotiate the acquisition of property in the market area only through Broker;
B. inform other brokers, salespersons, sellers, and landlords with whom Client may have contact that Broker exclusively represents Client for the purpose of acquiring property in the market area and refer all such persons to Broker; and
C. comply with other provisions of this agreement.

**Specific
Tools and
Procedures**

...

**Buyer Rep
Agreement**

REPRESENTATIONS:

- A. Each person signing this agreement represents that the person has the legal capacity and authority to bind the respective party to this agreement.
- B. Client represents that Client is not now a party to another buyer or tenant representation agreement with another broker for the acquisition of property in the market area.
- C. Client represents that all information relating to Client's ability to acquire property in the market area Client gives to Broker is true and correct.
- D. Name any employer, relocation company, or other entity that will provide benefits to Client when acquiring property in the market area: _____

INTERMEDIARY: (Check A or B only.)

- A. **Intermediary Status:** Client desires to see Broker's listings. If Client wishes to acquire one of Broker's listings, Client authorizes Broker to act as an intermediary and Broker will notify Client that Broker will service the parties in accordance with one of the following alternatives.
 - (1) If the owner of the property is serviced by an associate other than the associate servicing Client under this agreement, Broker may notify Client that Broker will: (a) appoint the associate then servicing the owner to communicate with, carry out instructions of, and provide opinions and advice during negotiations to the owner; and (b) appoint the associate then servicing Client to the Client for the same purpose.
 - (2) If the owner of the property is serviced by the same associate who is servicing Client, Broker may notify Client that Broker will: (a) appoint another associate to communicate with, carry out instructions of, and provide opinions and advice during negotiations to Client; and (b) appoint the associate servicing the owner under the listing to the owner for the same purpose.
 - (3) Broker may notify Client that Broker will make no appointments as described under this Paragraph 8A and, in such an event, the associate servicing the parties will act solely as Broker's intermediary representative, who may facilitate the transaction but will not render opinions or advice during negotiations to either party.
- B. **No Intermediary Status:** Client does not wish to be shown or acquire any of Broker's listings.

- Disclosure:** If Broker acts as an intermediary under Paragraph 8A, Broker and Broker's associates:
- may not disclose to Client that the seller or landlord will accept a price less than the asking price unless otherwise instructed in a separate writing by the seller or landlord;
 - may not disclose to the seller or landlord that Client will pay a price greater than the price submitted in a written offer to the seller or landlord unless otherwise instructed in a separate writing by Client;
 - may not disclose any confidential information or any information a seller or landlord or Client specifically instructs Broker in writing not to disclose unless otherwise instructed in a separate writing by the respective party or required to disclose the information by the Real Estate License Act or a court order or if the information materially relates to the condition of the property;
 - shall treat all parties to the transaction honestly; and
 - shall comply with the Real Estate License Act.

COMPETING CLIENTS: Client acknowledges that Broker may represent other prospective buyers or tenants who may seek to acquire properties that may be of interest to Client. Client agrees that Broker may, during the term of this agreement and after it ends, represent such other prospects, show the other prospects the same properties that Broker shows to Client, and act as a real estate broker for such other prospects in negotiating the acquisition of properties that Client may seek to acquire.

CONFIDENTIAL INFORMATION: During the term of this agreement or after its termination, Broker may not knowingly disclose information obtained in confidence from Client except as authorized by Client or required by law. Broker may not disclose to Client any information obtained in confidence regarding another person Broker represents or may have represented except as required by law.

**Specific
Tools and
Procedures...
Buyer Rep
Agreement**

BROKER'S FEES:

Commission: The parties agree that Broker will receive a commission calculated as follows: (1) B % of the gross sales price if Client agrees to purchase property in the market area; and (2) if Client agrees to lease property in the market a fee equal to (check only one box): C % of one month's rent or A % of all rents to be paid over the term of the lease.

Source of Commission Payment: Broker will seek to obtain payment of the commission specified in Paragraph 11A first from the seller, landlord, or their agents. If such persons refuse or fail to pay Broker the amount specified, Client will pay Broker the amount specified less any amounts Broker receives from such persons.

Earned and Payable: A person is not obligated to pay Broker a commission until such time as Broker's commission is earned and payable. Broker's commission is earned when: (1) Client enters into a contract to buy or lease property in the market area; or (2) Client breaches this agreement. Broker's commission is payable, either during the term of this agreement or after it ends, upon the earlier of: (1) the closing of the transaction to acquire the property; (2) Client's breach of a contract to buy or lease property in the market area; or (3) Client's breach of this agreement. If Client acquires more than one property under this agreement, Broker's commissions for each property acquired are earned as each property is acquired and are payable at the closing of each acquisition.

Additional Compensation: If a seller, landlord, or their agents offer compensation in excess of the amount stated in Paragraph 11A (including but not limited to marketing incentives or bonuses to cooperating brokers) Broker may retain the additional compensation in addition to the specified commission. Client is not obligated to pay any such additional compensation to Broker.

Acquisition of Broker's Listing: Notwithstanding any provision to the contrary, if Client acquires a property listed by Broker, Broker will be paid in accordance with the terms of Broker's listing agreement with the owner and Client will have no obligation to pay Broker.

In addition to the commission specified under Paragraph 11A, Broker is entitled to the following fees:

- (1) **Construction:** If Client uses Broker's services to procure or negotiate the construction of improvements to property that Client owns or may acquire, Client ensures that Broker will receive from Client or the contractor(s) at the time the construction is substantially complete a fee equal to _____.
- (2) **Service Providers:** If Broker refers Client or any party to a transaction contemplated by this agreement to a service provider (for example, mover, cable company, telecommunications provider, utility, or contractor) Broker may receive a fee from the service provider for the referral.
- (3) **Other:** _____

Protection Period: "Protection period" means that time starting the day after this agreement ends and continuing for _____ days. Not later than 10 days after this agreement ends, Broker may send Client written notice identifying the properties called to Client's attention during this agreement. If Client or a relative of Client agrees to acquire a property identified in the notice during the protection period, Client will pay Broker, upon closing, the amount Broker would have been entitled to receive if this agreement were still in effect. This Paragraph 11G survives termination of this agreement. This Paragraph 11G will not apply if Client is, during the protection period, bound under a representation agreement with another broker who is a member of the Texas Association of REALTORS® at the time the acquisition is negotiated and the other broker is paid a fee for negotiating the transaction.

Escrow Authorization: Client authorizes, and Broker may so instruct, any escrow or closing agent authorized to close a transaction for the acquisition of property contemplated by this agreement to collect and disburse to Broker all amounts payable to Broker.

County: Amounts payable to Broker are to be paid in cash in _____ County, Texas

**Specific
Tools and
Procedures
...
Buyer Rep
Agreement**

12. **MEDIATION:** The parties agree to negotiate in good faith in an effort to resolve any dispute that may arise related to this agreement or any transaction related to or contemplated by this agreement. If the dispute cannot be resolved by negotiation, the parties will submit the dispute to mediation before resorting to arbitration or litigation and will equally share the costs of a mutually acceptable mediator.
13. **DEFAULT:** If either party fails to comply with this agreement or makes a false representation in this agreement, the non-complying party is in default. If Client is in default, Client will be liable for the amount of compensation that Broker would have received under this agreement if Client was not in default. If Broker is in default, Client may exercise any remedy at law.
14. **ATTORNEY'S FEES:** If Client or Broker is a prevailing party in any legal proceeding brought as a result of a dispute under this agreement or any transaction related to this agreement, such party will be entitled to recover from the non-prevailing party all costs of such proceeding and reasonable attorney's fees.
15. **LIMITATION OF LIABILITY:** Neither Broker nor any other broker, or their associates, is responsible or liable for Client's personal injuries or for any loss or damage to Client's property that is not caused by Broker. Client will hold broker, any other broker, and their associates, harmless from any such injuries or losses. Client will indemnify Broker against any claims for injury or damage that Client may cause to others or their property.
16. **ADDENDA:** Addenda and other related documents which are part of this agreement are:
 Information About Brokerage Services Protect Your Family from Lead in Your Home
 Protecting Your Home from Mold Information about Special Flood Hazard Areas
 Information Concerning Property Insurance For Your Protection: Get a Home Inspection
17. **SPECIAL PROVISIONS:**
18. **ADDITIONAL NOTICES:**
- A. Broker's fees and the sharing of fees between brokers are not fixed, controlled, recommended, suggested, or maintained by the Association of REALTORS® or any listing service.
- B. Broker's services are provided without regard to race, color, religion, national origin, sex, disability or familial status.
- C. Broker is not a property inspector, surveyor, engineer, environmental assessor, or compliance inspector. Client should seek experts to render such services in any acquisition.
- D. If Client purchases property, Client should have an abstract covering the property examined by an attorney of Client's selection, or Client should be furnished with or obtain a title policy.
- E. Buyer may purchase a residential service contract. Buyer should review such service contract for the scope of coverage, exclusions, and limitations. The purchase of a residential service contract is optional. There are several residential service companies operating in Texas.
- F. Broker cannot give legal advice. This is a legally binding agreement. **READ IT CAREFULLY.** If you do not understand the effect of this agreement, consult your attorney BEFORE signing.

**Thank you!
Have a great
day!**

Baby, you're the best!

