



Real Estate - The New Horizon

Presentation Slide Handout - by Vern Jarboe

KAR will not provide printed copies of class materials at the conference.



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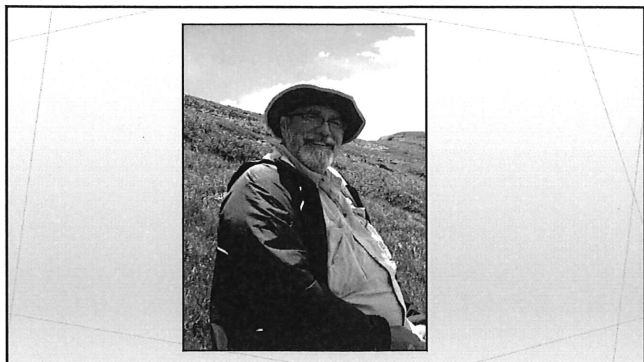
**YOUR
KITCHEN
GUY**

Blaine Rodman
Independent Cutco Sales Representative
blainerodman@knivesforlife.com

Want to increase referrals and repeat business? Why not market yourself daily and remain top of mind with your clients by giving them a closing gift they will love and continuously use? Cutco – it's smart marketing no matter how you slice it!



Your clients will always remember who their REALTOR® is!




1

HIKING THE CONTINENTAL DIVIDE


- Over 3000 miles Canada to Mexico – 750 miles in Colorado
- Maps and trails with a compass for guidance
- Few people and no machines
- You have what you bring
- Your house, bed, kitchen and clean socks on your back
- No rescue, no cell phone, no guide, only the tools you bring
- Be prepared

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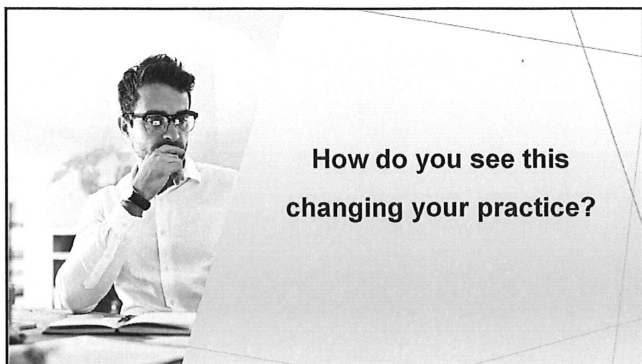


REAL ESTATE
–The New Horizon –
With NAR Supplement

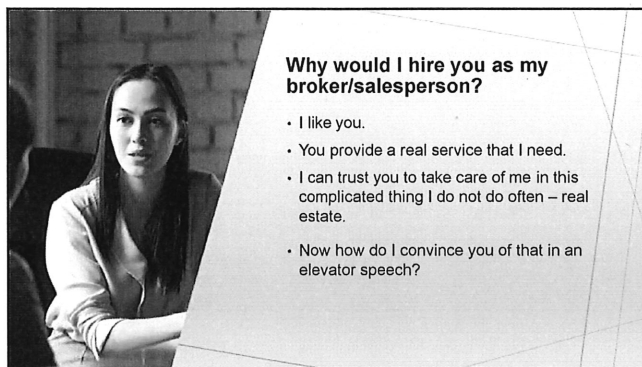
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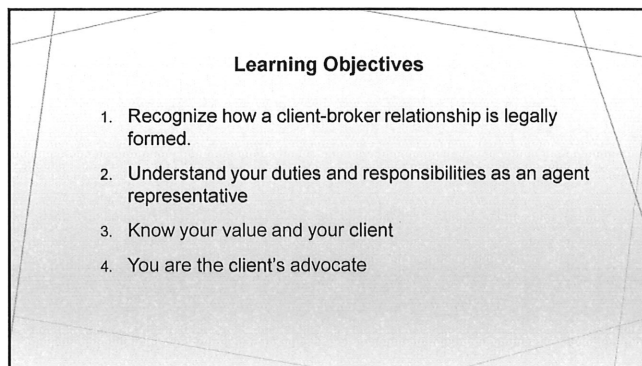
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REALTOR® Client Relationship

Three factors clients across all age groups identify when choosing a REALTOR®

1. Honesty
2. Experience
3. Reputation

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Why the NAR Settlement


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Size of Verdict

- Appeal
- Posting bond
- Time of disruption for years while process would be sorted
- Finality and nationwide nature of settlement


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KEY PRACTICE CHANGE AREAS



- Offers of Compensation
- Listing Agreements
- Written Buyer Agreements

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OFFERS OF COMPENSATION

- Offer of compensation may be communicated off-MLS, including:
 - On the listing broker's listing on its website
 - Signs and sign riders
 - Flyers
 - Social media posts
 - Text, email, phone calls
- MLS/IDX may not be used to create, facilitate or support a platform for offers compensation from multiple brokers

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OFFERS OF COMPENSATION

- Seller concessions are allowed on MLSs
 - Cannot be limited to or conditioned upon the retention of or payment to a cooperating broker
 - Buyer should state in the purchase offer how they want the concessions to be used, including compensating their broker
- Buyers may ask the seller to pay their broker's fee as a term of the purchase agreement
 - Does not violate SOP 16-16

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LISTING AGREEMENTS

Required terms:

- 1 State conspicuously that broker commissions are not set by law and are fully negotiable
- 2 Conspicuously disclose to sellers and obtain seller approval for any payment or offer of payment that a listing broker will make to another broker or other representative (e.g., real estate attorney) acting for buyers, and specify the amount or rate of such payment




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WRITTEN BUYER AGREEMENTS

Two triggers for a written agreement:

- 1 "Working with a buyer"
- 2 Touring a home"




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WHAT DOES THAT MEAN?

Working with a buyer:
 MLS Participants who **provide brokerage services** to a buyer

- o Identifying potential properties
- o Arranging for the buyer to tour a property
- o Negotiating on behalf of the buyer
- o Writing and presenting offers

As opposed to MLS Participants who simply market their services or just talk to a buyer—like at an open house or providing an unrepresented buyer access to one of their listed homes



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WHAT DOES THAT MEAN?

Touring a home:

- When the buyer and/or the MLS Participant (or other agent, at the direction of the MLS Participant working with the buyer) **physically enter the home**
- Includes when the MLS Participant or other agent, at the direction of the MLS Participant, working with the buyer enters the home to provide a **live, virtual tour** to a buyer not physically present



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WHEN DOES IT NEED TO BE SIGNED?

"Before touring a home"

UNLESS

State law dictates an earlier time



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WHAT TYPES OF AGREEMENTS?

Any type of written agreement can be used*

- Exclusive buyer representation agreement
- Non-exclusive buyer rep agreement
- Non-agency
- Transactional
- Designated agency
- One property, one weekend ...

**Must comply with state law*



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CONSUMER GUIDE TO
WRITTEN BUYER AGREEMENTS




SCAN FOR ACCESS




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WHAT DOES THAT MEAN?





Is attending an open house
"touring a home" that needs
a written buyer agreement?

NO.




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CONSUMER GUIDE TO
OPEN HOUSES



SCAN FOR ACCESS



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WHAT DOES THAT MEAN?

? Does a prospective tenant need to sign a written buyer agreement?

NO.

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WHAT DOES THAT MEAN?

? Does a commercial buyer need to sign a written buyer agreement?

NO.

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WHAT DOES THAT MEAN?

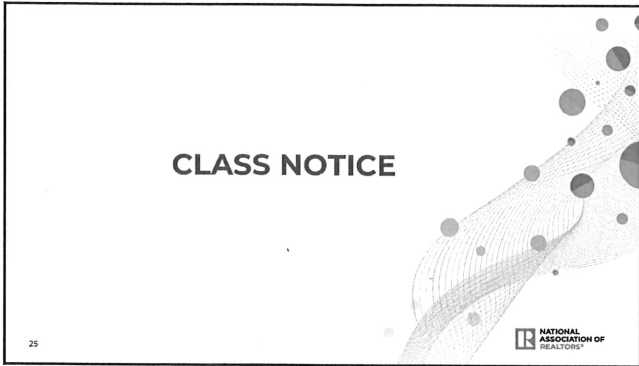
? Do I need a written buyer agreement to send listings to a prospective buyer?

NO.

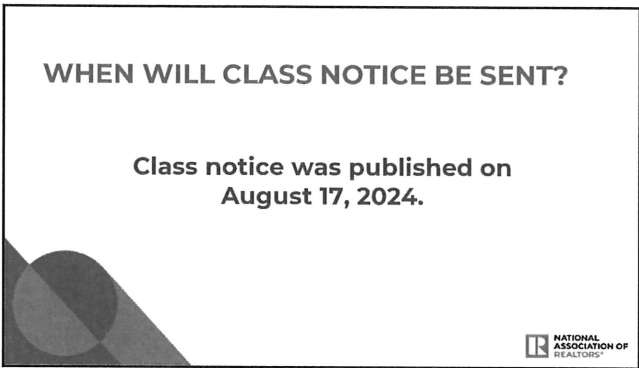
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UNDERSTANDING THE IMPACT



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NATIONAL ASSOCIATION OF REALTORS®

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CONSUMER CHOICE

The practice changes focus on empowering consumer choice in the home buying and selling process:

- Compensation remains fully negotiable.
- Offers of compensation are prohibited on-MLS but are preserved as an option off-MLS based on negotiation between consumers and real estate professionals.
- Written buyer agreements will clearly outline the services buyers will receive, and how much they will cost.
- The settlement empowers buyers and brokers to negotiate and agree to services and compensation that work for them.
- Real estate professionals should work with consumers to make sure they fully understand their options, while continuing to seek fair compensation for their services.

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WHAT HAS TO CHANGE?

- Embrace the practice changes
- Updated listing agreement and buyer agreements
- Continue to articulate member value
- Transparent, upfront conversations about compensation
- Explain marketing methods pros and cons


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WHAT HAS TO CHANGE?

- Stop pre-filling forms to invite conversation and negotiation
- See challenges as opportunities
- Let go of assumptions
- Communicate offers of compensation effectively



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WHAT STAYS THE SAME?

- Adhering to the Code of Ethics in all your dealings with clients and other real estate professionals
- Educating clients to make informed decisions
- Complying with fair housing laws and principles
- Delivering a high level of professional services




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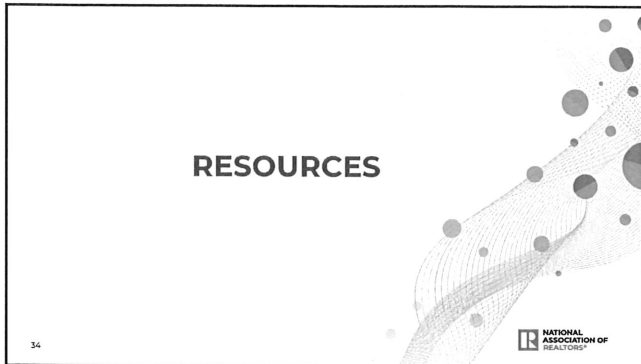
CONSUMER GUIDE TO REALTOR®'S DUTY



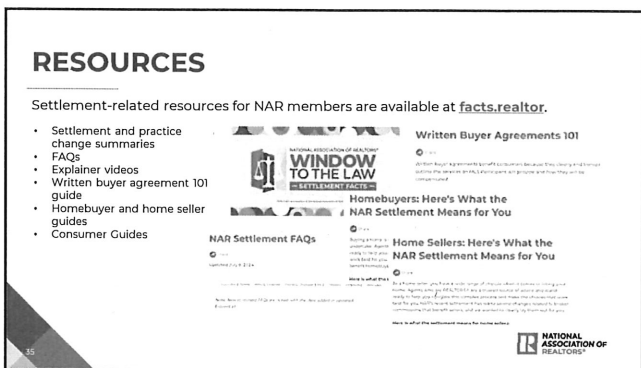
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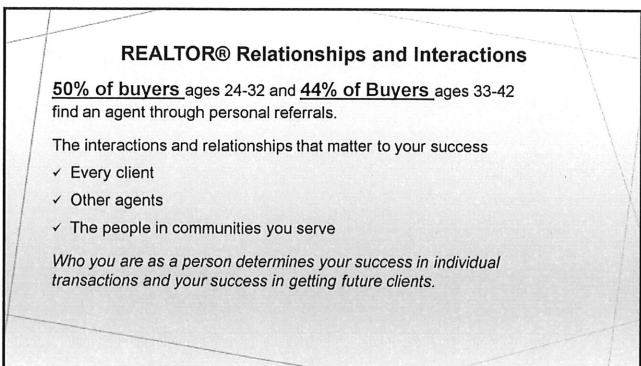
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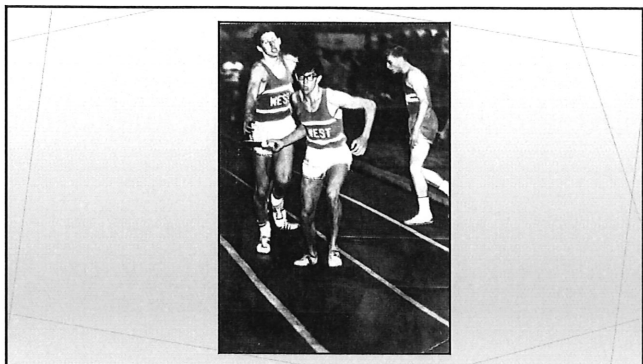
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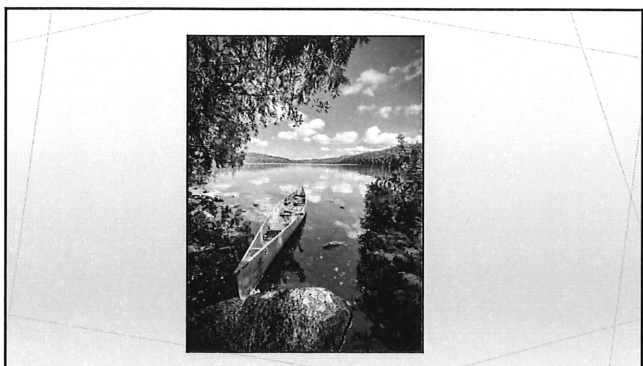


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THE RACE

- Life is a race – so is selling real estate
- Identify what you can do – and cannot
- Hone your skills at what you can improve
- Be prepared
 - Practice your skills
 - Depend on your team
 - Do your best at your skill

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**BOUNDARY WATERS CANOEING –
1.1 MILLION ACRES**

- Interconnecting lakes and streams
- What you don't take you do not have
- No trails, no signs, no people
- Importance of a packing list
- Skills – paddling in a line, reading a map, using a compass
- Not doing stupid stuff to avoid disaster in the wilderness
- Be prepared with skills, equipment and sustenance – esp scotch

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Common Mistakes Real Estate Professionals Make Regarding the Buyer Contract


1. Acting without clarifying the relationship.
2. Avoiding a representation agreement discussion.
3. Relying on the Kansas default agency position.
4. Assuming buyers know agents are acting on their behalf.
5. Delaying signing the buyer representation agreement until the buyer is ready to make an offer.

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Are You in Sync With Your Brokerage?

Questions to ask your broker or office manager:

1. What types of agency do we offer?
2. Do we have a statement of agency policy?
3. Do we have standard disclosure forms?
4. Do we offer designated agency?
5. What procedures are in place to ensure client confidentiality?
6. What procedures are in place regarding client data security?



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What is Reasonable Care and Diligence?

For a BUYER	For a SELLER
<ul style="list-style-type: none">• Advise on additional charges and costs of ownership• Prepare a comparative market analysis (CMA)• Obtain a property disclosure from the seller• Have the buyer check on important issues• Recommend inspections	<ul style="list-style-type: none">• Include approved protective clauses in the purchase offer• Prepare a comparative market analysis (CMA)• Provide home warranty information• Provide information about issues affecting value

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Responsibilities to Customers

It can be hard to work with customers because they want to be treated like clients.

BRETTA, The Standards of Practice, and Code of Ethics guide REALTORS® through every step of the process.

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Customer vs. Client Relationship

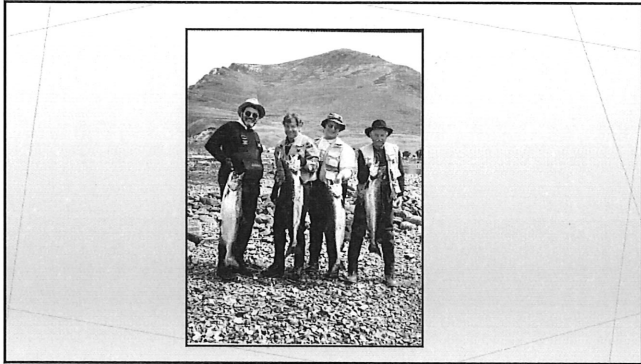
If you are a CLIENT, your REALTOR® will:	If you are a CUSTOMER, the REALTOR® will:
<ul style="list-style-type: none">• Pay full attention to your needs.• Tell you all they know about the other party.• Keep information about you confidential.• Focus on choices that satisfy your needs.• Provide material facts and professional advice.	<ul style="list-style-type: none">• Maintain loyalty to their client's needs not yours as a customer.• Tell the client all they need to know about the other party.• Keep information about the client confidential.• Provide you only the material facts.

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Customer vs. Client Relationship

<p>If you are a CLIENT, your REALTOR® will:</p> <ul style="list-style-type: none"> • Provide price counseling based on comparable properties and their professional insights • Protect and guide you • Negotiate on your behalf • Attempt to solve problems to your advantage and satisfaction 	<p>If you are a CUSTOMER, the REALTOR® will:</p> <ul style="list-style-type: none"> • Only provide price information supporting the client's price • Protect the client on the other side • Negotiate on behalf of their client • Attempt to solve problems to their client's advantage and satisfaction.
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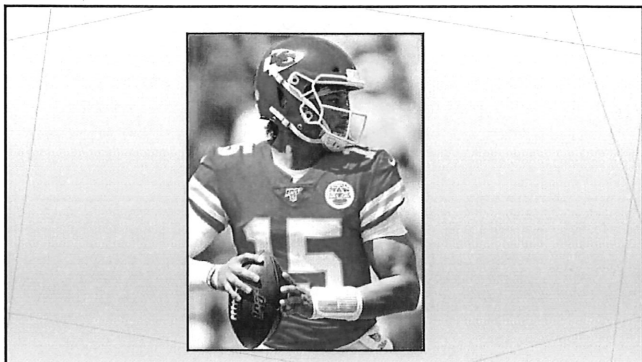


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*FISHING IN KARLUK AK – POP 37 -1
HOUR FROM KODIAK WHICH IS 1
HOUR FROM ANCHORAGE*

- Study the goal – Karluk river is known as best Sockeye river
- Select your gear, rod, lures, line and expected weather
- Learn the presentation of the bait
- Practice the presentation
- Learn by experience how to accomplish the goal
- What you do not take you will not have
- Do have communication – but watch out for bears
- Be prepared

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PATRICK MAHOMES - GOAT

- Attempts/completions 3,590/2,386 or 66.5%
- Touchdowns to interceptions 219/63
- Only QB to throw 5,000 yards for one season in both college/NFL
- Super bowl win loss – 3 wins and one loss
- How does he do this – skill, leadership and practice
- Keep on going even when behind or loses
- Be prepared


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First Impression

- Dress for the image you want to project.
- Your image and advertising should match.
- Prepare for the meeting.
- Have prepared questions to find out about your proposed client.
- The client's needs and wants may not match.


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The Initial Counseling Session

- Listen to understand
- Learn about the proposed client
- Respond with logic, not emotion
- Loyalty is earned by the value proposition you offer
- The purpose is to learn and educate the proposed client

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Technology

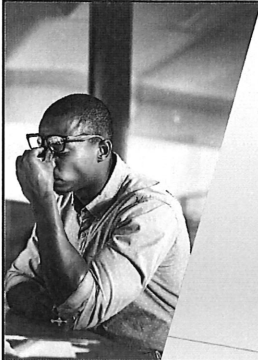
- How will they need to communicate?
- Will virtual meetings work?
- Text, email or cell phone?
- Do they have a preference for the method of communication, and do they check it regularly?

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Interview for Needs and Develop a Plan

<p>Interview for Needs</p> <ul style="list-style-type: none"> • What about current situation does not work? • How could size or space allocation be used differently? • Why buy or sell now? • What future plans are they selling or buying to satisfy? • What do they qualify for? 	<p>Develop a Plan to Match Needs</p> <ul style="list-style-type: none"> • What to show or look for? • Who will make the decision? • Will they need to involve someone who may be providing resources or have special needs? <ul style="list-style-type: none"> ◦ Parents for money ◦ Kids for space or location
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Do you want to work with them?

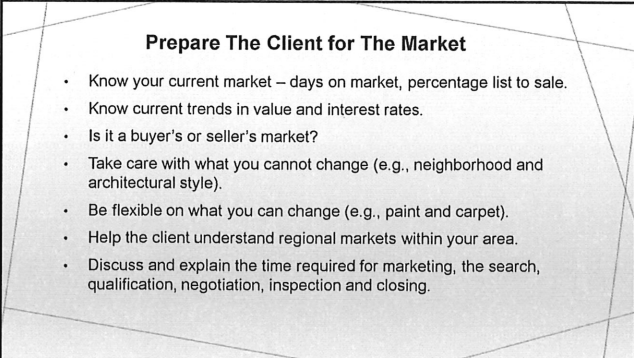
- What are some red flags?
- What are warnings but not stop signs?
- You do not need to work with every customer who approaches you?
- Are there fair housing issues?

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Start the Client Relationship
Sign an agency agreement.

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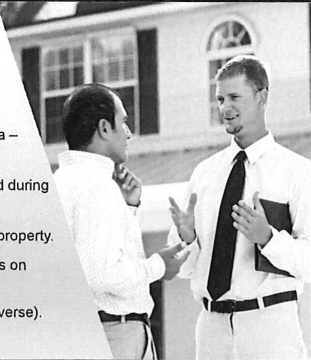
Prepare The Client for The Market

- Know your current market – days on market, percentage list to sale.
- Know current trends in value and interest rates.
- Is it a buyer's or seller's market?
- Take care with what you cannot change (e.g., neighborhood and architectural style).
- Be flexible on what you can change (e.g., paint and carpet).
- Help the client understand regional markets within your area.
- Discuss and explain the time required for marketing, the search, qualification, negotiation, inspection and closing.

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Training a Client: Preparing for the Showing Process

- Be mindful of technology and surveillance.
- Do not post pictures of home on social media – sellers watch
- Prepare clients for what to expect before and during the showing.
- Buyers should be trained to respect seller's property.
 - Taking or posting pictures and comments on social media show lack of respect.
 - All of this also applies to the seller (in reverse). It is your house, you set rules.



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Procuring Cause

- Showing agents should ask about representation
- Listing agent should communicate with selling agents
- Confirm compensation in writing
- Agents need to stay in contact with buyer
- Have an exclusive representation agreement
- Prepare your client for these situations
- What do clients say to agents at an open house?

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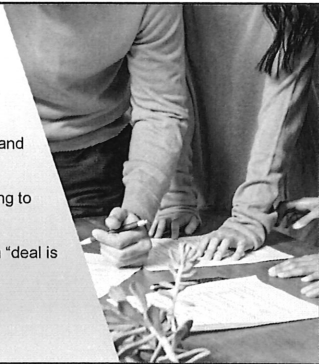
Buyer Looking on Their Own

- Open houses and For Sale by Owner properties – There may be traps where they may give up negotiation power.
- Model homes – Make sure other agents know the buyer has an agent.
- The same is true of social media inquiries and comments.
- FSBO – Contacting the seller without the agent present may create issues later regarding the power and expectations by seller.
- Auctions – Train them about the process, including with or without reserve.
 - Find out if you can register.

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Backup Offers

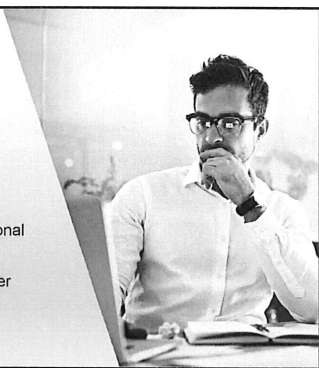
- What is a Backup Offer?
- When does it become effective?
- Responsibility to first contract by seller and buyer
- Responsibility of buyer to not do anything to jeopardize their own position:
 - Do not enter into another contract – a "deal is a deal"
 - Do not incur substantial new debt.



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Counteroffers

- Is it reasonable?
- Does the counteroffer require reconsideration of closing date?
- When do you walk away?
- Reconsider buyer asks on other concessions or seller throws in personal property
- Remind them a counter is – NO- other side may walk




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Follow-up from Date of Contract


- Timelines in contract should be respected.
- Remind buyer of need to get homeowner insurance.
- Make a list and follow up on home inspections and scheduling.
- Where is buyer in the application process?
 - Have the additional documents requested by lender been supplied?
 - The buyer usually receives a list of documents or other items from lender that you should review with the buyer.

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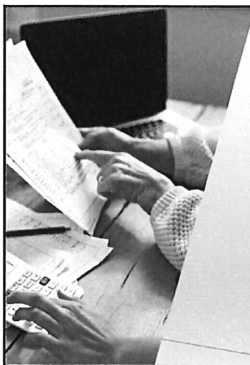
Mortgage Application Follow-up
What are some of the additional documents lenders need?

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Buyer Financial Condition: Contract to Closing
What kinds of things can a buyer do to ruin a loan commitment?

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Post Closing

- Rekey locks
- Change security settings on electronic devices
- Confirm insurance in force
- Assist with utility turn on
- Consider personal touches:
 - Moving day meal or snacks (case of water, box of power bars, etc.)
 - If you know a neighbor make an introduction
 - Closing gift (tree, landscaping gift card, other)

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HOW TO BE PREPARED

- Courses
- Reading
- Learn your market
- Determine your skills and what you need to acquire
- Practice your scripts

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