

COMMISSION CONVERSATIONS

Two-Part Training -

- 1) June 10 - Training Recording Available on ROGMC.com.
- 2) June 19th - Commission Conversation Interactive Workshop - Scripts & Roleplay

Standards of Practice to Note:

<https://www.nar.realtor/about-nar/governing-documents/code-of-ethics/code-comprehension-article-16-commissions-are-negotiable>

SCRIPT TOPICS

1. Initial Conversation with Buyer Covering Buyer's Representation Agreement

- a. Easy Out Clause: **Buyer- "Why do I have to sign this? Why can't you just show me houses?"**

- i. Example:

Mr Buyer, Let me first say, I don't want to work with anyone that doesn't want to work with me. At the same time, because of recent changes in practice, I am REQUIRED to have a Buyer's Rep Agreement in place before I am allowed to show properties. With this easy out clause in place, if at any time before we are under contract on a property, you feel that I am not the correct person to represent you, this clause allows us to dissolve this agreement and both go about our merry ways.

Write your own personal response to this buyer question, in your own voice:

- b. Compensation: **Buyer - "Are your services free for me? How do you get paid? What do I have to pay for you to be my agent?"**

Example: *Compensation in the Real Estate World is most often handled in the form of a commission. In other words, if I don't perform or can't get a satisfactory result that leads to a closing, I don't get paid. This is a wonderful system that removes a lot of risk for you on the buyer side. I doubt that anyone would want to pay what it would cost on an hourly basis to do my job. This Buyer's Rep*

Agreement outlines everything from the onset, in terms of not only my compensation, but the duties I owe to all people and the fiduciary duties I owe to you as a client once this agreement is in effect. It also has a section called Client Duties. In this section, compensation is discussed and it also explains that I am going to do my best to negotiate that the compensation is paid by the listing firm or the seller. In the event that the seller or the listing firm is not willing to do so or the amount is not adequate to cover what is outlined in this agreement, you are agreeing to pay the difference. Now, it is my goal that before we enter into any official negotiation for the property in question, that I have conversations with the Listing Agent and hopefully come to an agreement on compensation that is satisfactory to you so that we can have that off the table and focus on getting you in the place you will call home.

Write your own personal response to this buyer question, in your own voice:

c. Other ways to remedy buyer's hesitancy to sign a buyer rep agreement:

1. Property specific agreements - I had one client several years ago that was very hesitant about signing a Buyer's Rep Agreement. The only way he would do this is if they were limited to the properties I was actually showing him, so when he would express interest in a property, I had an agreement already drafted so that I could just add the address and send for his electronic signature. Yes it was more work but I sold him a home and made a good paycheck in the process. The motto of this story is sometimes we have to be problem solvers. Don't look at reluctance as a door closed, instead look for ways to directly address the reluctance as an opportunity to earn trust.

2. Buyer Conversation re: Compensation

- a. 'What if' - when there's Seller Compensation that covers the full amount, Sellers Compensation that covers part of the amount, or NO Seller Compensation offered. **Do I have to pay you if the seller is paying you?**

Example:

In the event the Listing Firm is offering a co-operative compensation that covers the full amount of compensation outlined in this Buyer's Rep Agreement, you as

the buyer will not be having to come up with money to cover those buyer's rep fees at closing. In the event, the Seller and Listing Firm are offering an amount that only covers a portion, I will do my best to negotiate for them to cover the full amount. If they are unwilling to budge you may be in a position where you have to come up with some money to cover the difference at closing. (I personally will usually amend my agreement. For instance, my agreement says 3% and the seller will only offer 2.5%. In such a case, a half of a percent is not worth my buyer not being able to have the home of their dreams. Now if the difference is greater, then my buyer and I have to have some difficult conversations). In the event the seller side is not offering any compensation, you Mr and Mrs Buyer will have to pay the compensation should you decide to proceed forward with purchasing the property. Again, I will do everything within my ability to try to negotiate the Selling side to cover this compensation. I am here to represent your interests and I will fight like a pit bull guarding a pork chop if I have to on your behalf.

Write your own personal response to this buyer question, in your own voice:

3. Buyer Conversation - What properties do they want to be included on their viewing list?

a. All compensation levels?

Mr or Mrs Buyer, there are multiple levels of co-operative compensation that are offered throughout the MLS. There are even some properties that are not currently offering any co-operative compensation. In the event we run across a property that you are interested in that do not offer compensation that is satisfactory per the terms of this Buyer's Rep Agreement and in the event that we have a Seller and or Listing Brokerage that are unwilling to budge, do you want to make up the difference in compensation or do you want me to pass over that property?

Write your own personal response to this buyer question, in your own voice:

- b. Special Stipulations verbiage on Buyer's Rep = ?**
 - 1. Buyer is hereby instructing Buyer's Agent to filter searched properties that offer co-operative compensation in the amount that would cover the compensation outlined in this Agreement. Should a property that the Buyer is interested in not offer such co-operative compensation, the Buyer's agent is instructed to negotiate the compensation offer. If the Listing Agent and Seller are unable to come to an agreement on compensation that is completely satisfactory for the Buyer, the Buyer's agent is instructed to remove the property from consideration.**

4. Conversation with Listing Agent - What compensation is offered?

Hello Mr or Mrs Listing agent. I have a buyer that may be interested in seeing the property you have listed at 123 Main St. My Buyer has instructed me to verify, if any, what amount of co-operative compensation is being offered by the Sell side for Buyer's Rep Compensation. Are you offering a co-op on this property and if so how much?

Would you phrase this differently? If so, write a script in your own voice:

- a. How to discuss the possibility of an increased cooperative compensation: Mr or Mrs Listing Agent, can you tell me if you are currently working any offers on this property? I see it has been on the market for XXXX days. I have a buyer that is showing some pretty strong interest in this home and I am pretty sure if the home feels as good to them in person as it does in the advertising they would be willing to come in with a pretty strong offer. However, they have also instructed me not

to show them properties that do not offer a co-op that is satisfactory to cover the compensation in the agreement they have with me. Do you think you could have a conversation with your seller and see if they would be willing to allow you to offer an amount that would cover their Buyer Rep fees?

Would you phrase this differently? If so, write a script in your own voice:

b. How to express value:

Highlight that you have a ready, willing, and able buyer and that this is a hurdle that could pretty easily be remedied. Be willing to discuss time on market and highlight that there is competition. If the market is such that new builds are starting to offer agent bonuses and the like, how is this seller going to compete if they are unwilling to offer concessions in the potential sale of their home?

How would you phrase this? Write a script in your own voice:

5. Seller Conversation - What is a cooperating agent compensation and why is it valuable to a listing?

a. What effect could it have if there is or isn't a co-op offered on my listing?

Let's say there are 10 homes for sale in your neighborhood including yours that are similar in sq footage, upgrades, lot sizes, etc. Of those homes, all 9 of the other homes are offering co-operative compensation rates that would potentially cover the Buyer's Agent agreements and yours is not. This becomes an added expense for the buyer and possibly a deciding issue on

whether or not the buyer will even consider your home when there are 9 other opportunities nearby that at the starting point work better for their bottom line at the closing table.

Write your own personal response to this seller question, in your own voice:

6. Seller Conversation - Example: Why do I have to pay you 3% as my listing agent? Can't you do it for 1% or 2%?

Remember, there are no set or standard commissions, and they are always negotiable

Example:

Could I do it for less, sure. In fact there are many agents out there that would be willing to do it for less. However, what level of service do you expect in return? What part of my marketing expenses do you want me to cut out in order to lower your costs? Do you still want "after hours" access to my advice or do you want to limit that to business hours? You see, if I do my job well, not only will I earn that 3%, but you will ultimately benefit in the form of likely having a higher sales price and a smoother experience in the process. If I lower the price I charge, I either have to cut expenses on my side somewhere or I have to take on more clients to make up the difference in income which will ultimately leave less time for me to dedicate to you and your property.

In the grand scheme of things, there are a lot of discount brokerages out there that promise the same experience for less. However, the reality is that most of those services are unable to offer the personalized experience of a full service brokerage simply because of the number of transactions they have to juggle just to make up for the difference in income. It would be kind of like your boss coming to you and asking you to work a 40 hr week but only pay you for 26.5 hrs. If you do accept those terms, you would ultimately have to find another income source or take on another job to be able to make ends meet and your productivity would likely suffer. The same is true in real estate. We were at one time in a market where you could throw anything on the market and sell it above list price. During those times, there may have been an argument that we could cut costs in terms of marketing and such and still get the home sold, although I don't know that in such an overheated market that I would want to have someone representing me that could not dedicate the needed time to offer a full service experience. We are no longer in that market, and this is now why it is more important to have an agent that understands the

