

Agent Training
Sunday, April 14th, 2024
1:00pm – 3:00pm



1:00pm

AGENDA

1:00pm – Lunch

1:50pm – Agent Updates

2:00pm – Situations to watch out for

2:20pm – What does the NAR lawsuit mean to us?

2:30pm – What forms & procedures need to change?

2:55pm – HAR Home Sales Data as of March 2024

2:58pm – Comments / Questions?

1:50pm

Agent Introductions/Quick Stories

Quick agent update roundtable. What have you been up to? What life changes/experiences have happened in the past 6 months or will be happening soon?

Heads Up! Situations to watch out for

- 1) Do not put things in Agent Remarks (or Public Remarks) that mention a specific Title Company or commissions being paid to the Buyer's Agent. Do not mention anything in Public Remarks that is not specifically describing the property in the listing. You cannot mention a website or types of financing

Section 1.2.1. Public Remarks.

The public remarks field is intended to describe the physical attributes of the listed property only. The public remarks field shall not include contact information such as names, phone numbers, email addresses, web site addresses, or service provider information.

- 2) Never EXECUTE a document before everyone has signed it, even if you're just trying to save time.
- 3) Never modify/add/subtract from a document after it has been signed. Make sure every document you receive back from another agent has not been modified or altered either.
- 4) Make sure you are always using Supra i boxes on all listings so that they can be monitored and track who went in and out. Do not allow agents to visit/show your listing without an approved appointment. Never show anyone else's listing without an approved appointment.
- 5) If a property requires a specific disclosure (LBP, HOA, MUD, Flood, etc) make sure it is included with the contract and signed by all parties. Don't assume the other agent knows what has to be submitted. You are still liable for ensuring all required docs and disclosures have been included.
- 6) If you have an existing survey, get the T-47 signed before listing the property and include it with the survey in the DOCS on MLS. The T-47 Affidavit is required by Texas Law when re-using a survey.

- 7) Make sure that you give your seller client a copy of the Seller's Disclosure in advance of the listing and that they have completed all of it and signed/initialed where required. Review the form to make sure there are no errors or omissions. Never assume the seller completed it correctly or was 100% honest.
- 8) Read all Amendments very carefully and protect your client at all times. Never agree to an extension/repair/or contribution that doesn't benefit your client in some way. Make sure the other agent has slipped in any other changes on the amendment that you weren't expecting
- 9) Make it clear to your seller client that all repairs that involve electrical, plumbing, roofing, foundation or pest control/remediation are done by LICENSED PROFESSIONALS. The seller cannot do their own repairs on these types of issues. Receipts for repairs are REQUIRED and should be sent to the Buyer's Agent/Buyer
- 10) Remember that "Time is of the essence" and that there are deadlines for both the buyer and the seller. Pay attention to all deadlines and follow up to make sure they were adhered to / completed (even the ones that are not your client's responsibility). Send out weekly emails to the other agent, title company and lender to make sure everything is proceeding as planned. Don't assume everyone else is doing their job.
- 11) Always verify the identity of your client. For buyers make sure the loan pre-approval letter is legitimate and that the loan officer has vetted the buyer. When listing unimproved property and/or unoccupied homes make sure that the seller is who they say they are and get a copy of their Driver's License. There have been numerous scams with people impersonating sellers and basically stealing their homes/land and selling them and the actual owners don't find out for months.
- 12) VA Buyers are NOT ALLOWED to pay the following fees: Loan Application Fees, **Real Estate Broker Fees/Commissions**, Attorney Fees, Rate Lock Fees, 2nd appraisal unless requested by the veteran, prepayment penalties, escrow or notary fees. Also, you cannot use a FHA or VA loan to purchase investment property

- 13) Closing costs for buyers have been a BIG issue this year since interest rates went up. Be sure you and the lender explain the closing costs and cash needed to close with your buyer BEFORE you submit an offer. Many deals have crashed and burned because the buyer did not realize how much \$ they needed to close before it was too late. **Homeowners and Flood insurance along with Property Taxes can also price someone out of a home.**
- 14) Federal Pacific / Stab-Lok / Zinsco Electrical Panels are known fire hazards. Found in homes built between 1950-1990
- 15) Walk-Through's are extremely important to do before closing to verify the overall condition of the home, that repairs were done and done correctly, that nothing has been stolen or removed from the home prior to closing.
- 16) Be sure to include our commission disclosure statement in Paragraph 15 Special Provisions on all **Listing Agreements** so that sellers cannot say we forced them or tricked them into offering a commission to Buyers Agents. The statement can be found on our AGENTS ONLY webpage in the bottom right hand corner and was updated in April of 2024

Paragraph 15 of Listing Agreement: The seller has been informed of what the total commission charge from San Jacinto Properties will be to list and sell this home. The seller can also choose to offer an additional commission to a Buyer's Agent if that agent submits an accepted contract on the home. The seller has discussed the commission options with the listing agent before signing this listing contract and is in agreement.



BUYER'S WALK-THROUGH, CONFIRMATION, AND ACCEPTANCE FORM

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CONCERNING THE PROPERTY AT

NOTICE TO BUYER: The contract provides that the Seller will deliver possession of the Property to the Buyer in its present or required condition, ordinary wear and tear excepted. Before closing, the Buyer should verify that the condition of the Property meets the terms of the contract.

A. Inspections:

- (1) The Property was inspected by an inspector or inspectors of Buyer's choice. Buyer has reviewed the inspection report(s).
- (2) Buyer has chosen not to have the Property inspected.

B. Reinspections:

- (1) After completion of agreed repairs, the Property was inspected by an inspector or inspectors of Buyer's choice. Buyer has reviewed the inspection report(s).
- (2) Buyer has chosen not to have the Property reinspected.

C. Residential Service Contract:

- (1) Buyer has purchased a residential service contract.
- (2) Buyer has chosen not to purchase a residential service contract.

D. Before Closing Walk-Through:

- (1) Buyer has walked through and reviewed the Property before closing on _____
- (2) Buyer chooses not to walk through or review the Property before closing.

E. Sight Unseen:

- (1) Buyer has visited and reviewed the Property in person.
- (2) Buyer chooses not to visit or review the Property in person and is purchasing the Property sight unseen.

F. Acceptance: Buyer accepts the Property in its present condition.

NOTICE TO BUYER: The brokers have no knowledge of any defects in the Property other than what has been disclosed in the Seller's Disclosure Notice or other written information the brokers may have provided. The brokers have no duty to inspect the property for unknown defects. It is the Buyer's responsibility to have inspections completed.

Buyer _____ Date _____ Buyer _____ Date _____

2:20pm

The NAR Lawsuit. What does it mean?

The settlement agreement is still not finalized and the DOJ is still investigating further requirements. The current status mandates two key changes to the way members and MLS participants do business.

“The lawsuits challenge NAR's cooperative compensation rule, which requires seller's agents to make "blanket unilateral offers of compensation" to buyer's agents. To list a home on an MLS, the seller must make this "blanket unilateral" offer to pay buyer's agents, who influence which houses their clients consider.” Mar 15, 2024

- 1) NAR agreed to create a **new MLS rule prohibiting offers of compensation on the MLS**. This would mean that offers of compensation could not be communicated via an MLS, but they could continue to be an option consumers could pursue off-MLS through negotiation and consultation with real estate professionals. *Basically, this means that sellers cannot be required to offer any compensation to buyer's agents and that if they do decide to offer any compensation to buyer's agents, it cannot be mentioned on the MLS in any way. It will be negotiated in the contract or on a separate document that may be created by TREC/TXR (we don't have one yet)*

On April 5th 2024 the DOJ re-opened the investigation concerning Pocket Listings and the Clear Cooperation Policy of NAR

2) NAR also agreed to create a **new rule requiring MLS participants working with buyers to enter into written agreements with their buyers before the buyer tours a home.** NAR has long encouraged its members to use written agreements to help consumers understand exactly what services and value they provide, and for how much. *We have been using Buyer Representation Agreements for years but until now have not had to require buyer clients to pay our commissions because listings almost always offered commissions to buyer agents in MLS. This will now change and there will be sellers who refuse to offer commissions to buyer agents or will offer smaller commissions or flat fees. If a buyer's agent wants to be guaranteed a certain commission, that agent will now have to have the buyer agree to pay them that commission at closing if the seller doesn't.*

SAMPLE

3. DESCRIPTION: 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.

4. FEES: Buyer's Agent commission is a minimum of \$2,495 to be paid by buyer at closing. Buyer's Agent will attempt to obtain a commission from the seller when submitting an offer on a property on behalf of the buyer. If the seller pays a commission to the Buyer's Agent, that amount will be deducted from the \$2,495 owed by the buyer. Any seller paid commission to the Buyer's Agent over \$2,495 will relieve the buyer of any obligation to pay the Buyer's Agent a commission.

5. TERM: This agreement begins on _____ and ends in 30 days. This agreement will remain in effect past the 30 days if the client has an EXECUTED contract at title waiting to close and that contract was prepared by the Broker or Broker's representative in this agreement. This agreement will terminate when the home closes or if the contract at the title company is terminated.

What forms/procedures need to change moving forward

Changes/Updates for Sellers

- 1) Be sure to add the San Jacinto Properties commission disclosure statement in all Listing Agreements in Paragraph 15 (Special Provisions). Explain what your fee/commission is and what you will do to earn that fee/commission. More importantly, explain what buyer's agents do and how they can help sell the home quicker and for top dollar by showing it to buyers. If the seller is adamant about not paying a Buyer Agent commission then you need to decide to accept that and move on or to just not take the listing. Remember that by not taking the listing means \$0 in commissions to you.
- 2) Create a flyer or list of all the things you will do for your seller when they hire you. What services do you provide and what services do you not offer? Why would they hire you instead of another agent? What value do you bring to the transaction.
- 3) Be prepared to receive Buyer Agent commission requests in Special Provisions on incoming offers or on Broker-Produced forms that have a commission agreement between the Buyer Agent and the Seller. We as a brokerage will technically not be paying any Buyer Agent commissions, the seller will be paying them (if they choose to do so) and those decisions may come down to a case-by-case decision depending on the price of the home, the way the offer is written, any seller contributions going to the buyer, etc.
- 4) As of July 1st, 2024 (expected timeline of enforcement) you will no longer be allowed to show any commission being offered to Buyer Agents on the MLS. The commission field will be REMOVED on Matrix and you cannot sneak it in in Agent Remarks, Public Remarks or in the Docs.

- 5) Expect updates to the TREC 20-17 One to Four Family Contract concerning commissions and posting listings on MLS within 24 hours. Possibly expect a NEW form for Buyer's Agents to submit with the offer that spells out their commission request from the seller**
- 6) We are likely to start seeing more UNREPRESENTED buyers, meaning that the buyer has no Buyer's Agent representing them. Why would they do this? Because they don't want to have to pay a Buyer's Agent if the seller won't offer a commission. What does this mean for us as listing agents? It means that you will have to HELP these unrepresented buyers as CUSTOMERS (not clients). You can show them the home, answer disclosure questions and even prepare and offer for your seller based on what the buyer wants to offer. However, you can NOT give any advice or opinion that would benefit the buyer over your seller client. You owe a fiduciary duty to your seller client (OLDCAR) but only owe Honesty, Fairness and Disclosure to a buyer customer. You will need to have a SIGNED COPY of the IABS form indicating that the buyer is aware that you represent the seller and only the seller. You may have to show your own listing more than you did in past because buyer agents won't show listings that aren't going to pay them what they believe they are worth. You need to be VERY CAREFUL about speaking to unrepresented buyers and not disclose things like why the seller is selling, what's the lowest amount they will take, or anything else that could jeopardize your position as a fiduciary to your seller client. This is NOT dual agency and it's NOT intermediary because we do not represent both the seller and the buyer.**
- 7) Your LISTING FEE should be based only on what your commission/fee will be to list, market and sell the home. Any Buyer Agent commission will actually be offered by the seller, not us. If the seller wants to notify you in advance that they want to offer a Buyer Agent commission they can, those commissions will actually be negotiable between the seller and the buyer agent moving forward. (expect a new form or contract change)**

Changes/Updates for Buyers

- 1) Starting July 1st, 2024 (expected date) Buyer Agents will be REQUIRED to have a signed Buyer Representation Agreement with a buyer before they can show them any homes. That agreement will spell out how much the buyer will be required to pay their agent at closing IF the listing agent does not offer any Buyer Agent commission or if the commission is below what the Buyer Representation Agreement was for. EXAMPLE: Your buyer agrees to pay you a 1% minimum commission at closing if the seller does not pay you a commission. If the seller pays 2% then you get 2% and the buyer pays nothing. If the seller pays \$500 then the buyer pays you 1% minus \$500. You will need to make sure the seller knows how important it is to have you as a part of the transaction and that means you need to have your buyer fully pre-approved and your offer needs to be well written, clean and reasonable. You will now have to ask the listing agent if a commission is being offered, or just write one into the offer in Special Provisions or a new place when they update the contracts**
- 2) Explain to your buyer what documents and information are needed to apply for and be approved for a loan (tax records, pay stubs, bank statements, verification of employment, Debt to Income ratio, etc). Be sure to educate your buyer about closing costs before you ever show them any homes. Speak to the lender and get a clear idea of what the buyer can afford and not afford. Ask the lender for a Preliminary Loan Disclosure so that you and the buyer will have a really good idea of all the closing costs before any offers are submitted, this way you can be sure that your offer is written correctly and will have a high probability of being approved. If the buyer is going to need closing cost assistance from the seller you need to be aware of that upfront.**
- 3) Be prepared to find more and more listings offering commissions to Buyer Agents below 3% (it's already pretty common). You can't work for free so make sure both the buyer and the seller see your value in the transaction and that you are fairly compensated. Remember 3% of zero is zero. If you won't take a 2% or 1% commission someone else will. If you want to be paid the most, then show them why you are worth more. Keep in mind that some buyers just will not have the cash reserves to hire you as a Buyer's Agent so you have to make some decisions.**

CATEGORIES	MARCH 2023	MARCH 2024	CHANGE
TOTAL PROPERTY SALES	9,611	8,939	-7.0%
TOTAL DOLLAR VOLUME	\$3,696,767,237	\$3,490,182,989	-5.6%
TOTAL ACTIVE LISTINGS	32,557	41,070	26.1%
SINGLE-FAMILY HOME SALES	7,926	7,334	-7.5%
SINGLE-FAMILY AVERAGE SALES PRICE	\$407,015	\$412,464	1.3%
SINGLE-FAMILY MEDIAN SALES PRICE	\$324,870	\$330,000	1.6%
SINGLE-FAMILY MONTHS INVENTORY*	2.6	3.5	0.9 months
SINGLE-FAMILY PENDING SALES	8,332	8,741	4.9%

* Months inventory estimates the number of months it will take to deplete current active inventory based on the prior 12 months sales activity. This figure is representative of the single-family homes market.

More inventory means more competition to sellers

More competition leads to lower prices and more Days on Market



San Jacinto Properties Transactions Closed January 1 – April 14th

2022: 37

2023: 20

2024: 17

2:58pm

Comments / Questions / Suggestions



The next meeting will be in July, 2024