

# BUYERS AGENCY CONSULTATION

Post NAR Settlement Landscape  
to Buyers Agency

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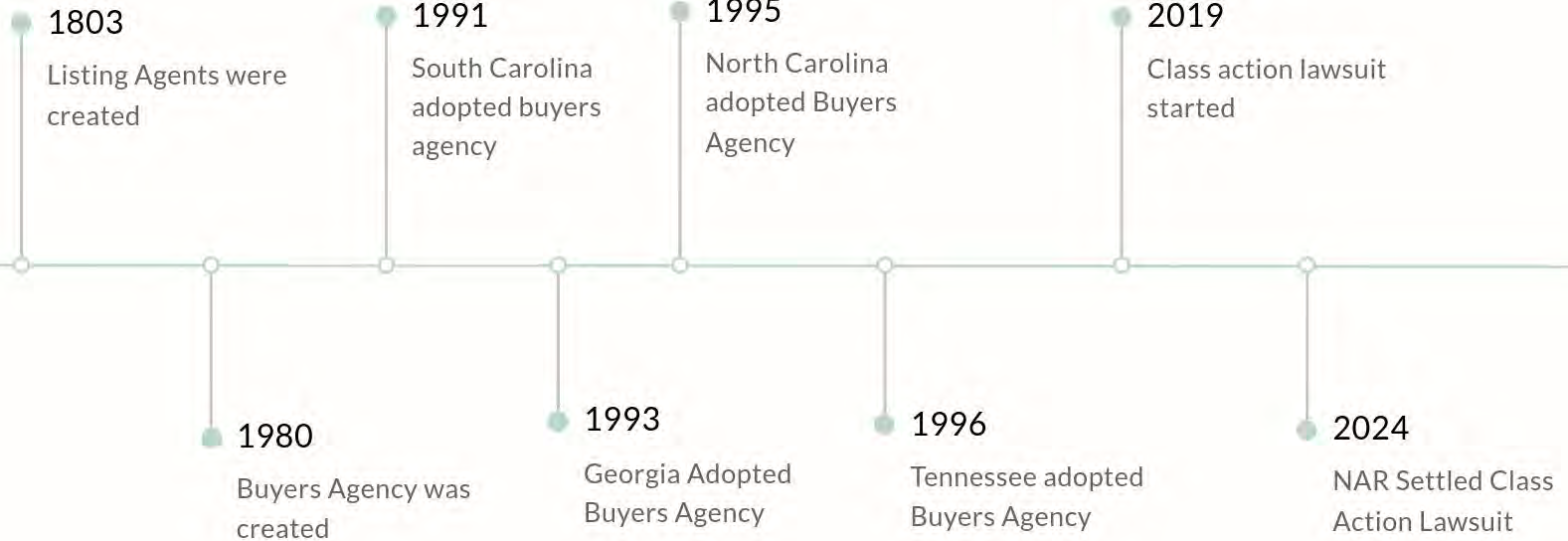
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?  
Have a question?  
Let's chat about it!  
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# DISCLAIMERS

- ✓ Your instructor is NOT an attorney. Seek an attorney for advice and specific verbiage
- ✓ Compensation is and has always been negotiable. We will not partake in violating Anti-trust laws.
- ✓ This course is to discuss ideas and concepts that could be included in an Office Policy however, an attorney should be consulted.

# EVOLUTION OF AGENCY IN REAL ESTATE



# DIFFERENT BEHAVIORS FROM AGENTS



## Listing Agents

Professional presentation



## Buyer Agents

Jump in car and go



Buyers Agency is late to the game, therefore, buyers haven't received the same treatment.

# WHEN DO YOU PRESENT?

IDEALLY: You will want to have an in person meeting with purchasers involved.

Your meeting should take 30-90 minutes.



PHONE



ZOOM



IN PERSON

## PRESENTATION

### OUTLINE

1. Who You Are
2. Disclosure
3. Discovery Phase
4. Research
5. Reviews
6. Commitment
7. Compensation/Choices
8. Set Appointment



# VERBIAGE:

Everything you say should be particular language.

- Compensation vs Commission
- Representation vs Buyers Agent
- Choices
- Value

# 1. WHO YOU ARE

In this section you want to explain how you work and what they can expect.

✓ **The Good, the Bad and the Ugly**

✓ **Number of Homes**

No need to show a million homes because you'll do the research up front

✓ **Video Showings**

If they are out of town, you'll go and give a virtual tour either video or FaceTime.

✓ **Buyer Net Sheet**

A net sheet will be provided before making an offer or when deciding on making an offer.





## 2. STATE DISCLOSURE

In this section you want to explain the brokerage disclosure form.

- ✔ Educates
- ✔ Builds Trust
- ✔ Segues into Agency
- ✔ Prevents Issues



## 3. DISCOVER

This section could take an hour.

- ✓ Pre-Qual
- ✓ Financing
- ✓ Discovery Checklist
  - Location, motivation, etc
- ✓ Buyers Real Estate Priorities Worksheet
- ✓ 105 Buyer Agent NAR List
- ✓ Timeframe

# CLIENT DISCOVERY & CHECKLIST



# CLIENT DISCOVERY CHECKLIST BREAKDOWN- PAGE 1

## 1. Understanding the Client's Primary Goal

- Identify the Motivation for Buying/ Selling
- Financial Considerations
- Timeline
- Must-Haves and Deal Breakers

## 2. Understanding the Client's Secondary Goal

- Preferences and Desires
- Flexibility and Compromises
- Long-Term Plans

### Client Discovery Checklist for Real Estate Agents

#### Understanding the Client's Primary Goal

##### Identify the Motivation for Buying/Selling

1. Why is the client looking to buy or sell at this time?
2. Is this purchase/sale driven by personal, financial, or professional reasons?
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

##### Financial Considerations

1. What is the client's budget or target sale price?
2. Have they been pre-approved for a mortgage (if buying)?
3. What are their financial limits and flexibility?
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

##### Timeline

1. By when does the client need to buy/sell?
2. Are there any critical dates (e.g., school enrollment, job relocation)?
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

##### Must-Haves and Deal Breakers

1. What are the non-negotiable features of the home or terms of the sale?
2. Are there specific locations, property types, or amenities that are must-haves?
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

#### Understanding the Client's Secondary Goal

##### Preferences and Desires

1. Beyond the must-haves, what are the client's preferences or wishes (e.g., garden, office space)?
2. How important are these secondary preferences in comparison to the primary goal?
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

##### Flexibility and Compromises

1. Where is the client willing to make compromises?
2. How do these compromises affect their primary and secondary goals?
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

##### Long-Term Plans

1. How does this purchase/sale fit into the client's long-term goals (e.g., starting a family, investment)?
2. Are they looking for a starter home, forever home, or an investment property?
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

# CLIENT DISCOVERY CHECKLIST BREAKDOWN- PAGE 2

## 3. Preparing for Negotiation

- Market Analysis
- Competitive Edge
- Negotiation Strategy
- Communication Plan
- Backup Plan

## 4. Documentation and Legal Considerations

- Offer Documentation
- Legal and Regulatory Requirements

### Preparing for Negotiation

#### Market Analysis

1. Conduct a comprehensive market analysis to understand current trends.
2. How do these trends affect the client's buying or selling position?
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

#### Competitive Edge

1. What can make the client's offer more appealing in a competitive market?
2. If selling, what unique features or terms can make the property stand out?
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

#### Negotiation Strategy

1. Based on the client's goals, what negotiation tactics will be most effective?
2. How will you handle counter-offers or challenging negotiation counterparts?
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

#### Communication Plan

1. Establish a clear communication plan with the client.
2. How often and through what means will you update the client on progress?
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

#### Backup Plan

1. What is the backup plan if the initial offer is not successful?
2. How flexible is the client's timeline and can it be adjusted if needed?
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

### Documentation and Legal Considerations

#### Offer Documentation

1. Ensure all offer documents are ready and fully understood by the client.
2. Are there any clauses or conditions (e.g., inspection, financing) that need to be included?
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

#### Legal and Regulatory Requirements

1. Are there any legal or regulatory considerations specific to the property or locale?
2. Does the client understand their rights and obligations under the contract?
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

# BUYERS REAL ESTATE PRIORITIES WORKSHEET

Both spouses must sit with you to fill out this form.

Must Haves	Would Like to Have	Hard No
Three car garage	Smart home technology	Corner lot
Open floor plan	Home office space	High-crime area
Ample storage space	Outdoor living area	Limited parking

# BUYER REPRESENTATIVE SKILLS SELF-ASSESSMENT

## WHAT'S YOUR SCORE?

Buyer Representative Skill	Rating 1=very weak; 2=weak; 3=average; 4=strong; 5=very strong
How strong are you at converting leads into appointments?	
How strong are you at follow up before and after agency?	
Can you conduct a buyer's consultation and discovery that leads to a signed buyer representation agreement?	
Can you explain all the documents?	
Can you clearly communicate your value proposition to a client?	
Do you understand how a buyer-agent relationship is legally formed?	
Do you know your specific duties and responsibilities as a buyer's representative?	
Do you know your specific duties and responsibilities as a seller's representative?	
Do you know and follow all federal, state, and local fair housing laws when selecting and showing properties?	
Do you know how to conduct a thorough analysis of the market to understand your client's negotiating position?	
Are you able to help your client formulate an informed and competitive offer based on objective valuation tools?	
Are you knowledgeable about the process of presenting an offer and negotiating with the seller to get the best price and terms possible?	
Are you able to guide your client through contract contingencies and mortgage process?	
Are you able to guide your client through the home inspection and appraisal process?	
Do you understand the different types of required insurance, special assessments and the closing process?	

### TOTAL SCORE Here's how to evaluate your score:

- 75-70:** Exceptionally skilled and knowledgeable! Fine tune your skills!
- 69-65:** Very strong. Work on those few areas where you're not as strong as you could be!
- 64-60:** Good, but you can be better! Work on making your weaknesses a strength!
- 59 or Less:** Now that you know what you need to improve, you're on your way! Keep studying, practicing, and learning!



## 4. RESEARCH

- ✓ Research Property with them
- ✓ Explain the Drip Campaign
- ✓ Set them up on the Drip Campaign



## 5. REVIEWS

- ✓ Written reviews
- ✓ Video testimonials
- ✓ Book: Raving Reviews



## 6. COMMITMENT

The settlement/MLS policy requires a written buyer agreement - in whatever form - to be signed prior to touring a home, unless state law requires it sooner.



### Buyers Agency Agreement

- It could be written for one day or one property, etc.



### Showing Agreement/Touring Agreement



### Transaction Brokerage Agreement

- It could be used for a short or long term relationship.
- 25 States recognize Transaction Brokerage & 25 do not.



### Brokerage Disclosure Form Explained & Signed

This section is where you discuss their **options** and **choices**. YOU don't have to commit at this point and it's a good time to let them know you are deciding on them too. You however, are required to disclose and have in writing the current relationship with you.

## 7. COMPENSATION CHOICES



- ✓ Buyer can pay their buyers agent brokerage
  - It would be a part of their closing cost
- ✓ Buyer can ask the seller to pay the BA fee
- ✓ LA may offer to pay a BA upfront
  - Compensation agreement will still need to be signed
- ✓ Closing cost assistance could be used towards a BA compensation
  - Discuss this with the lender for approval and limitations

# BUYER PRESENTATION NET SHEET

## BUYER NET SHEET

CHOICE 1:		CHOICE 2:		CHOICE 3:		CHOICE 4:	
123 Main Street		456 Elm Street		789 Maple Ave		2428 Meadow Lane	
Purchase Price	\$370,812	Purchase Price	\$382,000	Purchase Price	\$365,900	Purchase Price	\$352,850
Earnest Money Deposit	\$3,708	Earnest Money Deposit	\$3,820	Earnest Money Deposit	\$3,659	Earnest Money Deposit	\$3,528
Inspections	\$600	Inspections	\$600	Inspections	\$600	Inspections	\$600
Down Payment 20%	\$74,162	Down Payment 20%	\$76,400	Down Payment 20%	\$73,180	Down Payment 20%	\$70,570
Seller Paid Compensation		Seller Paid Compensation		Seller Paid Compensation		Seller Paid Compensation	
Seller Paid Concessions		Seller Paid Concession		Seller Paid Concession		Seller Paid Concession	
Buyer Paid Compensation		Buyer Paid Compensation		Buyer Paid Compensation		Buyer Paid Compensation	
Home Warranty?	\$600	Home Warranty?	\$600	Home Warranty?	\$600	Home Warranty?	\$600
CL-100	\$100	CL-100	\$100	CL-100	\$100	CL-100	\$100
Lender Fees	\$2,500	Lender Fees	\$2,500	Lender Fees	\$2,500	Lender Fees	\$2,500
Attorney Fees	\$2,500	Attorney Fees	\$2,500	Attorney Fees	\$2,500	Attorney Fees	\$2,500

**Total Out of Pocket                      \$84,170      Total Out of Pocket                      \$86,520      Total Out of Pocket                      \$83,139      Total Out of Pocket                      \$80,398**

The seller's net proceeds are estimated using available information.  
 These are not the actual costs that would be incurred if a sale is consummated.  
 Seller's net proceeds are not guaranteed in any way.



\*\*\*NOTE: Compensation is negotiable by law and the examples above are simply examples to explain formulas and concepts.

# COMPENSATION AGREEMENT

- ✓ Should be presented and signed with every offer/contract if there is a co-broke share of compensation.
  - Transparency is key
  - Written contracts are enforceable in court
  
- ✓ No need for a compensation agreement if...
  - Buyer ONLY pays buyers agent
  - Seller ONLY pays listing agent

# COMPENSATION PRESENTATION

- ✓ Present compensation agreement BEFORE the OTP
- ✓ Attach compensation agreement with the OTP (in an email not in an addendum attached)
- ✓ Website
- ✓ Call and speak with listing agent about compensation agreement

# WHO SIGNS THE COMPENSATION AGREEMENT?

- ✓ Payor and Payee (BIC or who they assign in the Broker Office Policy)
- ✓ Seller
- ✓ Buyer

\*Check with your brokerage firm on your office policy.



# WHAT IF THE BUYER CAN'T PAY & THE SELLER WON'T?





# CAN YOU DENY SHOWING A PROPERTY IF THE LISTING IS NOT OFFERING COMPENSATION?

- The BA cannot deny showing a property based on compensation.
- However, the **buyer** can choose to not preview the home based on compensation.
- The BA must provide the buyer all listings that meet their criteria, whether compensation is offered or not.





## 8. SCHEDULE YOUR APPOINTMENT

This section helps you keep the ball rolling and move to the next step.

- ✓ Your first or second showing appointment
- ✓ Your next meeting
- ✓ Did you give them homework you'll need to discuss in the future?



THANK YOU



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