

## Your Value Proposition – Why Choose You?

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## Current Legal Issues

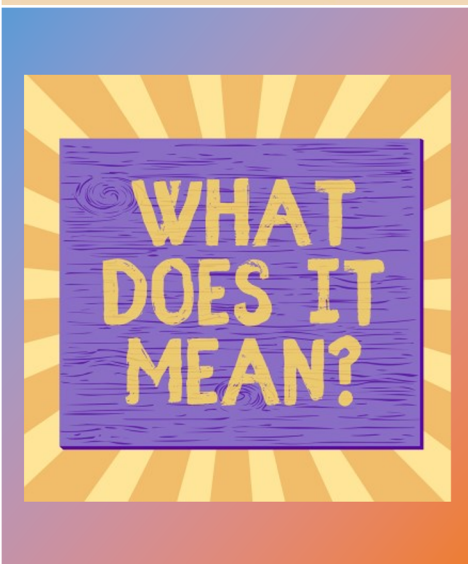
- Have been discussed in many other courses and venues
- Constantly changing as they go thru the courts
- Still waiting to see what DOJ says!



- Variety of lawsuits filed and working way thru the courts claiming sellers being forced to pay buyer brokerage compensation with no negotiation
- DOJ filed a lawsuit that was precursor to recent NAR changes
  - Buyer brokerage compensation offer in MLS must be available to public
  - Buyer agents cannot say their services are free – costing the buyers nothing



- There are MLSs that have changed their policy on mandatory offer of compensation
- High probability when this is all over – there will be no required offer of compensation in the MLS



- Compensation conversation with clients must change
- High probability you will need buyer rep agreement to get paid
- Must be able to effectively communicate our value proposition to our clients



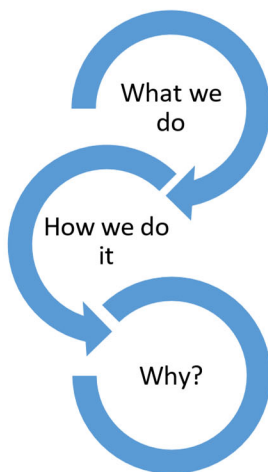
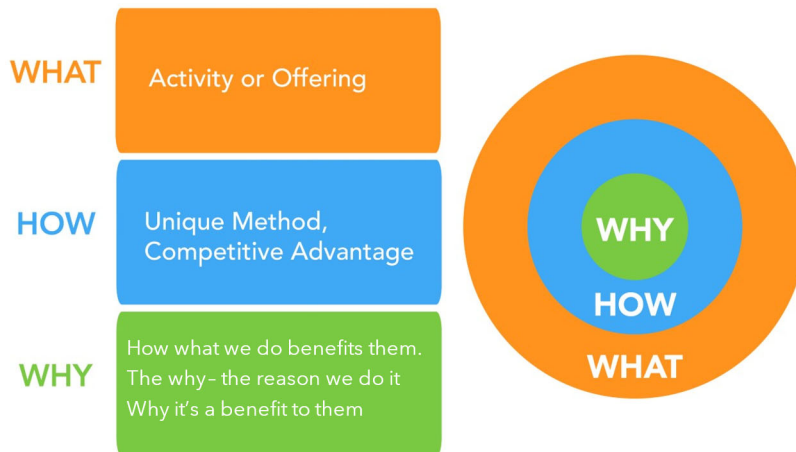
# No Compensation?

How will you explain compensation to the sellers?

How will you get paid as a buyer brokerage?

How will this change what you say and do with your clients?

## Sinek's Golden Circle



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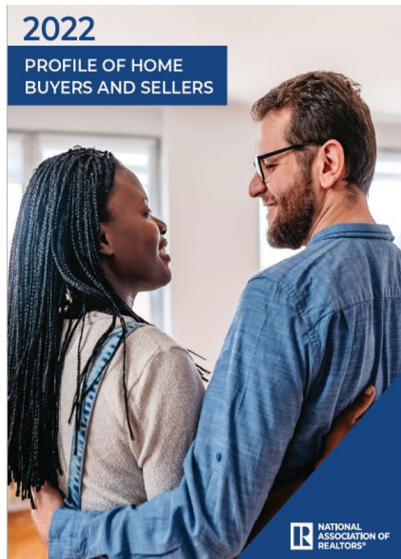
What we do is important

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They don't know what we do

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To get commitment we need to show them how what we do benefits them in their transaction



2022

PROFILE OF HOME BUYERS AND SELLERS

NATIONAL ASSOCIATION OF REALTORS®

Exhibit 3-11 Buyer Use of Internet in Home Search Process, 1995-2022  
(Percentage Distribution)

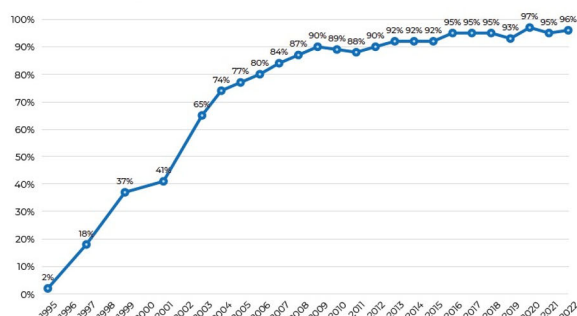


Exhibit 3-10 Most Difficult Steps of Home Buying Process by First-Time and Repeat Buyers and Buyers of New and Previously Owned Homes

(Percentage Distribution)

	BUYERS OF				
	ALL BUYERS	FIRST-TIME BUYERS	REPEAT BUYERS	NEW HOMES	PREVIOUSLY OWNED HOMES
Finding the right property	56%	59%	54%	46%	57%
Paperwork	18%	24%	15%	18%	18%
Understanding the process and steps	15%	33%	6%	14%	16%
Saving for the down payment	13%	29%	5%	10%	14%
Getting a mortgage	7%	8%	6%	6%	7%
Appraisal of the property	5%	6%	5%	2%	6%
Inability to move forward in process due to Covid-19	7%	8%	7%	11%	7%
No difficult steps	18%	8%	23%	24%	16%
Other	7%	6%	7%	5%	7%

Exhibit 4-11 Benefits Provided by Real Estate Agent During Home Purchase Process, First-Time and Repeat Buyers

(Percent of Respondents)

	ALL BUYERS	FIRST-TIME BUYERS	REPEAT BUYERS
Helped buyer understand the process	63%	85%	50%
Pointed out unnoticed features/faults with property	58%	64%	55%
Provided a better list of service providers (e.g. home inspector)	49%	52%	47%
Negotiated better sales contract terms	47%	52%	44%
Improved buyer's knowledge of search areas	46%	51%	43%
Negotiated a better price	31%	34%	29%
Shortened buyer's home search	28%	32%	26%
Provided better list of mortgage lenders	26%	33%	23%
Expanded buyer's search area	22%	26%	20%
Narrowed buyer's search area	15%	16%	14%
None of the above	5%	3%	6%
Other	3%	2%	4%



## They don't know what we do

- To get commitment from the buyer – we must show them what we do
- Many believe they have all the info they need to be an educated buyer – we know that's not usually the case
- Understanding what we do and then being able to translate that into a benefit to the buyer is the foundation of buyer agency



Our session today won't take a long time, probably just \*20 minutes\* or so, but it is very important. We'll be going over what is important to you in your new home, answer your questions about buying, get to know each other a bit and determine if I am the right agent for you.

My job is to find you the right home, at the right price and terms and get your transaction to the closing table. Let's start with what you are looking for.



You mentioned you were looking at approximately \$300 to \$350,000. Have you talked with a lender to determine your buying power?

Let's do that now then. My preferred lender will be happy to do a preapproval for you so we can narrow down our search and be sure we are not looking in a price range that is more than you want to commit to.



## Financing Savvy

- Typically lender does this
- You can help your clients better if you
  - Find the right program and know mortgage products
  - What local lenders have and state programs that may be available
  - Show them options
  - Many buyers believe they need 20% down
  - Explain TRID
- Not all loan officers provide personalized service
- This can be a big part of your value proposition



You're skilled at guiding clients through the home buying process. But do you ever receive questions about mortgage options that you don't know how to answer?

The Home Finance Resource Certification Course is designed to provide you with foundational education to help you confidently explain key pieces of the loan origination process.

With the skills that you gain from this course, you will also be equipped to provide guidance on navigating mortgage applications and alternative financing options for all types of buyers.

Let's get the legal stuff out of the way first. I work for you. Here in Illinois, I am your designated agent and as such I put your interests ahead of everyone else's, my own as well as any sellers whose homes you may be interested in.

Obviously, purchasing a home is a legally complex procedure and my job is to help you navigate through all of it. As I mentioned, my job is to help you find the right property – at the right price – negotiate the best terms for you and get your transaction to the closing table.

Let's look at an overview of the process and the expenses you will encounter and how I can help you accomplish your goals.

Use What-How-Why  
Buying Process/Expenses



As you can see, there is a lot of time and work involved before we ever get to the closing table. Because of that, you want an agent who will devote their time to you to find you the right home, at the right price.

You are much better off with one agent working 100% for you than a variety of agents working a little bit for you. You want us focusing on your needs and putting you at the forefront of their searches.



I'd like to take a few minutes and go over what we do, how we do it and why it's a benefit to you in your house hunting.

An overview of my job description is here in my Pledge of Performance.



[Use Pledge of Performance](#)

Everything we do depends on whether it is a buyer or sellers' market. Currently we are in a sellers' market in our area. Let me share with you some information from our MLS that shows us what is currently happening in \*name of area\*.



- New listings
- Homes on the market
- Days on market
- Sold properties
- Absorption rate (months supply)



Use Your MLS Analytics

competition.realtor

### ECONOMICS OF BUYING A HOME

REAL ESTATE BROKER COMMISSION STRUCTURE BENEFITS BUYERS AND SELLERS ALIKE

The current way brokerage services are paid prevents a greater cost burden that would be especially devastating for first-time and low-income home buyers.

If buyers had to pay real estate broker commissions directly, it would add **thousands of dollars** to an **already costly transaction**.



The typical American household has an average of **\$8,863** in the bank\*.

That's barely more than 50% of the median down payment on a starter home, which is **\$16,100 or 7%** for first-time homebuyers\*\*.



Since most lenders don't allow real estate broker commissions to be financed, every 1% of broker commissions that first-time buyers pay out of pocket would put their home **\$2,300** further out of reach.

## Links and References

[bit.ly/3GqIFxo](https://bit.ly/3GqIFxo)

REALTOR® Magazine Article: Most Americans Struggle with Real Estate Terminology

competition.realtor

Information on lawsuits and value proposition



# BUYER QUALIFICATION WORKSHEET

Name \_\_\_\_\_

Current Address \_\_\_\_\_

Phone Numbers \_\_\_\_\_

E-Mail Addresses \_\_\_\_\_

Family size \_\_\_\_\_

Pets \_\_\_\_\_

Current Living Situation:

Own       Rent       Must sell to purchase

Desired possession date \_\_\_\_\_

Ideal Price \_\_\_\_\_

Ideal Monthly Payment \_\_\_\_\_

Preapproved    With whom \_\_\_\_\_

Ideal Location \_\_\_\_\_

Special requirements     day care facilities     sports/recreation programs

cultural activities     school requirements     other

Notes: \_\_\_\_\_

# of Bedrooms \_\_\_\_\_    Minimum \_\_\_\_\_

# of Bathrooms \_\_\_\_\_    Minimum \_\_\_\_\_

Garage \_\_\_\_\_

Lot Size \_\_\_\_\_

Age of home \_\_\_\_\_

Style \_\_\_\_\_

- |   |                                      |  |
|---|--------------------------------------|--|
| <input type="checkbox"/> Eat-in kitchen       | <input type="checkbox"/> Fenced yard | <input type="checkbox"/> Boat parking        |
| <input type="checkbox"/> Separate dining room | <input type="checkbox"/> Deck/patio  | <input type="checkbox"/> Camper              |
| <input type="checkbox"/> Fireplace            | <input type="checkbox"/> Pool        | <input type="checkbox"/> Bus/truck           |
| <input type="checkbox"/> Family room          | <input type="checkbox"/> Waterfront  | <input type="checkbox"/> Additional vehicles |
| <input type="checkbox"/> Finished basement    | <input type="checkbox"/> Home office | <input type="checkbox"/> _____               |
| <input type="checkbox"/> _____                | <input type="checkbox"/> _____       | <input type="checkbox"/> _____               |

How long have you been looking for a home? \_\_\_\_\_

How have you been doing that? \_\_\_\_\_

Have any agents shown you homes? \_\_\_\_\_

What was your relationship with them? \_\_\_\_\_

What did you sign with them? \_\_\_\_\_

Did you see anything you liked? \_\_\_\_\_

What kept you from buying it? \_\_\_\_\_

Describe your ideal home \_\_\_\_\_

If we weren't able to find everything in the price range and location you want, what would you consider compromising on? \_\_\_\_\_

Are there some items that are 'deal breakers' – things you won't compromise on? \_\_\_\_\_

Tell me a little about your lifestyle, how you entertain \_\_\_\_\_

Is there anything else I need to know - any other requirements or needs? \_\_\_\_\_

## What We Do

Find suitable property

Show property

Analyze the market

Write the offer

Negotiate on your behalf

Follow-through to closing

## How We Do It

Use PLN. Contact sellers who are not ready yet. Other offices. Previous clients. Agents in our office have sellers. Private office listings.

Point out features. Remind you of what you wanted. Help you compare.

Utilize MLS (InfoSparks) data. Trained on how to analyze the data. Will do CMA.

Go through the contract to determine how to structure it to your benefit.

Trained in negotiating best price, terms and conditions for my buyers.

Monitor all due-diligence dates. Work with home inspector and assist in home inspection issues. Work with other agent and appraiser if needed. Coordinate activities with attorneys, title company and all parties.

## Benefit to Client

The Value – The WHY

Not all the properties you see on the internet are available and not all the available properties are on the internet.

Sellers 'stage' their homes for a reason. We need to look at things that don't change – how difficult to change others.

You want to buy a home – not just make an offer. Buyers or sellers' market? Help you get the property at the best price and terms for the market.

We need to be the 'chosen' one! A poorly written contract can be totally rejected. Must be sure it meets your needs. Changing it during attorney review can cause you to lose the house.

We don't want to leave anything on the table. Working with a trained negotiating expert assures you will get your needs met.

Offer acceptance is only the beginning. Getting to the closing with all the players moving in the right direction is much like a well-run football team. It's the quarterback's job to get the ball in the endzone and I will be your quarterback.

## **The Buying Process**

The Buying Process has many different steps. It is not simply a matter of finding a house, writing an offer on it, taking money to closing and moving in. There are many important steps that must be followed to ensure we have a successful transaction. These are the major steps (there are plenty more!). It is my job to orchestrate the successful execution of each of these steps.

- Getting pre-approved for your mortgage
  - Determining your wants and needs
  - The Search begins!
  - Reanalyzing your wants and needs
  - The Search continues
  - Proactive search for new listings
  - Determining your offer price – doing a price analysis
  - Writing an offer that has the highest odds of being accepted
  - Negotiating for the best price and terms
  - Coordinating the home inspection
  - Resolution of any home inspection issues
  - Coordinating survey, termite, well & septic and other issues
  - Resolving appraisal issues – if any
  - Coordinating other issues to get to a successful closing!
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## **List of possible expenses**

- Earnest money – contract - varies
- Origination Fee – lender – can be 1 – 3%
- Application Fee – lender – for credit check and appraisal – can be \$400+
- Inspections – depends – but may be \$300 - \$500 (radon, pest inspections will add \$\$)
- Attorney - can be \$500 to \$1,000+
- Insurance – you will need a prepaid homeowners insurance policy at closing
- Title company – fees vary – please check with your attorney

## **Buyers Pledge of Performance**

### **Because I am committed to preparing you to be an educated buyer, I will:**

- . . . give you the most vital information on available homes
- . . . keep you aware of changes in the real estate market
- . . . arrange a tour of areas, schools and key points of interest
- . . . provide neighborhood information on municipal services, schools, churches, etc.
- . . . check applicable zoning and building restrictions
- . . . disclose all known facts about properties I show you
- . . . collect pertinent data on values, taxes, utility costs, etc.
- . . . point out strengths and weaknesses of all properties you choose to view
- . . . explain forms, contracts, escrow and settlement procedures
- . . . discuss loan qualification and processing

### **Because I am committed to helping you save time, I will:**

- . . . provide ready access to all MLS listed properties
- . . . assist you as requested on all unlisted properties
- . . . help you select for viewing only those homes that fit your needs
- . . . show you homes only in the price range most suited to your finances
- . . . provide you a list of qualified attorneys, home inspectors or other service providers
- . . . arrange for necessary property inspections

### **Because I am committed to helping you find the best value, I will:**

- . . . prepare studies of property values in chosen areas
- . . . perform a market analysis on chosen properties
- . . . discuss financing alternatives
- . . . see that you get a complete estimate of all costs involved
- . . . advise on offers on properties
- . . . write and present your purchase agreement to the seller
- . . . negotiate on your behalf

### **Because I am committed to you – my buyer – I will do all of this – plus:**

- . . . keep your personal information confidential at all times
- . . . stay in touch with you from the day you start your search until the day you move in
- . . . coordinate all aspects of the sale and closing
- . . . receive compensation only when we have a successfully closed transaction

Agent Signature \_\_\_\_\_



## Home Buying Guidelines

- If you have to resell soon, don't buy an unusual house.
- Even if the quality of the school district doesn't matter to you now, remember it might someday to another buyer.
- Brand new homes may be lower in maintenance costs, but can be higher in out of pocket expenses.
- There are no perfect homes. Be ready to make compromises and concessions. Know what's most important to you and 'give' on those things that aren't.
- Location, location, location – some things don't change.
- Supply and demand is a critical issue. Be ready to move quick when you find what you want.
- Pay attention to floor plans. Changing layouts of rooms can be costly.
- Get preapproved for your mortgage prior to making an offer.
- Be an educated buyer. Learn as much as you can about the market before you buy.
- Redoing kitchens and baths can be very expensive – check these out carefully.
- Imagine the home vacant. Do not be swayed by decorating – the furnishings will leave with the seller.
- Vacant homes appear larger than they are. It may be a good idea to measure to make sure your furnishings are going to fit.
- Landscaping is there not just to make the home look good – it can save thousands of dollars over the years in utility bills.
- Buy the best home you can afford in the best neighborhood you can afford. You are almost always better off with the least expensive home in the area rather than the most expensive.
- Pay attention to the original listing date of the properties you look at; sellers tend to be more flexible the longer the home is on the market.
- Be honest and open with your agent; he or she works for you and can best help you if they have a good understanding of your needs.
- You'll know the right home for you when you see it and it will have very little to do with logic – don't ask us how that works – it just does!