



SOLUTIONS
Need
Leadership

FOR SUCCESS ON PURPOSE!

Real Estate Industry's Future?

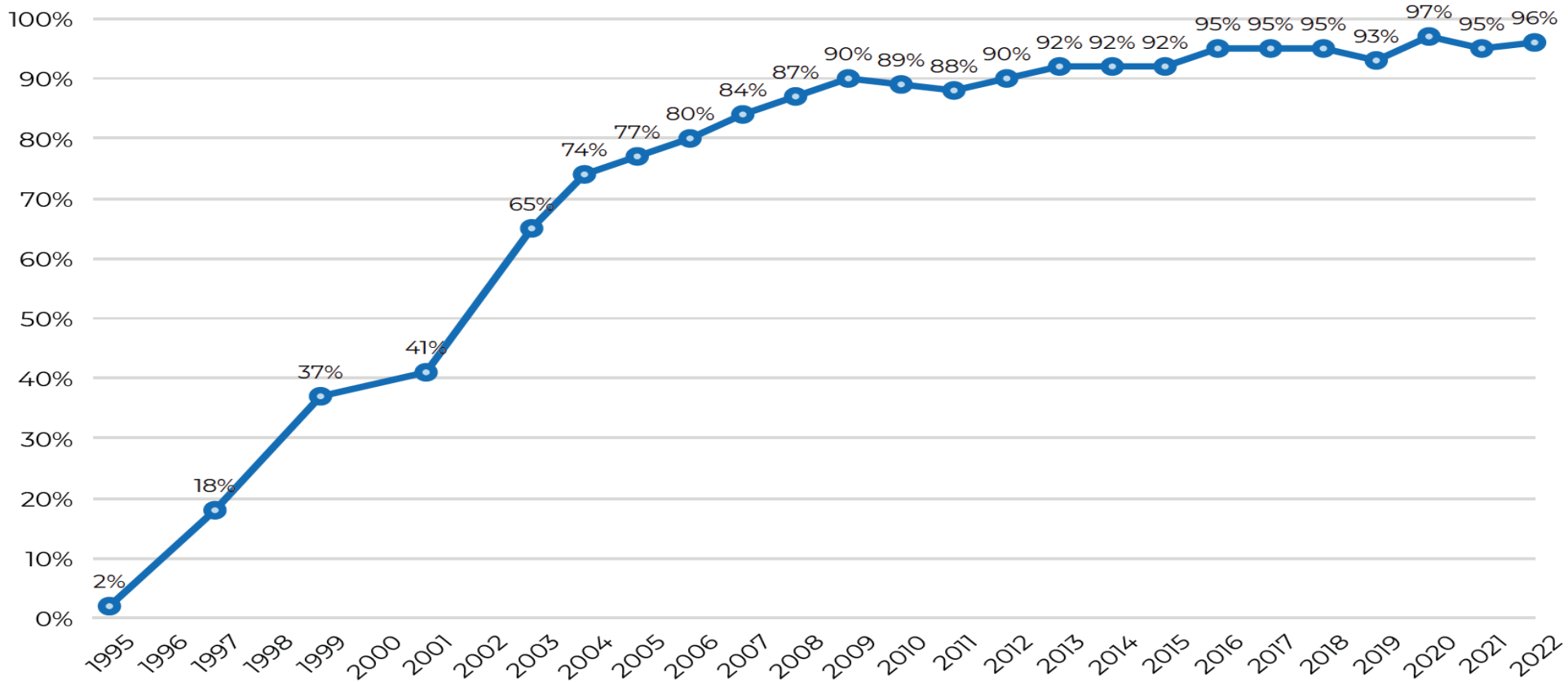
- ▶ Volatile Market
- ▶ Shortage of Inventory
- ▶ AI and ChatGPT

- ▶ Massive Investigations
- ▶ Lawsuits Pending
- ▶ Future Copycat Lawsuits?



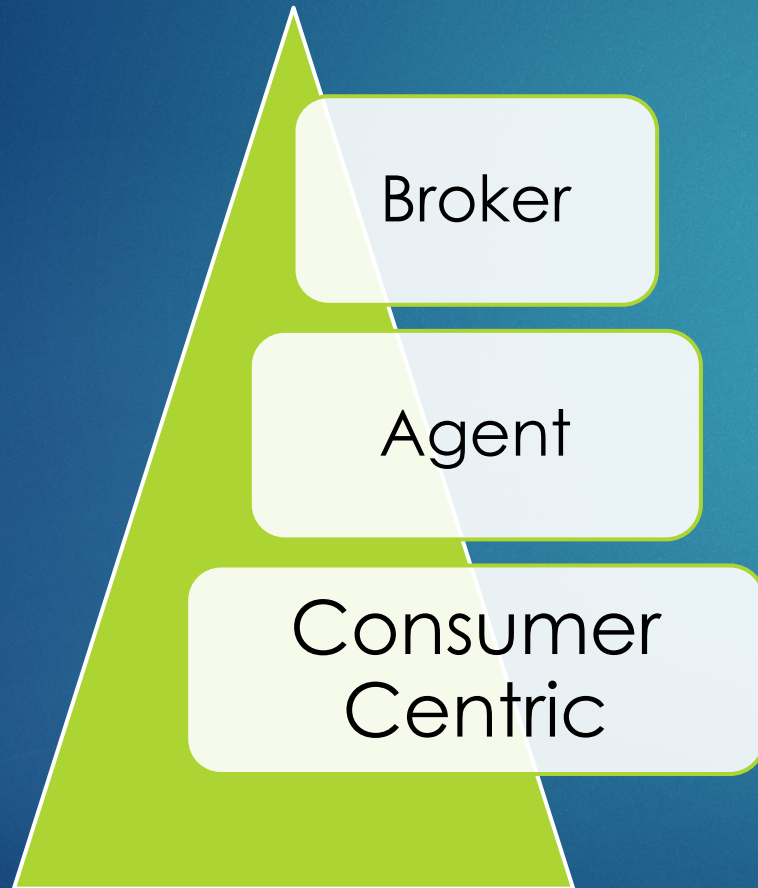
Exhibit 3-11 Buyer Use of Internet in Home Search Process, 1995-2022

(Percentage Distribution)



1993 NAR President William Chee: “The Lion is coming over the hill!”

Who is Driving the Bus today?



We NEED to listen to the Messages and Questions being thrown out there!

- ▶ WHY are the Sellers having to pay the Buyer Brokerage Fee?
- ▶ Sellers don't get to negotiate that fee
- ▶ **AND...Buyer Brokers' Value is minimal... if needed at all!**

Ostrich Leadership



- ▶ Real Trends Survey Q1 2023: Do you view the outcome of commission lawsuits to be a challenge or concern?
 - ▶ Only 3.45% said “yes”
- ▶ What are you doing to prep for a worst-case outcome?
 - ▶ 60% said “Nothing”

“GET OUT IN FRONT OF IT OR GET RUN OVER”

Insightful Leadership Needed

- ▶ Listen
- ▶ Look for Lessons
- ▶ Be Proactive
- ▶ Have Courage to Lead Change



Designated Managing Brokers: What Keeps YOU Awake at Night?

- ▶ Face Book
- ▶ Real Estate Mastermind groups
- ▶ Comments in meetings
- ▶ What they say at the client's kitchen table
- ▶ What they DON'T say to new clients



Update on Moehrl Case – July 8 (2022)

Update

inman

Agent Brokerage

Inman Connect
Las Vegas

More ▾ Search 🔍

SELECT

More than 700 agent steering calls suggest price-fixing, lawyers charge

In new court filings in the Moehrl case, lawyers singled out hundreds of phone calls — far more than previously reported — in which agents steered business away from discount brokerage REX

- Agents said
 - “I’ll just tell the buyers it’s sold”
 - “I won’t be showing it then”
 - “You can’t do that – you have to offer compensation”



“Get out in front of it...or Get run over”

Designated Managing Brokers

- ▶ STATUTORY DUTIES
 - ▶ Supervision
 - ▶ Training
- ▶ VALUE PROPOSITION
 - ▶ Support & MOTIVATION
 - ▶ Leadership
 - ▶ Guidance & Accessibility
 - ▶ Culture & Resources



CHANGE is Difficult

- ▶ Most people focus on the PROBLEMS
- ▶ Let's Focus on the OPPORTUNITIES



Fundamental change in approach
that causes old ways of thinking and
doing things to become irrelevant





Major Issue: Participation Rule

**WHY ARE SELLERS
FORCED TO PAY THE
BUYER BROKERAGE
COMPENSATION?**

LOCAL BROKER MARKETPLACES IN ACTION

Multiple Listing Services (MLSs) are independent broker marketplaces that connect buyers and sellers of real estate in the U.S. through their respective agents. Local broker marketplaces give first-time, low-income and other buyers better access to the American dream of homeownership while also exposing a seller's property to the greatest number of potential buyers.

WHAT LOCAL BROKER MARKETPLACES DO FOR YOU:

Largest databases of available homes



Most up-to-date home status information



Maximized visibility of homes for sale



Verified, trusted, detailed and accurate property information



A WORLD WITHOUT LOCAL BROKER MARKETPLACES:

No centralized source of available homes



Outdated home status information



Fewer homes for buyers to choose from on real estate websites



Unverified, inaccurate and unreliable property information



NEW Seller Conversations Needed

STOP Saying

- ▶ “the commission we charge is X and we pay out Y to the co-op brokers”
- ▶ “if we don’t pay out at least Y, no one will show your listing”





- Compensation is two parts added together to make the whole.
- Part is for the listing office and what they do for the seller.
- Part is for the “Other” brokerage and what they do for the buyer
- Total is paid by both the buyer and seller in the price they agreed on

No Offer of Compensation?

**Buyers don't
have the extra
cash**

**Lenders won't
let them add it
to the
mortgage**

**If buyers pay
themselves –
they will pay
the seller less!**

**Buyers may choose to negotiate
the compensation in the contract**

**Seller's property
more marketable
if they offer
compensation**

**It ends up being the same thing – compensation
comes out of the agreed upon price the buyer is
willing to pay and the seller is willing to accept.**

****NEW**** Mainstreet Marketing Agreement

Revised 2.2023



1.

Listing
Brokerage
Compensation

+

2.

Other
Brokerage
Compensation

=

3.

Total
Compensation

160 **15. Compensation:** Except as provided hereafter, in consideration of the obligations of the Brokerage, the Seller agrees to
 161 pay Brokerage, at the time of closing of the sale of the property, or the initial closing of an installment contract for deed,
 162 and from the disbursement of the proceeds of said sale, compensation:

- 163 1. For Listing Brokerage services _____ % of the sales price or \$ _____. If applicable, additional compensation
 164 for Listing Brokerage shall be: \$ _____;
- 165 2. For the brokerage that effects the execution of a valid binding contract with a buyer ready, willing, and able to purchase
 166 the Property (hereinafter referred to as “Other Brokerage”): _____ % of the sale price or \$ _____ (Other
 167 Brokerage may be the listing brokerage when Listing Brokerage is the only brokerage involved in the transaction);
- 168 3. For a total compensation of _____ % of sale price and/or \$ _____ (subject to possible adjustments – see lines
 169 172-190).



- 170 4. The Illinois Real Estate License Act and the NAR Code of Ethics require disclosure to the client of any additional
171 policies relating to compensation including, but not limited to:
- 172 a. Brokerage's compensation policies may affect the distribution of compensation. If the Listing Brokerage charges
173 a fee of \$ _____, it will be added to the Brokerage's compensation and reduced from the Other Brokerage
174 compensation, but will not affect the total compensation payable by Seller.
- 175 b. Total compensation may be affected by and as a result could increase or decrease due to Brokerage's policies such as:
- 176 i. Variable rate, if applicable, described as follows: _____
177 _____
- 178 ii. Alternative compensation structure, if any, for Non-Participant(s) (referenced in Paragraph 16 below):
179 _____
180 _____
- 181 iii. Brokerage, on a case-by-case basis with permission of the Seller, may agree to different compensation to
182 brokerages who are Participants as defined in Paragraph 2 above.
- 183 iv. Total compensation will be paid on [CHECK ONE] Definite Dollar Amount; Gross Sale Price; or
184 Net Sale Price. As provided in MRED's Rules and Regulations, compensation paid on net sale price is
185 defined as "*A percentage of the net sale price in the initial contract, reduced thereafter only by an agreed*
186 *reduction in the amount to be paid by the buyer due to a subsequent appraisal. The net sale price is*
187 *defined as the gross sale price minus amounts to be credited or paid to the buyer, as reflected in the*
188 *initial sales contract.*"
- 189 v. Other Compensation Information, if applicable: _____
190 _____

Company Policy Considerations



- ▶ Involve Sellers in Compensation vs Dictating
- ▶ Variable Rates?
 - ▶ Dual Agency?
 - ▶ Unrepresented Buyer?
- ▶ Additional Compensation at signing? At Closing?
- ▶ Minus Fee?
- ▶ Net vs Gross?
- ▶ Alternative Compensation for MLS Non-Participant?

Non-Member Access

(DOJ Settlement Agreement 11/2020)

Cannot limit lockbox access to only MLS members

- ▶ COOPERATION?
- ▶ COMPENSATION?
- ▶ Verification of License
- ▶ Brokerage to Brokerage Written Agreement
- ▶ If not a REALTOR®? Not obligated to Code of Ethics including Arbitration versus Litigation



DOJ Settlement 11.2020

Revised form on MORE website since 3.2021

(Your brokerage could have their own form)



**MAINSTREET ORGANIZATION OF REALTORS®
BROKERAGE-TO-BROKERAGE
COOPERATING COMPENSATION AGREEMENT**



1 Relevant to the Real Estate located at: _____

2 **LISTING BROKERAGE:**

3 Company _____ Designated Managing Broker _____

4 Address _____ City _____ State ___ Zip _____

5 Company License # _____ Federal Tax I.D. # _____

6 Designated Agent _____ Phone _____

7 E-Mail _____ Alternate Phone _____

8 **COOPERATING BROKERAGE:**

9 Company _____ Designated Managing Broker _____

10 Address _____ City _____ State ___ Zip _____

11 Company License # _____ Federal Tax I.D. # _____

12 Designated Agent _____ Phone _____

13 E-Mail _____ Alternate Phone _____

14 **PURCHASER/LESSEE:**

15 Name(s) _____

16 Address _____ City _____ State ___ Zip _____

(All done with Seller transparency and approval)

- 28 4. THIS AGREEMENT SHALL BE VALID ONLY IF SIGNED BY THE DESIGNATED MANAGING BROKERS OF
 29 BOTH THE LISTING BROKERAGE AND THE COOPERATING BROKERAGE.
 30 5. No amendments or alterations in the terms of this Agreement shall be valid or binding unless made in writing and
 31 signed by the parties hereto.
 32 6. The individuals signing below are authorized to sign this agreement and bind their respective brokerage companies.
 33 7. Any controversy or claim arising out of or relating to the rights granted to the parties to this Cooperating
 34 Compensation Agreement shall be settled by mediation or arbitration according to the rules then in effect of the
 35 National Association of REALTORS[®], whether or not the parties are members of any REALTOR[®] Organization.

36 Acknowledged and agreed this _____ day of _____, 20____:

37 **LISTING BROKERAGE:**

COOPERATING BROKERAGE:

38 _____
 39 Designated Managing Broker Authorized Signature [REQUIRED]

 Designated Managing Broker Authorized Signature [REQUIRED]

Mainstreet Leadership

- ▶ Proactive in addressing Consumer concerns
- ▶ New tools to allow for change in seller conversations
- ▶ New Forms Provide Training Opportunity for all!



Leadership
is action
not position

Private Listing vs Standard Listing

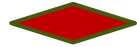
- ▶ Announced April 13
- ▶ Effective June 1, 2023
- ▶ No Mandatory Offer of Compensation required for the Private Listing ONLY
- ▶ Standard Listing: Coop Compensation Required
- ▶ Q and A

MAINSTREET ORGANIZATION OF REALTORS®
PRIVATE LISTING ADDENDUM



MRED Preferred Unit Owner (PUO)



- ▶ Opportunity to Run for and Elect 13 voting seats
 - ▶ May attend and vote at PUO meetings
 - ▶ Co-create MRED's annual Strategic Plan
- 
- ▶ Board of Manager Elections September 2023
 - ▶ Deadline to become eligible to nominate and vote for 2023 elections: August 21



More Company Policy Considerations...

- ▶ Can/Should agents “walk away” if seller insists on 0% for Other Brokerage?
- ▶ Procedures for changes in compensation through negotiations?
- ▶ Process to obtain Designated Managing Broker’s signature on any changes before, during, or after contract?

Training NEEDED!!

Can your agents articulate their value proposition as a listing agent?

What conversation changes are needed to involve the seller in compensation decisions for the Other Brokerage ?

Can your agents articulate the Buyer options if no compensation is offered?

Do you know why Bonuses should not be offered?

Anti Trust Reminder



- ▶ NO Group decisions
- ▶ Independent Company Policies
- ▶ Inappropriate comments MUST be addressed and education provided to all

THE BUYER AGENT VALUE IS MINIMAL

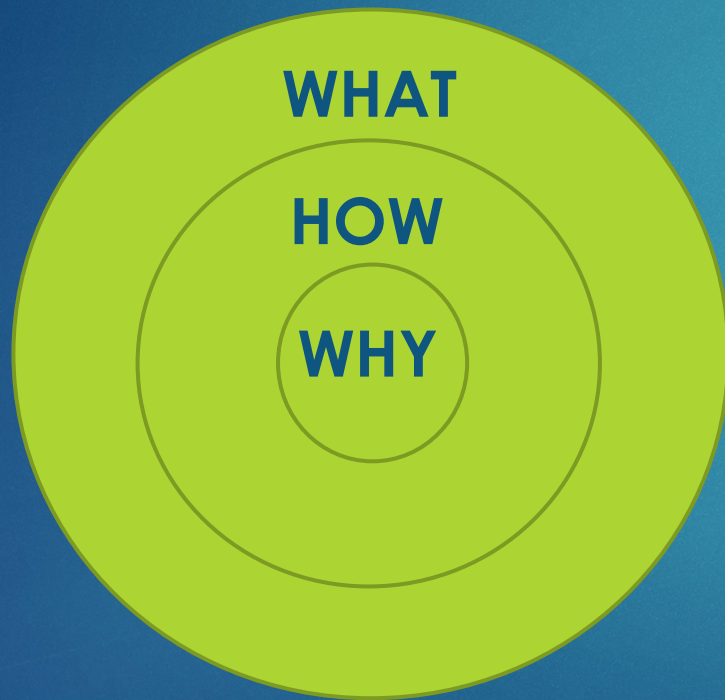
Perception or
Reality?



CENTER OF THE TRANSACTION?



Let's Do a Better Job of Communicating our VALUE!



Communicate

Ask for a commitment

**Memorialize the
Relationship**

Earn It!

Simon Sinek: "Start With Why"

STEPPING UP....

- ▶ **Better Buyer Presentation/Consultation**
- ▶ Transparent Agency Disclosure
- ▶ Partner Statutes with our Value Proposition
- ▶ **Buyer Representation Agreement**
- ▶ Educate
- ▶ Provide Resources
- ▶ Proactively Position Buyer
- ▶ **EARN what you think you are worth!**

Per NAR: 11 states have regulations for buyer agreements

MAINSTREET
ORGANIZATION OF REALTORS®



MUST BELIEVE IN THE WHY!

No mandatory unconditional offer of compensation? Be Prepared!

A BUYER REPRESENTATION AGREEMENT (not just about \$)

- ▶ Solidifies a commitment to each other
- ▶ Outlines expectations on both sides
- ▶ Provides framework for success

Need New Skills to...

- ▶ Easily Articulate Value Proposition
- ▶ EFFECTIVELY introduce a Buyer Rep Agreement
- ▶ Does NOT have to be Exclusive
- ▶ Renew Commitment to Buyer Representation!!



WHY HIRE AN AGENT WHO IS A REALTOR®?

As experts of all things related to home buying and selling, real estate agents who are REALTORS® help consumers navigate the most complex and consequential transaction many of us will ever make.



BUYERS:

Roughly 9 in 10 buyers work with a real estate agent who helps negotiate the best price & terms.



SELLERS:

Without a REALTOR®, For Sale By Owner homes sell for about 26% less than agented properties.*

WHEN YOU USE A REAL ESTATE AGENT:

They help you with things like...



Navigate legal details including managing attorney reviews, filing required state and federal forms, and knowing contracts inside and out

WHEN YOU DON'T USE A REAL ESTATE AGENT:

You have to do things like...



Make sense of all the legal aspects of buying or selling a home.

NAR Tools

<https://www.nar.realtor/competition-in-real-estate>

Infographics
Consumer Ads
Social Media



Take your *dream*
from realty to *reality*.

Never done this before?
That's okay, your REALTOR® has.

Illinois REALTORS® provides Ads, Tools,
Templates...



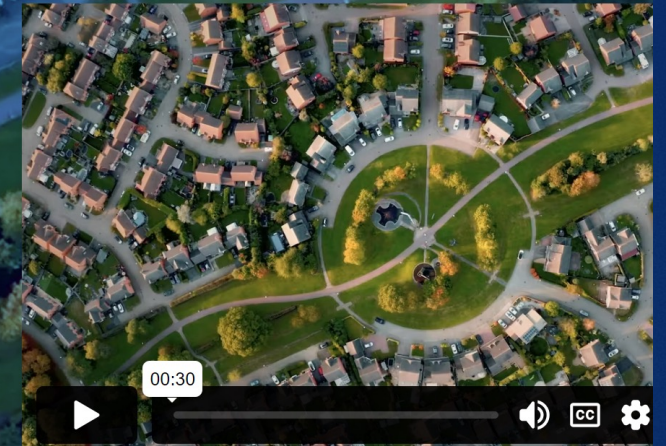
Your American Dream Campaign Commercials



Your American Dream (5 sec)



Realty to Reality (15 sec)



Your American Dream (30 sec)

Your American Dream Consumer Campaign

Illinois REALTORS® is pleased to announce the launch of a new consumer advertising campaign called “**Your American Dream**,” aimed at raising awareness of the importance of using a REALTOR® to achieve the dream of homeownership. This campaign will emphasize that REALTORS® are uniquely qualified to help clients find the home of their dreams, and we are proud to be a part of it.

Compensation Directives

- ▶ 12-1: “REALTORS® must not represent that their brokerage services to a client or customer are free or available at no cost to their clients” (amended 1/2022)

- ▶ 1-13....with buyers...must advise:
 1. Company policies re compensation
 2. Amount to be paid by client
 3. Potential for compensation from other brokerage, seller, etc.
 4. Dual Agency potential (amended 2006)



No Representation Agreement

- ▶ No commitment from buyer
- ▶ Is Agent being used???
- ▶ Would be taking what is offered
- ▶ Must show all properties that fit buyer requirements, regardless of compensation
- ▶ May tell buyer they are free to look at the property with another agent



Company Policy Considerations



- ▶ Mandatory Buyer Representation Agreements?
- ▶ When? How?
- ▶ Exclusive vs Non-Exclusive?
- ▶ Length of Agreement?
- ▶ Compensation Expectations?
- ▶ Compensation exceeding agreed amount: Policy or Agent choice?

More Policy Considerations for Buyer Representation:

- ▶ Can/Should Agents walk away from buyers who won't commit?
- ▶ Exceptions for family and/or friends?
- ▶ Designated Managing Broker signs: when and how?
- ▶ Value Proposition expectations?
- ▶ Part time Agents: How will they fulfill duties?
- ▶ Encourage Skill Development?

License Law Reminder:



STATUTORY DUTY: a Licensee representing a client shall perform the terms of the brokerage agreement between a broker and the client.

Promise Less – Do More!



IDFPR

No Predetermined Rule of Entitlement

- ▶ Buyer Representation Agreement does NOT guarantee Compensation through Arbitration process
- ▶ Purpose:
 - ▶ Solidify the relationship
 - ▶ Outline Expectations
 - ▶ Transparency on Compensation
 - ▶ Sets tone for success



**A GOAL
WITHOUT A PLAN
IS JUST A WISH**



Focus on the Opportunities!

