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Getting Buyers to Sign

IT ALL BEGINS ON YOUR SIDE OF THE DESK

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WHY ARE REALTORS® SOMETIMES RELUCTANT TO ASK BUYERS TO SIGN A REPRESENTATION AGREEMENT?

Admittedly, the answer to that question is a bit complex. Buyer representation is a relatively new business model in the world of real estate sales, and some of our reluctance stems from the inherent difficulties of altering long-established mindsets and ways of doing business. But don't be fooled on this point. Buyer representation has grown by leaps and bounds, and REBAC (Real Estate Buyer's Agent Council) now represents the largest of the National Association of REALTORS® institutes, societies and councils

As I see it, the real issue doesn't reside out in the industry, or even with our customers and clients. It resides within each of us. Any buyer's representative can successfully clear the getting-buyers-to-sign hurdle. But to do so, you must take the time and effort to gain clarity on three closely connected issues, all critical to your success as a buyer's rep.

Before digging into these three areas, however, it's important to first get a handle on your own goals and how buyer representation fits into your business model. Maybe you're just starting out and don't want to eliminate any possible opportunities. Or, maybe you've honed your skills and experience to the point that you're comfortable deciding that you'll only work with buyers if there's a written agreement.

In either case, this is a personal decision or even to some extent office policy may

dictate. The point, however, is that you have to be very clear about this upfront, because it will drive everything else—how you present yourself and interact with buyers every step of the way, from the very first time you meet them, either on the phone or in person. And if you aren't clear about your own goals, you also run the risk that buyers will push you in directions that don't match up with your objectives.

1 YOUR LEVEL OF KNOWLEDGE

One of the very best ways to improve your results as a buyer's rep—and get buyers to sign a representation agreement—is to sharpen your knowledge. Think about it. When is it that you are unafraid to do something? When are you most determined? When are you able to accomplish great things? When you believe it is the right thing to do and when you are confident that you can do it. Knowledge produces belief and confidence.

To be successful in buyer representation, your knowledge needs to include a solid understanding of the valuable services you provide and the personal value you bring to the table. Buyers are looking for a solution-based service. They need to find housing that meets their unique requirements and they desire assistance in achieving their goals. That's what you give them. But to get this point across to buyers, you really need to know your stuff. While your knowledge certainly needs to include all the important details tied to searching for properties, comparing housing values,

writing contracts, negotiating offers, and a host of other important areas, I'm actually referring to something much more fundamental—your knowledge of how your services bring real value to buyers. That's the kind of knowledge that will further your confidence in getting buyer-representation contracts signed.

2 YOUR LEGAL OBLIGATIONS

It's very important to articulate where, exactly, your responsibilities begin and end. And don't forget, you do have the latitude to define the scope of your services, at least within the absolute boundaries set by agency laws in your state, and within the parameters set by your broker.

To illustrate this point, consider one agent who worked with a buyer-client who wanted the agent to collect extensive data on schools in the area, including details on test scores, student demographics, etc. Because the client was pressing her for information that she thought might infringe on fair housing laws, she directed the buyer client to objective sources for obtaining the information the buyer requested, but the buyer did not want to be provided with sources. The buyer wanted the agent to do the legwork and provide the requested information. She decided to avoid all risk and after explaining her position declined to provide these details. After closing, her client filed a grievance against her, saying that she represented him, but didn't disclose everything that would have been beneficial to him. If the agent had been very

clear on this point right upfront, and put it in writing, her client might have understood her limitations and chosen not to pursue legal action.

Nobody wants to inadvertently put themselves in this situation. Even if you prevail in a grievance—or worse yet, a lawsuit—it costs you time and money, and leaves a blemish on your reputation. Clearly define the scope and limitations of your services. Among the issues that should be spelled out are the following.

Property searches. Will you only present listings drawn from the MLS? Or will you also search among FSBOs, foreclosures, builder offerings, auctions, and other sources? Buyer-clients must be given a higher level of service that may—depending on the parameters of the buyer-representation agreement—dictate showing them other solutions that could meet their needs.

Statutory responsibilities. We all understand that we have fiduciary-like statutory responsibilities under Illinois law, but how do we manage these responsibilities against taking on unreasonable risks? In Illinois you must serve your client's best interests above all others, even yourself. If you are going to limit your services or information in any way, even if it is for risk management purposes, it is best practice to disclose these limitations of service in writing. How do you address buyers' questions regarding related service providers such as inspectors, surveyors, repair vendors, etc.? Remember that while your goal is to provide buyer-clients a higher level of service, you never want to make specific recommendations on these points. As the saying goes, be "the source of the source," but not the source. Check your office policy. Some offices have policies requiring you to give them a list of vendors and/or service providers. But, whether the office has a specific policy requiring you to do that or not, unless your office policy states otherwise, as a matter of best personal practices, you should point buyers towards expert sources to answer their questions that are outside your area of responsibility or expertise and/or give them a list of providers they can interview and select from.

When considering legal ramifications, always remember that, by law, a written contract doesn't need to exist in order for an agency relationship to occur. Make sure you haven't unwittingly entered into an undocumented, but binding agency rela-

tionship. Define the scope of your services upfront, put it in writing, and adhere to your guidelines.

3 COMMUNICATING WITH CLIENTS Perhaps it's true that the single greatest reason that you've shied away from your representation agreement is that you haven't learned how to view it from a different perspective—as a powerful tool for communicating the real value you deliver to buyer-clients. Rather than casting the impression that your agreement is an onerous legal document that somehow restricts buyers, use it to demonstrate all the value-added benefits they'll receive—the benefits you owe them—and how these benefits will make a substantial difference when they're searching for the home of their dreams.

To do this, you must reexamine your services using "what's-in-it-for-them" thinking. Translate your services into tangible buyer benefits and learn to communicate these to buyers in language they'll easily understand. Half the battle may be challenging your own assumptions, which might include:

1. I don't want buyers to think that my services are going to create costs for them. Even with the various compensation models and options, the truth in today's real estate world is that the odds are actually slim to none that buyers have to pay your commission, because in almost every case, the seller has already agreed to pay. Still, it's easy to explain to buyers so that they'll know this before they even view any properties; it's stated right in the MLS, or can easily be clarified with non-MLS listings. Besides, if a seller is refusing to compensate a buyer's rep, the buyer still has choices. They can say, for example, that they don't want to even consider any such homes. Or, they can keep all their options open and view these homes anyway, knowing that they might have to factor your compensation into any offer they may write.

2. The agreement is too long and intimidating. Well, how long is your listing agreement? It's probably similar, or maybe even longer, isn't it? So why should contracting for top-notch buyer services be any simpler to articulate in a written contract? Or, to put it another way, don't you owe buyer-clients every bit as much as you owe seller-clients?

BUYER-CLIENT SERVICES

- Honesty
- Complete loyalty to buyer's needs
- Keep information confidential (buyer can talk freely)
- Consider non-MLS solutions in finding property to fit the buyer's needs
- All properties are available for showing consideration
- Full disclosure of all facts and pertinent information
- Advice and opinion along with facts (educate the buyer)
- Give every attempt to find the best property for the buyer and fulfill the buyer's needs
- Volunteer an "opinion of value" (CMA), a specific property value
- Provide price counseling
- Suggestions made in buyer-client's best interests
- Prepare offer on behalf of buyer
- Attempt to strengthen the buyer's negotiating position
- Attempt to resolve problems and close the transaction to satisfy the buyer

3. Buyers are uncomfortable with a legal form. Who is truly uncomfortable? Is it the buyer or you? In my experience, if you're comfortable, buyers usually are too.

4. Buyers want to get to know me before they commit to me. How about offering a one-day representation agreement or a 24-hour opt-out clause? Having just one full day to work with a buyer can go a long way towards easing any reservations and establishing a good rapport.

Challenge your assumptions and never underestimate the potential power of your buyer's rep agreement. Turn your agreement into the very evidence that will prove your value to buyers and help them overcome any possible reluctance.

Finally, always remember that buyers want to be served not sold. For this to happen, they must establish an agency relationship with you. Once you help them understand the distinct differences in the value they can receive from you—how they will be served—they're likely to wonder why they didn't sign your agreement the moment they walked into your door! After all, what's so hard about committing to an agency relationship once you understand that you have so much to gain from it? ☺