

FAIR HOUSING IS FOR EVERYONE



**It's the 50th anniversary
of the Fair Housing Act.
Find out how it affects
your business. p.16**



My Why?

I see my goals as inevitable triumphs. Because, like the diehard agents at RE/MAX, I don't let anything stand in my way. Not setbacks. Not surprises. Not even myself. This is my tribe.

Why RE/MAX? The culture is my why.



Find your why at
joinremax.com



Get paid your commissions before tax day

The filing deadline for IRS tax returns is Tuesday, April 17th. Are you ready?

Using **eCommission** can ensure you meet the deadline. We help you control the timing of when you get paid by advancing your commissions from pending sales or active listings before closing.



Apply online in minutes



Get up to \$15,000



Have funds in one hour

Apply today at **eCommission.com** and save 50% on the advance fee on your first transaction with promotional code **TAXDAY**.

@ecommission[®]

☎ 1-877-882-4368

🌐 ecommission.com

LET'S GIVE OURSELVES A HIGH \$5M FOR 2018



HELP US REACH OUR GOAL OF RAISING \$5 MILLION AND 55% PARTICIPATION FROM TEXAS REALTORS

VISIT TREPAC.COM

 @TexasTREPAC

 facebook.com/TREPAC

CONTRIBUTIONS ARE NOT DEDUCTIBLE FOR FEDERAL INCOME TAX PURPOSES. CONTRIBUTIONS TO THE TEXAS ASSOCIATION OF REALTORS' POLITICAL ACTION COMMITTEE (TREPAC) AND THE TEXAS ASSOCIATION OF REALTORS' FEDERAL POLITICAL ACTION COMMITTEE (TAR FEDPAC)—WHICH MAKES CONTRIBUTIONS TO THE REALTORS' POLITICAL ACTION COMMITTEE (RPAC)—ARE VOLUNTARY AND MAY BE USED FOR POLITICAL PURPOSES. THE AMOUNT INDICATED IS MERELY A GUIDELINE, AND YOU MAY CONTRIBUTE MORE OR LESS THAN THE SUGGESTED AMOUNT. YOU MAY REFUSE TO CONTRIBUTE WITHOUT REPRISAL, AND THE NATIONAL ASSOCIATION OF REALTORS', THE TEXAS ASSOCIATION OF REALTORS' (TAR), AND ITS LOCAL ASSOCIATIONS WILL NOT FAVOR OR DISADVANTAGE ANYONE BECAUSE OF THE AMOUNT CONTRIBUTED. UNTIL THE RPAC ANNUAL GOAL IS MET, 70% OF AN INDIVIDUAL'S CONTRIBUTION GOES TO TREPAC AND MAY BE USED TO SUPPORT STATE AND LOCAL CANDIDATES; THE REMAINING 30% IS SENT TO TAR FEDPAC TO SUPPORT FEDERAL CANDIDATES AND IS CHARGED AGAINST YOUR LIMITS UNDER 52 U.S.C. 30116. (EXCEPTION: 100% OF AN INDIVIDUAL'S CONTRIBUTION GOES TO TREPAC IF THE INDIVIDUAL IS AN EMPLOYEE OF AN AFFILIATE MEMBER OF TAR.) AFTER THE RPAC ANNUAL GOAL IS MET, 100% OF AN INDIVIDUAL'S CONTRIBUTION GOES TO TREPAC AND MAY BE USED TO SUPPORT STATE AND LOCAL CANDIDATES. YOU MAY CONTACT THE TAR POLITICAL COMMITTEE ADMINISTRATOR AT 800-873-9155 TO OBTAIN INFORMATION ABOUT YOUR CONTRIBUTIONS.

TEXAS REALTOR®

April 2018-Volume 71-Number 3

KAKI LYBBERT Chairman of the Board
TRAY BATES Chairman-Elect
CINDI BULLA Secretary/Treasurer
VICKI FULLERTON Immediate Past Chairman
TRAVIS KESSLER CEO
ANGELA BRUTSCHÉ VP of Comm. & Mktg.
MARTY KRAMER Editor-in-Chief
WARD LOWE Assoc. Dir. of Comm.
SUMMER MANDELL Managing Editor
MICHAEL SCHRANTZ Social Media Editor
JOEL MATHEWS Art Director
JOSHUA BANKS Senior Graphic Designer
CHRIS NELSON Graphic Designer

CHANGE OF ADDRESS OR EMAIL

Members should always send postal address or email changes to their local association.

CONTACT THE EDITORS

editor@texasrealtors.com
512-480-8200
P.O. Box 2246
Austin, TX 78768-2246

ADVERTISING SALES

Mohanna Sales Representatives
214-291-3648
TARinfo@mohanna.com

Texas REALTOR® (ISSN 1068-1248) is published monthly except combined issues in January/February and September/October by Texas REALTORS®.

POSTMASTER

Send address changes to:
Texas REALTOR® magazine
Attention: Membership
P.O. Box 2246
Austin, TX 78768-2246

Periodicals Postage Paid at Austin, TX, and at additional mailing office. Annual dues of members of the association include \$5 for a one-year subscription to Texas REALTOR®. Annual subscription rate to others: \$25. Single copy rate to others: \$3.50. Office of publication: 1115 San Jacinto Blvd., #200, Austin, TX 78701-1906; mailing address: P.O. Box 2246, Austin, TX 78768-2246; phone: 512-480-8200; fax: 512-370-2390.

All articles and paid advertising represent the opinions of the authors and advertisers, and do not necessarily represent the opinions of the editors of Texas REALTOR® or the association and should not be construed as a recommendation for any course of action regarding financial, legal, or accounting matters by the association or Texas REALTOR® and its authors.

Contributions are not deductible for federal income tax purposes. Contributions to the Texas Association of REALTORS' Political Action Committee (TREPAC) and the Texas Association of REALTORS' Federal Political Action Committee (TAR FedPAC)—which makes contributions to the REALTORS' Political Action Committee (RPAC)—are voluntary and may be used for political purposes. The amount indicated is merely a guideline, and you may contribute more or less than the suggested amount. You may refuse to contribute without reprisal, and the National Association of REALTORS', the Texas Association of REALTORS' (TAR), and its local associations will not favor or disadvantage anyone because of the amount contributed. Until the RPAC annual goal is met, 70% of an individual's contribution goes to TREPAC and may be used to support state and local candidates; the remaining 30% is sent to TAR FedPAC to support federal candidates and is charged against your limits under 52 U.S.C. 30116. (Exception: 100% of an individual's contribution goes to TREPAC if the individual is an employee of an affiliate member of TAR.) After the RPAC annual goal is met, 100% of an individual's contribution goes to TREPAC and may be used to support state and local candidates. You may contact the TAR political committee administrator at 800-873-9155 to obtain information about your contributions.

Federal law prohibits TREPAC and FedPAC from soliciting contributions from persons not included in the following groups: Members of the association, executive and administrative personnel of the association, and the families of both groups. Contributions received in relation to this publication from a person outside of these groups will be returned.

©2018
Texas REALTOR®
All rights reserved.



CONTENTS

16 FEATURE FAIR HOUSING IS FOR EVERYONE

See a timeline of milestones leading up to the Fair Housing Act, learn how the act affects your business, and find out why you're required to do more than what the law says.

24 FEATURE GET OVER IT

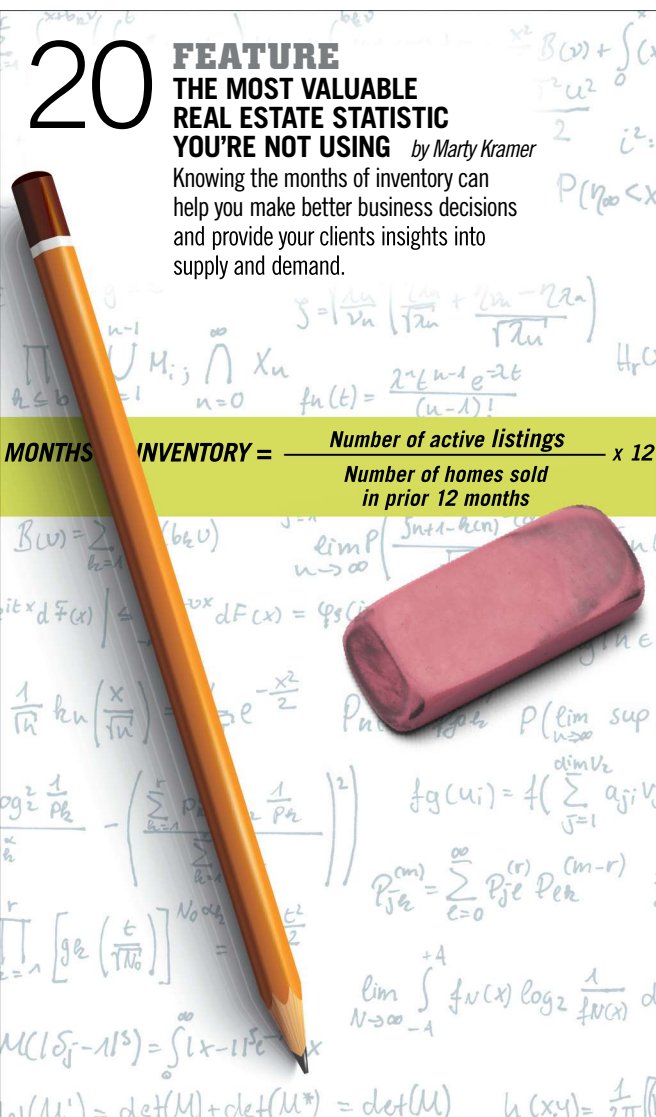
by Marty Kramer
Why prospects and clients throw objections at you and how to get past them.



20 FEATURE THE MOST VALUABLE REAL ESTATE STATISTIC YOU'RE NOT USING

by Marty Kramer
Knowing the months of inventory can help you make better business decisions and provide your clients insights into supply and demand.

$$\text{MONTHS INVENTORY} = \frac{\text{Number of active listings}}{\text{Number of homes sold in prior 12 months}} \times 12$$



22

FEATURE HOW TO USE TREC'S NEW APPRAISAL CONTINGENCY ADDENDUM

This new form can be used as an addendum to the contract when the *Third Party Financing Addendum* is used and the transaction does not involve FHA or VA financing.

INSIGHTS

- 4 From the chairman
- How YPN is helping new REALTORS®
- STCAR offers membership to international colleagues
- 5 Use RPR to create leverage for your company
- Need content to share on social media with prospects and clients?
- The most fun you can have getting CE
- 6 Your comments on TREC advertising rules, communication, and the new texasrealestate.com
- Looking for a webinar on a topic that matters to you?
- Free content to share with consumers
- What the Marine Corps's first female African-American fighter pilot has to say about you
- 7 Your vote helps Texas property owners
- 8 **BUSINESS**
You're better in person
- Commercial real estate conversions
- U.S. remains most stable real estate market for investors
- 9 Notarize it online
- Texas cities attract Millennials and Gen Xers
- REALTORS® take vacations?
- Embrace that mistake
- 10 A snapshot of Texas sellers
- 11 Create a template for staff meetings
- Yes, you can write an e-book
- Statistics from homeownership research
- 12 **LEGAL & ETHICS**
Quiz yourself on fair housing
- 13 From the Legal Hotline
- Who pays for the condominium documents?
- Withdrawing an offer
- Q&A: What you should do if another REALTOR®'s client asks you for a second opinion
- 14 What do those numbers mean on the bottom of association forms and contracts?
- 15 Updates to TREC forms and explanations of what the changes mean
- New and revised commercial forms
- Does granting a commercial buyer's feasibility study period and inspection rights obligate a seller to make repairs?
- 27 **SHARE THIS**
What does *fair housing* mean?
- 28 **TAKE 5**
What new Texas REALTORS® can learn from experienced members

INSIGHTS

Chairman



“ President Lyndon B. Johnson called it one of the proudest moments in his presidency when he ‘signed into law the promises of a century’ to enact the Fair Housing Act in 1968. Fifty years later, Texas REALTORS® are proud to lead the way in fulfilling that promise.

Quiz yourself on what you know about the federal Fair Housing Act on page 12. Then read more about this landmark law, including its history and what it means for your business, on page 16. And share with everyone the one-page handout on page 27 to help consumers understand what the federal Fair Housing Act means for them.

I also want to thank the National Association of REALTORS®, the Texas Association of Real Estate Brokers (TAREB), and the Austin Board of REALTORS® for their support in hosting an exciting 50th anniversary celebration in Austin earlier this month. The May issue of *Texas REALTOR®* magazine will have a recap of this incredible event.

Our work doesn't end here. Carry on the legacy your fellow Texan put in motion 50 years ago and keep helping *all* Texans find housing options. ”

—Kaki Lybbert

P.S. *I'm excited to announce the Texas REALTORS® endorsement of former association Chairman Leslie Rouda Smith to become 2020 First Vice President of NAR. Leslie's leadership, passion, and contributions to our industry have been an outstanding asset for Texas, and Texas REALTORS® support her efforts that will benefit REALTORS® across the nation.*



HOW YPN IS HELPING NEW REALTORS®

Young Professionals Networks across Texas put together great events for local association members of all ages. The following are just a few examples of how local YPN networks are making an impact and helping new REALTORS® advance their careers.

Inspire success

There are many ways to provide information and education to help new agents with their real estate careers. MetroTex YPN hosts a quarterly entrepreneurial breakfast series where experienced REALTORS® share insights and best practices for enduring success.

Cultivate leadership skills

YPN plays an important role in encouraging involvement at the local, state, and national level. Permian Basin YPN created a scholarship for recipients to use toward the cost of completing the

Texas REALTORS® Leadership Program, a pathway for REALTORS® to become volunteer leaders.

Get to know each other

Building your network is important, whether you've been in the business for 10 months or 10 years. Greater McAllen YPN hosts a quarterly New REALTOR® Member Mixer to provide an opportunity for new REALTORS® to connect with seasoned members and affiliates.

Support a good cause

Many YPNs host events to raise money for their charity of choice. Last year, Austin YPN's annual charity bash raised money for a local organization that provides affordable, permanent housing for the chronically homeless in Central Texas.

Don't have YPN at your local association? Find out how to start one by contacting ypn@texasrealtors.com

COMMERCIAL ASSOCIATION OFFERS MEMBERSHIP TO INTERNATIONAL COLLEAGUES

The South Texas Commercial Association of REALTORS® is now offering an international membership option. This category is specifically designed for real estate practitioners outside of the United States and provides them a chance to put listings in STCAR's Commercial Information Exchange and arrange referrals across borders. Learn more at sctar.org about this new opportunity, and share it with your colleagues abroad.

Brokers and managers

USE RPR TO CREATE LEVERAGE FOR YOUR COMPANY

Brokers can use REALTORS® Property Resource (RPR) to measure performance, analyze market trends, and much more. Learn everything you can do in the free webinar *Broker Tools for Broker/Owners and Management* on May 9. Register for this session at blog.narrpr.com/tar.

The June webinar (*RPR Mobile for Smartphones—Big Data, Powerful Reports: Anytime, Anywhere*) is on June 13. This session will cover how to use RPR to instantly view nearby properties, find neighborhood data, send reports, and much more.

Find all the RPR webinars made specifically for Texas REALTORS® at blog.narrpr.com/tar.

NEED CONTENT TO SHARE ON SOCIAL MEDIA WITH PROSPECTS AND CLIENTS?

Follow the association's social accounts for real estate-related articles, videos, and infographics you can share with one click. And you'll also find information relevant to you—legal updates, benefits information, market trends, and more.



Facebook @texasrealtors



Twitter @txrealtors



Instagram @txrealtors

THE MOST FUN YOU CAN HAVE GETTING CE

Reserve your spot by May 1 for the 2018 Texas REALTORS® International Cruise

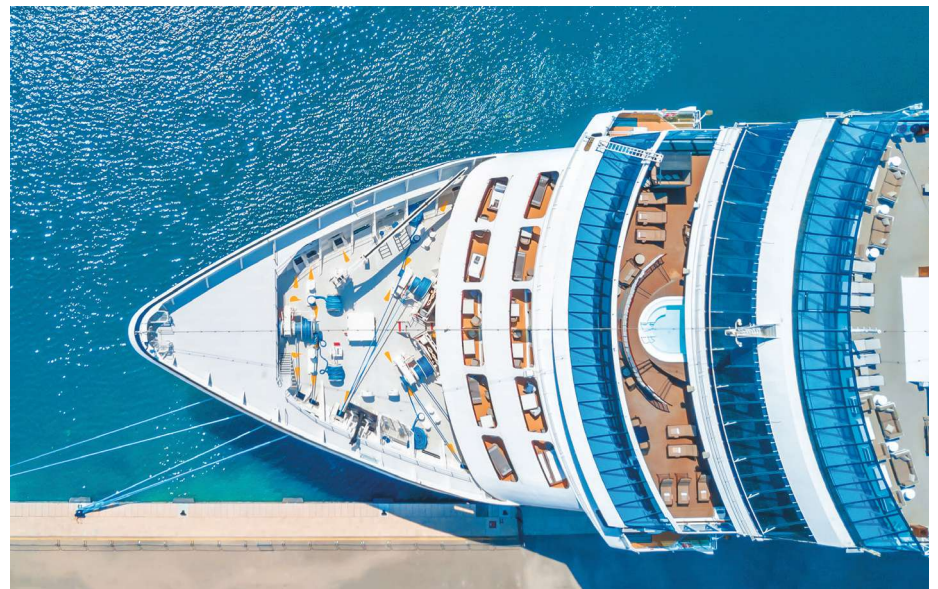


Want to meet new people and expand your network while having a great time? Interested in exploring beautiful, exotic locations? You can do all that plus gain education credit from top-notch instructors during the 2018 Texas REALTORS® International Cruise from August 12 to 19.



Set sail from Galveston on the Royal Caribbean Liberty of the Seas with Texas REALTORS® and their companions to earn CE and tour properties in Roatán, Honduras; Costa Maya, Mexico; and Cozumel, Mexico. You'll return to Galveston with a new perspective, new friends, and new business connections ... all while being a part of one of the most unique learning experiences imaginable.

There's limited time left to lock in your reservation. Download the registration form and learn more about property tours, on-board events, and classes at texasrealestate.com/cruise.



REALTOR® feedback

YOUR COMMENTS ON TREC ADVERTISING RULES, COMMUNICATION, AND THE NEW TEXASREALESTATE.COM

A number of recently updated advertising rules go into effect May 15, but after hearing from license holders, the Texas Real Estate Commission decided to reconsider restricting the term *realty* in team names. "I understand the reasoning," **Tim Teas** wrote about the rule updates, but he wondered about the efficacy of the rules. In another *Advice for REALTORS®* blog post about the new advertising rules, **Barbara Kerr** disagreed about the change to the recently adopted advertising rules to reconsider the term realty in team advertising. "A team is not realty," she wrote.

Also on the *Advice for REALTORS®* blog, we wrote about the importance of face-to-face communication when negotiating. For **Patrick Kernan**, our advice rang true: "I've lost business I would have gotten had I communicated in person, and I've gained business I would have lost had I not spoken in person with the client."

Texas REALTORS® also showed excitement about the new texasrealestate.com. **Lilly Hughes** said it sounded great, **Lewis Brown** was looking forward to it, and **Amy Bemis** was "super-stoked." The new website is now live and you can visit texasrealestate.com to view the improved design and features such as magazine content, easy access to continuing education and TREPAC information, items for volunteer leaders and association executives, and all the useful online tools you've come to expect from your association.

LOOKING FOR A WEBINAR ON A TOPIC THAT MATTERS TO YOU?



The revamped texasrealestate.com makes it easy to find upcoming Texas REALTORS® webinars on affordable housing, commercial real estate, leasing, legal topics, and more. Look for webinar listings at texasrealestate.com/webinars. You can filter the webinars by topic or view all sessions.

FREE CONTENT TO SHARE WITH CONSUMERS



You know potential clients are searching online for real estate information. Give them what they want on your website, Facebook page, and other channels using content from the association.

The Current Topics section at texasrealestate.com/currenttopics is updated weekly with tips and information aimed at buyers, sellers, homeowners, and renters—and all of it promotes Texas REALTORS® as the experts to trust.

On the right side of the Current Topics page, enter your email address in the "Get email notifications from this blog" box to get a message when new articles are published. And if you want Current Topics content to display automatically on your website, click the orange "Current Topics RSS feed" button to get the appropriate URL. Talk to your IT professional about embedding the RSS code on your website, or if you maintain your own site, search for "RSS feed widget" online.

WHAT THE MARINE CORPS'S FIRST FEMALE AFRICAN-AMERICAN FIGHTER PILOT HAS TO SAY ABOUT YOU



“Commercial. Residential. Buyer. Seller. No matter where we are in the world of real estate, we’re in it together. REALTORS® do so much more than help buy and sell property. They educate, advocate, and help us make gutsy decisions that move our lives and businesses forward!”

—Vernice “FlyGirl” Armour

Come see FlyGirl deliver the keynote address at the 2018 Texas REALTORS® Conference September 7 to 10 in San Antonio. Learn more about the event at texasrealestate.com/conference.

YOUR VOTE HELPS TEXAS PROPERTY OWNERS



March 6 was a big day for Texas real estate: **86% of REALTOR®-supported candidates—from both political parties—either won their races or are heading to runoff elections on May 22.**

Texas REALTORS® support candidates who support the Texas real estate industry and private-property rights ... and you showed up in force.

By the numbers

- NAR, TAR, RPAC, and TREPAC took positions in 73 state and federal races in Texas.
- Of those, 63 candidates (86%) either won outright or are heading to a runoff to represent their party on the November ballot.

These races aren't over

Four REALTOR®-supported candidates are heading to runoffs for their party's place on the November ballot. If you live in one of the following Texas House districts, vote again for these REALTOR®-supported candidates on May 22:

- House District 8 – Cody Harris, R-Palestine (Texas REALTOR®)
- House District 37 – Rep. René Oliveira, D-Brownsville
- House District 46 – Sheryl Cole, D-Austin
- House District 109 – Carl Sherman, D-DeSoto

Additional candidate recommendations are coming in for other districts, so visit texasrealtorssupport.com for a complete list of REALTOR®-supported candidates on your ballot.

RUNOFF ELECTION DATES

- APRIL 23** Last day to register to vote in the runoffs
- MAY 14-18** Early voting
- MAY 22** Primary runoff elections



NORMAN · SPENCER



REAL ESTATE E&O

Comprehensive Errors & Omissions Coverage for Real Estate Professionals

readvisors.com
800.362.9952
sales@readvisors.com



U.S. FARMING FLAGS®
12" x 18" on 30" staff
"Made in USA"

www.flagco.com / 800-962-0956

Write for us!

We welcome article queries from members and industry experts offering actionable advice for Texas REALTORS®.

Ready to submit your pitch?

Email editor@texasrealtors.com with a brief explanation of your article idea and why it's a good fit for our readers.

BUSINESS

Research

YOU'RE BETTER IN PERSON



NEED TO NEGOTIATE? TRYING TO PERSUADE A POTENTIAL CLIENT? Ditch the texts and emails and talk in person, via video, or on the phone.

Two separate research studies published in 2017 show that the nuances of your speech and body language are what make you appear intelligent and trustworthy.

One study found those who expressed an opposing opinion via video or audio were viewed as more thoughtful, sophisticated, and rational than those who expressed their opinion via writing.

"Our findings show that even when the content is the same, the medium through which it is expressed can affect evaluations of the communicator," says lead researcher Juliana Schroeder of the Haas School of Business at the University of California, Berkeley. "It is possible that variance in communicators' natural cues in their voices, such as tone, can convey their thoughtfulness."

The other study published in the *Journal of Experimental Social Psychology* shows trustworthiness is more readily conveyed through your nonverbal cues and not your text-based communications. And although you know you're trustworthy, an email recipient—like the agent for the other party—may not.

Real estate is a relationship business, so it's likely you already excel in being personable and trustworthy. Remember this the next time you need to be persuasive or negotiate.

Commercial

As technology changes the way people work and more cities have a growing need to provide affordable housing, some cities are converting older office buildings into residential properties. These local governments are offering tax abatement incentives or implementing city policies allowing the conversion to occur with fewer roadblocks.

In Texas, the historic Blue Flame Building in El Paso is being renovated into apartments, and former 1920s office building The Maverick in San Antonio now has studios, one- and two-bedroom units, and 14,000 square feet of retail space.

In Detroit, an office building was redeveloped into apartments, a hotel, and retail. An office building in Falls Church, Virginia, was converted into an elementary school.

These conversions can mean income for the building owner, green benefits by repurposing a usable building, and making a once-vacant structure into a vibrant space fostering community.

International

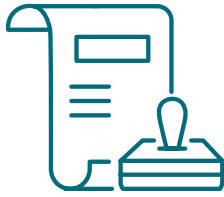
U.S. REMAINS MOST STABLE REAL ESTATE MARKET FOR INVESTORS



A recent survey by the Association of Foreign Investors in Real Estate showed that 58% of respondents ranked the U.S. the most stable country for real estate investment, followed by Germany at 20%. And of those surveyed, 86% said they plan to maintain or increase their investment in U.S. real estate in 2018.

The strong economy, transparent capital markets, and the country's reputation for innovation were cited when ranking the U.S. number one for planned real estate investment in 2018. The U.S. also was ranked as the number-one country for providing the best opportunity for capital appreciation.

NOTARIZE IT ONLINE



A Texas law that takes effect in July will give you and your clients the ability to get documents notarized online. This new option—which relies on audio and video conferencing—must be completed by a notary authorized to perform online notarizations. The legislation requires notaries who offer online notarization to keep electronic records and meet standards set by the secretary of state to ensure reliability and compliance with the new law.

TEXAS CITIES ATTRACT MILLENNIALS AND GEN XERS

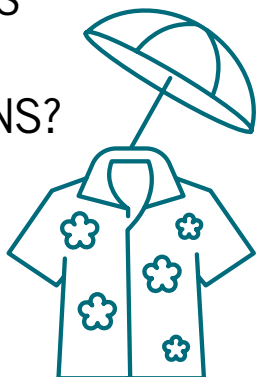
Houston, Dallas, and Austin were among the top 10 hottest U.S. markets for Millennials, with Houston ranking third, Dallas fourth, and Austin 10th. For Generation X, Houston took the first spot and Dallas was third, while Austin, Odessa, and San Antonio came in sixth, seventh, and eighth. Austin was the sole Texas market to make the list of hottest markets for Baby Boomers, coming in sixth.

Source: Realtor.com

REALTORS® TAKE VACATIONS?

16% of Texas REALTORS® own at least one vacation home, according to the 2017 Profile of Texas REALTORS®.

Of those vacation-home-owning members, one in five owns two properties for their holiday escapes.



Photos & Images: antoniodiaz, Sock4people, Marina Shevchenko, Elnur/Shutterstock.com



EMBRACE THAT MISTAKE

MOST PEOPLE DON'T WANT TO TALK ABOUT THEIR MISTAKES, but you'll become more resilient and clean up the fallout faster if you accept and learn from them.

One way to accept a mistake is to think of yourself as a student. Research published in the January 2017 *Annual Review of Psychology* shows that students benefit when they make a mistake, receive feedback, and understand the incorrect reasoning leading up to the mistake. The research found this learning was even more effective when the student strongly believed his error was correct.

If you have a hard time coming to terms with your mistakes, here are a few ways to cope.

Accept your role in making a mistake. Don't blame others, even if others were involved. It won't help to point fingers, and you'll move on faster if you admit your role in a misstep.

Alert anyone affected by your mistake. Did you miss an important deadline or make a miscalculation? Let people involved know as soon as possible instead of hiding your error. Yes, you might upset people, but it will only upset them more if you try a cover-up instead of being open and honest.

Start on a solution. The quicker you identify, accept, and admit your mistake, the sooner you can focus on a solution. When you make the solution more important than the mistake, people will turn attention to the next steps instead of what you've done wrong. If you can, have some ideas of how you will resolve your mistakes when you're having your initial conversation with affected parties.

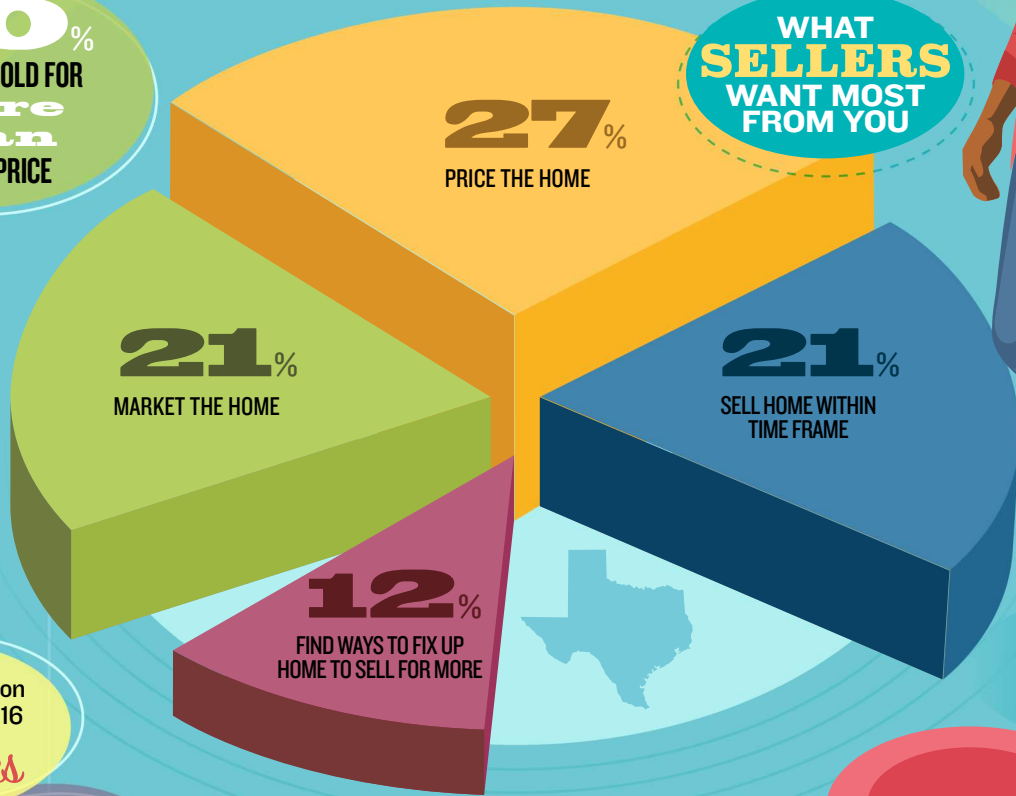
WHAT DO YOU KNOW ABOUT THE CLIENTS YOU SERVE?

2017 PROFILE OF TEXAS SELLERS



20%
OF HOMES SOLD FOR **more than** LISTING PRICE

WHAT **SELLERS** WANT MOST FROM YOU



33%
OF SELLERS ASKED TO NEGOTIATE COMMISSION OR FEE

70%
of agents asked were willing to negotiate

Median time on market in 2016
4 weeks

2 weeks
Median time on market in 2017

SERVICE PROVIDED BY AN AGENT

Broad range of services **86%**
Limited services **9%**
Listed home in MLS and few additional services **5%**



50% used an open house to market home

33% of sellers lowered their asking price at least once

26% offered a home warranty

92% of Texas sellers used a real estate agent

30% of sellers contacted at least two agents before hiring one

6% of sellers found their agent online

SELLERS



Download the 198-page *2017 Profile of Texas Homebuyers and Sellers* to see more results about buyer and seller demographics, preferences, and behaviors. Visit texasrealestate.com/members/research/profiles/buyers-and-sellers.

Results excerpted from the from the *2017 Profile of Texas Homebuyers and Sellers*, a Texas oversample of NAR's nationwide homebuyer and seller survey. Responses are buyers who purchased a primary residence in the 12-month period between July 2016 and June 2017. Respondents had the option to fill out the survey via hard copy or online. The online survey was available in English and Spanish.

Brokers & managers

CREATE A TEMPLATE FOR STAFF MEETINGS

An effective agenda is one of the best ways to keep your staff meetings on track and beneficial. Use a meeting template to make each agenda easier to create.

Decide how items qualify for the agenda. Do you decide what's on the agenda or can others make requests? If others can suggest items, you'll need a process that includes criteria for what makes and doesn't make the cut.

Limit the number of agenda items. Meetings that run long risk losing the attention of attendees. Err on the side of including fewer items than you think you can get to, and set a time limit for each item.

Have an action or purpose attached to every item. When you add an agenda item, decide whether it's there to prompt discussion, share insights, seek input, or come to a decision.

Marketing

EVER THOUGHT ABOUT WRITING A BOOK?

“Writing an e-book can be an effective way to reach and convert your prospects into clients. Publishing one is simple, inexpensive, and gives you credibility as a field expert. All you need is a program that will save a document to a PDF, (e.g., Word, Pages, or Acrobat), good information to share, and an audience to share it with. Attach that file to emails, send as a thank you for attending an open house, print it as a brochure—the possibilities are endless. And remember, it doesn't have to be fancy, just informative. Check your spelling and grammar, but most important, say something worthy of their time and that shows you're a local real estate expert.”

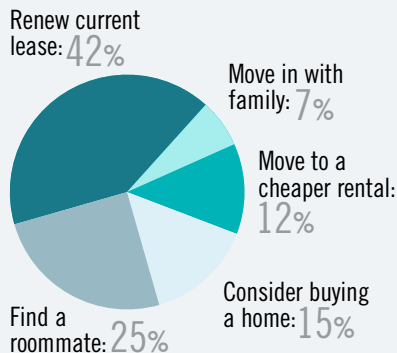
—**Bubba Mills** is the CEO and owner of Corcoran Consulting and Coaching, Inc. Contact him at 800-957-8353 or successteam@corcorancoaching.com.

Homeownership research

The Hispanic homeownership rate increased for the third year in a row in 2017. Texas has the second-highest number of Hispanic residents in the country at 10.9 million, behind California with 15.3 million. Most Hispanics (81%) believe homeownership is a good long-term investment, and 88% believe they will more likely be homeowners than renters in the future.

Source: 2017 State of Hispanic Homeownership Report, NAHREP and the Hispanic Wealth Project

WHAT RENTERS PLAN TO DO IF THE RENT GOES UP ...



Source: 2018 NAR Aspiring Home Buyers Profile

ISRAEL SUSTER, Attorney

- Disputes between Managers & Owners.
 - Disputes and Litigation Regarding Sale of Homes and Commercial Properties, including Fraud and DTPA Claims. Litigation stemming from foreclosure sales.
 - Representation of Owners and Managers in Disputes and Litigation involving Residential and Commercial Properties.
 - Tenant Claims, Suits, Evictions and Appeals.
 - Tenant Collections.
 - Code Enforcement/Zoning Issues.
 - Defense of Licensing Complaints.
- Representation in North Texas and throughout the State

Named in Texas Super Lawyers



972-380-0130

www.susterlaw.com

The Suster Law Group, PLLC

Principal office in Plano, Texas



Exclusive pricing for TAR Members

Sailings from Galveston or choose one of Carnival's other 20 homeports.

Special Pricing only available with Round Rock Travel. Call Cindi Jenkins at 512-365-8595 for your reserved pricing!

Ship's Registry: The Bahamas and Panama

LEGAL & ETHICS



QUESTIONS OF FAIRNESS

Fair housing is a simple concept, but real-life scenarios can make following the rules complicated. Answer these questions to see how well you understand the Fair Housing Act, and check out "Fair housing is for everyone" on page 16 for more fair housing information.

TRUE OR FALSE? It's a fair housing violation to advertise that a property is "an easy walk to neighborhood shops" because it discriminates against people with disabilities.

False. The U.S. Department of Housing and Urban Development has indicated that ads containing descriptions of properties (e.g., fourth-floor walk-up), services or facilities (jogging trails), or neighborhoods (walk to bus stop) do not violate the Fair Housing Act.

TRUE OR FALSE? You can request that potential tenants provide a photo ID as part of their rental applications.

True. However, you must require photo IDs from all applicants and must only use applicants' photo IDs to verify their identity and/or to check on criminal history, rental history, or credit history. You cannot use a photo ID to discriminate against an applicant.

TRUE OR FALSE? You can list property for a client who wants to sell his property only to buyers of one religion if the client puts his instructions in writing.

False. Written instructions do not exempt you from fair housing laws, which prohibit discrimination in residential housing based on race, color, national origin, religion, sex, disability, and familial status.

TRUE OR FALSE? If buyer clients ask you about the racial makeup of a school district, you are allowed to say, "Your kids will fit in just fine."

False. Tell the clients that the Fair Housing Act prohibits you from providing that kind of information. Suggest they contact the school district or look online for information about a school or district.

Legal Hotline — **800-873-9155**

We sometimes get asked how to handle a situation where the broker will be representing both parties (buyer and seller or landlord and tenant) in the transaction.

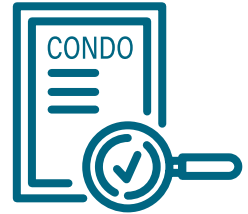
Under the Texas Real Estate License Act, a broker may act as an “intermediary” between the parties in a transaction. A broker must have written consent from both sides to act as the intermediary. This consent is contained as an option in all members-only listing agreements and buyer/tenant representation agreements. An intermediary broker can choose to appoint licensed associates to each party. Each appointed associate can then provide advice and opinions during negotiations to the party to whom they were appointed. If the broker does not appoint associates to the parties, the broker may facilitate the transaction but may not render opinions or advice to either party.

—David Jones,
associate counsel



Contract closeup

WHO PAYS FOR THE CONDOMINIUM DOCUMENTS?



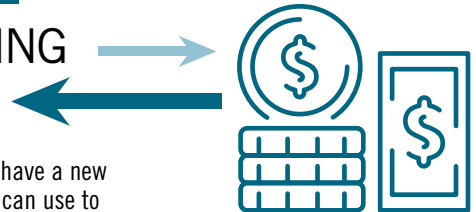
Paragraph 2B(2) of the *Residential Condominium Contract (Resale)* (1605, TREC 30-13) details what happens if a buyer hasn’t received the condo documents—declaration, bylaws, rules of the association—when the contract is written.

It says that the seller shall deliver the documents within a certain number of days after the effective date. However, a recent change to the form clarifies that the delivery of the documents is at the seller’s expense.

The revised version of the form with this clarifying language is available now in zipForm and on texasrealestate.com. Use of the revised form is voluntary until May 15.

Members-only forms

WITHDRAWING AN OFFER



As a Texas REALTOR®, you have a new form you and your clients can use to withdraw an offer or counteroffer. *Notice of Withdrawal of Offer* (1945) provides the ability to give notice of withdrawal or to communicate in writing a previously given verbal withdrawal. The form can be used in residential, commercial, and farm-and-ranch transactions.

Your Texas REALTOR® membership gives you exclusive access to 136 forms not available to nonmember license holders. See them in the members section of texasrealestate.com > Legal & Ethics > Forms > Blank Form Downloads.



What should you do if another REALTOR’s client asks you for a second opinion on general real estate practices?

As a Texas REALTOR®, the Code of Ethics does not preclude you from offering an opinion about another real estate professional’s service or business practices. If you choose to offer an opinion, you should observe strict standards of professional integrity and provide objective, reliable information.

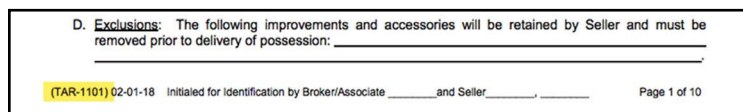
It is a violation of Article 15 of the Code of Ethics to knowingly or recklessly make false or misleading statements about other real estate professionals. Keep in mind that making derogatory comments about others’ real estate practices can also diminish the public’s appreciation of REALTORS®.

Members-only forms

WHAT DO THOSE NUMBERS MEAN ON THE BOTTOM OF ASSOCIATION FORMS AND CONTRACTS?

As a Texas REALTOR®, your association membership gives you exclusive access to more than a hundred forms covering transactions for which no TREC mandatory form exists. The forms are categorized with numbers.

You can find the four-digit number in parentheses in the bottom-left corner of association forms.



Here's what they mean and where else you'll see them.

They're in categories. The first two numbers of the four digits indicate which category a form belongs to. There are 15 form categories, including residential listing agreements (1100s), commercial leases (2100s), and commission registration agreements (2400s).

They're a quick-reference tool. The Blank Forms for Texas REALTORS® page on texasrealestate.com has a list of all forms offered by the association as well as TREC mandatory forms. The forms are in numerical order, making it easy to find the form you're looking for instead of trying to locate it by name.

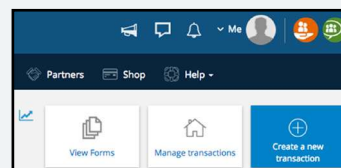
1405	Request for Information from an Owner's Association		Mar 02, 2012	residential
1406	Seller's Disclosure Notice	Spanish	Feb 01, 2018	residential
1407	Information About On-Site Sewer Facility		Jan 07, 2004	commercial farm residential
1408	Commercial Property Condition Statement		Apr 01, 2014	commercial
1409	Intermediary Relationship Notice	Spanish	Jan 07, 2004	commercial farm residential
1410	Termination of Listing		Apr 14, 2006	commercial farm residential
1411	Keybox Authorization by Tenant		Jan 07, 2004	commercial farm residential

They're the numbers in parentheses. Any time you see information about a form in this magazine or other association communications, the form number is included in parentheses after the form's name. So the next time you see *Termination of Listing* (1410), *Release of Earnest Money* (1904), or *Residential Lease* (2001), you'll have one more way to track down the appropriate form for your transaction.

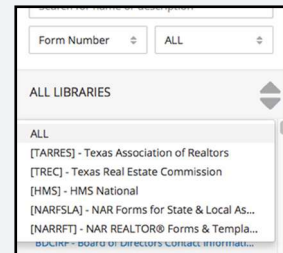
WHERE ARE THE NUMBERS IN ZIPFORM?

You can organize forms in zipForm by number. Here's how:

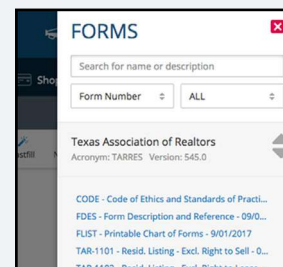
1. After logging in, click on the View Forms button.



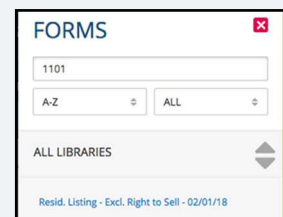
2. In the screen that pops up on the right side of the page, select which library of forms you'd like to access by clicking on ALL LIBRARIES to reveal a drop-down menu of selections.



3. After selecting [TARRES]—Texas Association of Realtors, click on the sort tab underneath the search box and choose Form Number in the dropdown menu. All the association's form offerings will get listed in numerical order.



Already know the number of the form you're seeking? Just type it in the search box and it will come right up.



Note that when you access TREC-promulgated forms from texasrealestate.com or the zipForm TARRES library, you will see a second set of numbers with "TREC" before it.

UPDATES TO TREC FORMS AND EXPLANATIONS OF WHAT THE CHANGES MEAN



The Texas Real Estate Commission adopted two new forms and revised six others at its February meeting. Use of these forms is voluntary until May 15, when they become mandatory.

- *One to Four Family Residential Contract (Resale)* (1601, TREC 20-14)
- *New Home Contract (Incomplete Construction)* (1603, TREC 23-15)
- *New Home Contract (Completed Construction)* (1604, TREC 24-15)
- *Residential Condominium Contract (Resale)* (1605, TREC 30-13)
- *Unimproved Property Contract* (1607, TREC 9-13)
- *Farm & Ranch Contract* (1701, TREC 25-12)
- *Addendum Concerning Right to Terminate Due to Lender's Appraisal* (1948, TREC 49-0)*
- *Addendum for Authorizing Hydrostatic Testing* (1949, TREC 48-0)*

Also, effective February 12, changes were adopted to the following Texas REALTORS® forms to reflect the TREC changes:

- *New Residential Condominium Contract (Completed Construction)* (1608)
- *New Residential Condominium Contract (Incomplete Construction)* (1609)

The updated forms are available in the member section of texasrealestate.com under Legal & Ethics > Forms > Blank Form Downloads. Find redline versions of the changes under the Adopted Form Changes section of texasrealestate.com > Members > Legal & Ethics > Forms > Form Changes.

Want an explanation of the changes? Watch a recording of the March 1 webinar "What You Need to Know About Changes to TAR and TREC Forms." Find it at texasrealestate.com > Members > Events > Webinars for Texas REALTORS® > Webinar Archives.

*New form

NEW AND REVISED COMMERCIAL FORMS

A commercial forms task force recently proposed updated and new forms to better serve Texas REALTORS® and their clients. After feedback from members like you, the below revised and new forms have been adopted:

New forms

- *Commercial Contract Condominium Addendum (Incomplete Construction)* (1946)
- *Commercial Request for Evaluation Materials and Confidentiality Agreement* (1947)
- *Commercial Sublease Guaranty* (2124)
- *Commercial Lease Special Provisions Addendum* (2125)

Revised forms

- *Commercial Property Condition Statement* (1408)
- *Commercial Contract – Improved Property* (1801)
- *Commercial Contract – Unimproved Property* (1802)
- *Commercial Letter of Intent to Purchase* (1803)
- *Commercial Contract Condominium Addendum* (1930)
- *Commercial Contract Amendment* (1932)
- *Commercial Contract Special Provisions Addendum* (1940)
- *Commercial Lease Construction Addendum – Landlord to Complete Construction* (2111)
- *Commercial Lease Construction Addendum – Tenant to Complete Construction* (2112)
- *Commercial Lease Application* (2120)

Seven other forms and addenda related to leases are still being considered by the task force and may be available later in the year.

Image: Marina Shechenko/Shutterstock.com

Commercial

Does granting a commercial buyer's feasibility study period and inspection rights obligate a seller to make repairs?

My client submitted an offer for a commercial property using the Commercial Contract—Improved Property (1801) with a request for a feasibility period and the right to inspect the property. The seller rejected my client's offer because he is selling the property "as is" and not doing repairs. Therefore, the seller claims the feasibility period and right to inspect are not necessary.

The listing agent said we could submit another offer and leave Paragraphs 7A and 7B blank. Are the Present Condition Paragraph and Feasibility Period Paragraph mutually exclusive?

NO. First, all buyers purchase property "as is." Paragraph 7A states that the buyer accepts the property in its present condition ("as is"). If the seller agrees to make repairs to the property, Paragraph 7A also contains space to list those specific repairs.

Second, even though a seller has stated he will not make any repairs, a buyer will typically want the right to inspect the property and to terminate should the condition of the property be unacceptable. While a seller could refuse to agree to the feasibility period, it is generally not a good idea to prevent a buyer from having a right to freely inspect the property. It should be stressed to the seller that agreeing to a buyer's feasibility study period and inspection right does not obligate him to complete any repairs other than those already agreed upon under Paragraph 7A.

FAIR HOUSING IS FOR EVERYONE

It's been 50 years since President Lyndon Johnson signed into law the Civil Rights Act of 1968. Title VIII of that legislation, known as the Fair Housing Act, ensures equal access to housing for all. See a timeline of milestones leading up to the Fair Housing Act, learn how the act affects your business, and find out why you're required to do more than what the law says.

The Fair Housing Act protects everyone from discrimination based on race, color, national origin, religion, sex, familial status, or disability—the so-called seven protected classes. Specifically, the following actions are prohibited based on someone’s membership in a protected class:

- Refusing to rent or sell housing
- Refusing to negotiate for housing
- Making housing unavailable
- Denying a dwelling
- Setting different terms, conditions, or privileges for sale or rental of a dwelling
- Providing different housing services or facilities
- Falsely denying that housing is available for inspection, sale, or rental
- Engaging in blockbusting practices
- Denying anyone access to or membership in a facility or service (such as multiple listing service) related to the sale or rent of housing
- Threatening, coercing, intimidating, or interfering with anyone exercising a fair housing right or assisting others who exercise that right
- Advertising or making any statement that indicates a limitation or preference based on race, color, national origin, religion, sex, familial status, or disability.

There are exemptions

The Fair Housing Act does not apply in all circumstances. Generally speaking, the rules don’t apply to:

- Small owner-occupied buildings with no more than four units
- Single-family homes sold or rented without a broker
- Religious organizations providing noncommercial housing to a religious subset
- Certain private clubs (that favor club members over others)
- Certain housing designated for senior housing.

Consider criminal history carefully

The U.S. Department of Housing and Urban Development published guidance in 2016 that says a policy of refusing to rent to anybody with a criminal record could be discrimination, since the Fair Housing Act prohibits both intentional housing discrimination and housing practices that have a discriminatory effect on protected classes. HUD says that because of racial and ethnic disparities in the U.S. criminal justice system, criminal-history-based restrictions on access to housing are likely to disproportionately affect African Americans and Hispanics. That doesn’t mean landlords and property managers can’t consider criminal history information when making housing decisions, but arbitrary and broad criminal-history-related bans may violate the Fair Housing Act.

YOU’RE REQUIRED TO DO MORE

As part of your pledge to follow the Code of Ethics, you agree to follow stricter rules than those required by the Fair Housing Act.

In addition to the seven protected classes in federal law—race, color, religion, sex, disability, familial status, and national origin—Article 10 of the Code of Ethics says that you won’t discriminate against someone based on sexual orientation or gender identity.

CHECK YOUR LOCAL LAWS

Communities in Texas can add to the protections afforded by the Fair Housing Act. San Antonio, for example, prohibits discrimination based on veteran status, sexual orientation, and gender identity. And Austin adds sexual orientation, gender identity, marital status, student status, and age. Contact your local housing office to learn about protections in your area.

Show clients and prospects how the Fair Housing Act helps them and promote the value of using a REALTOR® with the Share This flier on page 27. The one-pager is designed for buyers, sellers, and renters. Copy or download it as a PDF from texasrealestate.com/magazine and share it with your prospects and clients.

Image: ikenmazy/Shutterstock.com



FAIR HOUSING MILESTONES

The Civil Rights Act of 1866 is enacted, which grants full citizenship rights to males born in the U.S. regardless of race and guarantees all U.S. citizens the rights to inherit, purchase, lease, sell, hold, or convey real and personal property.

APRIL 9, 1866

JULY 9, 1868

The 14th Amendment to the U.S. Constitution is ratified, which says that all people born in the U.S. are citizens and all citizens are guaranteed equal protection under the law.

President Ulysses S. Grant signs the Civil Rights Act of 1875, which among other things guarantees African Americans equal treatment in public accommodations.

MARCH 1, 1875

1883

The U.S. Supreme Court declares parts of the 1875 Civil Rights Act unconstitutional, including the prohibition of racial discrimination in public accommodations.

The U.S. Supreme Court strikes down a Kentucky rule that prohibits African Americans from living on a block if the majority of the block's residents are white.

NOV. 5, 1917

MAY 24, 1926

The U.S. Supreme Court allows residents in Washington, D.C., to void their neighbor's contract to sell her house because it's being sold to an African American.

The newly created Federal Housing Administration refuses to back mortgages in certain neighborhoods because of their racial composition.

JUNE 27, 1934

MAY 3, 1948

The U.S. Supreme Court rules that private agreements in the sale of real estate that discriminate against people of certain races cannot be enforced.

The National Committee Against Discrimination in Housing is created with the mission of eliminating housing discrimination.

1950

DECEMBER 5, 1957

New York becomes the first city to ban discrimination in private housing.

Colorado becomes the first state to ban discrimination in private housing.

SEPTEMBER 10, 1959

NOVEMBER 20, 1962

President John F. Kennedy signs Executive Order 11063, which prohibits discrimination based on race, color, religion, or national origin in federally funded housing.

Congress enacts the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color, sex, or national origin in programs and activities receiving federal financial assistance. This includes any housing receiving federal funding.

JULY 2, 1964

SEPTEMBER 24, 1965

President Lyndon Johnson signs Executive Order 11246, which authorizes federal agencies to enforce the Civil Rights Act of 1964.

President Johnson signs into law the Civil Rights Act of 1968, which among other things prohibits discrimination on the basis of race, color, religion, sex, or national origin in the sale, rental, or financing of housing.

APRIL 11, 1968



Photo: LBJ Library/Photo by Cecil Stoughton

Attend the Texas real estate event of the year



September 7-10
Henry B. González
Convention Center

Four packed days of conference events featuring:

Keynote speaker, Vernice "FlyGirl" Armour, America's First African American Female Combat Pilot. Put Sept. 7 on your calendar so you won't miss her fresh, edgy, and high-energy presentation.

One-day-only Trade Expo on Sept. 9 with over 150 vendors exhibiting the latest in products and services.

Over 40 hours of CE to choose from.


Keynote speaker
Vernice "FlyGirl" Armour



THE MOST VALUABLE REAL ESTATE STATISTIC YOU'RE NOT USING

Knowing the months of inventory can help you make better business decisions and provide your clients insights into supply and demand.

by **Marty Kramer**


$$\text{MONTHS OF INVENTORY} = \frac{\text{Number of active listings}}{\text{Number of homes sold in prior 12 months}} \times 12$$

What if there was a calculation to help you identify which listings would be a waste of your time? What if that calculation could also guide your conversations with sellers about how long of a listing agreement makes sense? And what if you could share the results of that calculation with buyers and sellers to help them understand why the price they have in mind may not help them get an accepted offer or sell the home?

This calculation, which provides insights into real estate supply and demand, is one you've likely heard mentioned frequently. It's called months of inventory, and it's not just for economists.

How you can use months of inventory

You may be used to seeing months of inventory reported for your MLS, your city, or even the entire state. While interesting, you probably can't effectively use that information. After all, real estate is local.

But you can figure out the months of inventory for a ZIP code, a market area, a geographic farm, a neighborhood, a price range, a type of property, or any other market criteria you define.

Once armed with the months-of-inventory number, you will have an excellent indicator of whether that area, property type, or price range is currently in a buyer's market, a seller's market, or a balanced market.

That information, combined with other data, provides context you can use for more productive real estate discussions with prospects and clients.

What does months of inventory tell you?

Months of inventory calculates how long it would take for all homes currently on the market to sell if sales continue at the pace they have averaged over the last 12 months. The calculation assumes that no new homes come on the market.

The formula

You may be able to calculate months of inventory for a market segment through your MLS or another program or app. If not, figuring out months of inventory on your own is not complicated.

For example, if there are 53 homes currently for sale and 188 homes sold over the last 12 months, the calculation looks like this:

$$\frac{53 \text{ active listings}}{188 \text{ sales over the last 12 months}} \times 12 = 3.4 \text{ months of inventory}$$

You may find it easier to understand months of inventory by breaking the calculations into two steps:

1. Figure out the average number of sales per month over the last 12 months. Using the numbers from the example above:

$$\frac{188 \text{ total sales over the last 12 months}}{12 \text{ months}} = 15.66 \text{ homes sold per month on average}$$

2. Calculate months of inventory by dividing the total number of active listings by the average number of homes sold per month.

$$\frac{53 \text{ homes currently for sale}}{15.66 \text{ homes sold per month}} = 3.4 \text{ months of inventory}$$

No matter which method you use to calculate months of inventory, what it tells you in this example is that it would take 3.4 months to sell the 53 homes currently on the market if sales continue at the same rate that they averaged over the past 12 months.

Figuring months of inventory for other time periods

It is common to figure out months of inventory based on average monthly sales for the past year, because that takes seasonal sales fluctuations into account. But you can figure out months of inventory based on other time periods. You might choose to use a shorter time frame if there were significant changes in the market less than 12 months ago—perhaps a natural disaster or a new development starting to sell homes nearby.

To base the formula on average sales over the last six months, for example, you would adjust the formula as follows:

$$\text{months of inventory} = \frac{\text{number of active listings}}{\text{numbers of homes sold in prior 6 months}} \times 6$$

What's the mark of a buyer's or seller's market?

According to the experts at the Real Estate Center at Texas A&M University, six to six-and-a-half months of inventory indicates a balanced market. Numbers lower than six months represent a seller's market, while numbers higher than six-and-a-half months signify a buyer's market. The further away from six months the months-of-inventory number is, the more pronounced that buyer's or seller's market is likely to be.

I did the math ... now what?

Knowing the months of inventory—along with other market information—can help you negotiate with sellers about taking listings. Suppose you're meeting with a prospect whose home is worth \$415,000 based on comps and other information you've gathered. The seller is adamant about asking \$450,000.

You have figured months of inventory in that neighborhood for homes between \$400,000 and \$475,000 is 15 months, but the seller tells you about a friend across town who sold her home in a week for full asking price. It turns out that friend's home is not only in a different geographical area but also a much lower price range.

When you do the calculations for the friend's neighborhood and price range, you learn the months of inventory is only 2.5 months. If you explain how the market for the seller's home is vastly different for the market for the friend's home, and the seller still won't budge from his ambitious asking price, you might decide you don't want that listing.

On the other hand, consider the same seller who wants to

ask \$450,000 for a home worth \$415,000 based on comps. In this scenario, though, you learn there is 1.9 months of inventory for four-bedroom, three-bath homes like the seller's in that neighborhood and price range. You can still have a conversation about asking price with that prospect, but you may be more willing to spend your time on that listing.

Knowing the months of inventory for a market segment can influence your discussions and decisions about the length of listing agreement you are willing to sign. The higher the months of inventory, the less likely a short listing agreement will be sufficient.

When working with buyers, discussing the months of inventory along with data like days on market can help you explain how quickly decisions need to be made. The statistic also may help your buyers understand whether certain types of offers stand a good chance of acceptance.

There are many numbers you can analyze to help you and your clients' better understand the real estate market. Months of inventory provides a key measure of supply and demand you can use to make smarter, better-informed decisions.

MARTY KRAMER is editor-in-chief of Texas REALTOR®.



MONTHS OF INVENTORY ACROSS THE STATE

Although months of inventory may be most helpful when figured for smaller market segments, the statistic provides insights for supply and demand across the state in metropolitan statistical areas.

Here are months of inventory numbers reported in the association's 2017 *Real Estate Year in Review* report.

TEXAS: 3.1 MONTHS OF INVENTORY

Markets with the lowest months of inventory

Midland 1.4
Dallas-Fort Worth-Arlington 1.9
Austin-Round Rock 2.1

Markets with the highest months of inventory

Texarkana 16.9
McAllen-Edinburg-Mission 8.7
Longview 6.8

How to use TREC's new appraisal contingency addendum

This new form can be used as an addendum to the contract when the *Third Party Financing Addendum* is used and the transaction does not involve FHA or VA financing.

Paragraph B(2) of the *Third Party Financing Addendum* allows a buyer to terminate the contract before closing and receive the earnest money if the property fails to satisfy the lender's underwriting requirements, like if the appraisal is too low for the lender's comfort.

But in some situations, a buyer might want to gain or even waive a right to terminate because of the appraisal. TREC's new form—*Addendum Concerning Right to Terminate Due to Lender's Appraisal* (1948, TREC 49-0)—has three different options that can change a buyer's ability to terminate because of an appraisal.

BOX 1

If your client selects this choice, she ... waives her right to terminate if the appraisal doesn't satisfy the lender's underwriting requirements. The form says if the lender reduces the amount of the loan, the buyer covers the difference between the loan and the sales price.

Your client may be interested in selecting this box if she ... has the cash to make up *any* difference between the loan offer and the sales price, and

- She *really* wants the property.
- She's competing against multiple offers and wants to show the seller she's serious.

Make sure your client ... understands the financial consequences.

Example 1: The sale price of the property is \$200,000, your client is making a \$40,000 downpayment, and seeking \$160,000 in financing. The appraisal comes in at \$170,000, so now the lender will only loan \$130,000.

Ex. 1



(1) Buyer may not terminate the contract under Paragraph B(2) of the Third Party Financing Addendum if Property Approval is not obtained because the opinion of value in lender's appraisal does not satisfy lender's underwriting requirements for the financing described in the addendum. If Buyer's lender reduces the amount of the loan due to the opinion of value, the cash portion of Sales Price is automatically increased by the amount the loan is reduced.

Your client cannot terminate because ...

The appraisal doesn't satisfy the lender's underwriting requirements and your client will have to pay an extra \$30,000 on top of her \$40,000 downpayment.



BOX 2

If your client selects this choice, she ... is waiving her right to terminate depending on the amount she selects for the space in (2)(ii), if the appraisal doesn't satisfy the lender's underwriting requirements. The form says if the lender reduces the amount of loan because of the appraisal, and the appraisal is equal to or more than the amount written in (2)(ii), the buyer covers the difference between the loan and the sale price.

Your client may be interested in selecting this box if she ... has some cash to make up the difference between the loan offer and the sales price, but only to a certain amount, and

- She *really* wants the property.
- She's competing against multiple offers and wants to show the seller she's serious.

Make sure your client ... understands and carefully chooses the amount for the space in (2)(ii).

Example 2: The sale price of the property is \$200,000, your client is making a \$40,000 downpayment, and seeking \$160,000 in financing. The appraisal comes in at \$170,000, so now the lender will only loan \$130,000.

Ex. 2



(2) Buyer may not terminate the contract under Paragraph B(2) of the Third Party Financing Addendum if: (i) Property Approval is not obtained because the opinion of value in lender's appraisal does not satisfy lender's underwriting requirements for the financing described in the addendum; and (ii) the opinion of value is \$ 180,000 or more. If Buyer's lender reduces the amount of the loan due to the opinion of value, the cash portion of Sales Price is automatically increased by the amount the loan is reduced.

Your client can terminate because ...

The appraisal doesn't satisfy the lender's underwriting requirements and the conditions of the waiver have not been met. The appraisal is not \$180,000 or more.

Example 3: The sale price of the property is \$200,000, your client is making a \$40,000 downpayment, and seeking \$160,000 in financing. The appraisal comes in at \$190,000, so now the lender will only loan \$150,000.

Ex. 3



(2) Buyer may not terminate the contract under Paragraph B(2) of the Third Party Financing Addendum if: (i) Property Approval is not obtained because the opinion of value in lender's appraisal does not satisfy lender's underwriting requirements for the financing described in the addendum; and (ii) the opinion of value is \$ 180,000 or more. If Buyer's lender reduces the amount of the loan due to the opinion of value, the cash portion of Sales Price is automatically increased by the amount the loan is reduced.

Your client cannot terminate because ...

The appraisal doesn't satisfy the lender's underwriting requirements and the conditions of the waiver have been met. The appraisal is more than \$180,000. Your client will have to pay an extra \$10,000 on top her \$40,000 downpayment.

BOX 3

If your client selects this choice, she ... has an additional right to terminate the contract due to the appraisal in certain circumstances.

Your client may be interested in selecting this box if she ...

- Wants an option to terminate if the property doesn't appraise for a certain amount
- Is concerned a lower appraisal might still meet the lender's underwriting requirements—if, for example, she is providing a higher downpayment—preventing her from terminating under Paragraph B(2) of the *Third Party Financing Addendum*.

Make sure your client ... carefully considers the appraisal amount she is comfortable with and selects a time period that gives the lender enough time to obtain an appraisal.

Example 4: The sale price of the property is \$200,000, your client is making a \$60,000 downpayment, and seeking \$140,000 in financing. The appraisal comes in at \$180,000, but the lender will still loan \$140,000.

Ex. 4



(3) In addition to Buyer's right to terminate under Paragraph B(2) of the Third Party Financing Addendum, Buyer may terminate the contract within 30 days after the Effective Date if: (i) the opinion of value in the lender's appraisal is less than \$ 180,000; and (ii) Buyer delivers a copy of the appraisal to the Seller. If Buyer terminates under this paragraph, the earnest money will be refunded to Buyer.

Your client cannot terminate because ...

The appraisal satisfies the lender's underwriting requirements and is not less than \$180,000.

Example 5: The sale price of the property is \$200,000, your client is making a \$60,000 downpayment, and seeking \$140,000 in financing. The appraisal comes in at \$180,000, but the lender will still loan \$140,000.

Ex. 5



(3) In addition to Buyer's right to terminate under Paragraph B(2) of the Third Party Financing Addendum, Buyer may terminate the contract within 30 days after the Effective Date if: (i) the opinion of value in the lender's appraisal is less than \$ 200,000; and (ii) Buyer delivers a copy of the appraisal to the Seller. If Buyer terminates under this paragraph, the earnest money will be refunded to Buyer.

Your client can terminate because ...

The appraisal is lower than \$200,000. To terminate, your client must act within 30 days after the effective date and deliver a copy of the appraisal to the seller.

**Like other TREC addenda,
if your buyer is not interested
in pursuing any of these
contingencies, you are not
required to use this form.**

GET OVER IT

Why prospects and clients throw objections at you and how to get past them.

by Marty Kramer



IT CAN COME OUT OF NOWHERE ... a statement from a buyer or seller that something is preventing her from moving to the next step. The objection could be related to money, timing, a relationship, or dozens of other factors.

The obstacle may seem straightforward. Often, though, a bigger issue exists. The client or prospect may not understand the process, have doubts about whether you are the best person for the job, or be overwhelmed by the enormity of a real estate transaction.

Skilfully handling objections will increase the number of clients and listings you win and increase your clients' satisfaction with your service.

Don't respond too quickly

Your first instinct may be to immediately overcome a client concern. You could launch into a script you've learned to address any objection. But a reflexive approach can backfire. If you don't take time to properly address a serious issue, the person may dismiss her own objection only to balk later.

Listen and ask questions

Don't assume that the objection the person voiced is the only thing holding her back. In fact, it may not be the real issue at all. Some people use an objection simply to slow down the process. Others mention a small issue when a larger obstacle is uncomfortable to discuss.

Any objection should signal you to ask the prospect or client questions. Let her know you want to fully understand her concerns. Open-ended questions work well to uncover what's preventing her from moving forward.

Make sure you understand the problem by summarizing what you heard. Even after you think you're on the same page, you will often uncover the real source of resistance by asking if the person has any additional concerns.

Discuss solutions

When you're confident you know the true objection, you can help the person get past the obstacle. You can use a script, or you can answer objections in a less-structured style, but don't wing it. Spending time understanding common objections and their resolutions prepares you to successfully work through these challenges.

Whatever your approach, focus on solutions that show the person you can help her achieve her goals. Thinking of the objection from your prospect's or client's perspective will ensure you're not perceived as using strong-armed sales tactics.

Look for warning signs

Some objections are true roadblocks. A prospect or client may have changed her mind or encountered an issue that prevents moving forward with you. Using sales skills to "solve" those situations may feel like success but will ultimately waste your time.

Negative body language, half-hearted responses, and silence may be signs that the person is not receptive to your suggested next step.

Verify you have resolved the issue

The last step to overcoming an objection is to confirm that you have satisfied the person's concern. If so, you have moved a step closer to helping your client with a successful real estate transaction.

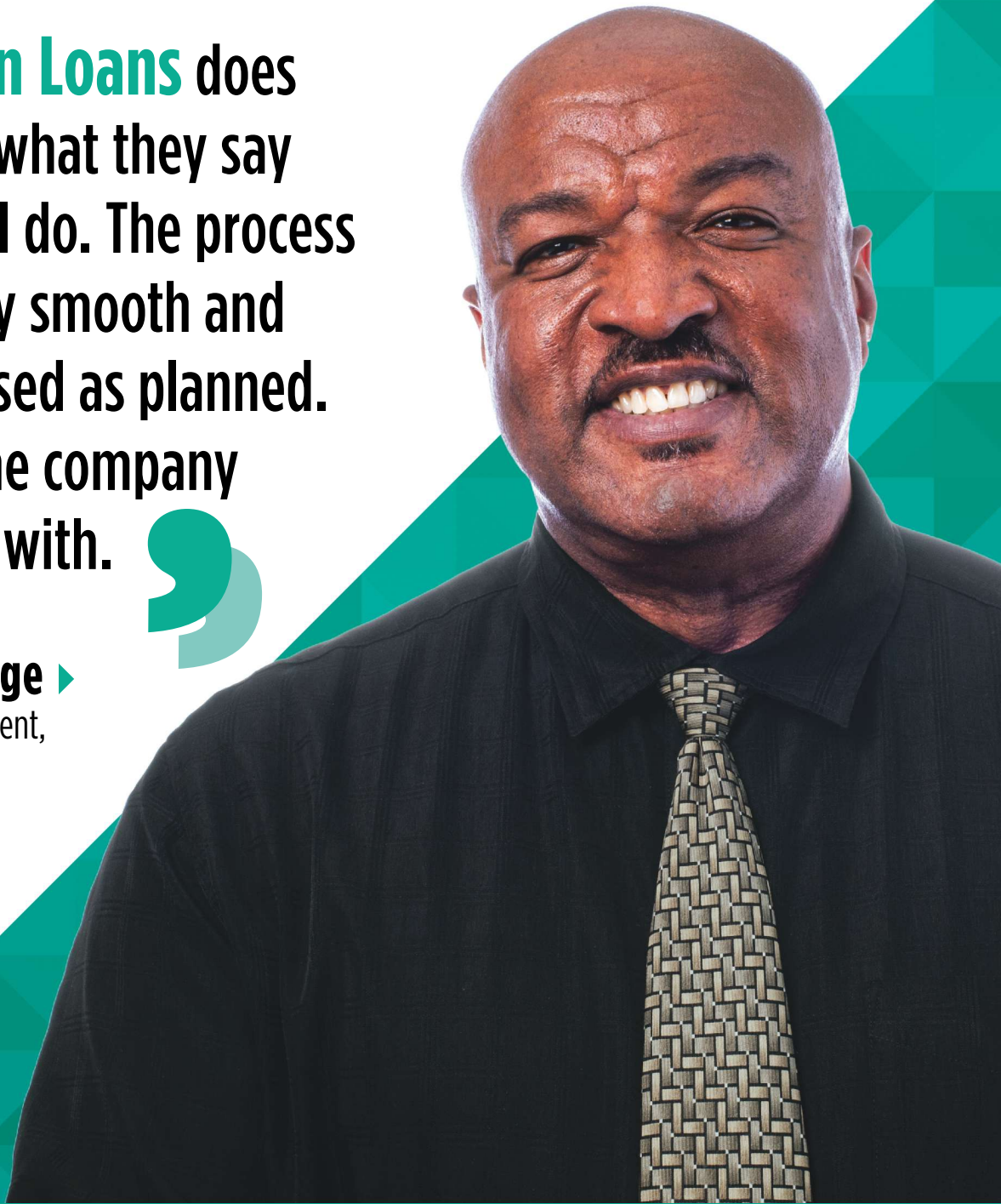
MARTY KRAMER is editor-in-chief of Texas REALTOR®.



Quicken Loans does exactly what they say they will do. The process was very smooth and progressed as planned. Awesome company to work with.



Gerald Page ▶
Real Estate Agent,
Pearland, TX



Experience the **confidence** that comes from working with **Quicken Loans**.

Quicken Loans[®]

RealEstate.QuickenLoans.com

Equal Housing Lender. Licensed in all 50 states. NMLS #3030. ©2000 – 2018 Quicken Loans Inc. All rights reserved. Lending services provided by Quicken Loans Inc., a subsidiary of Rock Holdings Inc. "Quicken Loans" is a registered trademark of Intuit Inc., used under license.

WHAT'S IN IT FOR YOU?

Texas REALTORS® and affiliates get access to a variety of discounts on products and services.

These members-only discounts are just the beginning ...

NATIONWIDE

Save on auto insurance with this members-only discount program. Add coverage for your home, boat, RV, motorcycle, and even your pet.

Visit txrealtorsauto.com to get connected with a Nationwide agent near you.

TRANSUNION SMART MOVE

This safe online system provides a quick leasing recommendation for prospective tenants, including credit report, background check, and eviction records. No subscription required so you only pay as you use it.

Get started at texasrealtors.mysmartmove.com.

TAXBOT

Track expenses to maximize deductions with this easy-to-use app. Use your phone to snap pictures of your receipts and use GPS to track mileage.

Get started at tar.taxbot.com.

OFFICE DEPOT/OFFICEMAX

Save up to 60% on office supplies, printing, and more at Office Depot and Office Max. This discount is available in stores and online.

Get started with the program by ordering your discount card or setting up an online shopping account at texasrealestate.com/officedepot.

Find out more at texasrealestate.com/benefits

Help clients better understand real estate transactions by giving them this information. Download a PDF of this page at texasrealestate.com/magazine.

WHAT DOES *FAIR HOUSING* MEAN?

Since 1968, all consumers have been protected by the Fair Housing Act from discrimination in housing transactions. Here's how the act benefits you.

IT PROTECTS EVERYONE

The act protects you and everyone else from discrimination based on race, color, national origin, religion, sex, familial status, or disability—those are called the seven protected classes.

WHAT THE ACT MEANS

Sellers and landlords can't discriminate in the sale or rental of property on the basis of someone's race, color, religion, sex, disability, familial status, or national origin. They also can't tell their agents to limit the availability of property based on the same seven classes, establish terms or conditions in the purchase or rental that are discriminatory, or advertise that the property is available only to people of a certain race, color, national origin, religion, sex, familial status, or disability.

WHERE TO REPORT A VIOLATION

If you think you've been the victim of a Fair Housing Act violation, report it to the U.S. Department of Housing and Urban Development at 800-669-9777 or hud.gov/fairhousing.

THERE MAY BE OTHER PROTECTIONS IN YOUR AREA

Local laws may expand upon the classes covered by federal law. San Antonio, for example, prohibits discrimination based on veteran status, sexual orientation, and gender identity. And Austin adds sexual orientation, gender identity, marital status, student status, and age.

REALTORS® GO BEYOND WHAT THE LAW REQUIRES

Even if you're not in a community with expanded fair housing protections, REALTORS® pledge not to discriminate based on someone's gender identity or sexual orientation.



Image: ikemuzzi/Shutterstock.com

Talk to your REALTOR® if you have concerns about fair housing.

TAKE 5

WHAT NEW TEXAS REALTORS® CAN LEARN FROM EXPERIENCED MEMBERS

During the 2018 Texas REALTORS® Winter Meeting, we asked attendees to share their advice for new Texas REALTORS® getting started in the industry. Here's what experienced members had to say.

CALCULATE THE COST OF DOING BUSINESS.

Your license is the first investment and not the last. Figure out how much money it will cost to run your business for the first year, but don't stop there. Try to project costs into year two and beyond.

FIND THE RIGHT BROKER.

Choosing the right broker can help set you on the right path. Find your brokerage not just on numbers but in heart as well. Find a brokerage where you feel you can ask questions, get assistance, get training, and learn how to set your goals.

UNDERSTAND YOUR FIDUCIARY DUTY.

Your fiduciary duty is to your client ... you should look after his or her best interests. A fiduciary relationship is created when a real estate license holder provides agency services to a party, or a party thinks agency services are being provided.

GET INVOLVED IN THE ASSOCIATION.

Belonging to a professional organization keeps you informed of the opportunities and challenges in the industry and helps you better serve your clients.

NEVER STOP LEARNING.

The business is always changing, whether it's new requirements from TREC or new technology to better serve our clients. Stay on top of your education to maintain your relevancy.



You call the shots, we close the deal.

Fixed and variable interest rates available

You finally found it, that perfect piece of land. Let our team of experts guide you through the process of making your dream a reality. Whether you are buying a farm, refinancing a current mortgage, expanding your operation or making long-term improvements, we offer a wide range of products and competitive rates. And as a cooperative, our patronage dividend program has returned more than half a billion dollars over the last decade.



Together we're better.
Partnership that really pays.

ADVERTISEMENT

PROPERTY TAX "WORRIES"?



**DEADLINE
AHEAD!!!**



**YOU ONLY HAVE A LIMITED TIME TO REDUCE YOUR
REAL AND PERSONAL PROPERTY TAXES**

THE LAST DATE TO FILE A PROTEST OF VALUE – MAY 15*

Texas Property Tax Consultants, Inc., is a professional property tax consulting firm with the simple goal of reducing your tax payments. Through our careful planning, evaluation, and presentation of appeals, we have saved property owners thousands of dollars. Every analysis is backed by years of successful, aggressive property tax appeals. TAX REFUNDS may also be available, so call today.

**THERE IS NO CHARGE FOR OUR SERVICES
UNLESS WE ARE ABLE TO REDUCE YOUR TAXES!**



CALL ME TODAY

**JOHN G. HIRSCHY, MAI, SRA, CCIM
TEXAS PROPERTY TAX CONSULTANTS, INC.**

P.O. BOX 2009

COPPELL, TEXAS 75019-8009

PHONE: 972-304-0909 Ext. 0

Info@PropertyTaxDFW.com

www.PropertyTaxDFW.com

*With exceptions

Texas Property Tax Consultants, Inc. is a wholly owned subsidiary of John G. Hirschy & Associates, Inc. John G. Hirschy, MAI, SRA, CCIM, is highly educated in valuation work, and is acting as a Property Tax Consultant, not an Appraiser, in lowering property taxes. Building photographs are from Shutterstock.com.