

# TEXAS REALTOR®

Succeed in Texas Real Estate

April 2019 \$3.50

## COMMISSIONS

HOW TEXAS REALTORS®  
FORMS COVER YOUR  
COMPENSATION p.15

YOUR ROLE  
IN FAIR  
HOUSING p.18

A team effort  
that resulted in  
the commercial  
transaction of  
the year p.23



# My Why?

I want it all. A network and brokerage that's on my level. High standards, high tech and high performance — a place that inspires my growth. For the first time, with RE/MAX®, I can safely say I don't just like my job, I love my career and the life it allows me to live.

Why RE/MAX?  
The culture is why.



Find your why.  
[joinremax.com](https://www.joinremax.com)

*Proud partner in NAR's  
REALTOR Benefits Program.*

# Get Focused



**on building success in the 50+ market.**

**Turn specialized knowledge into a spectacular opportunity.**

Earning your Seniors Real Estate Specialist® (SRES®) designation could be your smartest business move ever. Our 2-day course — available in the classroom or online — uniquely qualifies you to meet the specialized needs and expectations of clients ages 50+, the fastest growing market in real estate. Plus, you'll gain exclusive access to custom marketing tools and a referral network of more than 15,000 REALTORS®.

**Learn more at:  
[seniorsrealestate.com](http://seniorsrealestate.com).**

 NATIONAL  
ASSOCIATION of  
REALTORS®  
*Official Designation*

**SRES** 

# THE 86<sup>TH</sup> LEGISLATURE HAS CONVENED.

Your business is always on  
the menu when lawmakers  
are at the Capitol.



## STILL THINK YOU CAN'T AFFORD TO INVEST IN TREPAC?

Don't wait until it's too late.  
Visit [TREPAC.com](http://TREPAC.com)  
to invest today



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®, TEXAS REALTORS®, 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 TEXAS REALTORS®.) 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 TEXAS REALTORS® POLITICAL COMMITTEE ADMINISTRATOR AT 800-873-9155 TO OBTAIN INFORMATION ABOUT YOUR CONTRIBUTIONS.

## TEXAS REALTOR®

April 2019-Volume 72-Number 03

**TRAY BATES** Chairman of the Board  
**CINDI BULLA** Chairman-Elect  
**MARVIN JOLLY** Secretary/Treasurer  
**KAKI LYBBERT** Immediate Past Chairman  
**TRAVIS KESSLER** CEO  
**ANGELA BRUTSCHÉ** VP of Comm. & Mktg.  
**MARTY KRAMER** Editor-in-Chief  
**WARD LOWE** Assoc. Dir. of Communications  
**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  
texasrealtorsinfo@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®, Texas REALTORS®, 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 Texas REALTORS®.) 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 Texas REALTORS® 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.*

©2019  
Texas REALTOR®  
All rights reserved.



# CONTENTS

# 18

## FEATURE WORKING TOWARD FAIR HOUSING

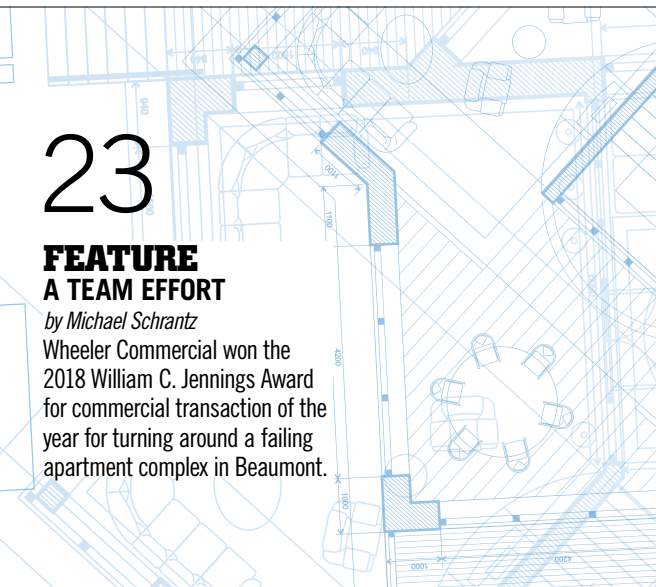
Zelda Cain, an instructor and broker with A2Z Real Estate Consultants in Houston, shares her advice on how REALTORS® can ensure fair housing becomes a reality for all Texans.



# 23

## FEATURE A TEAM EFFORT

by Michael Schrantz  
Wheeler Commercial won the 2018 William C. Jennings Award for commercial transaction of the year for turning around a failing apartment complex in Beaumont.



COVER: © biker3 - stock.adobe.com

# 15

## FEATURE WANT TO PROTECT YOUR COMMISSIONS? THERE'S A FORM FOR THAT

by David Jones

In any given transaction, there are several different agreements that affect broker compensation. Find out how various Texas REALTORS® forms can help.

### INSIGHTS

- 4 From the chairman  
Texas REALTORS® committee applications open
- 5 Election for Leslie Rouda Smith coming in May
- 6 Texas RLI recognized on the national stage  
Meet Nelvin Adriatico: A cheerful giver  
Winning images from REALTOR® Day at the Texas Capitol

### BUSINESS

- 7 Practical safety tips from a law enforcement officer  
Host your own networking dinner party
- 8 What do you know about the clients you serve?
- 9 Would you fall for spear phishing attacks?
- 10 How to overcome impostor syndrome  
Despite rising wages, affordability slips on Texas border  
Four RPR app features that can increase your productivity

### LEGAL & ETHICS

- 11 A resource for your Spanish-speaking clients
- 12 From the Hotline: Exceptions to the IABS  
What are the most common TREC complaints  
Ethics Q&A: Does the listing agent have to tell you if an offer was submitted?
- 13 Legal Q&A: Are sellers required to make repairs requested by the buyer?  
What date goes on the T-47?  
A commercial form you may not know about
- 27 **SHARE THIS**  
What it means to be pre-qualified or pre-approved
- 28 **TAKE 5**  
How to be a REALTOR® worthy of referrals

**SPECIAL INSERT:**  
Your Texas REALTORS® Member Toolkit

# INSIGHTS



## Chairman

You did it again.

Thousands of Texas REALTORS® converged on the state Capitol in Austin on March 26 to advocate for private property rights and the real estate industry.

Your state association organizes this event every session to ensure the Texas Legislature hears directly from REALTORS® about the impact proposed legislation may have on their districts back home.

Many other organizations have advocacy days, but no one does it on the scale we do.

Close to 3,000 Texas REALTORS® came to the Capitol to meet with legislators—our highest attendance ever!

This show of force at the Capitol is a great reminder that Texas REALTORS® live, work, and vote in every legislative district.

REALTORS® had appointments with all 181 members of the Texas House and Senate.

Every meeting was an opportunity to educate lawmakers on our legislative priorities, including property tax and school finance reform, ending forced municipal annexation, and supporting disaster relief and response.

Check out the #RealtorDay hashtag on social media to see hundreds of posts from lawmakers themselves saying how much they appreciate visiting with REALTORS® from their districts.

Your association was also honored with resolutions in the Senate and House, officially recognizing March 26, 2019 as REALTOR® Day at the Texas Capitol.

Your Leadership Team was proud to witness firsthand as lawmakers read the resolutions and recognized the thousands of Texas REALTORS® in attendance.

What an incredible experience to be there in the House and Senate chambers when representative after representative ... and senator after senator ... called on the REALTORS® from their respective districts seated in the galleries to stand and be recognized.

As chairman of Texas REALTORS®, I'm often asked to speak on behalf of our association.

But when it comes to public policy, it's your individual voice that has the greatest impact on individual lawmakers.

Not just during session, but at home, too.

That's why our work to support strong public policies is never done.

As REALTORS®, we like to say that we're in the relationship business—that includes having relationships with our elected officials.

If you have an existing relationship with a lawmaker, let us know we can call on you to reach out to them.

Your connection back home can make a significant difference when we need to encourage lawmakers to support or oppose legislation.

You will always be our best grassroots advocates.

 **Tray Bates**

## TEXAS REALTORS® NEEDS YOU!

Texas REALTORS® committee  
applications open April 30.

If you've ever wondered how new member benefits partners are chosen, priorities for the legislative session are identified, or educational courses are created, now's your chance: Apply to volunteer for a 2020 Texas REALTORS® committee.

The online application opens on April 30 at [texasrealestate.com/committees](https://texasrealestate.com/committees). The deadline for members to volunteer and for local associations to make recommendations for committee positions is June 21. If you're selected for a committee, you'll receive a confirmation in September. Member committee terms begin on January 1, 2020.

See the committees you can lend your experience to at [texasrealestate.com/committees](https://texasrealestate.com/committees).

# ELECTION FOR LESLIE ROUDA SMITH COMING IN MAY

If you're going to the REALTORS® Legislative Meetings in Washington, D.C., in May, be sure to mark Thursday, May 16 at 6 p.m. on your calendar. You're invited then to the Marriott Wardman Park for a reception honoring Leslie Rouda Smith, candidate for National Association of REALTORS® First Vice President 2020.

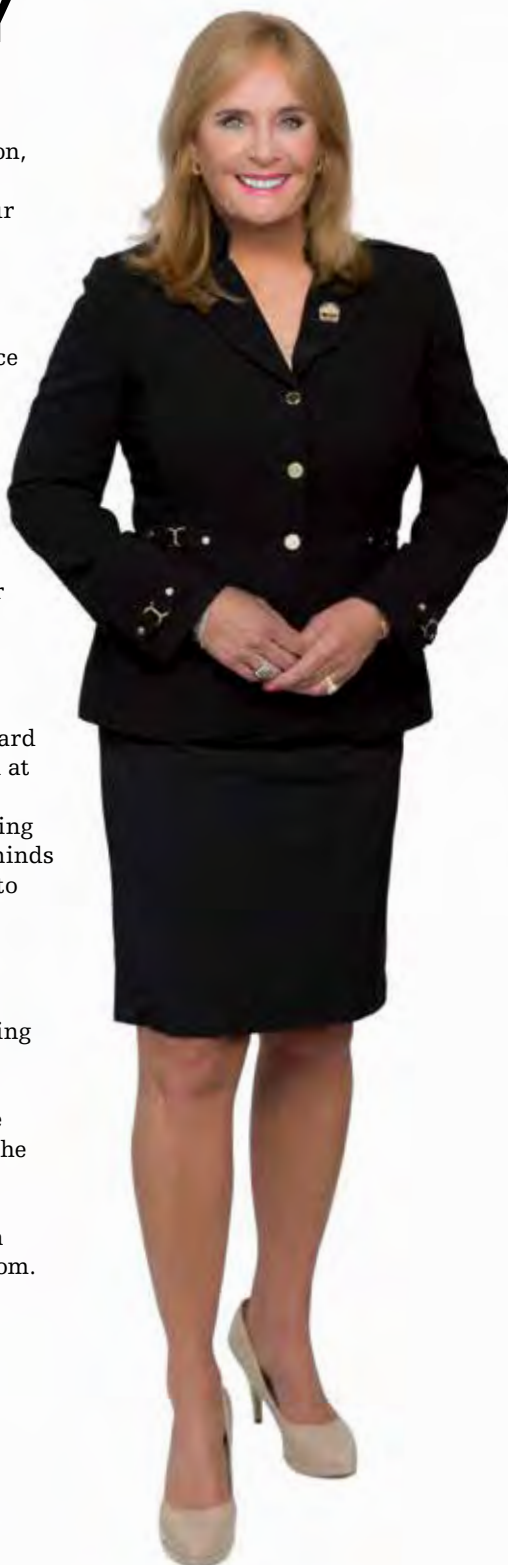
Smith, a REALTOR® from Plano who served as the 2016 Texas REALTORS® chairman and was recently named the 2018 Texas REALTOR® of the year, is running for national office to lend her expertise during a pivotal time for the real estate industry. With her extensive leadership experience at the local, state, and national levels of the REALTOR® association, Smith is looking forward to getting more members involved at the national level.

Smith says her mission is to bring together the thousands of smart minds throughout the REALTOR® family to find new ways to connect NAR to its members.

"When we're together, we're unstoppable," says Smith. "Our association cannot settle for reacting to change—we must be the force creating it."

The election for NAR First Vice President 2020 will take place at the NAR Board of Directors Meeting May 18.

Learn more about Leslie Rouda Smith's campaign at [lesliefornar.com](http://lesliefornar.com).



NORMAN SPENCER



## REAL ESTATE E&O

Comprehensive  
Errors & Omissions  
Coverage for  
Real Estate Professionals

[reoadvisors.com](http://reoadvisors.com)  
800.362.9952  
[sales@reoadvisors.com](mailto:sales@reoadvisors.com)

## 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](http://www.susterlaw.com)

The Suster Law Group, PLLC  
Principal office in Plano, Texas

## TEXAS RLI RECOGNIZED ON THE NATIONAL STAGE



The Texas chapter of the REALTORS® Land Institute (RLI) was honored last month as the Outstanding Chapter of the Year for 2018 during the 2019 National Land Conference. The award is given to chapters that advance the goals of the RLI program and honors members' dedication to the profession.

Photos: REALTORS® Land Institute and Timeless Keepsake



Photo: Nick Anderson

## MEET NELVIN ADRIATICO: A CHEERFUL GIVER

Always smiling. Always planning. Always giving. That's how colleagues describe Nelvin Adriatico, the winner of the 2018 Texas REALTORS® Good Neighbor Award.

A native of the Philippines, Adriatico moved to Houston in 1999 and has since built a successful real estate business. All the while, he made time for those in need through community service and leadership roles in volunteer organizations, including president-elect of Asian Pacific Islander American Public Affairs, vice-president-elect of the Asian American Real Estate Association, and board chair for Alliance for Multicultural Community Services.

For the past 10 years in partnership with the Alliance for Multicultural Community Services, Adriatico has focused on a passion of his: The Back to School Drive. This annual event in 2018 distributed backpacks full of school supplies, uniforms, and other items to 4,000 students.

As part of Adriatico's award, a \$1,000 donation will be made to his partnering charity, Alliance for Multicultural Community Services. Learn more about The Alliance at [thealliancetxt.org](http://thealliancetxt.org).

## Winning images from REALTOR® Day at the Texas Capitol

More than 300 #RealtorDay pictures were publicly posted on Instagram and Twitter during last month's legislative event, and these four members had theirs randomly chosen to win an Amazon gift card. Thanks to all the REALTORS® who shared their images of the day. Look for more chances to post images and win prizes at future Texas REALTORS® events.



Instagram @atxgirlmali  
Mali Hanna, Highland Lakes



Instagram @tamijonesrealtor  
Tami Jones, Lufkin



Instagram @houstonsteve  
Steve Spicer, Houston



Twitter @estesremax  
Jeff Estes, Bastrop



# BUSINESS

## PRACTICAL SAFETY TIPS FROM A LAW ENFORCEMENT OFFICER

Sergeant Robbie Barrera from the Texas Department of Public Safety shared her advice during the Texas REALTORS® webinar “Stay Safe Out There” for safety on the job and what to do if you find yourself in a dangerous situation. Here are a few takeaways from her presentation. Listen to the entire webinar under Past Webinars in the *Events* section of [texasrealestate.com](http://texasrealestate.com).

### Practice safety every day

Barrera says to think about when you are most vulnerable. For example, are you paying attention when you ...

- Get in or out of your car? Look at your surroundings and pay attention to what’s going on and where you parked.
- Fasten your child in his or her car seat? That takes your eyes off what is going on around you.
- Are loading or unloading groceries? If you have your arms loaded with groceries, are you really paying attention to what’s going on?
- Are on the hiking or jogging trail?



- Unlock a home with your clients standing behind you?
- Leave a parking garage or lot? Identify your most vulnerable moments, practice heightened awareness, and make simple changes, like having clients walk in front of you instead of behind.

### Have an emergency plan

Having a plan, even if only in your mind, will give you an advantage and keep you from freezing up in a real emergency, says Barrera. “Once your heart rate gets elevated, you lose your fine motor skills. Rehearsing plans of action will give your brain a memory to revert to when it becomes stressed in emergency situations.”

### Be vigilant at your showings and open houses

Barrera says it’s best to drive separately from clients to showings, even if you think nothing bad could happen. “Pay attention to the cars they drive,” Barrera says. “If something seems off, the best thing you can do is write down a license

plate, or nonchalantly take photos with your phone.” Avoid parking in the driveway, where you could get boxed in, and park across the street instead.

Look around often and scan your surroundings. Use your peripheral vision. Avoid distractions, like talking or looking at your phone.

“If you’re doing an open house for a few hours, have someone else there,” she says. “There is safety in numbers.”

### Stay safe on the road

“Routines can make you more of a target. If you drive the same way to work every day, it doesn’t take much time to pick up on those routines,” Barrera says.

In general, vary your transportation routes, lock your car doors, and keep your windows rolled up.

If you think you’re being followed, call 911 and stay on the phone as you go to a safe place where there are a lot of people. “And if you think you’re being followed in your car, do not drive home. Go somewhere else, like a police station, fire station, or public area.”

## HOST YOUR OWN NETWORKING DINNER PARTY



Are you more likely to pass a lead to someone you’ve had an enjoyable meal with, or one from a stack of business cards you’ve collected over the years?

When you plan and host your own networking dinner party, you have control over who attends and the flow of the event. Focus on smaller groups with people who have never met but share a common interest or experience. For example, you could invite five past or current clients who are new to your area. Or 10 REALTORS® who specialize in different areas of the industry to talk about their experiences in the field.

Smaller groups tend to have deeper and more meaningful conversations. Plus, your guests will appreciate your hospitality, further strengthening your networking bonds.

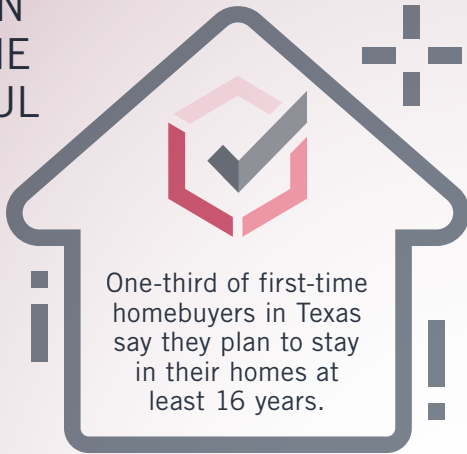


# WHAT DO YOU KNOW ABOUT THE CLIENTS YOU SERVE?



## ★ BUYERS & SELLERS ★

33% OF NEW BUYERS IN IT FOR THE LONG HAUL



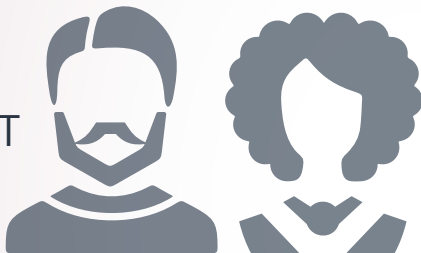
One-third of first-time homebuyers in Texas say they plan to stay in their homes at least 16 years.

FRIENDS WHO STILL WANT REPRESENTATION



Forty-nine percent of all Texas homesellers who knew the eventual buyer still used an agent or broker to sell the home, including 2% who started to sell the home on their own but ultimately used a professional.

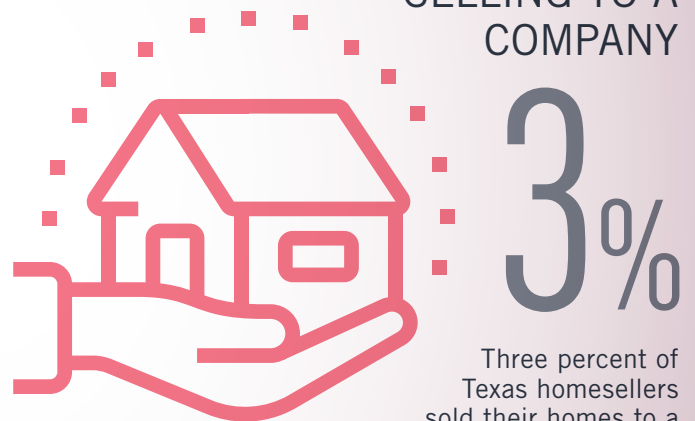
MARRIED COUPLES BUYING MOST EXPENSIVE HOMES



**\$289,000**

The median priced home for married couples in Texas last year was \$289,000, which was \$70,000 higher than the purchase price by unmarried couples. Single males paid a median of \$215,000 for homes, while single females paid a median of \$189,000.

SELLING TO A COMPANY



**3%**

Three percent of Texas homesellers sold their homes to a homebuying company.

NOT DOWNSIZING NOR UPSIZING



Homesellers ages 55 to 64 bought homes the same size as the homes they just sold—a median of 2,000 square feet. Sellers older than 64 downsized a median of 100 to 200 square feet, while sellers 18 to 34 years old bought homes 600 to 700 square feet larger than what they recently sold. Sellers 45 to 54 years old traded up a median of 300 square feet.



OPEN HOUSES REMAIN POPULAR



**6 in 10**

Six in 10 Texas sellers who sold their home with an agent say an open house was used to market the home. The only marketing methods used more frequently were yard signs (70%) and an MLS website (90%).

# WOULD YOU TAKE THE BAIT?



Spear phishing email attacks remain a top problem for businesses, according to the *2019 State of The Phish Report* published by Proofpoint, a cybersecurity vendor. Sixty-four percent of information security professionals Proofpoint surveyed said their organizations had experienced a spear phishing attack last year. Spear phishing emails are those sent to specific individuals to gain sensitive information and often target small to mid-sized businesses.

Some companies want to educate employees about these scams, so they participate in educational programs that include sending simulated phishing emails to their employees and tracking open and clickthrough rates. Based on data from its customers sending simulated spear phishing emails, Proofpoint found four types of messages that recipients are vulnerable to.

- **Corporate emails**, which are notices related to mailbox notifications, benefits enrollment, invoices, or other confidential human resources information.
- **Consumer emails**, which mimic familiar emails about store discounts, social media notifications, membership renewal, and so forth.
- **Commercial emails**, which are business emails related to work, such as tracking confirmations, wire-transfer requests, and payment confirmation.
- **Cloud emails**, which encourage the recipient to download or edit a document in cloud storage.

The report points out that email spear phishing typically targets people and isn't about installing malware or gaining access to a computer network. That's why you should become familiar with common email phishing practices and warn your clients about their heightened potential to receive suspicious emails related to their real estate transactions.



## BFS Home Warranty

"Our Trucks, Our Techs, Your Peace of Mind"

ONE CALL COVERS IT ALL



- ✓ Includes Repair and Replacement
- ✓ Local Service Centers
- ✓ Company Employed Technicians
- ✓ Plans Starting at \$375
- ✓ **No Deductible Option**

Dallas & Surrounding Areas:  
Darren Hiller  
Direct: (214) 566-1188

Austin/ San Antonio & Surrounding Areas:  
Local Office  
Direct: (210) 646-0722

Houston & Surrounding Areas:  
Nadine Morella  
Direct: (281) 831-8468

Give your clients the benefits of Seller's Coverage today!

BFS Home Warranty • [www.BFSHomewarranty.com](http://www.BFSHomewarranty.com) • 1-800-237-9910

# HOW TO OVERCOME IMPOSTOR SYNDROME

by David Burkus



Have you ever been in a room full of people and think you're the only person who doesn't deserve to be there? Or maybe you worry you're not as "cool" or "attractive" (or some other meaningless adjective) compared to your friends. We've all been in those situations, and that feeling is called impostor syndrome.

You think you're an impostor because you believe your skills, knowledge, or self-efficacy don't match up with the rest of the group. The truth is, you wouldn't have been invited into that group if the others didn't believe you deserved to be there. They see you in a positive way for a reason—and it's apparently a reason you've forgotten. It seems simple, but the primary way to overcome impostor syndrome is to remember your positive attributes.

Try this research-based exercise:

Select about a dozen of your friends, peers, colleagues, or whoever is involved in a situation that triggers your impostor syndrome. Ask those people to tell you about a time they saw you at your best. Ask if they can write it, record it, or use any other method that lets you capture their memory of you. Their responses will help you spot patterns around what your true strengths are, but also gives you a highlight reel to replay whenever you feel impostor syndrome creeping in. Just reread the stories or replay the interviews. In short, believe you are as amazing as others believe you are, and you'll learn to overcome your impostor syndrome.

**DAVID BURKUS** is a best-selling author, speaker, and associate professor of leadership and innovation at Oral Roberts University. Learn more at [davidburkus.com](http://davidburkus.com).

# DESPITE RISING WAGES, AFFORDABILITY SLIPS ON TEXAS BORDER



While wage and job growth were positive in Texas metros along the U.S.-Mexico border in 2018, rising housing prices cut into affordability across the region, according to the latest *Texas Border Economy* report from the Real Estate Center at Texas A&M University.

Border metros added 13,000 non-farm jobs, with McAllen leading with 1.9% growth. El Paso recorded the lowest unemployment rate in the metro's history at 4.3% and a fifth-straight year of improving private wages. McAllen and Brownsville also saw wage improvement. Laredo was the exception, where earnings fell for the second year.

Housing sales along the border were up 5.3% in 2018 along with increased activity in the \$100,000 to \$300,000 price range. Sales activity shifting away from homes priced below \$100,000 applied upward pressure on the median price. The Real Estate Center Affordability Indices for border metros sank to their lowest levels since the recession, representing a reduction in how much families making the median income could afford to pay relative to median home prices.

## 4 RPR APP FEATURES THAT CAN INCREASE YOUR PRODUCTIVITY



### Build a CMA on the go

From any Property Details screen in the RPR app, choose *Create Comps Analysis* to launch an express, four-step wizard that will walk you through confirmation of the home's facts, selecting comps, and identifying price. Completing step #4 will generate the *Seller's Report*.

### Find location information wherever you are

Press *Locate Me* at the top of the app, then pinch and zoom the map to street level and press *Redo Search in this Area*. Pins over the properties should appear with each pin displaying the REALTOR® Valuation Model® (RVM). Press a pin to reveal home and owner information.

### Send report by text message

Use the app's *Share* button to text a digital copy of an RPR report to your client. The link will be active for 30 days.

### Create a Buyer Tour Report for mobile

The *Buyer Tour Report* for mobile lets agents select properties for buyers to tour, determine the order in which to tour them, and create a colorful client-friendly report to share.

# LEGAL & ETHICS



## A RESOURCE FOR YOUR SPANISH-SPEAKING CLIENTS

Texas REALTORS® provides members exclusive access to Spanish translations of commonly used forms for informational purposes. While only forms in English may be used as legal documents, Spanish translations can help your clients better understand concepts in the real estate forms. The following Spanish forms are available at [texasrealestate.com/realtorforms](http://texasrealestate.com/realtorforms).

- *Residential Real Estate Listing Agreement, Exclusive Right to Sell* (TXR 1101)
- *Residential Real Estate Listing Agreement, Exclusive Right to Lease* (TXR 1102)
- *Seller's Disclosure Notice* (TXR 1406)
- *Intermediary Relationship Notice* (TXR 1408)
- *One to Four Family Residential Contract (Resale)* (TXR 1601)
- *Notice of Buyer's Termination of Contract* (TXR 1902)
- *Release of Earnest Money* (TXR 1904)
- *Addendum for Seller's Disclosure of Information on Lead-Based Paint Hazards as Required by Federal Law* (TXR 1906)
- *HUD Notice to Purchasers: Importance of Home Inspections* (TXR 1928)
- *Authorization to Obtain Consumer Report* (TXR 1929)
- *Commercial Contract Exhibit* (TXR 1937)
- *Residential Lease* (TXR 2001)
- *Residential Lease Application* (TXR 2003)
- *Notice Terminating Right of Occupancy* (TXR 2208)
- *Information About Brokerage Services* (TXR 2501)
- *Consumer Protection Notice* (TXR 2503)
- *Renovate Right Brochure* (TXR 2510)
- *Protect Your Family from Lead in Your Home pamphlet* (TXR 2511)
- *Buying Your Home: Settlement Costs and Helpful Information* (TXR 2512)

## From the hotline

800-873-9155

### EXCEPTIONS TO THE IABS

Callers often ask about circumstances when they don't have to provide the *Information About Brokerage Services* (TXR 2501) form, which is required to be provided to a party at the time of the license holder's first substantive communication with the party regarding specific real property. There are three exceptions to this rule:

- When the transaction is for a residential lease less than one year and no sale is considered
- When the broker or sales agent knows the other party is represented by a license holder
- When the communication occurs at an open house.

Nolan Oldham,  
associate counsel



## WHAT ARE THE MOST COMMON TREC COMPLAINTS?

The Texas Real Estate Commission released complaint counts for January 2018 to January 2019.

Among the 1,584 total allegations in that time period, the most complaints were under TREC's Sales-Other category (33%), which includes violations such as general negligence, false promises, improper rebates, and earnest-money issues not related to leasing and property management. The category with the second most complaints was Licensure Issues (20%), which could be failing to disclose criminal history or probationary license.

Get data on the current license and complaint count totals at [trec.texas.gov/article/license-and-complaint-count-totals](http://trec.texas.gov/article/license-and-complaint-count-totals).



## Ethics Q&A

*I submitted my buyer's offer for a property to the listing agent, but I'm concerned about whether it was presented to the sellers. Does the listing agent have to tell me if the offer was presented if I ask?*

Yes. If you submit a written request, the listing broker must provide written affirmation that the offer was presented to the seller or that the seller waived the obligation to have the offer presented.

Standard of Practice 1-6 of the Code of Ethics states that REALTORS® shall submit all offers and counteroffers objectively and as quickly as possible, and Standard of Practice 1-7 requires listing brokers to provide written affirmation that offers were presented to cooperating brokers that request it, unless the seller has waived in writing the broker's obligation to present the offer.

## Legal Q&A

### ARE SELLERS REQUIRED TO MAKE REPAIRS REQUESTED BY THE BUYER?

*My seller client disagrees with the buyer's inspector's finding that an item needs to be repaired. Does a seller have to make the repairs requested by a buyer?*

No. There is no requirement for a seller to make any repairs. However, a seller who rejects any repair amendment or refuses to negotiate any repairs risks the buyer terminating the contract if the buyer has an unrestricted right to terminate the contract and is within the termination-option period.

To avoid this situation, a seller who disagrees with an inspection report provided by a buyer could consider hiring another inspector to inspect the property or the items in dispute in an effort to continue negotiating with that buyer.



## Contract close-up

### WHAT DATE GOES ON THE T-47?

The *T-47 Residential Real Property Affidavit* (TXR 1907) has been the subject of some confusion among Texas REALTORS® members. The T-47 is an affidavit that accompanies a survey in real estate transactions when the buyer and seller wish to use an existing survey rather than paying for a new one at the time of the transaction. The seller is responsible for filling out this form.

The T-47 is a generally straightforward document used by title insurance companies to determine the coverage they are willing to provide. The confusion arises in Paragraph 4 where the seller is instructed to fill in a date after which no major changes to the property have occurred. Some say this date should be the date of the most recent survey conducted. Others say it is the date the seller acquired the property from the previous seller.

The purpose of the affidavit is to affirm the existing survey, so sellers should use the date of the most recent survey, which may be a survey ordered by them or by a previous owner of the home. Sellers should be aware that any date other than the date of the last survey will likely prompt the title company to request a new survey. It is ultimately up to the sellers what date they choose to use. At the bottom of Paragraph 4, the seller may list changes to the property that have occurred since that date or put "None" if there have been no changes.

Some title companies may require use of their own version of the T-47. The version available to Texas REALTORS® members, *Residential Real Property Affidavit T-47* (TXR 1907), is at [texasrealestate.com/realtorforms](http://texasrealestate.com/realtorforms).

## Your forms

Selling a commercial property with existing tenants? Delivery of estoppel certificates may be a requirement of a seller under a contract to sell. If so, consider using the *Commercial Tenant Estoppel Certificate* (TXR 1938).

This form is designed to be completed by a tenant occupying commercial space. The tenant certifies that the statements in the certificate are true. Statements in the certificate refer to matters such as the lease term, current rent, any breaches, and other rights or obligations of the tenant under the lease.

The certificate is typically delivered to a buyer, lender, or prospective lender of the property.

This is just one of more than 130 forms available only to members of Texas REALTORS®. Find them all at [texasrealestate.com/realtorforms](http://texasrealestate.com/realtorforms).



Your membership in Texas REALTORS® is

Your path to a **thriving**  
real estate market, **satisfied**  
clients, and a **growing**  
business.

Learn more at [texasrealestate.com](https://texasrealestate.com)



# Want to PROTECT your COMMISSIONS?

There's a form for that

Find out how various Texas REALTORS® forms can help you secure your commission.

by **David Jones**

In any given transaction, there are several different agreements that affect broker compensation. Such compensation can be addressed in the following types of agreements:

- Client representation agreements, such as listing and buyer/tenant representation
- A cooperative compensation (commission) agreement between the brokers
- A commission registration agreement between a broker and party to the transaction.

Various members-only forms protect a broker's commission.

## **General guidelines for representation agreements**

Although written agreements are not legally required to establish an agency relationship, there are good reasons for having listing and buyer/tenant representation agreements in writing:

- Multiple listing service (MLS) rules require brokers to have written authorization



from the seller to submit a property to the MLS.

- Under The Real Estate License Act, brokers cannot enforce their right to collect a commission from a party to the transaction unless there is a signed, written agreement.
- Article 16 of the Code of Ethics prohibits other REALTORS® from interfering with exclusive representation between brokers and their clients, and written representation agreements establish that exclusive relationship.
- Article 9 of the Code of Ethics requires REALTORS® to assure whenever possible that agreements are in writing.

### Broker compensation in the listing agreement

A listing agreement provides that the listing broker will market the seller's property and the seller will compensate the broker if the broker, either on her own or with the help of a cooperating broker, sells the property. Texas REALTORS® offers several listing agreements, the most common being the *Residential Real Estate Listing Agreement, Exclusive Right to Sell* (TXR 1101).

The residential listing agreement allows the broker's compensation to be

expressed as a percentage of the sales price or another amount the broker and seller agree on. Under the agreement, a broker is entitled to the compensation when the fee is both *earned* and *payable*.

The broker's fee is *earned* when one of three things happens:

- The seller sells the property.
- A ready, willing, and able buyer is procured.
- The seller breaches the listing agreement.

The broker's fee will be *payable* when one of four events happens:

- The sale of the property has

closed and funded.

- The seller refuses to sell the property after the broker's fee has been earned.
- The seller breaches the listing agreement.
- At any other time according to the terms of the listing agreement.

The *Residential Real Estate Listing Agreement, Exclusive Right to Sell* also

contains a protection period. During this period, a broker may be entitled to compensation after the listing agreement ends if the broker notifies the seller of prospective buyers whose attention was called to the property during the listing agreement period. If the seller agrees to sell the property during the protection period to one of these prospects, the broker, upon closing of the sale, will be entitled to the compensation he would have received if the listing agreement were still in effect. The protection period doesn't apply if the seller enters into a subsequent exclusive listing agreement

with another REALTOR® and must pay the other REALTOR® for the sale of the property.

### Broker compensation in the buyer/tenant representation agreement

A buyer/tenant representation agreement provides that the broker will assist the buyer or tenant in locating a property to purchase or lease and the buyer will compensate the broker

if the buyer purchases or leases a property.

The Texas REALTORS® *Residential Buyer/Tenant Representation Agreement* (TXR 1501) allows the broker's compensation to be expressed as a percentage of the sales or lease price. The broker will first attempt to get her compensation from the seller/landlord or the listing broker. If the seller/landlord or listing broker fails or refuses to pay, the

There are no "standard" commissions in real estate brokerage. Antitrust laws forbid brokers of different firms from joining together to fix commissions at a set price. Brokers and their clients are free to negotiate commission amounts.

## WHOSE REPRESENTATION AGREEMENT IS IT?

Texas Real Estate Commission rules require listing and representation agreements for real estate brokerage services to be in the name of the broker. Even though brokers can authorize their sponsored agents to execute representation agreements, the client and the compensation

from a transaction belong to the broker.

Sponsored agents and associated brokers should have a written agreement with the broker that expresses how the broker's commission will be shared with the sponsored agent. The Texas REALTORS®

*Independent Contractor Agreement* (TXR 2301) may be used for this purpose. This agreement also provides that an agent is entitled to a commission if the commission was earned prior to termination of the sponsorship. Depending on the terms in the *Independent*

buyer/tenant is responsible for payment.

Under the *Residential Buyer/Tenant Representation Agreement*, a broker is entitled to the compensation when the fee is both *earned* and *payable*. The broker's fee is *earned* when:

- The buyer/tenant enters into a contract to buy or lease property in an agreed market area, or
- The buyer/tenant breaches the buyer/tenant representation agreement.

The broker's fee is *payable* when:

- The transaction closes
- The buyer/tenant breaches the sales or lease contract, or
- The buyer/tenant breaches the buyer/tenant representation agreement.

### Broker compensation and the *One to Four Family Residential Contract (Resale)*

An agreement for broker compensation is not part of the *One to Four Family Residential Contract (Resale)* (TXR 1601). But what about the Broker Information page (page 9)? Filling in the blank line for the commission authorizes and directs the escrow agent to pay the cooperating broker that amount out of the listing broker's commission and does not by itself create a binding agreement between the brokers. The brokers should have a separate cooperative compensation agreement. If there is a conflict between the amount written on page 9 and the separate compensation agreement, the separate compensation agreement would control over the amount written on page 9.

### Other compensation agreements

Compensation agreements outline a bro-

*Contractor Agreement*, the agent's share of the commission may be reduced or eliminated when an agent leaves the brokerage before the transaction is completed.

ker's entitlement to compensation.

The most common type of compensation agreement is when property is listed in the MLS. Under MLS rules and policies, a listing broker is providing a unilateral offer of compensation to a cooperating broker. A cooperating broker's performance as procuring cause is the acceptance of that offer. No separate written agreement is required.

For transactions that do not involve MLS compensation, Texas REALTORS® offers several forms for brokers to use.

- The *Registration Agreement Between Brokers* (TXR 2402) is an agreement between a listing broker and cooperating broker that can be used to establish the amount a listing broker will pay the cooperating broker when the property is not listed in the MLS or the cooperating broker is not a participant of the MLS in which the property is listed.
- *Agreement Between Brokers for Residential Lease* (TXR 2002) is also an agreement between a listing broker and cooperating broker that can be used to establish the amount the listing broker will pay the cooperating broker when the property for lease is not listed in the MLS or if the cooperating broker is not a participant of the MLS in which the property is listed.
- The *Registration Agreement Between Broker and Owner* (TXR 2401) is an agreement between a broker and the owner of the property. It's a versatile form that can be used when the broker represents either the owner or the buyer. It's especially useful in a for-sale-by-owner transaction where the unrepresented owner agrees to compensate the buyer's broker.

Have more questions about commission agreements? Call the Texas REALTORS® Legal Hotline at 800-873-9155 Monday through Friday from 9 a.m. to 4 p.m. The hotline is included in your dues as a benefit exclusively for members of Texas REALTORS®.

## TERMINATION OF REPRESENTATION AND YOUR COMMISSION

If the broker and seller agree to end a listing agreement early, they can use Texas REALTORS® *Termination of Listing* (TXR 1410). As part of the agreement to terminate, the parties can also agree to an amount of compensation the broker will receive. The original broker compensation in the listing agreement, including compensation under the protection period, would not apply once the *Termination of Listing* is executed.

If the broker and buyer/tenant sign the *Termination of Buyer/Tenant Representation Agreement* (TXR 1503), only the fees agreed upon in the termination would apply. The protection period would also not apply.

**DAVID JONES** is associate counsel for Texas REALTORS®.

# WORKING TOWARD FAIR

Four hands are positioned to form the outline of a house. The top two hands are spread wide, with fingers pointing towards the center, forming the roof. The bottom two hands are also spread wide, with fingers pointing towards the center, forming the base. The hands are light-skinned and appear to be of a woman's hands.

Zelda Cain,  
an instructor and  
broker with A2Z Real  
Estate Consultants in  
Houston, is passionate  
about fair housing. Here  
she shares with *Texas  
REALTOR*® magazine  
advice on how  
REALTORS® can ensure  
fair housing becomes a  
reality for all Texans.

# HOUSING

## Texas REALTORS®: Are REALTORS® getting enough education about fair housing?

**Zelda Cain:** Fair housing education is offered, but there are too many empty chairs in those classrooms. Agents don't see the value in that topic. I think a fair housing class should be mandatory like the required Legal 1 and 2 classes.

## What fair housing mistakes do you see agents and brokers make?

I've had clients looking to lease property who are asked to submit a picture ID to the listing agent. Some of those clients are rejected before the property manager ever runs a background or credit check, and I think it's because the REALTOR®, property manager, or landlord didn't like the way my clients looked—their name, race, color or nationality.

Steering clients remains a problem, too. I've had buyers tell me that their previous agent refused to show them homes in certain communities—even after the clients requested to see a specific home. No one comes out and says “you can't live here,” but it's obvious to me that these buyers were being steered toward or away from areas because of their skin tone or religion or nationality.

Article 10 of the Code of Ethics outlines what our commitment to equal opportunity in housing should be. The behaviors reported about some REALTORS®, from my clients, are unacceptable. We need to take ourselves out of the equation. The client alone should decide whether a property or neighborhood is right for him or her.

## Have you experienced sellers violating fair housing rules?

I once had a professional football player as a client, a black man with tattoos and dreadlocks, who wanted to buy a new home from a builder. We had a letter from his financial planner stating that he had the funds to purchase in cash anything in the

*A landlord or property manager can require all potential tenants to submit a photo ID with their lease application. But he should only use an applicant's photo ID to verify the applicant's identity and/or to check on criminal history, rental history, or credit history. The requirement must be uniform and consistent and not used to discriminate against an applicant.*

*The Fair Housing Act protects everyone from discrimination based on race, color, national origin, religion, sex, familial status, or disability.*

*Article 10 of the Code of Ethics says that you won't discriminate against someone based on sexual orientation or gender identity in addition to the seven protected classes.*

*The Fair Housing Act prohibits discriminating against a protected class by, among other things, refusing to sell housing or discouraging a person from purchasing or renting property in a particular neighborhood or community.*

*The Fair Housing Act prohibits discriminating against a protected class by, among other things, setting different terms, conditions, or privileges for sale of a dwelling.*

builder's portfolio and could close in as little as two weeks. The builder's sales rep took a copy of his driver's license and the letter and left the office. When she returned more than 15 minutes later, she asked for a copy of his original football contract. I suspect my client's appearance made her treat him differently than another buyer.

### **What are ways you've seen landlords violate fair housing rules?**

Many landlords don't know the rules regarding service animals. They ask for large deposits for the service animal prior to accepting a lease from the applicant or deny a lease application because they don't accept pets.

*A housing provider may not require an applicant to pay a pet fee or a pet deposit for an assistance animal.*

*The One America Principles were created in 1997 by President Bill Clinton and the U.S. Department of Housing and Urban Development. It's a declaration to conduct business in a fair and inclusive manner. Read the principles at [oneamericaprinciples.com](http://oneamericaprinciples.com).*

### **How can REALTORS® best inform their clients—buyers, sellers, and renters—about fair housing and what it means?**

Fair housing laws, tips, and examples should be a part of our normal dialogue with clients. We need to have these discussions during initial consultations with clients. Set expectations and inform clients about proper practices. Then, you can handle issues as they arise.

My office has a systematic approach. At the initial meeting with a client, I explain that we have incorporated the One America Principles and Fair Housing Declaration as a part of our daily operations and overall business plan. Our clients are asked to sign copies of both documents at the time we initiate our relationship.

REALTORS® also should call out violations and actions that looks suspicious. Stop ignoring these behaviors in favor of the almighty dollar.

*NAR created the Fair Housing Declaration to affirm the commitment of REALTORS® to the principles of fair housing. See the declaration at [nar.realtor/fair-housing/fair-housing-program/fair-housing-declaration](http://nar.realtor/fair-housing/fair-housing-program/fair-housing-declaration).*

*Although age isn't specifically protected in the Fair Housing Act, local ordinances may offer additional protections.*

### **How would you change fair housing laws?**

Age is not one of the seven protected classes under the Fair Housing Act, and I think it should be. Here's an example where I think my client was discriminated against because of her age.

I had an elderly buyer look to purchase a home. She received a pre-approval letter from a major lender, and her offer on a house was accepted by the seller.

My buyer submitted the requested document for loan approval, and we waited. For three months, we kept going back and forth with the lender, providing updated documents time and again. The seller was patient and granted us several extensions for closing. Finally, though, he accepted a backup offer that closed. My client's lender never gave us a reason for the delay, and never issued a denial letter. It was as if she never applied for the loan.

With the approval of my client, I asked another lender to look at her documents and explain what could have caused such a delay. The new lender could not find any issues with the file. My client found another home to purchase, and the new lender closed the deal in less than 30 days.

### **What do you wish every REALTOR® knew about fair housing in Texas?**

Fair housing isn't a problem that's been solved. We have laws, but not everyone follows the rules. All REALTORS® need to uphold the law and take a stand when we see it being ignored. Only then will we see true change taking place.

# What does *fair housing* mean for REALTORS®?

Test your knowledge of your duties under the Fair Housing Act and the REALTOR® Code of Ethics.

- 1. Which of the following is not a protected class covered by the Fair Housing Act?**
  - a. Race
  - b. Religion
  - c. Age
  - d. Sex
  - e. Disability
- 2. TRUE OR FALSE?** Local laws may include additional protected classes not covered by federal law.
- 3. As part of your pledge to follow the REALTOR® Code of Ethics, you agree to follow stricter rules than those required by the Fair Housing Act. This includes which additional protected classes?**
  - a. Age and income
  - b. Sexual orientation and gender identity
  - c. Age and gender identity
  - d. Employment status and income
- 4. TRUE OR FALSE?** There are certain circumstances when the Fair Housing Act does not apply.
- 5. TRUE OR FALSE?** The Fair Housing Act does not apply to landlords or property managers.
- 6. Which of the following individuals is protected under the *familial status* class of the Fair Housing Act?**
  - a. A pregnant woman
  - b. An unmarried couple
  - c. A widowed senior citizen
- 7. TRUE OR FALSE?** Advertisements containing descriptions of properties related to accessibility (such as “fourth-floor walk-up” or “walk-in closets”), services or facilities (such as “jogging trails”), or neighborhoods (“walk to bus stop”) do not violate the Fair Housing Act.



1. **c.** The seven classes covered by the Fair Housing Act are race, color, national origin, religion, sex, familial status, or disability. 2. **TRUE.** Some local laws may prohibit discrimination based on veteran status, marital status, or student status. 3. **b.** 4. **TRUE.** Generally, 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); and certain housing designated for seniors. 5. **FALSE.** 6. **a.** Familial status is any family in which one or more individuals who are younger than 18 live with a parent, a legal custodian, or a designee of the parent or legal custodian with the written permission of the parent or legal custodian. The protections also apply to a person who is pregnant or in the process of securing legal custody of an individual who has not reached 18. 7. **TRUE.**

# It's time for your own piece of Texas.

## 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 \$750 million over the last decade.



**Together we're better.**  
**Partnership that really pays.**



capitalfarmcredit.com | 877.944.5500  
NMLS493828



# A Team Effort

Wheeler Commercial received the 2018 William C. Jennings Award for turning around a failing apartment complex.

by **Michael Schrantz**

**F**or the first time, the William C. Jennings Award for outstanding effort in a commercial transaction was awarded to a company.

Turning around an underperforming property, making needed improvements, keeping the finances in order, and arranging a sale took multiple members of Wheeler Commercial working together.

“It was a team effort,” says Lee Wheeler of Wheeler Commercial in Beaumont.

And it all started with a client who trusted the team.

The Wheeler Commercial team collaborated to make improvements to and manage a 20-unit apartment building in Beaumont, ultimately increasing its attractiveness and value. Pictured from top: Broker Lee Wheeler; Property Manager Becki Bates-Pitre; Office Manager Jessica Odom; Service Manager Jenny Bonham.



## The Initial Conversation

When a past client came to Wheeler with a request to help him sell a 20-unit apartment building in Beaumont, it didn't look promising. The poor financial performance of the complex meant the owner was routinely putting money into the property, and the hassle of management was taking its toll.

"He wanted to get out of it," Wheeler says. With an outstanding mortgage on the property, the owner was simply looking to walk away without coming out of pocket. But once Wheeler and his team had a chance to examine the net operating income for the property, they realized the fire-sale price supported by the financials wasn't going to be enough.

"I brought in my team and we sat down and went through the issues with the property," Wheeler says.

That included Becki Bates-Pitre, who leads the property management team; Jenny Bonham, the service manager who oversees property upkeep and improvements; and Jessica Odom, the firm's bookkeeper. Together they came up with an alternative solution for the client: Let Wheeler Commercial manage the property and guide it to a place where it could support an asking price the client would be happy with.

Wheeler sat down with the client and

laid out the situation, making sure to explain that it would get worse before getting better—there were nonpaying tenants, disputes among tenants, and other issues to sort out.

"One of the key pieces to this is having a client who trusts you," Wheeler says. "And they did."

## The Turnaround

"The owners gave us free rein," Bates-Pitre says.

The team went to work on making improvements, attracting new tenants, and improving the financial health of the property.

"We spent a lot of time at the property and getting to know the tenants," Bates-Pitre says.

As disruptive and nonpaying tenants left, the occupancy rate dropped—going from 70% down to 25% at one point. That dip in income made the team's job harder, as improvements were budgeted from the property's cash flow.

Odom put together a budget each year to show the owners how regular maintenance and improvements to reposition the property would be paid for.

That didn't account for unforeseen issues, like a leak behind an electrical panel that took almost the entire period they were managing the property to find. Or the tree

that fell on the property from a neighboring lot, which turned out to be owned by a college that didn't know it owned the lot.

Bonham was in charge of making sure vendors took care of work promptly and respected the tenants' space. A vendor who tracked grease into a tenant's apartment and left construction debris on the furniture had to be let go, for example.

"We made sure contractors treated the units like they were someone's home—because they were," Wheeler says.

What made the process go smoothly, Bonham says, was developing a first-name relationship with tenants and recognizing their numbers when they called, making them feel heard.

To fill rehabbed units, the property management team turned to longtime tenants and advertised in convenience stores and nearby laundromats.

Wheeler was skeptical, he says, when Bates-Pitre started using the old-school marketing technique of flyers with tear-off tabs at the bottom. But it worked, and the tenants they found from these methods helped bring in others, too.

"We wanted to encourage tenants to have their friends or relatives live near them—people who would respect each other," Bates-Pitre says.

Thanks to the work of Bates-Pitre,



When Wheeler Commercial assumed property management duties for this complex in Beaumont, the net operating income would only support a sale price of less than \$240,000. After Wheeler Commercial made improvements and attracted new tenants, the team was able to list it for \$640,000.

Odom, and Bonham, the financial health of the property started to improve. Where the owners were accustomed to paying expenses like property taxes and insurance out of pocket, those costs were now being covered by revenues. Once that performance was maintained for at least a year, it was time to put it on the market.

"It took us three years, but we turned it around," Wheeler says.

### The Sale

When Wheeler Commercial took over the property, net operating income would only support a sale price of less than \$240,000. The new financial picture allowed it to list for \$640,000.

It went under contract almost immediately, according to Wheeler, but the deal fell apart. That hardly mattered, because almost as soon as it went back on the market it had a full-price offer.

"If people had lived on that street for a long time, they might've said the apartments had a bad reputation," Wheeler says. "But we could show potential buyers that the people who lived there had pride in their homes."

The new value wasn't created through adding perks or a capital infusion, but through solid management, steady financial planning, and working to foster a positive relationship with tenants.

"Becki was instrumental in showing the property," Wheeler says. "The tenants trusted her, and it really went a long way. Buyers could ask her any question and she knew the answer."

Once the sale closed, Wheeler's client invested in a piece of land using a 1031 exchange and opened a Steak 'n Shake in Beaumont.

"They loved us from the get-go because we weren't calling all the time for a check," Wheeler says. "But now they're one of our

biggest fans out there. It's part of our mission statement to create raving fans, and we did that."

---

**MICHAEL SCHRANTZ** is social media editor for the association.

**Wheeler Commercial's property manager Becki Bates-Pitre, left, and broker Lee Wheeler accept the team's William C. Jennings Award at the 2019 Texas REALTORS® Winter Meeting in Austin.**



# Attend the Texas REALTORS® Conference in September

Fort Worth Convention Center  
Sept. 12-15

## Four packed days of conference events featuring:

**Keynote speaker Walter Bond.** If you've heard him speak, you know you're in for fun, laughs, and honest talk about real life. After playing pro basketball for eight years, Walter took his message to a different arena where he teaches that success is possible in spite of adversity. Based on his best-selling book, *All Buts Stink*, you'll learn that change is good and success is up to you if you'll just quit with the "buts."

**One-day-only Trade Expo on Sept. 14.** Visit over 150 vendors exhibiting the latest real estate products and services.

**Over 40 hours of CE.** Get credit while learning from top notch instructors.



Keynote speaker  
Walter Bond



# SHARE THIS

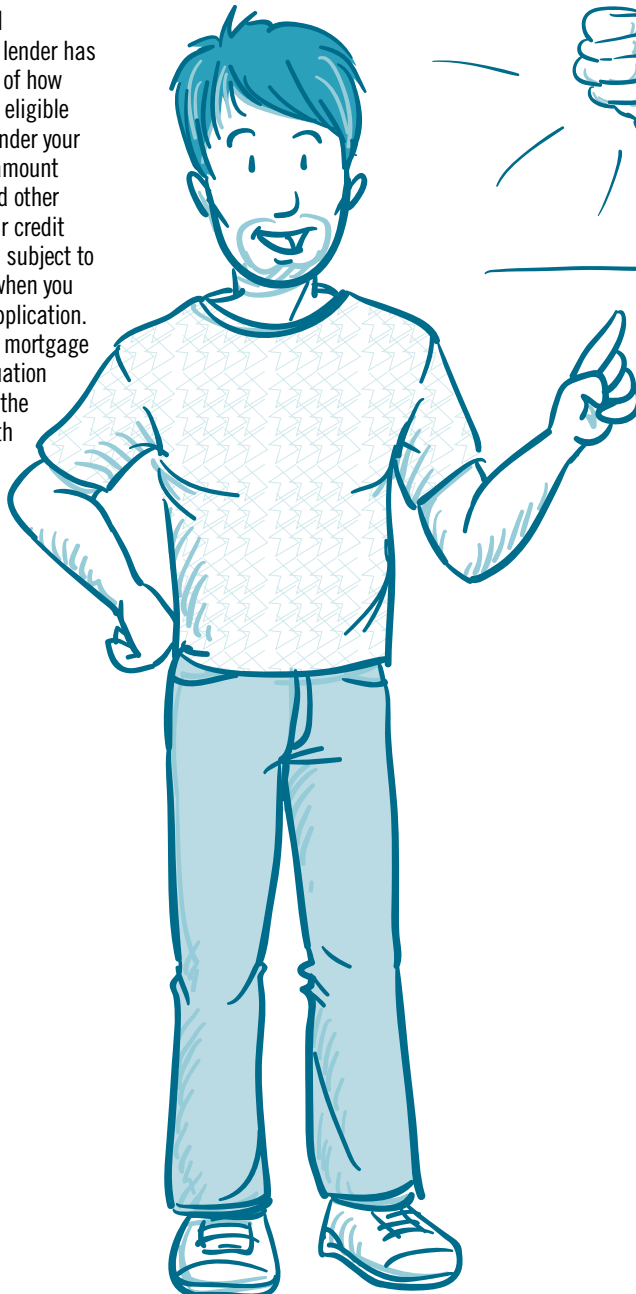
Help clients better understand real estate transactions by giving them this information. Download a PDF of this page at [texasrealestate.com/sharethis](https://texasrealestate.com/sharethis).

## WHAT IT MEANS TO BE PRE-QUALIFIED OR PRE-APPROVED

Getting pre-qualified or pre-approved for a mortgage loan gives you information about what you can afford. Here's what those terms mean.

### PRE-QUALIFICATION

Pre-qualification means a lender has done an initial calculation of how much money you might be eligible to borrow. You provide a lender your approximate income, the amount of debt you're carrying, and other important details from your credit history. This information is subject to verification by the lender when you submit your actual loan application. There is no guarantee of a mortgage loan, as your financial situation has not been verified. But the lender may provide you with a pre-qualification letter, which has more details about your likelihood of obtaining a loan.



### PRE-APPROVAL

Pre-approval means your financial situation has been verified by the lender. You will fill out a mortgage loan application and provide supporting documentation. The lender will examine your financial situation—your credit report, your employment history, your income—and decide what interest rate to offer and the maximum amount you would be permitted to borrow.

Although pre-approval provides more certainty to a borrower than pre-qualification, it also does not guarantee a mortgage loan. That involves other conditions, such as an assessment of the property you want to purchase.

Make sure you know how much you can expect to borrow. Talk with your lender and get a professional examination of your financial situation.

A REALTOR® can help explain and simplify the steps you need to take to own a home.

# TAKE 5

## HOW TO BE A REALTOR® WORTHY OF REFERRALS

Many companies develop “personas” and “customer journeys” to connect with and provide better service to their customers. Luckily, you can do that without complex marketing strategies. Here are simple ways to make memorable connections with clients.

### BE OBSERVANT OF THE LESS OBVIOUS

---

Most people expect that you'll learn their kids' names, whether they have pets, and their least-favorite paint color. If you notice your clients admire a succulent garden, ask about it later. Or if their dog's favorite toy is hanging on by a thread, give him a new one. Small gestures like these show you're paying attention.

### TRY TRANSPARENCY

---

Transparency can take many forms, like providing daily updates on a transaction even if nothing is happening or being honest that your clients' expectations aren't attainable. However it occurs, transparency can strengthen your clients' trust in you.

### DON'T MAKE ASSUMPTIONS

---

It's great to anticipate your clients' needs, but sometimes you need to dig deeper. A buyer who hates mowing may make you think you should avoid showing properties with big yards, but a few questions may reveal he's OK with a big yard—if it's maintained by the homeowners association's landscaping service.

### REALLY COMMUNICATE

---

Maybe you and your clients are happy texting each other, but the agent on the other side of your transaction loves phone calls. You may hate chatting on the phone, but you're not serving your clients if you screen that agent's calls. Adapt to different communication styles, because being responsive is always in the best interest of your clients.

### ASK FOR (AND ACCEPT) FEEDBACK

---

Don't wait until the transaction has closed to solicit feedback about your work. Since providing and receiving feedback can be a delicate process, determine whether your clients are more comfortable sharing it verbally or through text or email. View their feedback as your clearer path toward giving them exceptional customer service.

FAIR HOUSING  
MAKES U.S.  
STRONGER

*(From left to right): Jazmyn Rushing, REALTOR®; Nicole D. Woods, REALTOR®; Albert Allen, REALTOR®; Brian M. Paris, REALTOR®; Ashley Rathburn, Texas REALTORS®; Andrei Lubomudrov, Austin Board of REALTORS®; in front of the LBJ Presidential Library, Austin, TX*

We can't change history. The future is  
our story to write.

**Be a catalyst for change.** 2018 marked the 50th anniversary of the Fair Housing Act. While progress has been made, there's more work to be done. What can you do? Redouble your efforts to understand fair housing laws and how your actions, words and understanding of the issues impact housing choice. And when you see discrimination, challenge it. Report it. Engage in community dialogue about the issues tied to housing choices, like schools, healthy communities, residential displacement and economic opportunity. Be informed, and take action to expand protections to groups who continue to experience discrimination, such as the LGBTQ community. By protecting the rights to housing — free from discrimination for ALL people — the Fair Housing Act preserves and advances opportunities for everyone. As the REALTOR® community, let's take ownership of fair housing rights and uphold the promise of the Fair Housing Act.

Visit [www.FairHousing.realtor](http://www.FairHousing.realtor) to read more about what you can do and to join the commemoration.



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](http://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.