

# TEXAS REALTOR®

Succeed in Texas Real Estate

December 2017

## WHAT'S YOUR PLAN?

HOW TO BUILD A SOLID FINANCIAL FOUNDATION  
AND SECURE YOUR RETIREMENT p. 24



Brokers: Tap this  
unlikely source of  
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◆ TEXAS ASSOCIATION OF REALTORS® \$3.50

CLOSE MORE DEALS p. 20 ■ GET INVOLVED IN YOUR COMMUNITY p. 22



My  
Why?

I'm selective about who I work for. So, when I heard about the origins of RE/MAX, I was intrigued. Their North Star was simple, yet radical: pay agents what they deserve. And that I can get behind.

Why RE/MAX? Their story is my why.



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# How will you spend your TREPAC savings this holiday season?



TREPAC saves Texas REALTORS® thousands of dollars each year by keeping harmful legislation such as tax on services and real estate transfer taxes from affecting our members.

Calculate your savings with the TREPAC Calculator today and re-invest it into TREPAC to ensure that next year, you don't end up with coal in your stocking.



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## TEXAS REALTOR®

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**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

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Texas Association of REALTORS®

## TEXAS TOPS NATION FOR GRI DESIGNEES

More than 10,000 active members of the Texas Association of REALTORS® have earned their GRI (Graduate, REALTOR® Institute) designation—the most in any state.

Why? Because it teaches you practical ways to improve your business and boost your earning potential.

The GRI is a nationally recognized designation, but it's state-specific. That means the Texas GRI was created for Texas REALTORS®.

Visit [texasrealestate.com/gri](http://texasrealestate.com/gri) to learn more about the Texas GRI.

### Member benefits



Show off your Texas REALTOR® pride and let potential future clients know who you are with an "I am a Texas REALTOR®" license plate.

The specialty plate is available exclusively to active Texas REALTORS® through the Texas Department of Motor Vehicles. Of the \$30 cost, \$22 goes to the Texas Association of REALTORS® Housing Opportunity Fund, which was established to promote affordable housing in Texas. Visit [texasrealestate.com/plate](http://texasrealestate.com/plate) for more information.

### Chairman

“ PLEASE KNOW THAT YOU WERE MY FOCUS THIS YEAR, AND I HOPE YOU KNOW YOU PROVIDED ME WITH THE HIGHEST HONOR OF MY LIFE— THE PRIVILEGE TO SERVE YOU! ”

—2017 TAR Chairman  
Vicki Fullerton



Photo: Jackie Miner of Quik Pics Portrait Studios

I'VE SEEN AN INCREDIBLE YEAR OF INVOLVEMENT, ENGAGEMENT, EXPANSION, SUCCESS, AND, YES, CHALLENGES AND CHANGES, DURING MY TIME AS YOUR CHAIRMAN.

We refocused on under-involved sectors of the association: diversity, YPN, global outreach, and commercial, and saw real opportunities for both short- and long-term benefits. This is truly exciting.

Texas REALTORS® record-breaking attendance at REALTOR® Day at the Texas Capitol and NAR Hill Visits in Washington, D.C., demonstrated a renewed interest in governmental affairs and political advocacy. The \$4.9 million invested in TREPAC this year—another record-breaker—reinforced this engagement as well. The passage of Prop 2 in the November election ensures even more Texans will have access to their home equity with fewer restrictions. Our Issues Mobility campaigns throughout the state, which you can read more about on page 6, emphasized involvement for local issues.

The Leadership Team traveled the state listening to members like you. We learned about important regional issues while sharing with local associations TAR's many programs, events, and current legislative activity. We met so many members during these trips, and

it's been incredibly rewarding for me to see this participation!

Hurricane Harvey *could not, did not, and will not stop* Texas REALTORS® from recovery and rebuilding efforts for Texans in need. You were there in record numbers helping in the many volunteer efforts. You can see a snapshot of how your peers aided in Harvey relief on page 23. I know Texas will be back bigger, better, and stronger than ever because of you! Texas STRONG!

Dallas hosted an extremely successful Texas REALTORS® Conference in September, with educational sessions, legislative updates, networking opportunities, and the remarkable Lou Holtz opening session presentation. It culminated with the installation of Kaki Lybbert as 2018 TAR chairman and her 2018 Leadership Team. As I look forward, I know TAR is in very capable hands with Kaki, Tray Bates, Cindi Bulla, and Travis Kessler.

Please know that you, TAR members, were my focus this year, and I hope you know you provided me with the highest honor of my life—the privilege to serve you!

## COMMERCIAL MEMBERS FROM TEXAS HONORED BY NAR

Three Texas REALTORS® were named 2017 National Commercial Awards winners by NAR.

**David Aldrich [1]** of the William C. Jennings Management Company in Fort Worth was recognized for receiving the 2016 Charles D. Tandy Commercial REALTOR® of the Year Award. The honor is given by the Greater Fort Worth Association of REALTORS® to the member who best exemplifies the highest professional standards for a commercial REALTOR®.

**Adrian Aron Arriaga [2]** of AAA Real Estate and Investment in McAllen received NAR's honor for being named one of TAR's 2016 Strike Force Award winners for his dedication to grassroots political advocacy.

**Coy Garrett [3]** of Coy E. Garrett and Associates in Arlington received NAR's special recognition for his transaction that won the Texas Association of REALTORS® 2016 William C. Jennings Award for the year's outstanding commercial transaction.



## KNOW ABOUT A STANDOUT COMMERCIAL TRANSACTION? IT MIGHT BE AWARD-WORTHY



The William C. Jennings Award is given annually by the TAR Commercial Committee to recognize an outstanding commercial transaction. All commercial REALTORS® in Texas are invited to enter. Judging is based on the merits of the transaction, creativity employed, and application of commercial principles and practices. The winner will be recognized at the TAR Winter Meeting and in the pages of *Texas REALTOR®* magazine. The award winner's primary local association will receive a \$1,000 scholarship. Entries are due January 10, 2018. Learn more at [texasrealestate.com/awards](http://texasrealestate.com/awards).

### REALTOR® feedback

## YOUR COMMENTS ABOUT MULTIPLE OFFERS, TENANT ISSUES, AND QUESTIONS TO ASK BEFORE JOINING A BROKERAGE

Our blog post on things to keep in mind when dealing with multiple offers drew some suggestions and comments from Texas REALTORS®.

**Susan Horton** wrote that a great addition for the broker responsibility course would be how to train buyers and listing agents on what questions to ask and how to answer them. Or, Horton wrote, information related to the topic could go in listing agreements. "More is better in this document," she wrote.

**Joe Shurgot** commented that he's normally the buyer's agent in multiple-offer scenarios and he thinks the seller should be required to disclose the number of offers and their terms. Otherwise, according to Shurgot, the seller has an unfair advantage that can be used to play on buyers' emotions. "Imagine going to the grocery store and someone in line behind you tells the cashier they are willing to pay more for your groceries," he wrote. "Ridiculous, isn't it?"

In a post we shared from experienced property manager **Michael Mengden**, he wrote that you can't force a tenant to stay in a house that's not habitable. **Tisha Matticks** agreed with Mengden and added that the landlord has a right to collect rent if the tenant leaves belongings on site and intends to come back for them. "The house is not a free storage unit for the tenants," she wrote.

As a starting point for what you may want to know before making a major career decision, we published a list of 23 questions to ask before joining a brokerage. **Michael Clapp** had an idea for question No. 24: "How long has the broker been in business and are they available for questions or direction?"

# CHARLES McMILLAN

1951-2017

## CHARLES McMILLAN DIED NOVEMBER 8 IN FORT WORTH.

With distinction, he led the Greater Fort Worth Association of REALTORS® as president in 1991, the Texas Association of REALTORS® as president in 1998, and the National Association of REALTORS® as president in 2009.

He was born in Whiteville, North Carolina, and moved to Florida when he was 12. After graduating high school during the height of the Vietnam War, McMillan was drafted and went on to serve for eight years in the U.S. Air Force.

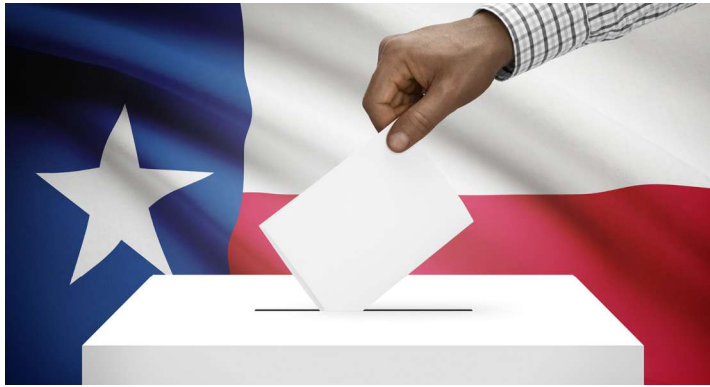
His return to civilian life brought him to Texas, where an interest in real estate investing turned into a career. In 1983, McMillan began as a salesperson in Fort Worth and quickly progressed to sales manager, trainer, and broker, eventually leading to his role as broker of record and director of realty relations for Coldwell Banker Residential Brokerage, Dallas-Fort Worth.

McMillan had an unwavering dedication and commitment to the REALTOR® organization and was a visionary leader. Beyond his formal leadership positions, he touched countless lives through speaking, training, and mentoring.

“Charles McMillan led all three levels of the REALTOR® organization with his ‘service above self’ leadership and management style,” says Travis Kessler, CEO/president of the Texas Association of REALTORS®. “We will miss his eloquence, kindness, and charisma. He impacted positive change through his wisdom, knowledge of the real estate industry, and innate skill to maximize the value of input and feedback from others.”



## REALTORS® AND CONSUMERS WON BIG ON ELECTION DAY



**TEXAS HAD SEVERAL HUGE WINS ON ELECTION DAY**, thanks to the support of TAR's Issues Mobilization Committee, which provides resources when a local association identifies a local issue that could affect Texas REALTORS® or property owners.

### Three local issue victories

Issues that arise locally can have larger implications if they aren't addressed effectively. Here are three ways Texas REALTORS® fought for real estate in their communities:

- In Bryan, voters successfully passed 12 out of 13 of the city's proposed charter amendments, thanks to the efforts of the **Bryan-College Station Regional Association of REALTORS®**. Earlier this year, BCS REALTORS® defeated a petition of proposed charter amendments that would have significantly harmed the community.
- The Paris City Council sought to abolish the city's Economic Development Corporation, which would have limited the city's ability to attract employers and maintain economic viability. Thanks to the efforts of the **Paris Board of REALTORS®**, the ballot measure failed 75% to 25%.
- The **Nolan County Association of REALTORS®** successfully supported a ballot measure in Sweetwater to transition the city's Economic Development Corporation into a Municipal Development District. The MDD will allow the city to fund a wider variety of projects.

### Prop 2 overwhelmingly approved

Thanks to the efforts of Texas REALTORS® across the state, Proposition 2 passed with **68.6%** voter approval!

The new law will update the home equity lending provisions in the Texas Constitution, allowing more homeowners to access smaller loans.

This amendment will take effect January 1, 2018, and will apply to new home equity loans made on or after the effective date and to existing home equity loans that are refinanced on or after the effective date.

## TEXAS REALTORS® FIGHT FOR TAX REFORM THAT PROTECTS HOMEOWNERS



**Congress is finally tackling tax reform**, but early proposals would have done much more harm than good for Texas homeowners.

The proposals would have threatened critical homeowner incentives, including deductions for state and local property taxes and mortgage interest.

In response, the Texas Association of REALTORS® commissioned multiple economic analyses to determine the potential impact these proposals would have for Texans.

TAR volunteer leaders and Governmental Affairs staff have used this information to educate lawmakers, and thousands of Texas REALTORS® have contacted the Texas Congressional delegation to encourage them to support tax reform while maintaining homeowner protections.

Visit [texasrealestate.com/taxreform17](http://texasrealestate.com/taxreform17) to learn more.

TAR will continue to update members about this important nationwide issue.

## FOUR TEXANS EARN RCE DESIGNATION

Robert Gleason, CEO of the Greater Fort Worth Association of REALTORS®; Adam Majorie, government affairs director of the Collin County Association of REALTORS®; Andrea Pennington, TREPAC accounting manager of the Texas Association of REALTORS®; and Richard Throop, CEO of the Corpus Christi Association of REALTORS®, have earned NAR's REALTOR® association Certified Executive (RCE) designation.

The designation is the only one specifically for REALTOR® association staff, and attaining it demonstrates an association employee's commitment to professional growth.

Texas now has 40 RCE designees.



## YES, YPN IS FOR YOU

**WHETHER YOU JUST GOT YOUR LICENSE OR YOU'VE HAD IT FOR 25 YEARS, TEXAS YPN GIVES YOU ACCESS TO RESOURCES TO HELP YOU BE SUCCESSFUL AND ADVANCE YOUR CAREER.**

It's for the young REALTOR® just getting started, the experienced REALTOR® looking to stay up on current industry trends, and the new REALTOR® switching to real estate as a second career. It's for residential and commercial, property management and investments, affiliates, and everyone in between.

The primary goals of Texas YPN are to encourage, promote, and inspire Texas REALTORS® and affiliates through education and networking, and to provide a gateway for future leaders in the real estate industry.

### Join the new Texas YPN Facebook group

This group provides a space for you to discuss industry trends, share knowledge, and place referral requests with a network of members from across the state. Plus, you'll be the first to hear

about all of the exciting new things Texas YPN has planned for 2018. Join the group at [facebook.com/groups/texasypn](https://facebook.com/groups/texasypn).

### What you may have missed in 2017

Over the past year, Texas YPN created the Texas REALTORS® to Watch award, given to 11 members under 40 who have demonstrated excellence in leadership, community involvement, and productivity. Texas YPN also sponsored TREPAC events and hosted its first ever Texas YPN education session at the 2017 Texas REALTORS® Conference.

There's plenty more to come in 2018, but we need you. Want more information on how to get involved or how to start a local YPN network at your association? Contact [ypn@texasrealtors.com](mailto:ypn@texasrealtors.com)



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## TREC DEADLINES EXTENDED FOR THOSE AFFECTED BY HARVEY

**If you live in one of the 60 counties included in Gov. Greg Abbott's disaster declaration for Hurricane Harvey, the Texas Real Estate Commission has extended your license renewal or application deadline.**

Those with licenses or applications set to expire between August 31, 2017, and January 31, 2018, now have until February 28, 2018, to renew or finish their license application.

# BUSINESS

## REACH PEOPLE WHO ARE RELOCATING



**BUYERS MOVING TO YOUR AREA FOR WORK CAN BE IDEAL CLIENTS.** They often have a sense of urgency about the process and are ready to buy. And some corporate relocations include company-covered costs.

Making relocating buyers a part of your business requires developing strategies for reaching people who live outside your market before their moving process begins. Here's how to start.

**Boast your relocation services online.** List all the services you can provide that a relocating client might need, including:

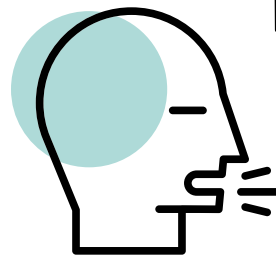
- Neighborhood information
- Traffic and commute information
- Knowledge of a variety of local service providers they may need before they arrive, such as movers, cleaners, or handymen.

Address how your experience can make the process less stressful and ease their transition into a new community. Don't forget to make this information easy to find, with search engine optimization and links from your homepage or social profiles.

**Create a guide for your city.** People often start researching where they might be moving before the decision is finalized. You can reach them during this process by demonstrating in-depth knowledge of your city and community. Combine information about neighborhoods, schools, arts, food, entertainment, community institutions, and the local economy into one comprehensive guide. You can use this guide as a promotional piece on social media and on your website. Take cues from existing guides about your city and brainstorm ways to add more value for relocating homebuyers.

**Cultivate corporate connections.** Join your local chamber of commerce, attend local economic development meetings, or partner with a relocation company. Texas is home to many corporate offices and startups, and state and local officials are aggressive in courting new company offices and facilities. Use information about who's hiring or moving to position yourself as a resource for new hires or employees who are relocating. Partnering with a relocation company can lead to steady business from larger corporate clients.

IS AN  
“UNSCRIPTED  
SCRIPT” THE  
RIGHT SALES  
TOOL FOR  
YOU?



If sales scripts feel old-school or phony to you, maybe you're thinking about them wrong. A script is just a way to prepare for conversations you frequently have—or want to have—with prospects and clients.

You don't have to use a script verbatim. Instead, modify sales scripts with words and speech patterns that feel natural to you. Give yourself the leeway to go “off script” while staying on message. You can memorize main ideas and base a comfortable, organic conversation on them. The point is to know how you want to respond to questions, objections, and opportunities without getting caught flat-footed.

Once you find an approach you like, try it on colleagues or family members ... or practice in the mirror or while taking video of yourself. And when you engage in conversations with actual prospects and clients, pay attention to how they react, so you can refine your message and use what works best for you.

**Numbers**

## 14% OF TEXANS LIVE IN COMMUNITY ASSOCIATIONS

**More than 4 million people live in 19,900 community associations in Texas**, according to estimates by the Foundation for Community Association Research. The majority of community associations are planned communities (HOAs), condominiums, and cooperatives. The foundation also estimates that 137,000 volunteers serve on community association boards or committees in the Lone Star State.

## HOMEOWNERSHIP IS A BIGGER PART OF THE AMERICAN DREAM THAN A FULFILLING CAREER

**“Owning a home I love” topped all responses in a recent nationwide survey** conducted by Hearth to determine people’s outlooks on the American Dream. Homeownership—rated as important by 70% of those who value the American Dream—was seen as more important than career aspirations, the ability to send kids to college, and affording rent and expenses without hardship.

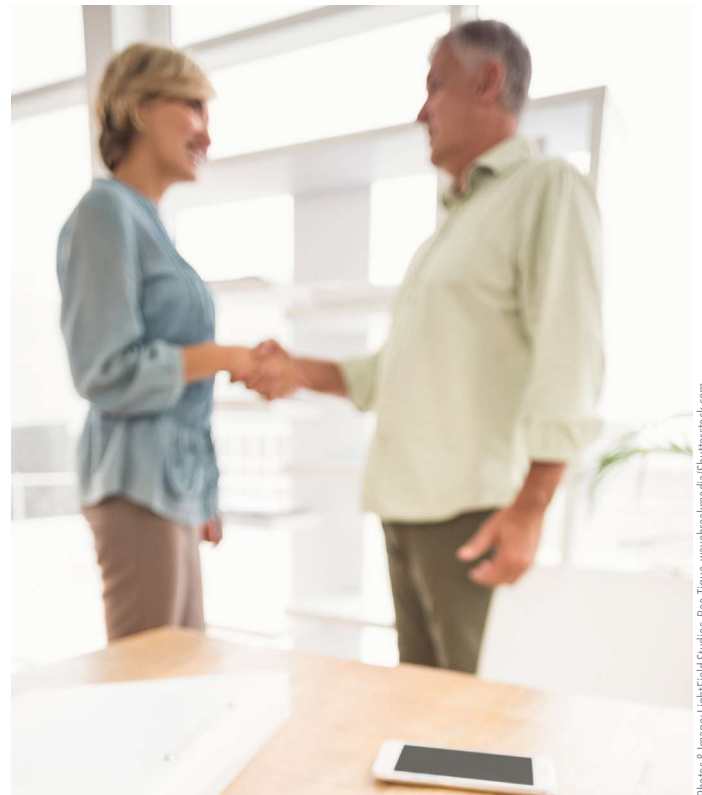
The top ranking held up across generations, with Millennials 5% more likely than even Baby Boomers to call homeownership a key to the American Dream. Nearly 80% of respondents who consider homeownership important believe renovations are an integral part of the homeownership picture.

## OLDER BOOMERS LESS LIKELY THAN PREVIOUS GENERATION TO PAY OFF MORTGAGE

**Fewer than 50% of homeowners aged 65 to 69 owned their homes outright in 2015**, a drop of 10 percentage points compared to homeowners of the same age group in 2000. The presence of a mortgage at that age makes a homeowner more than three times as likely to have a housing-cost burden, defined as housing expenses greater than 30% of household income.

*Source: Fannie Mae Housing Insights Series*

## GET MORE BUSINESS WITH BETTER SERVICE



Photos & image: LightField Studios, Boo-Tique, wavebreakmedia/Shutterstock.com

Here are four easy ways to exceed the expectations of prospects and current clients.

**Give your full attention.** Don’t use your phone or leaf through paperwork while people speak to you. Maintain eye contact and show you’re actively listening.

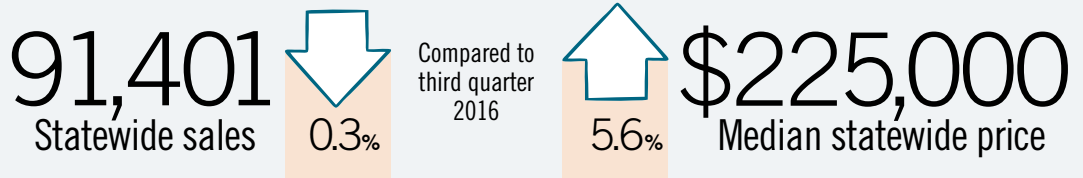
**Repeat what you hear.** Before you answer people’s questions or give information, repeat what they said to confirm what they want from you. It will make your response concise, since you won’t spend time providing unessential information.

**Ask for feedback.** Don’t wait until your transaction is complete to ask how you’re doing. Frequently ask if they’re satisfied with your service and how you can maintain their happiness with your work.

**Look beyond the transaction.** Send handwritten notes like birthday wishes or other greetings that have nothing to do with real estate. Your personal touch will stand out from the crowd.

**Market data**

**THIRD-  
QUARTER  
TEXAS  
HOME  
SALES**



**MARKETS WITH MEDIAN PRICE CLOSEST TO THE STATEWIDE MEDIAN**

**COLLEGE STATION-BRYAN: \$230,000  
HOUSTON-THE WOODLANDS-SUGAR LAND: \$230,000**



Average days to close statewide



**1.4%**

of homes sold were million-dollar+ homes



**8.2%**

of homes sold were less than \$100,000

**Markets with tightest inventory**



**MIDLAND 2.2 months**

**DALLAS-FORT WORTH-ARLINGTON 2.6 months**

**Markets with most inventory**



**TEXARKANA 17.7 months**

**BROWNSVILLE-HARLINGEN 9.7 months**

**Months of inventory statewide**

**4**

**REFINANCING  
SCHEMES  
TARGET  
VETERANS**

The Government National Mortgage Association (Ginnie Mae) and the Department of Veterans Affairs (VA) have announced the formation of a task force to examine issues related to refinancing schemes that target veterans.

The task force will look at what the Consumer Financial Protection Bureau (CFPB) has described as aggressive solicitations and

misleading advertisements from companies trying to convince veterans to use one of the VA refinance programs. VA refinances can be quicker and easier for lenders than other types of loans because they don't require an appraisal or conventional underwriting, according to the CFPB.

While VA refinance programs can help veterans reduce borrowing costs

and loan terms, there have been reports of loan churn and repeated refinancing that generate fees for lenders but leave borrowers with negative equity for only modest reductions in monthly payments.

According to Ginnie Mae and the VA, the task force will determine what policy and program changes are needed to make sure refinancing programs

don't pose an undue risk or burden to veterans. The task force has started by considering time frames for recoupment of fees associated with refinancing, examining the impact of stronger seasoning requirements for VA-guaranteed loans backed by Ginnie Mae, and ensuring veterans understand the costs associated with refinancing.

**Safety**

## 5 MISTAKES THAT COULD PUT YOU IN DANGER

**You don't tell anyone where you're going.** "Headed to a showing at 111 Main St. Should be back in the office by 4." Send a simple message like this to your broker, spouse, or other trusted person so that if something happens and no one hears from you, they know where to start looking.

**You reveal too much personal information.** Keep the small talk focused on the potential client you just met, real estate, and other topics unrelated to you. Someone who wants to buy or sell real estate doesn't need to know where you live, who's in your family, or where you spend your vacation. This advice applies to social media, too, where you can never be sure who's seeing your posts.

**You leave your phone in the other room.** You may think it's fine to leave your phone in the kitchen while you show a property so you can focus all your attention on your client. But



what if you need to call for help, or someone steals it while you're a few rooms away?

**You don't report suspicious people.** Don't ignore uncomfortable situations because "nothing bad happened." Reporting suspicious incidents raises awareness and can help prevent future attacks or other crimes.

**You think it won't happen to you.** Maybe you work in upscale neighborhoods or conduct all your showings during the day. It doesn't matter. Criminals work in all neighborhoods at all hours. Be alert and stay safe.

**Cyber Crime**

Data-breach experts say phishing scams are becoming more sophisticated and targeting CEOs and high-ranking employees who have access to financial information. In addition, small businesses, like real estate brokerages, are targeted and often underestimate their exposure to cyber attacks. Here are a few ways to protect your business.

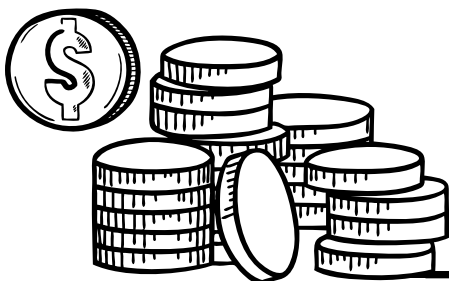
- Work with an IT professional to ensure your brokerage is securing data properly.
- Train agents and employees to verify any unusual instructions that appear to come from a broker, manager, CEO, or other executive.
- Invest in cyber insurance.
- If you are hit with a data breach, experts say to notify those in your database—even if you aren't legally required to—since doing so will help maintain your clients' trust.

**Gadget**

## AN ALTERNATIVE TO SHREDDING DOCUMENTS

Tired of having credit card offers, bank statements, or sensitive client documents pile up waiting for the shredder? Skip the shredder and try a redaction roller, available at most office supply stores. A quick swipe of black ink obscures information on paperwork often used for identity theft, such as addresses and ID numbers.

## FREE PERSONAL FINANCE INFORMATION ON YOUR SCHEDULE



An easy way to broaden your knowledge of money management is to listen to free personal finance podcasts. Here are some popular shows you can download via your podcast platform or stream directly from each show's website:

**The Truth About Money with Ric Edelman** has been on the radio for more than two decades. The host answers callers' questions on topics like retirement planning, investing, insurance, and saving for college.

**Stacking Benjamins** covers a variety of financial topics with a mix of expert interviews and irreverent banter.

**The Clark Howard Show** features investing and money advice based on the host's experience and conversations with callers.

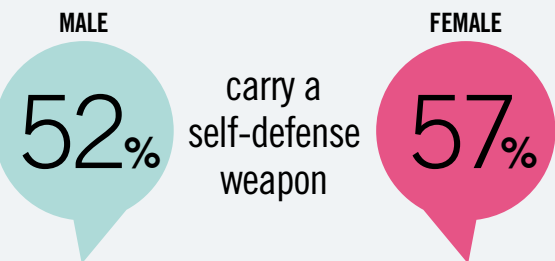
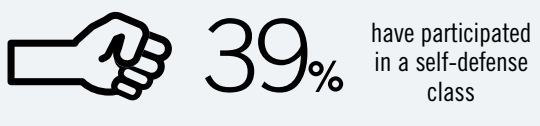
**Freakonomics Radio**, hosted by one of the authors of the popular *Freakonomics* books, delves into why people make the decisions they do—financial and otherwise.

**Money Girl** often tackles a single financial topic suggested by a listener question and typically runs 20 to 30 minutes.

Find other options by searching online for *personal finance podcasts*.

# BUSINESS

## NAR POLLED MEMBERS ACROSS THE COUNTRY ABOUT SELF-DEFENSE



## 3 WAYS YOUR CLIENTS CAN MAKE THEIR LANDSCAPES ENVIRONMENTALLY FRIENDLY



The AgriLife Extension at Texas A&M University has three easy suggestions for how to make existing landscaping more sustainable:

**ADD MULCH.** Put down—and maintain—a three-inch layer of native hardwood mulch in planting areas. The layer will significantly reduce the amount of water required by the landscape.

**RAISE THE MOWER.** Keep grass mowed to a reasonably high level. It promotes a deeper root system, reduces plant stress, and offers more shade for the soil—all of which reduce the lawn's water needs.

**REUSE GRASS CLIPPINGS.** Grass clippings contain nitrogen. Mulching the clippings, instead of removing them, adds nitrogen to the soil, lessening the need to use fertilizers.

Images & Photo: General Design Liquidator, Visual Generation, Anna Grigorieva, Drawlab 195shutterstock.com

## DON'T BE SEEN AS A SPAMMER WHEN SENDING MARKETING EMAILS

Everyone complains about too much email, but it's still an effective way to reach prospects and clients. If you're sending marketing emails, get in the habit of including these items in your messages to avoid being seen as a spammer:

- A legitimate "from" email address and a postal address
- A clear way for the recipient to opt out of future messages
- A conspicuous notice that the message is an advertisement or solicitation
- A subject line that doesn't mislead the recipient about the content of the message.

Consider using an email-marketing service, such as MailChimp or SendinBlue, which offer free plans for low-volume emailers. These services walk you through message creation and offer advice on industry best practices.

**WANT SAMPLE GUIDELINES TO COMPLY WITH EMAIL REGULATIONS? DOWNLOAD TAR'S MODEL EMAIL POLICY FROM THE RISK REDUCTION TOOLS SECTION OF [TEXASREALESTATE.COM](http://TEXASREALESTATE.COM).**

# DON'T MISS OUT

on these members-only discounts for  
Texas REALTORS® and affiliates



**Nationwide®**  
*On Your Side*

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](http://txrealtorsauto.com) to get connected with a Nationwide agent near you.



**TAXBOT**

Save 50% on 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](http://tar.taxbot.com).

**TransUnion®** | **SmartMove.**

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](http://texasrealtors.mysmartmove.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](http://texasrealestate.com/officedepot).

**SEE MORE AT [TEXASREALESTATE.COM/BENEFITS](http://TEXASREALESTATE.COM/BENEFITS)**

# LEGAL & ETHICS



Photos & Images: PAKULA PICTR, Bob Tigue, Alleyway Blogspot/Shutterstock.com

## HIRING SOMEONE FOR DRONE PHOTOGRAPHY AND VIDEOGRAPHY? ASK ABOUT INSURANCE.

If a drone you were using in conjunction with your real estate business does damage that results in a lawsuit, the plaintiff will probably name you and the drone operator as defendants.

"A commercial drone photographer should carry an aviation policy," says John Mondics, president of Mondics Insurance Group, Inc., a TAR errors and omissions risk-management partner. "Unmanned aircraft policies typically include bodily injury and property damage liability and privacy liability. Ask to see the certificate of insurance."

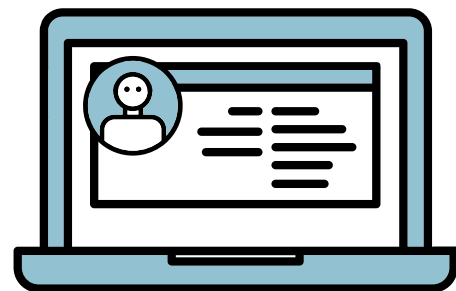
Mondics says many photographers depend on their general liability policy, but that doesn't cover drone operations. And personal insurance policies typically exclude business operations. "A homeowner's policy may cover damage to a property, but the homeowner's insurance company is going to look to the guilty parties for reimbursement," says Mondics. That could include you.

Even a friend or family member who charges little to nothing for their services is still putting you at risk. "Aviation policies aren't too expensive," says Mondics. "For a drone less than 15 pounds, average coverage is \$750 a year for a \$1 million policy and \$2,000 a year for \$5 million."

### TAR forms

Thorough documentation can protect you later from legal action, such as DTPA complaints. Attach the *Notice of Information from Other Sources* (TAR 2502) to information about the transaction that comes from a third party, such as the appraiser's square-footage calculation. The form allows you to list where or who you received information from and share whether you have any reason to know that the information is false or inaccurate. This form also includes a disclaimer stating the broker does not guarantee the accuracy of the information and recipients of the notice should verify it.

## CAN A LENDER ADVERTISE ON MY WEBSITE?



**Yes, as long as you follow the rules set out in the Real Estate Settlement Procedures Act (RESPA).** These rules come into play any time a real estate broker in a position to refer mortgage business to a lender is paid a "thing of value" by the lender.

A broker may charge a lender a flat fee to place the lender's banner ads or hyperlinks on the broker's website, but the payment must be reasonable and commensurate with the value of the service. Some brokers charge a small fee every time someone clicks through to the lender's website. This appears permissible under RESPA guidelines as long as the fee is minimal and not tied to whether that click results in a loan.

A fee based on a transaction between the lender and a consumer is prohibited by RESPA. For example, it would be a RESPA violation if you received a fee for every click that resulted in an application or closed loan.



Property management

ARE YOU REQUIRED TO DISCLOSE PRIOR FLOODING TO POTENTIAL TENANTS?



Lease transactions don't have the same flood disclosure requirements as residential transactions, but REALTORS® should consider the Code of Ethics.

When you're marketing a previously flooded property, keep in mind that Article 2 says REALTORS® should avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. Article 12 says REALTORS® should be honest and truthful in their real estate communications and present a true picture in their advertising, marketing, and other representations.

If repairs have been made and there are no other known issues from prior flooding on the property, there's no legal obligation for you to disclose prior flooding. If a prospective tenant asks questions about prior flooding, though, you as a REALTOR® should tell the truth.

WHAT YOUR OFFICE POLICY MANUAL IS MISSING

As the industry and regulations change, your office policy manual needs to change with them. The Texas Association of REALTORS® makes this easier for you with model policies you can use to create and maintain your own written policies to keep your brokerage in compliance with state and federal law.

TAR provides the following manuals and guides:

- Broker Responsibility Guide
- Model Brokerage Policies and Procedures Manual
- Model Privacy Policy
- Internet Policy Manual
- Model policies for do-not-call, fax, and email rules

The resources above are free for members to use, except for the Model Brokerage Policies and Procedures Manual, which is available for \$99.99 plus tax. Find them at [texasrealestate.com](http://texasrealestate.com) > For Texas REALTORS® > Legal tools > Risk-reduction tools.

Fact or fiction?

You must have a real estate license to use the forms posted on the Texas Real Estate Commission's website.

**FICTION.** TREC's forms are public record, so they are available to anyone. However, the forms are primarily intended for use by real estate license holders, who are generally required to use these forms.

Legal Hotline

800-873-9155

Often callers have questions about the *Third Party Financing Addendum* (TAR 1901), in particular the difference between the "Buyer Approval" and "Property Approval" paragraphs. If a lender denies the buyer's loan because of his credit history, income, or assets, this falls under Paragraph B(1), Buyer Approval, and your client must terminate within the time required by the blank in that paragraph. However, if a lender will not finance the loan because of something related to the property itself, such as a low appraisal, insurability, or lender-required repairs, this falls under Paragraph B(2), Property Approval. The time period for terminating under this paragraph is any time before closing.

—Hunter Jackson, associate counsel



## Commercial

### DOES A LANDLORD WAIVE OTHER RIGHTS BY WILLINGLY ACCEPTING LATE RENT PAYMENTS?



The Texas Supreme Court recently decided that a landlord still maintains the right to evict a tenant even if that tenant paid rent late on multiple occasions without consequences. The state's top court reversed decisions in the case tried at the justice court, county court, and court of appeals.

The tenant had argued that the landlord waived the right to evict since the landlord never assessed late fees or protested the late payment of rent, and the lower courts agreed. However, the Supreme Court disagreed, stating that "... as a matter of law, accepting late rental payments does not waive the nonwaiver provision in the underlying lease ... ."

The court noted that the lease required payment of rent "on time, in full, and without demand." The lease also stated that payment of rent more than 10 days late constituted a default and that any waivers must be in writing and signed by the party waiving a provision of the lease. The court did not agree with the plaintiff's assertion that the landlord's willingness to accept late

rent showed clear intent to waive other rights provided in the lease.

For commercial transactions bound by the Texas Association of REALTORS® *Commercial Lease* (TAR 2101), the pertinent section of the contract is Paragraph 36F: "Waiver: Landlord's delay, waiver, or non-enforcement of acceleration, contractual or statutory lien, rental due date, or any other right will not be deemed a waiver of any other or subsequent breach by Tenant or any other term in this lease."

Although most commercial leases contain a nonwaiver provision, landlords may not want to rely solely on that provision. Landlords who want to make clear that they are retaining their rights to all other terms of the lease may want to reject late rental payments, accept them with a written acknowledgment that the rent was accepted "under protest," or enforce the provision in the lease that allows landlords to assess late charges.

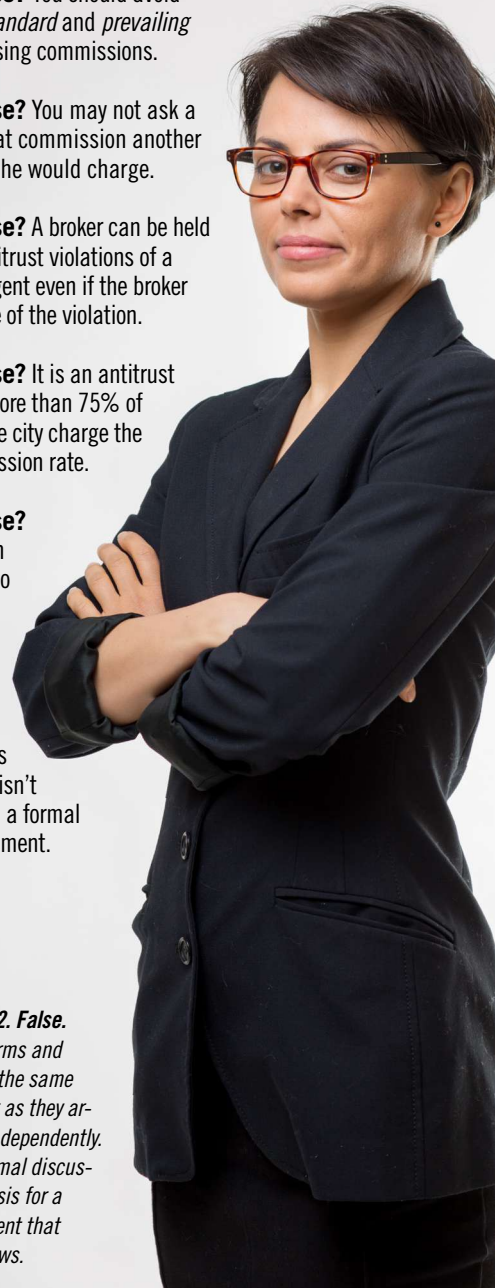
## Quiz

### STAY AWAY FROM ANTITRUST ISSUES

Though the real estate industry is built on cooperation, it's possible to go too far. See if you know how to avoid potential antitrust violations.

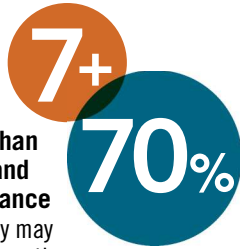
1. **True or false?** You should avoid terms like *standard* and *prevailing* when discussing commissions.
2. **True or false?** You may not ask a prospect what commission another broker said she would charge.
3. **True or false?** A broker can be held liable for antitrust violations of a sponsored agent even if the broker was unaware of the violation.
4. **True or false?** It is an antitrust violation if more than 75% of brokers in one city charge the same commission rate.
5. **True or false?** Agreeing with competitors to set the same fees and commission splits does not violate antitrust laws as long as it isn't done through a formal written agreement.

**ANSWERS: 1. True. 2. False. 3. True. 4. False. Firms and brokers can charge the same commission as long as they arrive at that figure independently. 5. False. Even informal discussions can be the basis for a price-fixing agreement that violates antitrust laws.**



Photos & Image: Gustavo Frazao, pumghi, Blabio/01/Shutterstock.com

Agents with more than seven years of experience make up more than 70% of errors and omissions insurance claims. Why? They may be doing more transactions and are comfortable with their skills, so every move they make isn't examined in the same way as with newer agents.



**Contracts**

WHEN CAN BUYERS EXERCISE THEIR TERMINATION OPTION IN A BACKUP CONTRACT?

If your buyers have a backup contract with a termination option, Paragraph D of the **Addendum for "Back-Up" Contract** (TAR 1909, TREC 11-7) explains the start and end of that option period.

The addendum says that the time for giving notice of termination begins on the effective date of the backup contract. It continues without restriction until the amended effective date of the contract—the day your buyers receive notice of the first contract's termination. At that point, the option period lasts for the time indicated in the contract.

For example, the effective date of your buyers' backup contract with a 10-day termination option is December 1. If they become the primary contract on December 15, they have the unrestricted right to terminate from December 1 until December 25.



**SIMPLE STEPS TO BOLSTER YOUR DEFENSE OF COPYRIGHT INFRINGEMENT CLAIMS**

If you previously used a paper form to register a Digital Millennium Copyright Act (DMCA) designated agent for your website, you must re-register online by December 31, 2017, to maintain your "safe-harbor" defense.

The DMCA safe-harbor rules apply to content on your website that you don't control but that infringes someone else's copyright. The content could be in the form of user-provided comments or property information and pictures from an IDX feed.

Designating and registering an agent to receive takedown notices gives you some protection against a copyright infringement claim, as it helps copyright holders contact the appropriate person to take infringing content down.

Along with the new requirement to register online, the U.S Copyright Office reduced the fee to designate an agent from \$105 to \$6. Registration for DMCA designated agents must be renewed every three years.

Note that safe-harbor rules also require you to post on your website (and keep updated) additional ownership and contact information.

TAR has a free model policy for members with information about the DMCA. Find it on [texasrealestate.com](http://texasrealestate.com) under *For Texas REALTORS® > Legal tools > Risk-reduction tools*.

To create an account and register a DMCA designated agent, visit [dmca.copyright.gov/osp/login.html](http://dmca.copyright.gov/osp/login.html).

# Schedule

All Meetings will be at the Hyatt Regency Austin,  
208 Barton Springs, Austin, TX 78704 • 512-477-1234  
Updates posted on [TexasRealEstate.com](http://TexasRealEstate.com)

## Friday, Feb. 9

- 8-11:30 Commercial Development Session & Committee Meeting
- 8-4:30 WCR Committees
- 8:15-11 ♦ Budget & Finance Committee
- 8:30-3:30 ♦ PAC Nominating Committee
- 8:45-4 ■ **2018 Professional Standards Training Seminar**  
To register contact [pwebb@texasrealtors.com](mailto:pwebb@texasrealtors.com)

INSTRUCTOR: Leigh York

CE: 33276

- 10-noon RLI Board of Directors/General Membership
- 10-noon Membership/NRDS Staff Users Group
- 10-noon ♦ Legal Review
- 12:30-1:15 📄 **International Forum**
- 12:45-2:45 TRLP Subcommittee
- 1-3:30 Real Estate Center Advisory Committee
- 1:15-1:30 International Committee
- 1:15-4 📄 **Commercial Education & Forum**
- 1:30-3:30 **RLI Education Session**
- 1:45-3:45 Strategic Planning Committee
- 2:15-3:30 Member Benefits Committee
- 3:15-4:30 ♦ Professional Development Management Team
- 4:45-6 **Opening Session**

KEYNOTE: Mark Lindquist

- 7-10 ★ **WCR Presents: Texas Tasting and Team Building**

## Saturday, Feb. 10

- 7:30-9 ★ **TREPAC Awards and Investors Breakfast**
- 8-11:30 WCR Governing Board & General Membership
- 8:15-3:45 ♦ Nominating Committee
- 8:45-9:15 Property Management Committee
- 9:15-10:15 Issues Mobilization Committee
- 9:15-10:15 ♦ PAC Budget Subcommittee
- 9:15-10:45 📄 **Panel Presentation for Association Executives**
- PANELISTS: Travis Kessler, Lori Levy
- 9:15-10:30 📄 **Property Management Forum**
- 9:15-11:15 ♦ PAC Education Subcommittee
- 10:30-12:15 Professional Development Forum
- 10:45-12:15 Political Involvement Council
- 11-1:30 ♦ Regional Vice Presidents
- 11:30-12:30 ♦ PAC Bylaws Subcommittee
- noon-1:30 ★ **WCR Awards Luncheon**
- 12:15-1:15 ♦ PAC Orientation Subcommittee
- 12:30-3:15 📄 **Technology/MLS Forum**
- 1-3 📄 **REBI Education Session**

MODERATOR: David Pruitt

SPONSOR: Texas REBI Chapter

- 1-4 📄 **Making Opposites Agree**

INSTRUCTOR: Leigh York

CE: pending

- 1:30-4:30 Texas CRS Committees
- 2-3:30 Association Executives Council
- 2-3:30 ♦ TREPAC Trustees

## Saturday, Feb. 10 (cont.)

- 3-5 Texas REALTORS® University Faculty
- 3:45-5:15 ♦ Professional Standards Coordinating Committee
- 3:45-5:30 📄 **Public Policy Forum**
- 6-8 ♦ **TREPAC Major Investor Reception**

## Sunday, Feb. 11

- 8-8:45 **Prayer Service**
- 8-9:45 ♦ Association Presidents/Presidents-Elect Breakfast & Rap Session
- 8-10 ♦ TARHOF
- 8:30-11:30 Texas CRS Business Meetings
- 10-noon 📄 **Governmental Affairs Forum**  
(Political Affairs/Public Policy Committees)
- 12:15-1:30 ★ **Texas CRS Luncheon**
- SPEAKER: Craig Grant
- 1-2 📄 **Housing Initiatives Forum**
- 1-2:30 📄 **Risk Reduction Forum**
- 1:30-3:30 ♦ NAR Strategy Committee
- 1:45-3:45 📄 **How Technology Can Ruin Your Real Estate Business**
- INSTRUCTOR: Craig Grant
- SPONSOR: Texas CRS
- 2-2:30 Housing Initiatives Committee
- 2:30-3:30 Federal Political Coordinators
- 4-4:45 Region 2, 3, 5, 6 & 16, 7, 9, 15 Caucus
- 5-5:45 Region 1, 4, 8, 10, 11, 12, 13, 14 Caucus
- 6:30 ★ **Volley for TREPAC**

## Monday, Feb. 12

- 7:30-11:45 ♦ Executive Board
- 9:30-11:30 📄 **Education Session**
- noon-1:30 ★ **Awards Luncheon**
- 2-4 NAR Director Forum
- 3-5 📄 **Education Session**
- 3:30-4:30 ♦ TAR Past Presidents/Chairmen & Officers Networking
- 6-7:30 **STARs Reception** (complimentary to all attendees)

## Tuesday, Feb. 13

- 7:45-9 Board of Directors Check-In
- 9-noon Board of Directors

**Registration: Fri.-Mon.: 7 a.m.-5 p.m. & Tues.: 7:30 a.m.-noon**

- ♦ Session Closed
- ★ Ticketed Event
- 📄 Education Session
- TAR Provider #0001



Feb. 9-13 ★ AUSTIN, TEXAS

TEXAS ASSOCIATION OF REALTORS®

# Registration & Housing

Meeting attendance is complimentary.  
 Attach a note identifying special assistance required.  
 All changes or cancellations must be submitted in writing.

### Three ways to register: (No phone registrations)

- (1) Members register online at [TexasRealEstate.com](http://TexasRealEstate.com).
- (2) Go to [TexasRealEstate.com/RegistrationUpload](http://TexasRealEstate.com/RegistrationUpload) for instructions to securely upload this form once completed and saved.
- (3) Mail to Texas Association of REALTORS®, P.O. Box 2246, Austin 78768-2246.

Questions: 800-873-9155 ext. 121 or [atoj@texasrealtors.com](mailto:atoj@texasrealtors.com)

## Meeting Registration

All Meetings will be at the Hyatt Regency Hotel, 208 Barton Springs Rd., Austin 78704

Registrant's name \_\_\_\_\_ License # \_\_\_\_\_

Nickname for badge \_\_\_\_\_ Business phone \_\_\_\_\_

Mailing address \_\_\_\_\_

City/State/ZIP \_\_\_\_\_

Email address \_\_\_\_\_

Local association name \_\_\_\_\_

✳ **Advance registration closes Jan. 31.**  
**After Jan. 31, all registrations and ticket purchases will be processed onsite.**

**Winter Meeting Attendee** n/c  
**No fee required—we want to record your participation**

## Special Event Tickets

**Volley for TREPAC tickets available online or at the door.**  
**No special event ticket refunds after Jan. 31.**

<input type="checkbox"/> <b>WCR presents, Texas Tasting and Team Building, 2/9</b>	# of tickets _____ <b>\$75</b>
<input type="checkbox"/> <b>2017/18 TREPAC Investors Breakfast &amp; Awards, 2/10</b>	_____ <b>36</b>
<input type="checkbox"/> <b>WCR Luncheon, 2/10</b>	_____ <b>51</b>
<input type="checkbox"/> <b>Texas CRS Luncheon, 2/11</b>	_____ <b>40</b>
<input type="checkbox"/> <b>TAR Awards Luncheon, 2/12</b>	_____ <b>51</b>
<input type="checkbox"/> <b>STARs Reception (Complimentary), 2/12</b>	_____ <b>n/c</b>

## Housing Request

**Requests must be submitted through TAR and received (not postmarked) no later than Jan. 9, 2018.**

- Reservations must be submitted through TAR.
- The rate is guaranteed until the contracted room block is filled or Jan. 9, whichever occurs first. Complete one form per room.
- Through Jan. 31, changes to existing reservations must be made through TAR and are based on availability. After Jan. 31, changes/cancellations must be made directly with the hotel. Cancellations must be made by 3 p.m. 48 hours prior to arrival to avoid a one-night charge.
- Hotel confirmations will be sent to the email address provided.
- Credit card required to guarantee reservation.

### Required Housing Information

**Arrival date:** \_\_\_\_\_ **Departure date:** \_\_\_\_\_

If you are sharing your room, please list the name(s) below:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

## Hotel Options

PLEASE WRITE in the box your first and second hotel preferences and we will make every effort to accommodate your request.

**PREFERENCE # \_\_\_\_\_ HYATT REGENCY (all rooms are non smoking)**  
**208 Barton Springs Rd., Austin (512-477-1234)**

### ROOM OCCUPANCY: (ADD 15% TAX)

- Single (one person, \$219)  Triple (three people, \$219)  
 Double (two people, \$219)  Quad (four people, \$219)

### ROOM TYPE: (based on availability)

- King bed  Double beds  Patio (rate plus \$50)

**PREFERENCE # \_\_\_\_\_ EMBASSY SUITES**  
**300 S. Congress, Austin (512-469-9000)**

- Smoking (limited availability)  Nonsmoking

### ROOM OCCUPANCY: (ADD 15% TAX)

- King Suite (\$219)  2 Queen Bed Suite (\$229)

## PAYMENT INFORMATION

Total enclosed/authorized to charge \$ \_\_\_\_\_

- Check enclosed  AmEx  MasterCard  VISA  
 (Ticket purchase only)

I authorize TAR to forward my credit card number to the hotel.

\_\_\_\_\_  
 Credit card number Expiration date

\_\_\_\_\_  
 Print name as it appears on card

\_\_\_\_\_  
 Cardholder signature

# IMPROVE YOUR BUSINESS WITH CONTRACT KNOWLEDGE

A BETTER UNDERSTANDING OF TREC CONTRACTS AND ADDENDA CAN HELP YOU AVOID TROUBLE, CLOSE MORE TRANSACTIONS, AND ATTRACT CLIENTS.

by Michael Schrantz

For Texas Association of REALTORS® instructor Reba Saxon, contract knowledge is everything. It helps listing agents close more agreements, buyer's agents write better offers, and everyone get to the closing table quicker.

As a way to organize a course covering contracts, Saxon began looking for all the ways buyers could get out of them. The course and related book are billed as guides for listing agents to close contract outs and loopholes, but they're also a step-by-step walk through the TREC contract and related addenda—information every agent could use.

For listing agents, the benefit is being able to credibly sell contract knowledge as a reason potential clients should work with you over other agents.

"That's what they really want," Saxon says of sellers, "someone who can take care of their interests and knows what they're doing."

Buyer's agents can employ a better understanding of contracts to write offers that are more likely to be accepted. "It's the only impression of you that's being presented to the listing agent and the sellers." Saxon says she's won multiple-offer situations without having the highest dollar amount but by writing the best offer. "You're telling them who's most likely to close."

Here are some contract areas that Saxon says many agents overlook or should learn more about.

## **Communicate about third party financing**

The buyer approval section of the *Third Party Financing Addendum* (TAR 1901, TREC 40-7) is a common source of questions, Saxon says. When she asks students how many days to write in the



Photo: iDproud/Shutterstock.com

blank, they often answer with a common number they've used before, like 21. "Wrong," Saxon says. "You're losing deals." The choice of lender and effective communication can allow your client to specify fewer days for buyer approval, according to Saxon, making the offer more competitive than those that use longer, common periods.

### Learn about loan assumptions

Most of the agents Saxon has in her classes have never dealt with a loan assumption. The '90s was the last time it was common, she says, but it could become appealing again if mortgage rates continue to rise. According to Saxon, low-rate FHA loans that were originated when mortgage insurance wasn't required for the life of the loan could be one future source of loan assumptions.

### Don't get countered

Don't write an offer that you think will generate a counter offer, Saxon says. "When you counter, no one is in control," she says. "What if they get a better offer in the meantime?" Saxon says she wants to engage the seller enough to get the property under her buyer's control. With access to property information online and through their agent, sellers aren't going to take 20% less than their property is worth. "I want the number where the seller says 'Oh, alright,'" Saxon says. "I want my first offer to be accepted begrudgingly."

### Submit backup offers

More agents should get in the habit of writing backup offers, Saxon says. "I've won over a quarter of my sales from second place," she says. As the listing agent, Saxon says she's been in multiple-offer situations where no agents submitted backup offers and the property went back on the market multiple times when deals fell apart.

### Go beyond the required HOA information

"We have a false sense of security about getting what our clients need to know about HOAs," Saxon says. The *Subdivision Information, Including Resale Certificate for Property Subject to Mandatory Membership in a Property Owners' Association* (TAR 1923, TREC 37-5) form includes a number of items that property owners should know about the HOA. However, Saxon says, there are situations

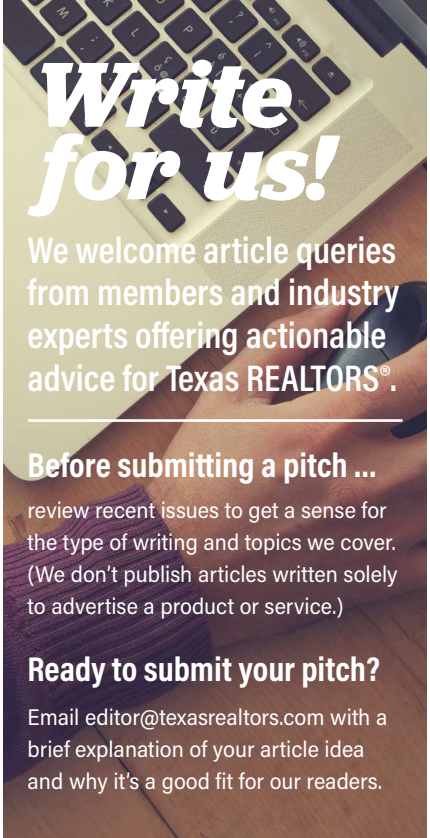
where it helps to ask for meeting minutes, such as when the current budget cycle is almost over or there is information that hasn't yet been incorporated into official documents. ♦

**MICHAEL SCHRANTZ** is the social media editor for the Texas Association of REALTORS®.

*You can win multiple-offer situations without having the highest dollar amount but by writing the best offer. It tells the seller who's most likely to close.*

## GET MORE CONTRACT KNOWLEDGE

The book "Let the Seller Beware: The 32 Buyer Outs in the Texas Real Estate Contract" is available from Amazon. Find the next time the course "Seller Beware: 32 Buyer Outs in a Real Estate Contract" is offered by Saxon in your area at [apps.texasrealestate.com/mr/education/find/](http://apps.texasrealestate.com/mr/education/find/).



# Write for us!

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

**Before submitting a pitch ...**

review recent issues to get a sense for the type of writing and topics we cover. (We don't publish articles written solely to advertise a product or service.)

**Ready to submit your pitch?**

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



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# MAKE HELPING YOUR COMMUNITY

by Bubba Mills

**W**hether you already volunteer or you're thinking 2018 is the time to answer the call of your community's needs, formalize your community-service intentions in your business plan. Why? You're more likely to do the tasks you've taken time to write down. Plus, research shows consumers gravitate toward and often buy from community-minded businesses, so including it your plan can enhance your overall growth strategy.

Treat community service just like any other item in your business plan like marketing, budgeting, and operations. Here's what to think about when formulating this portion of your plan.

## Think about problems

Pinpoint the area in your city where you want to focus your service. This is probably your farm area or the neighborhoods where you work most often. Then research what problems exist there that interest you and that you can help solve, such as education, homelessness, community revitalization, and disaster preparedness. If you have trouble finding a cause, see what local nonprofits are working on.

## Think about relationships

Grab a piece of paper, draw a circle, and write your name in the middle. Draw lines away from the circle and add important potential partners who can help you solve those problems. It might be a religious organization, a civic organization, a professional association, a bank, other businesses, and so on. And don't forget colleagues, friends, family, and even past clients or current prospects. Give yourself a solid hour with that piece of paper or until it's full.

## Think about action

Just as you would in any other section of your business plan, identify the specific actions you need to take to help with the issue you've chosen. List your mission, goal, objectives, strategy, and tactics. Remember, the more specific, the better. ❖

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**BUBBA MILLS** is the CEO and owner of Corcoran Consulting and Coaching Inc., ([corcorancoaching.com/programs](http://corcorancoaching.com/programs), 800-957-8353), an international real estate, mortgage, and small-business coaching company committed to helping clients balance success in business while building value in life. Mills is a nationally recognized inspirational and education speaker, coach, and mentor to the top real estate agents and mortgage companies. His articles do not necessarily represent the views or opinions of Corcoran Consulting Inc., clients, or other entities he represents.

# PART OF YOUR BUSINESS PLAN

## GET TO WORK WITH YOUR FELLOW REALTORS®

Many local associations of REALTORS® organize community-centered volunteer events and fundraising. Your brokerage or franchise may be another source that organizes community-service projects. Check with your local association or brokerage to find out about opportunities you can be a part of—or take the lead on—in 2018.



# TEXAS REALTORS® HELP AFTER HARVEY

## TACTFUL WAYS TO MARKET YOUR COMMUNITY- SERVICE EFFORTS

Getting involved in your community is an organic way to grow your sphere. Not only will you meet people who may turn into referral resources, but you'll also attract likeminded consumers who choose you because of the causes you support. Make your sphere a little wider by letting more people know about your philanthropic activities. Here are a few tips for using your community-service commitment in your marketing.

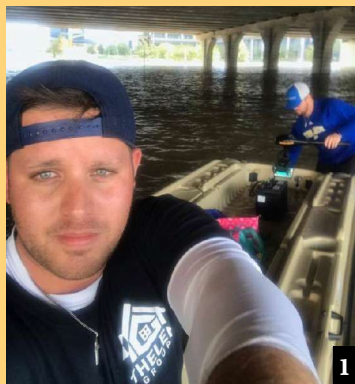
**Highlight your efforts on your website.** Add a section to your website about your service activities. Make it just as prominent as any other section and don't bury it under "About me."

**Share photos on social media.** Don't just tell people you're involved—show them. You don't have to say much when you share pictures of you building a home, painting a school, or walking shelter dogs.

**Ask others to get involved, too.** If you're hosting a service event or even just planning your regular visit to the local retirement home, let your contacts know they are always welcome to join you and how they can help, too.

**Tell us about it.** Email [editor@texasrealtors.com](mailto:editor@texasrealtors.com) if you'd like to share the ways you help out and how it has benefited you and your business.

—Summer Mandell



**H**undreds of Texas REALTORS® answered the call this summer to help those affected by Hurricane Harvey. Here's a sample of what REALTORS® have done throughout the state to help their fellow Texans. If you have a story you'd like to share, respond to our survey at [surveymonkey.com/r/sp2cx2x](http://surveymonkey.com/r/sp2cx2x).

**Cindy Lance**, an agent with Dewey Blanton Real Estate in Austin, volunteered through her church and headed to Beaumont. "We met up with an elderly couple who experienced flooding in their community," Lance says. "We took down all their walls, insulation, doors, and doorframes. ... I am still in contact with them and will be going to see the home when they have finished rebuilding."

**Stephen Williams**, broker/owner of the Stephen Williams Agency in Pearsall, recruited his wife, owner of Cowpokes BBQ, and her staff to prepare barbecue sandwiches to share with those in need. "We took 500 to an evacuation center in Cuero; 200 to an evacuation center in Gonzales; about 50 to a crew working on downed lines; about 100 to people in Refugio; and about 150 to people in Rockport. I was just the delivery guy, but glad to be a part of Texans helping Texans."

"I am matching donations to animal charities, dollar for dollar, up to \$5,000, to be donated to Houston Humane Society to help animals affected by Hurricane Harvey," says **Julie Yau Tam**, broker of Lyn Realty in Houston.

**ERA Lone Star Realty in Tomball** hosted a block party for a neighborhood

that experienced extensive damage. "The homeowners were able to visit with each other, sharing their stories and offering tips and tricks they had recently learned. Everyone was polite, grateful, and re-energized. It was a rewarding experience," says broker **Elizabeth Edds**.

**RE/MAX Fine Properties in Sugar Land** assembled care packages. "Brokers **Nimesh and Minesh Patel** and staff sought out items needed, packaged the items together, and called on the more than 200 REALTORS® within the firm to distribute the boxes," says **Chekiter Esther**, an agent with the brokerage.

**David Thelen (1)**, of The Thelen Group - Keller Williams Premier Realty in Katy, bought a boat to help rescue homeowners from chest-deep water rising into their homes.

"I was deployed as a member of my fire department's Special Response Unit to the communities of Dickinson and Angelton," says **Moses Druzman (2)**, a REALTOR® for Briggs Freeman Sotheby's International Realty in Fort Worth. His unit completed around 150 rescues, delivered supplies, and provided drone operations for agencies including FEMA. "The effects of Harvey to communities in South Texas will be long lasting, and we cannot stop just with the rescues," he says. "Our crew plans to go back down to offer our skills to rebuild communities."

—S.M.

# What's your **PLAN?**

FOLLOW THIS ADVICE TO  
BUILD YOUR FINANCIAL  
FOUNDATION AND SECURE  
YOUR RETIREMENT.

by **Jim Parr**

The average monthly Social Security payment in 2017 is \$1,350. You know that's not going to cut it for your retirement.

You need other sources of funds. Here's how to create a workable savings plan that builds wealth.



## Earn more than you spend

Financial advisers often say that you have to spend less than you earn to have an effective savings program. This approach puts the emphasis in the wrong place. The key to beginning an effective savings program is actually to *earn* more than you spend. Changing the order of that statement recognizes that most of us have a great deal of control over both sides of the saving equation.

You, as a REALTOR®, have several advantages for increasing the income side of the savings equation:

- **No cap on earnings.** Someone in a salaried profession earns \$X per month. While an excellent performer may get a raise in the future, extra results this month don't produce more earnings this month. On the other hand, outstanding professionalism and effective work habits by REALTORS® have an immediate payoff.
- **No cap on effort.** A salaried profession is based on 40 hours per work week. Voluntarily working extra hours doesn't create extra pay. Professions paid on an hourly basis may work overtime for more pay, but only if demanded by the employer. REALTORS®,

however, can choose to put in extra time generating leads that result in extra earnings. Also, putting in time and effort to earn professional designations is a proven way for REALTORS® to elevate their earnings potential.

- **Flexibility of schedule.** You set your own schedule, and 9 to 5 rarely applies. This flexibility allows you to work longer at client service, but it also provides the opportunity to expand your earnings through other avenues. For example, you can learn about and work at real estate investing. Or you might take a second job. In short, you

If you're not even meeting your "in and out" expenses, you shouldn't take a vacation.

have the flexibility to use your creativity and schedule for earning more.

- **No age limit.** Some professions "age out" people at 60, 62, or 65. For example, airline pilots and partners in major accounting firms know that they have an age-related deadline on their careers. Many REALTORS® remain active and earning well past those arbitrary retirement ages.

You also have some disadvantages on the income side of the savings equation:

- As an independent contractor, you're responsible for all of the 15.3% F.I.C.A. (Social Security) charges against earned income. Salaried or hourly employees share these charges equally with their employer, so each dollar they earn is worth 7.5% more.
- As independent contractors, you receive no employee benefits, such as vacation time or sick leave. You must earn enough to cover any time off from productive work. And of course, you have no employer-paid health

insurance, which is nothing but non-taxable additional income for salaried employees.

- You must pay dues and fees to the government and other organizations that enable you to perform your duties as a REALTOR®. The benefits from these dues and fees are numerous, but our income doesn't begin until these costs are covered.

## Look at predictable expenses

You have recurring expenses that are predictable, such as a mortgage, car payment, phone bill, insurance, utilities, food, clothes, IRS estimated payments, charitable pledges, and credit card debt. All of these are examples of "in and out" expenses— income already committed before it is received.

Every single one of these expenses, with the exception of the IRS, is to some extent under your control. Do you need a

new car every three years? And won't the insurance cost less on that five-year-old vehicle? Is that new iPhone a necessity or a toy to impress our colleagues? Will you sell more real estate if you're wearing more expensive clothes?

Some expenses are foreseeable but occasional, such as vacations, REALTOR® dues, and annual property taxes.

Carefully examine these expenses, because if you're not even meeting your "in and out" expenses, you shouldn't take a vacation. If you're not planning for the annual property tax bill, you're setting up an avoidable crisis.

These foreseeable special-purpose expenses must be covered by increasing income, cutting expenses, or both.

Set up savings "buckets" for all your expenses. Envision your income being divided into different buckets. So far, you've set up a bucket for recurring monthly expenses and a bucket for special purpose expenses. The alternative to setting up buckets to plan for these foreseeable items is to borrow on the credit card. This choice is easy but disastrous because it undermines your financial foundation. If you borrow \$3,000 using standard credit card terms

THIS ARTICLE IS BASED ON THE COURSE "FINANCIAL FUNDAMENTALS FOR BUILDING WEALTH," APPROVED BY TREC FOR 3 HOURS OF DISCRETIONARY CE CREDIT. THE CLASS IS BEING BROADCAST TO LOCAL REALTOR® ASSOCIATIONS ON FEBRUARY 6, 2018. CONTACT YOUR LOCAL ASSOCIATION FOR DETAILS AND AVAILABILITY.



and repay it through minimum monthly payments, it'll take six years and cost over \$5,000! Does the joy of a \$3,000 family vacation last six years, and is it worth almost twice as much as you "paid" for it?

### How about emergencies?

The final group of expenses to consider is emergencies. Major car repairs, HVAC failures, medical procedures, natural disasters, and unexpected rental-property repairs or vacancies are examples that fall into this category.

Planning for these emergencies is another important step in establishing a sound financial foundation. After "in and out" expenses are met and special-purpose buckets are set up for foreseeable expenses, it is important to establish and fund an emergency bucket. How much is enough? The amount varies, just as choosing what items are going to be in your "in and out" expenses and foreseeable expenses varies from person to person. The dollar amount that gives you the comfort that life's unforeseen calamities are covered is a personal choice. Most financial planners suggest three to six months of expenses, but that is a simple guideline that makes no sense if, for example, you have five children or a disabled spouse.

## STAY ON TRACK FOR RETIREMENT

**Any amount is better than nothing.** Putting money aside for investments doesn't happen quickly. Start with what you can afford, and adjust it as more funds become available.

**Automatically transfer money.** If you set up different accounts for your buckets, use regular automated transfers to move funds to the proper place. These transfers make it less likely you'll deviate from the plan "just this once."

### Revisit your plan.

The allocations that work for you today may not be appropriate in three years. Periodically ensure your savings matches your financial situation.

—Ward Lowe

### Your foundation is built. Now what?

It is a great accomplishment to plan for all current expenses, assure an income more than adequate to cover them, set aside money for foreseeable expenses, and have an emergency bucket ready for life's curveballs.

But once these tasks are accomplished, what next? Now it is time to start investing.

Now that the foundation is laid, it is time to build. And building only comes with investing and the risk involved.

Consider this: At today's rates, \$1,000 placed safely in a bank CD takes 72 years to double. The same \$1,000 invested at a 7% compounded return doubles to \$2,000 in 10 years. Then that \$2,000 doubles again in the 10 years. Then that \$4,000 doubles again—so in 30 years, you have \$8,000, while the CD saver has less than \$1,200 in his account.

Investment options are numerous and require careful consideration. You have several advantages in the investing world once you do your homework.

- The nature of the real estate business exposes you to risk—it is not a foreign concept.
- You work with financial concepts every day when completing CMAs, analyzing loan amortization options, and other tasks.
- Real estate itself is a great investment opportunity, and you certainly know more about that subject than most people.

So here's the summary: Earn more than you spend. Minimize recurring expenses. Plan for foreseeable special-purpose needs. Avoid debt—especially on credit cards. Prepare for unforeseen emergencies. And once the financial foundation is built, start investing.

Welcome to a future with unlimited potential! ♦

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**JIM PARR** enjoyed a 35-year career as a commercial REALTOR®, investor, and entrepreneur in Fort Worth. He is certified by TREC to teach all discretionary and mandatory CE classes, including Legal Update 1 and 2. He is approved by NAR as an instructor of its "Discovering Commercial Real Estate" course.

## WHY AN 'INSTANT OFFER' MAY NOT BE BEST FOR YOU

Getting a cash bid for your home after going to a website and inputting basic information sounds easy and stress-free.

But there can be downsides to “instant offer” services.



### INSTANT OFFERS MAY BENEFIT INVESTORS MORE THAN YOU

Investors who would buy your property want to make a profit. Some even intend to find a buyer willing to pay more right away. Why sell to an investor for less money than you could get otherwise?

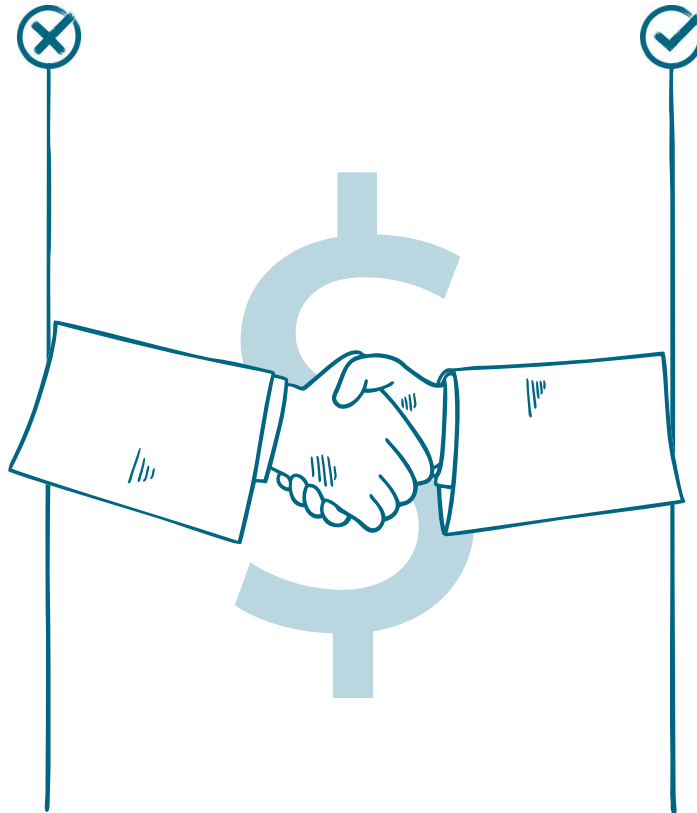
### THE OFFERS MAY NOT BE BASED ON ACCURATE DATA

These services sometimes use incomplete, misleading information. Texas REALTORS®, however, have access to true market comparisons and pricing data.

Have you done any of the following?

- Replaced bathroom fixtures
- Installed new floors
- Installed new kitchen countertops
- Replaced HVAC systems

“Instant offers” may not take those improvements into account. You need a thorough, in-person estimate of your home’s value.



### GET THE BEST OFFER

Texas REALTORS® can help you get the best possible offer for your home.

They can ...

- Market your property to the right potential buyers
- Access accurate pricing data
- Negotiate on your behalf.

### USE A TEXAS REALTOR®

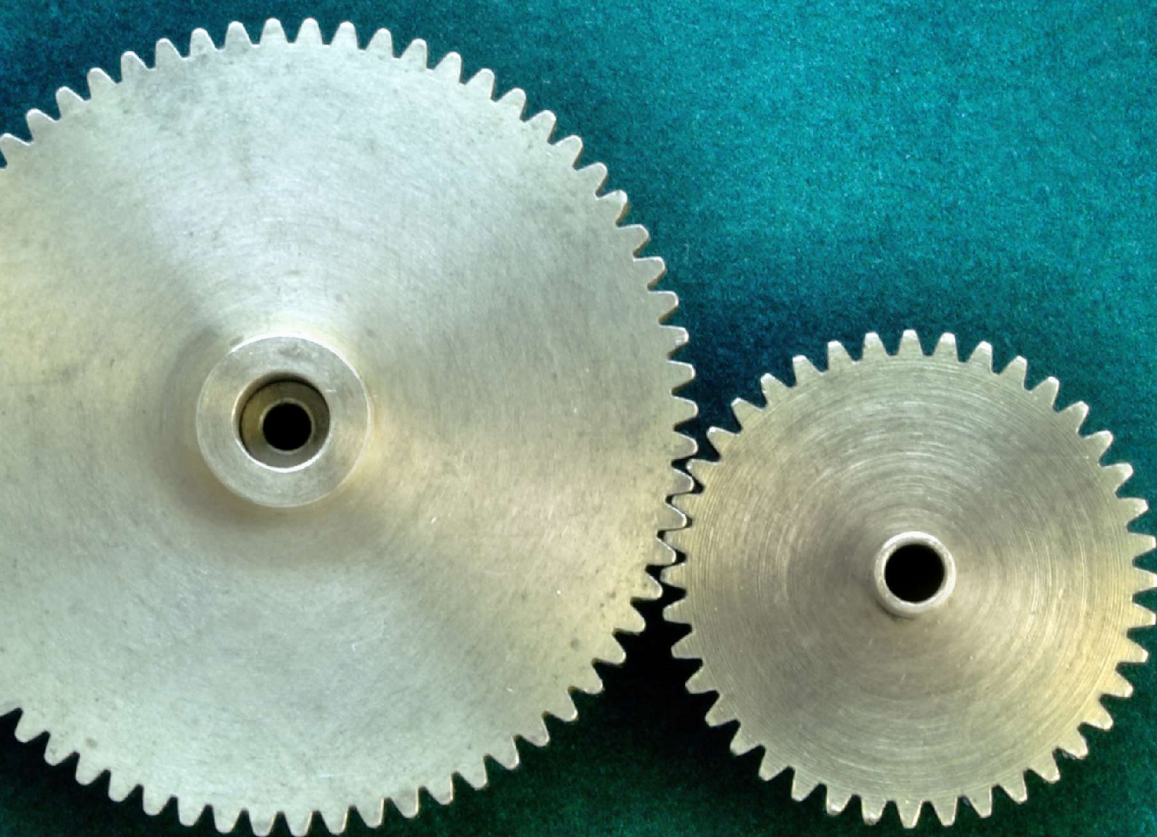
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# TAKE 5

## BROKERS: LEARN FROM SOMEONE WITH LESS EXPERIENCE

Traditional mentoring pairs more experienced REALTORS® with newer agents, but reverse mentoring makes the newer agent the mentor—you're the student. Here are five reasons to try it.



### LEARN TECHNOLOGY

Your children might help you understand the latest social media channel or online service, but a younger mentor can show how it relates to your business.

### KNOW WHAT AGENTS WANT

What makes your agents happy in their jobs? How could they be more productive? Listen to your mentor to learn these answers firsthand.

### IDENTIFY TALENTED AGENTS

This one-on-one time helps you see who has the potential to assume a larger role at your business. For those agents, you can suggest a traditional mentoring relationship to assist their future success.

### FIND YOUR FAILURES

Is your leadership style as effective as you think it is? Solicit feedback on you personally to see where you can improve.

### BUILD A CONNECTION

Spending time with your mentor will help him or her better understand your brokerage and, hopefully, become more invested in the success of the business.

# DO YOU HAVE THE RIGHT CARD?

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