

TEXAS REALTOR®

Succeed in Texas Real Estate

March 2018 \$3.50

CAN YOU WEATHER THESE RISKS?

A preparedness guide for your real estate business

p. 20



Have you heard about your new and updated forms?

p. 12

Commercial transaction of the year p.18 ■ ONE WAY TO HELP YOU SECURE YOUR COMMISSION p.16



My Why?

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TEXAS REALTOR®

March 2018-Volume 71-Number 2

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COVER: paffy/Shutterstock.com

INSIGHTS

Chairman



“ More than 17,700 Texas REALTORS® urged lawmakers to protect homeowners during last year’s tax reform discussion. This record-setting engagement has proved yet again that Texas REALTORS® are a force to be reckoned with.

Texas REALTORS® effect real change. We’ve seen it at the local level through successful Issues Mobilization campaigns in Hidalgo County, South Padre Island, Collin County, and dozens of other areas over the years. We’ve seen it at the state level when more than 2,500 Texas REALTORS® met with their representatives last April during REALTOR® Day at the Texas Capitol. And now we’ve seen it at the federal level with an unprecedented Texan response to a REALTOR® Call for Action about the tax reform process.

You know our work doesn’t stop here. Look for ways to get involved this year and give back to your industry, whether it’s getting involved in grassroots initiatives, volunteering in your community, or just furthering your education.”

–Kaki Lybbert

Contact Kaki:
chairmancolumn@texasrealtors.com



Photo: U.S. Library photo by Yoichi Okamoto

FAIR HOUSING ACT 50TH ANNIVERSARY

The federal Fair Housing Act turns 50 this year, as April marks half a century since President Lyndon B. Johnson signed the Civil Rights Act of 1968 and the landmark amendment protecting consumers from housing discrimination.

Texas REALTORS® plan on marking the anniversary with events in Austin and across the state. Check with your local association to see what’s going on near you.

There will also be opportunities in April to earn the Texas Affordable Housing Specialist (TAHS) certification: April 12-13 in Dallas; April 17-18 via a statewide broadcast; and April 19-20 in San Antonio.

Watch for fair housing to be the main feature of next month’s *Texas REALTOR®* magazine, as well. Before then, you can find more information and resources from NAR related to fair housing at nar.realtor/fair-housing.

HOW TO GET A MORE ACCURATE CMA

Learn how REALTORS® Property Resource (RPR) helps you easily create accurate comparative market analyses through its refine value, investment analysis, and other tools. RSVP for the April 11 webinar “Perfect Pricing with Easy, Accurate CMAs from RPR” at blog.narrpr.com/tar.

The May webinar, RPR Broker Tools for Broker/Owners and Management is on May 9. This session will show you how to measure performance, analyze market trends, and create leverage for your brokerage.

Learn more and register for upcoming RPR webinars at blog.narrpr.com/tar.

REPRESENT TEXAS ON AN NAR COMMITTEE

Volunteer for an NAR committee to contribute to the national level's decision-making process and gain experience that can help you thrive in your business. It just takes a few steps to apply via committeeapp.realtor.com:

1. Complete an expertise profile at the link above before you submit your application.
2. Complete your own applications for up to five committees.
3. Obtain endorsements from other leaders by providing them a unique link to your endorsement page online.

Learn more and submit your application by May 1 at committeeapp.realtor.com.

USE RPR TO RESEARCH COMMERCIAL PROPERTIES



HERE ARE FIVE WAYS YOU CAN BENEFIT FROM USING RPR IN YOUR COMMERCIAL BUSINESS. Learn more about RPR Commercial at blog.narrpr.com/commercial.

Property Details

Get information on square footage, zoning, owners, tenants, tax information, mortgage records, legal descriptions, and much more. RPR Commercial aggregates public records nationwide and partners with 26 contracted CIEs/CMLSs and 668 MLSs for on-market commercial listings. There are more than 320 million on-market listings, over 35 million off-market properties, and with the recent integration of SMR Research, an additional 7 million tenants occupying space available for your research exploration.

Property Cash Flows

After discovering the true income and expenses through conversations with the listing agent or building owner, you can plug those and other assumptions into Valuate Investor Analysis and produce the return ratio at the end of the hold period.

Economic Conditions

Be prepared to talk about key factors

such as employment, cost of living, and top employing industries and compare multiple areas in your community. Pull up a thematic map within RPR for a quick look at market conditions including the average household income. Discover business points of interest (POI) in the area to note the type of industry, number of employees, and annual sales volume. Review both historical and current traffic counts to gauge market activity and business potential.

Demographic Data

Your clients also need to know about their potential customers, employees, or renters. RPR Commercial gives you basics like population density, age ranges, disposable income, education levels, and industry of employment.

Tapestry Segmentation

The next time you're on a site tour or in a pitch meeting, share a Commercial Trade Area report with tapestry, also known as consumer segmentation data. This goes beyond the numbers and basic info you can collect from general economic and demographic sources by providing you with preferences and detailed descriptions of people who live around a property.

REALTOR® feedback

YOUR COMMENTS ON DISCOUNTS, MINERAL RIGHTS ON FORMS, AND A NOTE ABOUT OPENDOOR

Do you have the right card to get discounts of up to 60% at Office Depot/OfficeMax? When we asked members that question on the Advice for REALTORS® blog, **Jeanette Edwards** wrote that she uses the card often and saves big on printer ink. **Jesus Chuy Guerra** wrote that it's good for printing but pointed out not all items are included in the discount. (*Ed note: That's true, but the Member Benefits department works to make sure the most popular items purchased by Texas REALTORS® are included.*) On Facebook, **Chanel Newton Raesis** wrote that she loves the card, and **Kimberli Lindley** agreed that it's great. In response to **John Weber**, who asked if you can use the discount online, you can find more information at texasrealestate.com/card.

"Interesting and helpful" is what **Gregory Lee Lacy** had to say about our post on the Advice for REALTORS® blog about referencing mineral and royalty interests in TREC and TAR forms. In reference to how TREC residential forms and TAR forms are silent on the issue, **Jim Duncan** wrote that he hopes those forms are updated to include mentions of mineral rights. For the forms to be silent or rely on the agent to address mineral rights, **John McKenty** wrote, is not in the best interest of the seller. **Cassandra Pearce** added that in nearly all of her land sales, buyers and sellers retain attorneys to review mineral rights issues.

Jim Sexton of Opendoor wrote in about the December 2017 "Share This" about instant offers to clarify that Opendoor "owns a licensed brokerage, which, like all TAR members, is bound by the Code of Ethics." Sexton described the company's service as "more than an 'instant' offer that involves hands-on work from local real estate experts" and that it is more accurate than any automated valuation service. Sexton pointed out that Opendoor has paid out \$20 million in commissions and referrals to other brokerages, and that the company trusts REALTORS® to help clients make informed decisions about whether an Opendoor offer is or is not best for a client.

2018 TEXAS REALTORS® WINTER MEETING BY THE NUMBERS



5 days long

1,164 total attendees

95 different events

1 REALTOR® of the Year Award given to Dan Hatfield ...

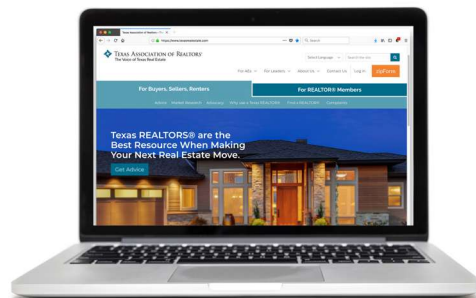
... plus dozens of other awards recognizing commitment to the industry, excellence in education, grassroots activity, and more.

525 attended the STARs Reception

480 attended the Opening Session with Mark J. Lindquist

And that's not all. Turn to page 22 to see what happened during the 2018 Texas REALTORS® Winter Meeting in Austin.

HAVE YOU SEEN THE NEW TEXASREALESTATE.COM?



Your state association's website has a new look. The site now has separate tabs for consumers and members. Each tab has its own menu and a home page with updated content for that audience. Information for association executives, committee members, and other association leaders also has a more prominent position, with links at the top of site.

INSIGHTS

FROM THE *TEXAS REALTOR*® ARCHIVES



A New Column: HEAR ME!

The title “Hear Me” is the name of a new column proposed for *TEXAS REALTOR*®. You are invited to express your thoughts and ideas about real estate by letter to Robert C. Brown, Editor of *TEXAS REALTOR*®.

The purpose of the column is to provide a forum for every member’s opinion. It is our hope it will offer an equal opportunity to all members to be heard and perhaps provide a point of germination of new and modern ideas relating to our profession and our Association in general. In the eyes of the directorate and the TAR staff, there is no member whose viewpoint is insignificant. ...”



— A notice from the May 1970 issue of *Texas REALTOR*® magazine, pictured above. Although the editor and method of delivery has changed, we still think every member’s viewpoint is significant. Give us yours and contact us at editor@texasrealtors.com.

TEXAS RECEIVES NATIONAL HONORS FOR RECORD FUNDRAISING YEAR

Texas REALTORS® don’t just advocate for clients during transactions—they also advocate for real estate at all levels of government.

Texas REALTORS® and TREPAC support candidates who support pro-real estate policies and ensure the state’s real estate market remains strong.

The National Association of REALTORS® recently recognized these efforts by awarding Texas the prestigious Triple Crown Award for 2017.

This annual award recognizes excellent performance in several areas:

- Total dollars raised
- Number of major investors (\$1,000+)
- Number of President’s Circle investors
- PAC participation.

“TREPAC plays a key role in protecting our state’s real estate industry,” says 2017 TREPAC Chairman Martha Dent. “In 2017, Texas REALTORS® raised the highest amount in TREPAC history, demonstrating that Texas REALTORS® are more engaged than ever on behalf of real estate consumers.”

Texas will be recognized for this achievement in May at the REALTORS® Legislative Meeting in Washington, D.C.



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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 with a brief explanation of your article idea and why it's a good fit for our readers.

BUSINESS



HELP YOUR CLIENTS MAKE A MOVING BUDGET

Whether they're moving themselves or hiring help, be sure your clients account for these expenses.

The most common DIY moving expenses:

- Packing materials (You can find packing-materials calculators online)
- Specialty packing materials (TV boxes, mattress bags, etc.)
- Equipment rental (dollies, furniture pads, etc.)
- Truck rental
- Fuel and mileage costs
- Child or pet care
- Extra help for packing or loading

Remind them that the busiest time to rent a truck and other equipment is around the first of the month—when apartment leases expire.

The most common moving company expenses:

- Fees (weight and distance matter most)
- Additional valuation coverage to protect belongings
- Packing and unpacking services
- Furniture assembly/disassembly or appliance hookup/disconnection
- Temporary storage

The time of year can also affect the cost of using a moving company. Generally October through April is the cheapest time, and weekdays are cheaper than weekends.

Even the best budget should have some cushion for surprises.

Marketing



Research shows when homes are certified as energy efficient, they sell faster and at a higher price than non-certified properties. A listing with verified energy information—or energy information collected by a third-party organization with clear definitions associated with the verification—is worth promoting.

Verified energy information isn't just one particular program. It is a blanket term for green certifications, energy labels, and verified energy improvements. Programs that assess and grant these certifications and labels set standards properties must meet in terms of construction and performance.

Before you start promoting any energy-efficient features, ensure you understand exactly what the home offers. While your seller may have all energy-efficient appliances, that doesn't necessarily mean his entire home is certified energy efficient. Typically, verified energy information comes with documentation your seller should have readily available to share.

Once you've got a clear understanding of the home's verified energy information, put it in the MLS. You can describe the property's features in the remarks section and make use of any green fields your MLS may offer.

If you want to dig deeper into energy efficiency, check out NAR's Green designation at greenresourcecouncil.org. Obtaining this designation will help you better market properties' green features and understand sustainable building and business practices.

Multifamily property management

Have you heard of co-living? Do you know what it is?

Because developers are executing the concept differently, co-living can't be defined as one particular type of building or living arrangement. But what many co-living properties do promise is an affordable price tag in exchange for residents sharing spaces like kitchens, living rooms, and sometimes even bathrooms. Developers building co-living properties say it's more than just sharing space, though. Property-wide events like weekday dinners and other social activities exist in co-living properties to enhance the sense of community and facilitate a full social life.

Even if a property you manage isn't set up as a co-living building structure, you can still appeal to tenants seeking this lifestyle by adopting community aspects of co-living. Your residents may be interested in leading supper clubs, yoga classes, running groups, or other social activities that will create a connection to your property and keep residents satisfied.

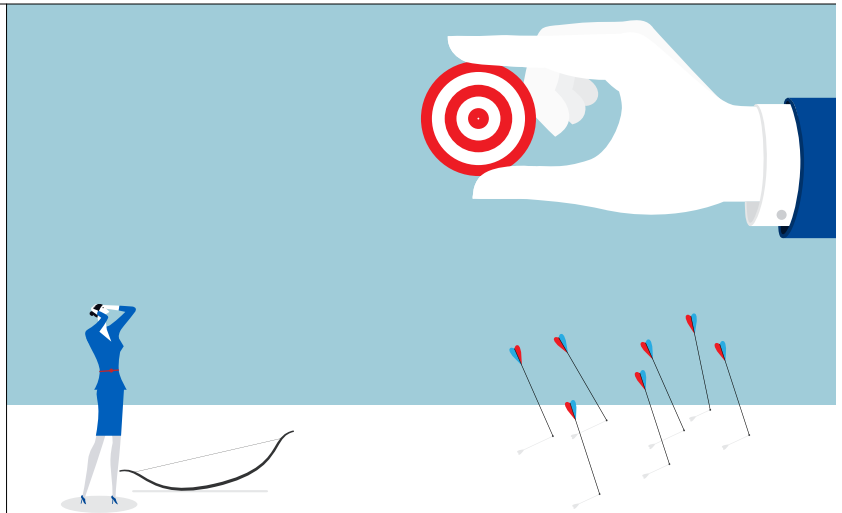
Communication

AN EASY WAY TO MAKE YOUR EMAILS MORE POWERFUL

Direct-mail marketing experts have known this for decades: A call to action as a P.S. of a letter increases reader response.

You can adapt this strategy for your emails. Place a P.S. at the bottom of your email signature—or between your name and contact information with space above and below the P.S.

Use it to ask for referrals, tout a service, or ask for another type of response. You can take another tip from the direct-mail pros by tracking responses and periodically changing your P.S. message.



ARE YOU SABOTAGING YOUR OWN SUCCESS?

Setting expectations too high can backfire.

YOU HAD THE BEST INTENTIONS WHEN YOU TOLD YOUR CLIENT SHE WOULD HAVE THE DOCUMENT IN HER HANDS WITHIN 24 HOURS. But you ran into a technology issue and then were delayed by a colleague not turning around his part quickly. Now that the 24-hour deadline has passed, your client is dissatisfied with your service.

The irony is that she may have been perfectly happy to receive the report in three or four days if you hadn't been the one to set her expectations to receive it within a day.

You can prevent this situation by building in a buffer when conveying timelines with clients—especially for activities you don't totally control. Also be realistic about other demands on your time rather than telling clients best-case scenarios. Better to under-promise and over-deliver than the other way around.

HOW COMMERCIAL BROKERS CAN BENEFIT FROM SOCIAL MEDIA

As the largest commercial real estate firms have shown, the benefit of social media platforms like Instagram, Twitter, and Facebook to brokers may lie in brand building rather than marketing individual properties. Even small- and medium-sized firms have been able to build followings by highlighting what their businesses do well. Follow their lessons to engage your network and showcase your own brokerage.

Celebrate your clients and their success

Does your client have a new, buzzy tenant? Is there press for a business tied to your client? Publicizing those articles on Facebook or posting new build-outs on Instagram puts your clients in a good light and reflects well on you.

Showcase expertise in your sector

If you specialize in infill development, for example, post

about projects you admire from other markets with why you think they're good models. Demonstrate the insights that make you effective in your market segment.

Highlight your own team

Give your followers a behind-the-scenes view of your team on site, profile team members, highlight speaking engagements by your leaders or accolades you receive. Show potential clients who they'd be working with.

WHAT DO YOU KNOW ABOUT

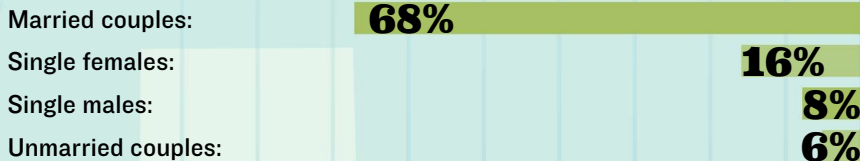
THE CLIENTS YOU SERVE?

2017 PROFILE OF TEXAS BUYERS



100 90 80 70 60 50 40 30 20 10

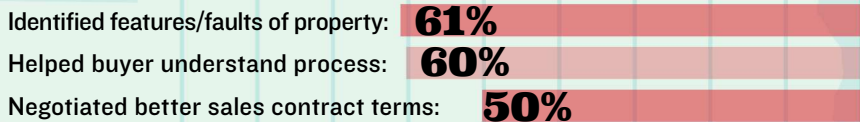
WHO'S BUYING?



MOST DIFFICULT STEPS IN BUYING A HOME



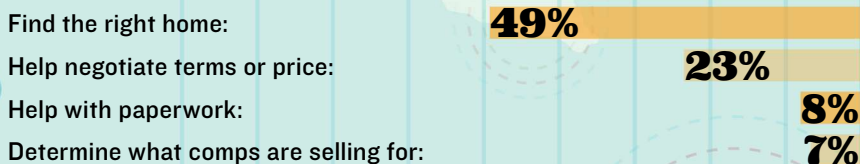
TOP BENEFITS RECEIVED FROM AGENT



MOST/LEAST IMPORTANT FACTOR IN CHOOSING AN AGENT



WHAT BUYERS WANT MOST FROM YOU



11%
of buyers over 50
purchased a home in
senior-related housing

24%
of first-time buyers
were not born in
the U.S.

15% of buyers purchased homes
for a multi-generational household to
house adult children, adult siblings,
parents, and/or grandparents

19% of buyers are military veterans

BUYERS 2017 vs. 2016

MEDIAN AGE OF HOMEBUYERS
47 46

BUYERS UNDER 35 YEARS OLD
26% 22%

MEDIAN BUYER INCOME
\$101,400 \$94,200

MEDIAN PURCHASE PRICE
\$259,500 \$214,000

MEDIAN PURCHASE PRICE AS A
PERCENTAGE OF ASKING PRICE
99% 100%

BUYERS WHO MADE NO COMPROMISES
(PRICE, LOCATION, QUALITY, ETC.)
10% 9%

MEDIAN EXPECTED TENURE IN
HOME PURCHASED
10 YEARS 10 YEARS

HOW MANY
BUYERS
WOULD
DEFINITELY
USE AGENT
AGAIN OR
RECOMMEND
TO OTHERS?

Definitely
70%

Probably
16%

MEDIAN
NUMBER OF
TIMES A BUYER
RECOMMENDED
AN AGENT SINCE
BUYING: **ONE**

Recommended
their agent at
least 4 times
15%

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

Tech tip

3 WAYS TO COMMUNICATE BETTER WITH YOUR AGENTS

Looking for an alternative to email?

Here are three tools designed to improve business communication:

Slack: This popular workplace-messaging app allows users to create chat rooms for any topic, message each other directly, and integrate a number of different services, such as Google, Zapier, and Evernote.

Stride: Replacing the service HipChat, Stride is in its early stages but is being touted as a competitor to Slack, boasting group messaging, video conferencing, and collaboration tools.

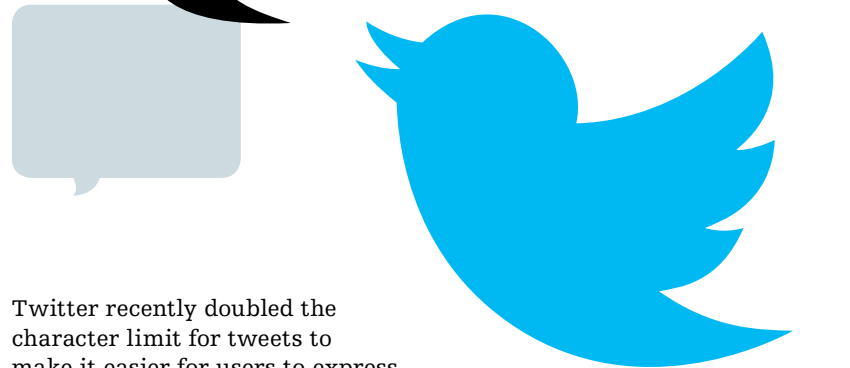
Workplace: Facebook has created a version of its service tailored for businesses to handle internal communication. If all your agents or team members already use Facebook, they should find the messaging, feeds, groups, and posts familiar. This version also gives you business-specific integrations and reporting tools.

MILLENNIALS AND THEIR MONEY

Although 64% of Millennials (ages 23 to 37) think their generation is not good at saving money, 47% of them have \$15,000 or more in savings—up from 33% in 2015—and 16% have saved at least \$100,000.

SOURCE: Bank of America

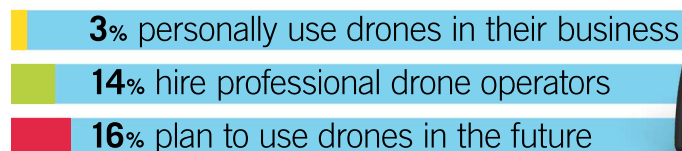
HOW TO USE TWITTER'S NEW 280-CHARACTER LIMIT EFFECTIVELY



Twitter recently doubled the character limit for tweets to make it easier for users to express themselves. Take advantage of the higher character limit with the following strategies:

- **Use more hashtags.** More characters mean you can include more hashtags, giving additional context to your post and potentially reaching more users. Be aware that including too many hashtags may detract from your message. Keep your hashtags relevant and don't overwhelm the point you're trying to make.
- **Mention other users.** Including others in your conversations, threads, and replies promotes engagement with users and helps build your following.
- **Expand your thought instead of cramming it.** Before the change, 9% of tweets hit the character limit. After a test by Twitter, only 1% of tweets hit the new 280-character limit. Fewer people were spending time cramming their thoughts into the character limit, and longer tweets saw more engagement. That doesn't mean you shouldn't edit yourself. However, using extra characters to express full, clear thoughts can lead to more engaging tweets.

HOW MANY TEXAS REALTORS® ARE USING DRONES?



SOURCE: 2017 Texas REALTOR® Member Profile



LEGAL & ETHICS

HAVE YOU SEEN THESE PROPERTY-MANAGEMENT AND RESIDENTIAL FORM CHANGES?

The association revised 16 forms and adopted 11 new ones.



In December 2017, Texas REALTORS® Residential and Property Management forms task forces proposed new forms and revisions to existing forms. After feedback from members like you, the below revised and new forms were adopted February 1.

Revised forms

- 1101: Residential Real Estate Listing Agreement, Exclusive Right to Sell
- 1102: Residential Real Estate Listing Agreement, Exclusive Right to Lease
- 1201: Farm & Ranch Real Estate Listing Agreement, Exclusive Right to Sell
- 1406: Seller's Disclosure Notice
- 1501: Residential Buyer/Tenant Representation Agreement
- 1506: General Information and Notice to Buyers and Sellers
- 1912: Notices Regarding Contingency Under Addendum for Sale of Other Property by Buyer
- 1935: Seller's Estimated Net Proceeds
- 1936: Approximation of Buyer's Closing Costs
- 1941: Relocation Addendum
- 2001: Residential Lease
- 2003: Residential Lease Application
- 2004: Pet Agreement
- 2005: Extension of Residential Lease
- 2011: Residential Lease for a Multi-Family Property Unit
- 2201: Residential Leasing and Property Management Agreement

New forms

- 1417: Representation Disclosure
- 1418: Update to Seller's Disclosure Notice
- 1945: Notice of Withdrawal of Offer
- 2013: Bed Bug Addendum
- 2014: Residential Lease Amendment
- 2224: Notice of Abandonment
- 2225: Response to Request for Assistance Animal
- 2226: General Information for a Landlord Regarding Assistance Animals
- 2517: Wire Fraud Warning
- 2518: Information Regarding Windstorm and Hail Insurance for Certain Properties
- 2519: Information Regarding Property Near International Border

All the forms are available in zipForm and on the blank forms page in the member section of texasrealestate.com. See redline versions of the revised forms at texasrealestate.com > Legal & Ethics > Forms > Form changes > Adopted Form Changes.

Contracts

NEW PARAGRAPH IN LISTING FORMS HELPS PROTECT YOU AGAINST LAWSUITS

The Texas REALTORS® listing agreements for residential sales, farm-and-ranch sales, and residential leasing now contain a paragraph that helps to protect brokers from claims of copyright infringement. Paragraph 6B, Listing Content, specifies that the seller or landlord grants the broker permission to use copyrightable elements relating to the listing, such as photographs, drawings, videos, written descriptions, and pricing information.

The paragraph, which explains that the broker has the right to provide the information to the MLS, also defines which content belongs to the seller or landlord and which belongs to the broker.

A related addition to these agreements is located in Paragraph 12, Seller's/Landlord's Representations, where it specifies that the listing content the seller/landlord provided to the broker does not violate the copyright of any other person or entity.

The *Residential Leasing and Property Management Agreement* also contains this new provision in Paragraph 4F(4) and Paragraph 8A(h).

Members-only forms

When a landlord wants you to manage multiple residential or commercial properties, use the *Multiple Property Addendum* (2204) in conjunction with either the *Residential Leasing and Property Management Agreement* (2201) or the *Commercial Property Management Agreement* (2202). The *Multiple Property Addendum* gives you the space to include addresses for any other properties you will manage in addition to the property described in Paragraph 2 of the agreements.

TREC RECONSIDERS RESTRICTING THE TERM *REALTY* IN TEAM ADVERTISING

The Texas Real Estate Commission is now publicizing it intends to propose a change to recently adopted advertising rules.

The advertising rules effective May 15 include a restriction of the term *realty* in team names. Team names must also end in the terms *group* or *team* to be in compliance with the updated rule. TAR supported these amendments at adoption. (Read more about TREC's advertising rule changes in the January/February issue of *Texas REALTOR*® magazine.)

After receiving feedback from license holders following adoption of the rules, TREC will consider proposing a rule at its May 7 meeting to delete the prohibition against using the term *realty* in a team name.

Until the May meeting when the issue is discussed, TREC says it will accept team name registrations that include *realty* and will not seek to discipline a license holder solely for advertising with a team name using *realty*.

TREC did not change the use of *realty* for brokers, so brokers can continue using the term in their licensed or assumed business names.

DOES E&O INSURANCE COVER PROPERTY MANAGEMENT? IT DEPENDS.

by Barney Schwartz



Property management has different exposures, some of which are covered under an E&O policy and others under a general liability policy.

For instance, injuries to people or damage to property would generally fall under general liability insurance. Because most property managers are responsible for property maintenance, hiring vendors, and screening dogs, among other things, your need for general liability insurance is greater than a typical real estate brokerage. Property management claims can be grouped into two categories:

Property maintenance

Property maintenance includes vendor selection. Are you considering multiple vendors? Are you finding out whether they are insured? And do they offer a prompt response and repair verification? Property maintenance claims will likely fall under general liability insurance.

Tenant screening and handling

Tenant screening and handling includes proper screening practices, collecting rent and deposits, and

handling evictions. A property manager could be sued for renting to an unqualified renter, or when someone claims he was unfairly denied a rental property. Tenant screening and handling claims will likely fall under E&O insurance.

How property managers can reduce their risk

- Require all renters to carry at least \$300,000 in liability insurance on their renter's policy.
- Require landlords to carry at least \$500,000 in liability on their dwelling policy.
- Some renter's policies will allow the property manager to be added as an interested party, which means you would receive notice if the policy cancels.
- Secure multiple bids from insured vendors for maintenance and repairs.
- Use a uniform tenant-selection form and process to avoid discrimination claims.

BARNEY SCHWARTZ is CEO of Preferred Guardian Group, a risk-management errors and omissions insurance partner.

LEGAL & ETHICS

ZIPFORM OFFERS TWO-FACTOR AUTHENTICATION



Strong passwords aren't always enough to stop hackers from accessing your online accounts.

That's why many online services now offer two-factor authentication, which requires a step beyond the password to log in.

Now zipForm offers two-factor authentication as a free opt-in feature of zipForm Plus. Here are instructions from zipForm to set it up:

1. Go to the security area within your profile.
2. Turn on two-factor authentication by registering your mobile number and/or the email address you want to receive the code required for access to your account.
3. After opting in, you'll have 10 minutes to enter the code after logging into your zipForm Plus account. (Login will be denied if someone enters an incorrect code or waits more than 10 minutes to enter it. After three failed login attempts, you'll receive an email notifying you that someone else may be trying to access your account. If you receive such an email, please change your password and contact support to report potential fraudulent activity.)

You'll have the option to check a box to "remember this device" to avoid having to enter the code after logging in from that device when using the same browser. The system will, however, prompt you for a code again after a period of 30 days.

Legal Hotline

800-873-9155

We get calls sometimes from agents who have changed brokers and feel that their former broker owes them commission from a transaction that they worked on before they left. Generally, these situations come down to what the agent and former broker agreed to regarding commission payments. This is great example of why it's important for an agent and broker to have a clear, written independent contract agreement, such as the *Independent Contractor Agreement for Sales Associate (2301)* provided exclusively to Texas REALTORS®.

Kelly Flanagan,
legislative counsel



Q

A

Can my unlicensed assistant unlock the door for potential buyers if I'm running late?

NO. TREC Rule 535.4(c) states that a person must be licensed as a broker or sales agent to show a property. "Show" includes causing or permitting a property to be viewed by a prospective buyer or tenant, unlocking or providing access onto or into a property for a prospective buyer or tenant, and hosting an open house at the property. As such, an unlicensed assistant must refrain from any activity that allows the buyer to be able to view the home, which includes unlocking doors.



5 TIPS FOR NEGOTIATING PIPELINE EASEMENTS

by Tiffany Dowell Lashmet

PIPELINES ARE USUALLY BUILT ACROSS PRIVATE LANDS AFTER THE PIPELINE COMPANY OBTAINS AN EASEMENT FROM THE LANDOWNER.

Although the monetary compensation is certainly an important factor for a landowner to consider, the nonmonetary terms of the easement may be, in some cases, more important and more valuable. It is critical to include in the written easement agreement any statement or promise made by the company or it likely will not be enforceable.

The following list is an excerpt of a longer one that you can find by searching “pipeline easement” at agrilife.org/texasaglaw. These terms may also be helpful in negotiating other easements, such as those for electric or transmission lines, water, wastewater, drainage, or related infrastructure easements.

Remember, this isn’t an exhaustive list, and any landowner negotiating an easement agreement should hire an attorney to represent his or her interests.

See that the easement is specific, not blanket. Easement agreements often state that a pipeline will be laid

“over and across” the landowner’s property. This is a blanket easement that allows the company to place the line anywhere on the property, even if the company verbally promised to place the line in a certain location. To avoid this issue, define a specific easement area and have the company survey it and any temporary work areas. Make that survey an exhibit (documented evidence) to the easement. Also consider requiring a specific setback distance from any buildings or structures if this is a potential issue.

Grant a nonexclusive easement.

Reserve the right to grant additional easements to other parties within the easement area. For example, if another pipeline company wants to place a line on the property, the landowner may want the right to have the line placed within the same easement, rather than having two separate easements across the property.

Check restrictive covenants. The easement may be planned for property that is subject to restrictive covenants, which might specify the required location and depth of any pipelines.

Reserve surface use. Retain the

right to use as much of the easement area as necessary. For example, once an underground pipeline is in place, the landowner may want to graze his cows on the property, including the surface above the pipeline. Similar consideration applies to the landowner’s ability to place roadways, ponds or tanks, and water lines across the easement.

Set specific restoration standards.

To ensure the easement area is properly restored, state in detail the company’s responsibility for things like reseeding grass, replacing topsoil, and remedying any changes to slope. Consider setting objectively measurable standards or appointing a neutral third party to determine if restoration is adequate.

Find additional resources about pipeline easements, including a podcast, at agrilife.org/texasaglaw or contact Tiffany at tdowell@tamu.edu.

TIFFANY DOWELL LASHMET is assistant professor and extension specialist with the Texas A&M AgriLife Extension. She specializes in agricultural law and blogs about legal issues related to Texas land at agrilife.org/texasaglaw.



SEAL THE DEAL

How using a written buyer representation agreement can lead to better client relationships and help secure your commission.

by **Michael Schrantz**

A written agreement isn't required for an agent to work on behalf of a buyer, but without one, there's a greater risk of misunderstandings between you and the buyer and potential issues involving subagency and your commission.

REALTORS® should use written agreements when possible, according to the Code of Ethics, and the *Residential Buyer/Tenant Representation Agreement* (150I) available only to Texas REALTORS® can serve as a tool when communicating with your client and, in certain situations, help ensure you're fairly compensated.

WHAT IS A BUYER REPRESENTATION AGREEMENT?

The *Residential Buyer/Tenant Representation Agreement* provided to Texas REALTORS® defines the relationship between a broker and buyer. It covers the exclusivity of the representation, the market area in question, the term of the relationship, each party's obligations, and information about fees, mediation, and limitations on liability. The agreement also includes a section clarifying that the client is not already represented by another broker for the same market area and whether an employer or relocation company is providing a benefit to the client.

WHY USE A BUYER REPRESENTATION AGREEMENT

A buyer representation agreement helps get the agent and buyer on the same page about the nature of the relationship before any issues arise. It can be used as part of a presentation to buyer prospects or to familiarize new clients with the terms and concepts involved in a real estate transaction. For example, your buyer might not know what it means to be represented by you and mistakenly agree to be represented by another broker for an overlapping market area. Clarifying the exclusivity of the buyer representation agreement should help avoid confrontations with other brokers claiming to be the buyer's agent.

The *Residential Buyer/Tenant Representation Agreement's* section about broker's fees covers commission due to the broker, additional compensation, and who may be responsible if the listing broker doesn't pay a cooperating commission. There's also a blank for other fees, which can be used if the parties would rather agree to separate task-based compensation.

HOW A BUYER REPRESENTATION AGREEMENT CAN HELP YOU

If there's a dispute about compensation with a listing broker, a buyer representation agreement can demonstrate you represent the buyer and support your claim to a commission. For example, without a written agreement to represent the buyer, a listing broker might argue that you're operating as her sub-agent and not entitled to the offer of compensation specified in the MLS.

If it lists a specific market area or properties, a buyer representation agreement provides documentation to support whether you were the procuring cause of the sale.

A buyer representation agreement is not a silver bullet for either of these scenarios, but it can support your claim to a commission.

The *Residential Buyer/Tenant Representation Agreement* includes a protection period that covers what compensation you might have a claim to if the buyer purchases a property shown by you during the term of the agreement and is not represented by another broker at the time.

Asking buyers to sign a written representation agreement can also weed out prospects who are not serious.

Using a written buyer representation agreement not only keeps you in line with the Code of Ethics, it starts your client relationships on the right foot by addressing key issues, such as the duration and geographic scope of your representation, important industry terms, and compensation, while potentially protecting you from future problems.

MICHAEL SCHRANTZ is social media editor for the association.

WHO'S THE AGREEMENT BETWEEN?

A buyer representation agreement is between a buyer and broker—not between a buyer and a sales agent. If you're a sales agent and switch brokers, the clients who've signed agreements with your current broker don't transfer to your new broker unless your current broker agrees to release the buyers from their buyer representation agreements.

WHAT'S SUBAGENCY?

Subagency occurs when a listing broker extends his or her agency relationship with the seller to agents outside of the brokerage. These cooperating subagents owe their fiduciary duty to the seller. If subagents of a listing broker find a buyer for a property, that buyer is treated as a customer, not a client.



TIPS FOR USING THE RESIDENTIAL BUYER/TENANT REPRESENTATION AGREEMENT

- Present and explain the agreement at the first substantive meeting along with the *Information About Brokerage Services* form, which is checked in the addenda section of the agreement.
- Explain how agency relationships work and that a written agreement clarifies that you represent the buyer exclusively and will work in the buyer's best interest only.
- Tailor the agreement to what the buyer is comfortable with, such as restricting the market area to specific properties or using a shorter or longer term to accommodate any special circumstances.
- Remind the prospect that at any time the agreement can be changed by mutual consent using *Amendment to Buyer/Tenant Representation Agreement* (1505) or ended by mutual consent using *Termination of Buyer/Tenant Representation Agreement* (1503).



How an award- winning transaction will help families in North Texas



After four years of dedication to closing a deal, commercial practitioner Heather Konopka-Chaves, CCIM, helped a local nonprofit expand its housing options for families in need.

by Summer Mandell

October 12, 2017, was an important day for the Community Enrichment Center (CEC) in Tarrant County. After four years, the nonprofit organization, which provides resources for families in crises, finally closed on 50 condominium units in Hurst it had been pursuing since 2013.

This milestone for the CEC happened thanks to Heather Konopka-Chaves, CCIM, whose professionalism, persistence, and passion helped the nonprofit overcome years of roadblocks so it can expand its housing options for Texas families facing violence, poverty, and homelessness. Heather's efforts also earned her the 2017 William C. Jennings Award for outstanding commercial real estate transaction of the year.

It really is a relationship business

When Heather first spoke with Randy Clinton, president and CEO of the CEC, they didn't talk about properties. Heather took her usual approach for expanding her network: developing a relationship by making an old-fashioned human connection.

During this first conversation, Clinton shared details about his role at the CEC and explained its mission. Heather was familiar with the CEC. Her two daughters volunteered with the nonprofit in the past. Her mother, who had passed away about two weeks before she first spoke with Clinton, benefited as a customer of the organization's resale shop. And at that difficult moment in her life, Heather was happy to have that human connection with Clinton instead of

"I don't let roadblocks hold me back, especially when I'm working on behalf of my clients."

talking shop. "Later, I wrote a handwritten note thanking Mr. Clinton for what he does and letting him know I'm a broker and I'm available if he needs anything," says Heather.

A few weeks after she sent the note, Clinton called and asked for her help.

"Mr. Clinton expressed a need for growth since they wanted to expand their services in the Mid-Cities Region to serve more low-income families, homeless families, and victims of family violence," Heather says. "We discussed 50 units out of a 116-unit fractured condominium project that would fulfill their need."

The property

The 116 units were built in 1984 as condominiums, and some units sold initially while the rest sat on the market. Eventually, one owner purchased 50 units while other units remained owner-occupied, making the property a fractured condo project.

The 50 units were now for sale, and under the direction of her new client, Heather sent a letter of intent. "A letter of intent lets that seller know the buyer is interested, names the price, earnest money, and closing date," Heather explains. "It stipulates the pertinent points that will go into a more detailed contract, and it's usually non-binding." But after sending the letter, they soon discovered the owner of the 50 units had passed away without a will. The estate had to go through probate.

Unrequited offers

Heather and her client waited six months while the probate process moved forward. At the direction of her client, she resubmitted a letter of intent on May 13, 2014. They heard nothing from the listing broker, who also owned the property management company managing the 50 units.

On June 19, 2014, Heather's client directed her to send a contract with a copy of a \$20,000 earnest money check to the owner's spouse. Again, they heard nothing.

But Heather wouldn't give up. She continually contacted the listing broker until she finally heard from him that they were still in probate and would let her know when the property would be up for sale.

"Due to the nature of the CEC's need for a property and their desire to purchase, we waited another year and eight months," says Heather. "In March 2016, we received updated financials along with information that indicated the property could be coming to market. I met with the board of the

CEC and presented the numbers, updated sales comps, and we planned the direction."

Again, she contacted the listing broker. Again, they heard nothing.

In another twist, the probate process uncovered that the owner's title was held with his ex-wife with whom he'd had multiple children. He'd remarried and had more children. The owner's ex-wife was the one who'd received the contract and copy of the earnest money check in 2014, but she never entered into a contract.

A trustee was appointed, and Heather and her client waited another year.

Good news comes ... four years later

"On March 12, 2017, I received a full offering memorandum from the listing broker of the property indicating it was available for sale," says Heather. "I contacted my clients, and following nonprofit rules and regulations, I met with the board, provided updated sales comps, and evaluated the numbers. The CEC determined the property still met their need and could fulfill their vision, so we submitted another letter of intent."

In the four years since the process began, the market improved and property supply had decreased. Heather and her client now had to go head-to-head with multiple offers. She helped her client come up with their most competitive offer. "Successfully, my client and the sellers reached an agreement: \$1.1 million above the original list price in 2013, and \$100,000 in earnest money. But we did it!"

In early June, Heather received the first draft of a contract from the listing broker and spent the month negotiating. In early July, they executed a contract to purchase the 50 units.

More time, more money, and disrepair

The executed contract had a 21-day due diligence time frame. The sellers had three days to deliver due diligence materials, and for every day those items weren't received, the time frame got extended. "By August 22, 2017, we had not received all the due diligence items and submitted notification," says Heather.

The HOA for the condo required that

the resale certificates be paid for prior to delivery, which cost \$350 per unit. "The buyers agreed to allow \$17,500 of the \$100,000 earnest money on deposit at the title company for said resale certs, with an agreement they would be reimbursed out of seller's proceeds at closing," Heather says.

In addition to challenges obtaining due diligence materials, there were problems gaining access to some of the units. Numerous deferred maintenance items and foundation issues were also uncovered. And one unit was involved in a pending lawsuit with a unit that wasn't part of the 50.

Instead of viewing it as a setback, Heather saw it as an opportunity. "In negotiating the repairs and issues we discovered, we achieved a \$50,000 price reduction, and all parties agreed to move towards closing," she says.

Approximately four years and two weeks after Heather's first discussion with Randy Clinton, they closed on the 50 units.

"During the transaction, I remained in contact with all parties, met numerous times with the CEC board, and followed up constantly," she says. She also took a lower fee as a donated portion of her commission to the CEC, her way of giving back.

More than just a real estate deal

Heather stayed motivated despite the years of hurdles to close this deal. "I don't let roadblocks hold me back, especially when I'm working on behalf of my clients," she says. But she may also have been motivated by her old-fashioned human connection to an organization and people she'd spent four years getting to know; that had been there for her mother; that supports a cause she believes in.

Regardless of what drives her, Heather's steadfast commitment to helping the CEC purchase the property it needed means there will be more safe housing and support for families in her Texas community.

SUMMER MANDELL is managing editor for Texas REALTOR®.



IS YOUR BROKERAGE READY?

PREPARE YOUR
BUSINESS TO SURVIVE
THESE THREATS.

by Ward Lowe

You work hard to comply with the rules and regulations that govern your activities as a license holder and a REALTOR®, but there are other risks to your livelihood beyond legal ones. Make sure your brokerage can survive these threats.

EMPLOYEE FRAUD

Employee theft can happen to anyone—even you. It could be someone submitting fake expenses for reimbursement, tampering with checks, falsifying bills, or many other schemes. Can your business withstand a \$200,000 cash drain? That was the median amount lost in 2016 per real estate fraud case inquiry according to the Association of Certified Fraud Examiners.

Acknowledge that fraud can happen in your brokerage, and establish hiring procedures that screen potential

applicants. Put systems in place to detect problems like embezzlement. Also, periodically review financial information, such as credit card and bank statements, to verify the trust you've placed in your employees.

NEXT STEPS

Test your company's fraud readiness with this checklist and video: Go to acfe.com and search "checkup."

CHANGES TO THE MARKET

Is it a buyer's or seller's market? An up market or a down market? Real estate is cyclical and affected by global forces as well as by your local economy. An easy way to prepare for the risk

of a sales drought is to stay on top of what's happening in your market and avoid becoming complacent. Diversify your offerings, focus on a niche, or find a specialty specific to your community. If your luxury-home clients disappear in an economic downturn, you can fall back on your senior clients or property management business.

NEXT STEPS

See data about Texas market conditions:
texasrealestate.com > **Research.**

Browse available designations and certifications:
texasrealestate.com > **Education > Designations and Certifications.**

Learn about real estate specialties:
texasrealestate.com > **Specialties.**

SEVERE WEATHER

Allison, Rita, Ike, and Harvey. These devastating storms are etched into the memories of Texans, but it doesn't take a 100-year storm to disrupt your business. Even localized severe weather can damage your property, displace your clients and prospects, and otherwise make it difficult or impossible to conduct business. You need a plan to protect your data and property, and maintain or restore communication.

Make digital copies of essential documents, and create photo records and lists of your business assets. Back up these files along with your client and business data in the cloud or offsite. Talk to your agents and any employees about procedures to follow in the event of a business disruption.

Any discussion of damage from weather must include insurance. While you have errors and omissions insurance to protect your business from lawsuits, it may not help if your office suffers damage during a break-in or as a result of a natural disaster. Preparing for such a situation could mean the difference between a temporary disruption of your services and the end of your business. Many types of insurance can protect your brokerage—and you should consult with an insurance professional—but here are a few types to consider:

- **Business property insurance** helps protect physical assets, such as your office building, equipment, furniture, and computers.
- **Business income insurance** can replace lost revenue so you can cover expenses while you restart your brokerage.
- **Flood insurance** can cover flood-related losses to your business resulting from hurricanes and other natural events.

NEXT STEPS

Download various checklists for small businesses: Go to fema.gov and search “**toolkits.**”

Learn about business insurance: Go to sba.gov and search “**business insurance.**”

CYBERCRIME

Every day in the United States, 30,000 people are victims of digital crimes. Small businesses are big targets for hackers, and real estate brokerages are some of the most attractive because the transactions involve multiple parties and large sums of money. There are thousands of ways hackers try to gain access to your information—ransomware, worms, keyboard loggers, social engineering attacks, and many more. You don't need to understand all these methods; however, you do need to take steps to protect yourself.

Install virus protections on all your devices and keep your hardware and software updated. But a very effective way to combat many attacks is to slow down and pay attention.

A big risk to you and your clients is wire fraud: A criminal hacks your email account or your agent's, sends the buyer fraudulent wiring instructions, and vanishes with the money. What's an easy way to deal with the threat of wire fraud? “We have to learn to use the phone again,” says Ronnie Matthews, chairman of the Great American Title Company in Spring. “If something looks odd, don't click on it. Call the person.”

NEXT STEPS

Review an FBI list of cyber scams: Go to ic3.gov and choose **Internet Crime Prevention Tips** under **Site Navigation.**

Watch an NAR video about protecting your business from cybercrime: Go to nar.realtor and search “**cyber crime real estate professional.**”

TAXES

Running your own business means being a jack of all trades—sales, marketing, human resources, accounting, facilities, technology, and anything else your business requires. You may be stronger in some areas than others, but one discipline you need to get right is accounting. Follow sound financial practices and you'll spend more time on real estate than with the IRS. That means:

- Don't commingle funds.
- Know which deductions are allowed.
- Track and document your deductions according to IRS rules.
- Correctly calculate your quarterly payments.
- Pay your taxes on time.

If you're not comfortable handling the accounting aspect of your business, use an expert who is.

NEXT STEPS

Go to txrealto.rs/audit to read the *Texas REALTOR*® article “**Making your taxes audit-proof.**”

WARD LOWE is associate director of communications for the association.



TEXAS REALTORS®
2018
★ WINTER MEETING ★
AUSTIN, TEXAS

If you made it to the 2018 Texas REALTORS® Winter Meeting in Austin, you already know about the incredible speakers, useful continuing education courses, and some of the impressive accolades your fellow Texas REALTORS® achieved in 2017. But with so many programs, there are some highlights you may have missed. Here's an overview of this year's big event.

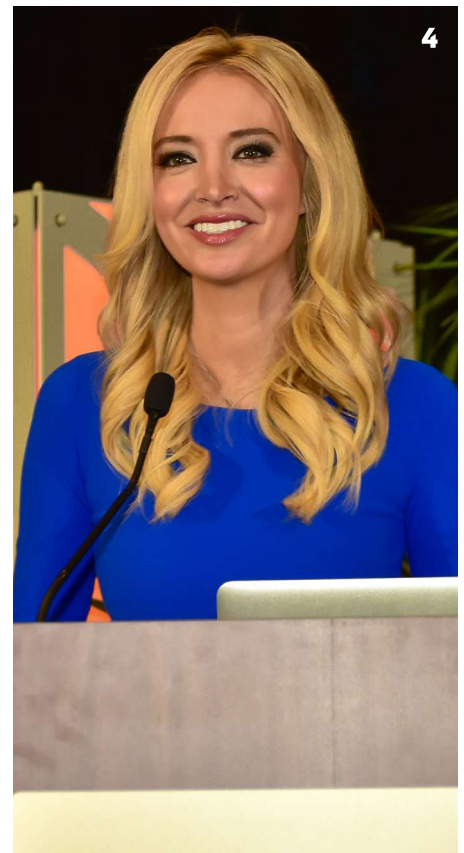
Actor, author, and speaker **Mark J. Lindquist [1]** opened Winter Meeting with an energetic opening session. Author of *Passion! 8 Steps to Find Yours*, Lindquist said surveys have shown that fewer than

20% of people are passionate about what they do. He exhorted the crowd to reignite their passion for what they do and led them through his eight-step process to do it, with a focus on getting out of your comfort zone and trying new things. "Somebody is going to do everything on your bucket list," Lindquist said, "And it might as well be you."

During the Public Policy Forum, attendees heard from **Lila Valencia** of the Texas Demographic Center [2], who shared demographic trends related to Texas real estate, such as state-to-state migration, aging populations, and household income.

U.S. Congressman **Kevin Brady** [3], who serves as chairman of the U.S. House Ways & Means Committee, opened the Governmental Affairs Forum. Brady explained how several tax incentives for real estate consumers were preserved during the federal tax reform debate.

Keynote speaker **Kayleigh McEnany** [left page, 4], author of *The New American Revolution: The Making of a Populist Movement*, shared stories from her experience writing about the local impact of politics.





Jim Henson [5, far right], director of the Texas Politics Project, moderated a panel featuring Democratic strategist **James Aldrete** [5, center] and Republican strategist **Leslie Pardue** [5, left], who offered their insights on state-level races to watch.





Farm and ranch broker **Dan Hatfield**, ALC, [6, pictured with wife **Cindy**] of Comfort was awarded 2017 REALTOR® of the Year.

Hatfield is a native Texan from the Hill Country and has a deep appreciation and knowledge of the land. "You learn a lot growing up in the country," he's said. "You pay attention to the plants, the animals, the natural environment."

Hatfield has served in many volunteer roles in the real estate industry, including 2014 TAR Chairman, president of the state and national REALTORS® Land Institute, and president of the Texas Land Brokers Association. His volunteerism extends beyond his industry work, though, including time as a volunteer firefighter and the president of the Comfort Chamber of Commerce.

"The greatest reward one can get is the appreciation and respect given by your peers for a job done on their behalf and in their interest," Hatfield says. "This award belongs to all of us because I would have never received it without the mentoring, support, help, and kindness shown from all of my friends and fellow REALTORS®. It has always been an honor and pleasure to serve my clients, community and fellow REALTORS®.

"I look forward to giving this award to another hardworking leader of this association at next year's conference. Who knows? It might just be you!"

Other awards announced during Winter Meeting include:

- Tom D. Morton Award for Association Executive of the Year: **Ed Moore** of the Greater Tyler Association of REALTORS® [7]
- Texas REALTOR® Hero Award: **Angela Williams** of the Lufkin Association of REALTORS® [8]
- Educator of the Year: **Mary Miner** of the Williamson County Association of REALTORS® [9]
- Legal Program of the Year: MetroTex Association of REALTORS® for "Course Feud" [10]
- Innovative Program of the Year: Houston Association of REALTORS® for "Moving to Matrix" [11]
- Series or Short Program of the Year: Houston Association of REALTORS® for "Certified Strategic Marketing Specialist" [11]
- Marketing Program of the Year: Austin Board of REALTORS® for "Social Media: Branding and Lead Generation" [12]

Award listings continue on page 25.



- Grassroots Advocate of the Year: **Mel Harris**, Greater Fort Worth Association of REALTORS® [13, right]
- Governmental Affairs Outstanding Achievement Award: San Antonio Board of REALTORS® [14]

Rich Thomas [16], retiring CEO of the MetroTex Association of REALTORS®, was honored for his 23 years of service to the REALTOR® organization.

The board [17] approved the 2019 officers of the Texas Association of REALTORS®: [18, left to right] Secretary/Treasurer **Marvin Jolly**, Chairman-elect **Cindi Bulla**, Immediate Past Chairman **Kaki Lybbert**, Chairman **Tray Bates**, and President/CEO **Travis Kessler**.

2018 Immediate Past Chairman **Vicki Fullerton** [19] made a speech about her time as 2017 chairman and expressed her appreciation of the Texas REALTOR® family.

NEW OFFICERS, INDUSTRY UPDATES, AND SPECIAL RECOGNITIONS AT THE BOARD OF DIRECTORS MEETING

NAR First Vice President **Vince Malta** [15] spoke about the national association's four areas of focus—increase professionalism, increase political advocacy, better manage real estate data, keep REALTORS® essential to the consumer.



Attend the Texas real estate event of the year



September 7-10
Henry B. González
Convention Center

Four packed days of conference events featuring:

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

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

Over 40 hours of CE to choose from.

Keynote speaker
Vernice "FlyGirl" Armour



HOW OWNING A HOME BENEFITS YOU AND YOUR FAMILY

Many people know that buying a home can be an excellent financial decision. But owning a home has many social benefits, too.

HEALTH AND HAPPINESS

Homeowners generally have fewer health problems and report greater happiness than renters—even when the homeowners and renters have the same incomes and education levels.

KIDS' WELL-BEING

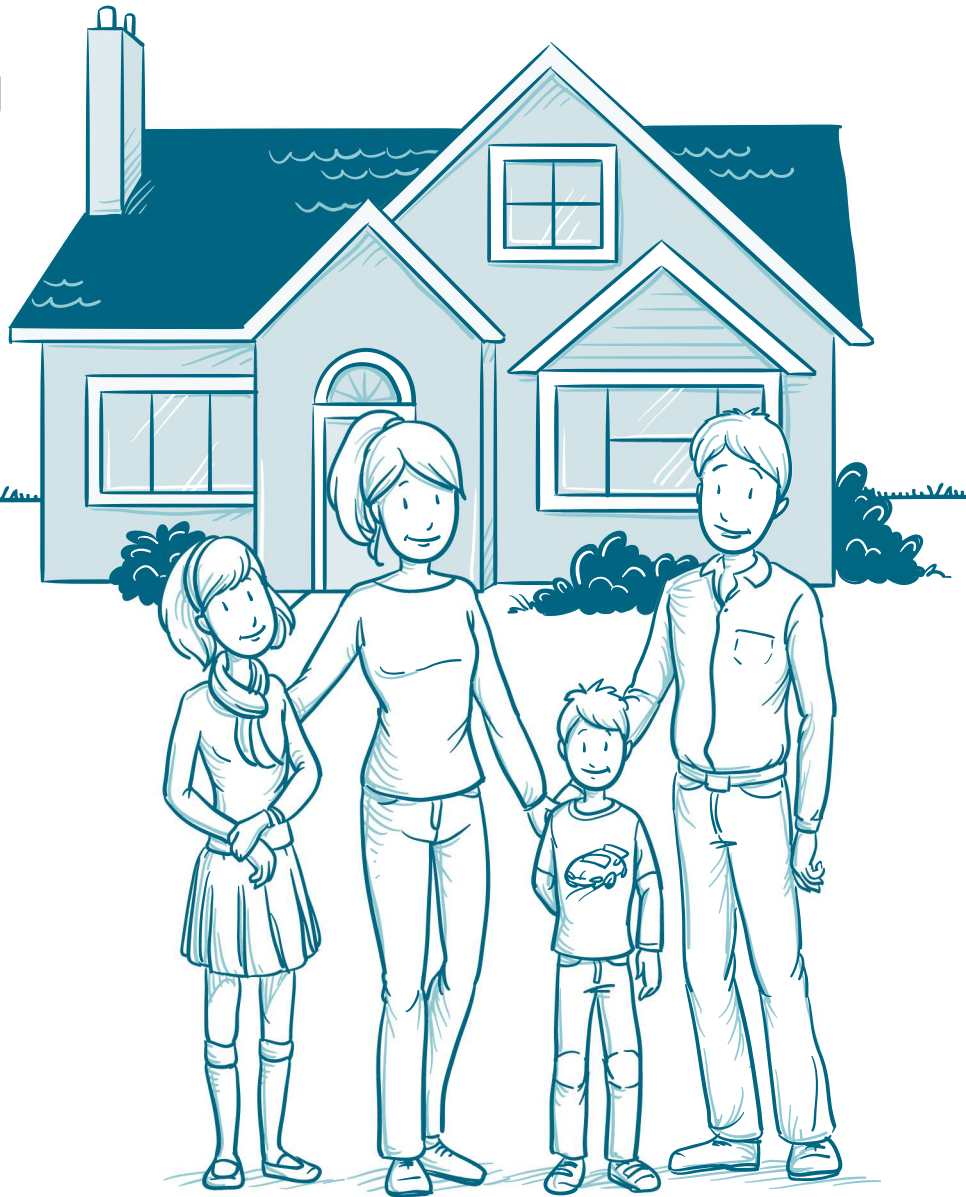
Homeownership may help parents engage in positive parenting behavior with more opportunities for school involvement or participation in neighborhood activities. And residential stability has a positive effect on reading and math performance of children between the ages of three and 12.

COMMUNITY INVOLVEMENT

Homeowners get more engaged in organizations that serve their community—like schools—regardless of whether they live in high-value or low-value homes. Homeowners also form more relationships with neighbors they can count on for support and friendship. And homeowners are more politically and civically active.

CRIME PREVENTION

Neighborhoods with more homeowners have less property and personal crimes than neighborhoods with more renters, even when comparing areas with similar socioeconomic characteristics.



Where does this information come from?

Dozens of research studies over the last several decades have examined and confirmed the many positive aspects of owning a home. Visit txrealto.rs/homeownerbenefits to learn more about the research.

Your REALTOR® can help you take the steps toward buying a home and enjoying all the benefits of a place to call your own.

TAKE 5

PROVEN WAYS TO SET MORE EFFECTIVE GOALS

Two of the best-known academic researchers on goal setting, Edwin A. Locke and Gary P. Latham, summarized 35 years of empirical research on goal-setting theory in an article in *American Psychologist*. Their findings can help you set achievable goals to push yourself or motivate your agents.

DIFFICULT GOALS PRODUCE BETTER PERFORMANCE

Locke and Latham found that setting specific, difficult goals consistently led to higher performance than urging people to do their best. And performance only leveled off or decreased when the limits of a person's ability were reached or the commitment to the goal ended. For example, your goals for lead generation should include a number you'll hit in a certain duration, which will stretch your abilities.

MAKING GOALS PUBLIC LENDS THEM IMPORTANCE

People perform best when they're committed to their goals, and making the commitment in a public way strengthens that commitment. This is most important when goals are difficult and will require a high level of effort to achieve. Consider talking about your goals during group meetings or speaking with peers or supervisors who can hold you accountable.

SET LEARNING GOALS WHEN CONFRONTED WITH A COMPLEX PROBLEM

Learning goals are specific, challenging goals for researching or creating strategies for how to tackle the overall problem. For example, if you want to close a set number of commercial transactions next year, first set learning goals for what skills or expertise you may need to improve upon to get you there.

WHETHER THE GOAL IS ASSIGNED OR COLLABORATIVE, WHAT MATTERS IS INFORMATION

Research doesn't show a strong link between performance and whether a goal is assigned or generated collaboratively—except when a goal is assigned without much explanation. Exchanging information and strategies is what affects performance, regardless of how the goal is assigned. Have a conversation about goals where you can pass along information or ask questions.

DON'T LEAVE GOALS AMBIGUOUS

Reducing the ambiguity about what counts as meeting the goal makes measuring performance easier. Instead of the imprecise goal to put more effort into lead generation, set a number of calls or presentations you will make.





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