

TEXAS REALTOR®

Succeed in Texas

December 2022 \$3.50



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TEXAS REALTORS



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HOUSING DISCRIMINATION? NOT IN OUR HOUSE.

If recent events have taught us anything, it's this: we have more work to do. Racism is real, tragically so. Discrimination, in all its forms, still casts a long shadow in this country, and too many are being denied the opportunities that all Americans deserve. Our commitment to the diverse communities we serve starts with a Code of Ethics. Our code sets a higher standard for fairness in housing than any federal law, it's backed by a culture of member accountability, and it extends to our work on Capitol Hill, where we continue to advocate for meaningful change.

At the National Association of REALTORS® we believe that fairness is worth fighting for, and we won't stop until the fight is won. Because that's who we are.

If you experience or witness discrimination in real estate, we urge you to report it.

Visit [hud.gov/fairhousing](https://www.hud.gov/fairhousing) to file a complaint with the Department of Housing and Urban Development.



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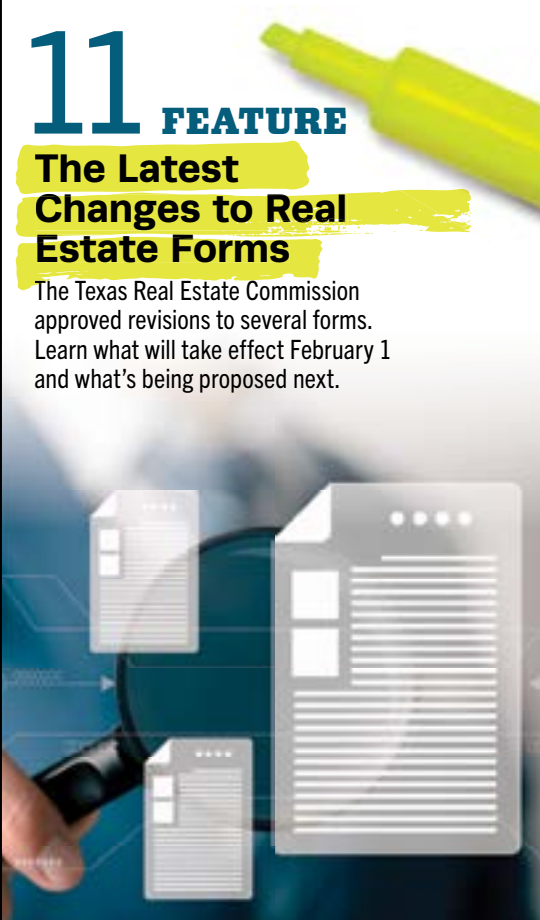
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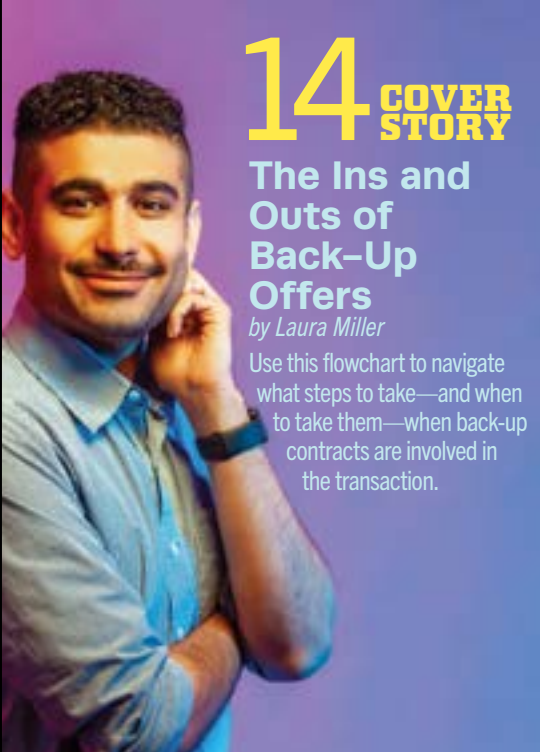
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Chairman's message

What a phenomenal year 2022 has been for Texas REALTORS®! I would like to thank our Leadership Team and the thousands of members who have given their time in some way to this organization.

Whether you've served on a committee, attended a meeting, filled out a survey, provided a comment, or just upheld the high standards of our organization, I appreciate your contribution. Here are a handful of our accomplishments this year.

REALTOR®-supported candidates did well in elections this year, thanks in no small part to our support. It's this involvement that helps us protect our industry and real estate consumers.

We are gearing up for the legislative session that begins in January. Thanks to all of you who took our survey a few months ago and to the many members who help craft our positions, we are sure to once again have a successful legislative session. A very exciting development is a new member benefit that includes medical, prescription, and ancillary products. This has been many months in the making and will roll out soon. Our Member Benefits Committee has also launched four other new benefits this year.

Our newly launched Texas REALTORS® Roadmap to Leadership series provides members excellent resources to develop the skills necessary to make a difference in our association.

The new Texas REALTORS® DEI Recognition Program aims to expand our diversity, equity, and inclusion efforts and develop a way to encourage and recognize

local boards that foster a more inclusive and equitable industry.

Texas REALTORS® was recognized by NAR for outstanding Global and Commercial Committees, and our growing number of C2EX designees shows our members' commitment to professionalism.

We launched a new dashboard with commercial real estate market stats for MarketViewer, updated and introduced new forms based on your input, held our first ever broker summits, and came together in person for the first time since 2019 for a reimagined, high-energy conference with exciting sessions like a *Shark Tank*-style pitch battle and a keynote address by Super Bowl champion Darren Woodson.

Anyone who has been around this organization knows that no matter what success we have had in the past, we never rest on our laurels. We always look for ways to benefit our members and people who buy, sell, lease, and own property in Texas.

As we head into 2023, with our highest number of members ever, I'm very enthusiastic for what the future holds. I'm excited for the new leaders who will take our association to even greater heights, and I thank you all for the opportunity to serve.

Russell Berry

This honor marks the fourth time Texas REALTORS® has been named a Top Workplace of Greater Austin. The award is based on an anonymous employee survey issued by the *Austin American-Statesman* that evaluated factors such as work-life balance, inclusion, leadership, and culture.

"The continued recognition shows the organization's commitment to creating an open and transparent workplace culture," says Texas REALTORS® CEO Travis Kessler. "Our staff has not only gone above and beyond to serve the members, but they also bring the same dedication to support one another."

Learn more at topworkplaces.com/company/texas-realtors/statesman.

TEXAS REALTORS® NAMED A 2022 TOP WORKPLACE

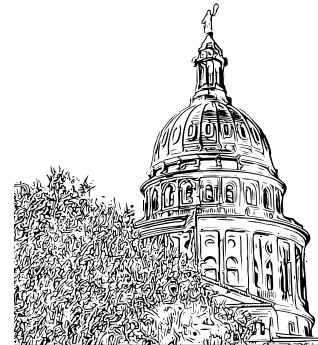


REALTOR®-SUPPORTED CANDIDATES PERFORM WELL ON ELECTION DAY



TREPAC-supported candidates had a strong showing November 8, with 99.4% winning their elections. Texas saw turnout decline about 7% from the 2018 midterm elections. That still puts this year at the second highest for a midterm since 1994, but less than 46% of the state's 17.7 million registered voters cast ballots.

Republicans continued their dominance of statewide elections. The governor, lieutenant governor, attorney general, comptroller, land commissioner, agriculture commissioner, railroad commissioner, and the Texas Supreme Court justices all went to Republican candidates.



The composition of the 88th Texas Legislature:

- Texas House: 86 Republicans and 64 Democrats
- Texas Senate: 19 Republicans and 12 Democrats

The composition of the Texas congressional delegation:

- U.S. Senate: 2 Republicans
- U.S. House: 25 Republicans, 13 Democrats

Check out the preview of the 88th Texas Legislature on page 18.

TEXAS REALTORS® DIVISIONS EARN RECOGNITIONS



The Texas REALTORS® Global and Commercial teams both earned special recognitions from the National Association of REALTORS®. These awards are the result of hard work by members on Texas REALTORS® committees as well as support from staff.

The Global team was awarded the Platinum Global Achievement Program Award for 2022. NAR stated: "Not only did you provide your members the highest level of service by giving them the tools, education, and networking they need to handle international real estate, you also continued to work hard and in innovative ways to connect your council to the global community in your market area and beyond." NAR recognizes associations at four different award levels: Silver, Gold, Platinum, and Diamond. Texas REALTORS® first received the award at the Gold level in 2018 and has earned Platinum recognition each year since.

The Commercial team earned the Commercial Services Diamond Accreditation by NAR. Diamond is the highest of three levels recognized by NAR and represents accomplishment of over 41 benchmarks in service to commercial members. NAR stated: "Commercial real estate plays a vital role in the economic development of our communities, and we appreciate the commitment Texas REALTORS® has made to providing commercial services to members, engaging commercial practitioners, and being the voice for commercial real estate in the region." Along with this accreditation comes a \$1,000 scholarship to be used toward continued commercial services.



Mary Frances Burleson: 1935-2022

Mary Frances Burleson, 2002 Texas REALTORS® chairman and longtime president and CEO of Ebby Halliday Companies, died November 26 at the age of 87.

Burleson began her legendary real estate career in 1958 as a temp at Ebby Halliday, REALTORS® in Dallas. She was mentored by Halliday herself, rising through the ranks of the company until in 1989 Burleson was named president. Over the years, Burleson would mentor countless agents, believing that she had a responsibility and obligation to help others succeed.

Her unsurpassed commitment to giving back extended beyond her brokerage. Burleson volunteered in leadership positions at the MetroTex Association of REALTORS®, Texas REALTORS®, and National Association of REALTORS®. And she holds the record for the highest lifetime investment in the history of the REALTOR® PAC at \$273,879.

"The real estate industry lost a true legend and iconic leader in Mary Frances Burleson," said Texas REALTORS® President/CEO Travis Kessler. "Texas REALTORS® joins the many that mourn her passing and celebrate the legacy that she leaves for us all. As a former chairman of Texas REALTORS® and a business and industry leader, her passion and commitment made an indelible mark that will continue to positively impact real estate professionals and consumers alike. We will miss her."

QUICK TIPS ABOUT HOME WARRANTIES



Surprise repairs and appliance replacements can be a huge expense for homeowners. Your clients could mitigate their out-of-pocket expenses and save money by buying a home warranty.

Many agents and brokers don't know or are misinformed about home warranties, says Kimberly Azpeitia, Choice Home Warranty senior account manager.

She offers these tips for you and your clients.

What do they cover?

Home warranties—also referred to as residential service contracts—help pay to fix or replace home systems and appliances that have unexpected mechanical issues due to normal wear and tear.

Home warranties don't cover known, pre-existing conditions. "One of the biggest misconceptions is when an agent tells clients they don't need to ask for repairs once the inspection is done because the home warranty will fix it," Azpeitia says.

Why are they useful?

Some agents and consumers think home warranties are useless and won't pay for anything. But the payout on a home warranty depends on the specifics of a situation.

Homeowners may find that a \$500 policy could pay out a few thousand dollars if they file successful claims, Azpeitia says.

Some people think nothing of paying hundreds for an extended warranty on a refrigerator, but a home warranty would do the same thing for all of their appliances and systems, according to Azpeitia.

Who benefits?

Home warranties can help first-time and low-income homebuyers the most, Azpeitia says. These buyers may have poured every penny they have into their home.

"Not having the warranty could be a huge financial burden if there's an unexpected expense," she says. "If the A/C breaks and it takes \$5,000 to \$10,000 to replace it, or it costs

\$700 to add Freon, that's a problem for them. They may need to go without until they get their funds together or use credit or borrow the money."

But home warranties aren't just for first-time homebuyers or buyers alone. Existing homeowners can add a policy. Landlords and property managers can buy policies. Sellers can even add a policy while they're listing their homes as an incentive to buyers or to provide buyers more peace of mind.

Who can I talk to?

Azpeitia says agents should discuss home warranties with clients early on, ideally during the first consultation.

Agents should connect with their local home warranty representatives and build relationships just like they would with title companies and other related providers.

"Allow the representative to explain the policy to your client. That's what we're here for," she says. "We can talk to those buyers, answer questions, explain policies, and set clear expectations."

Agents who receive any compensation from a residential service company must disclose any such payments. The compensation cannot be contingent upon a party to the real estate transaction purchasing a contract or services from the residential service company. Additionally, any payment must comply with RESPA guidelines, and therefore must be limited to the reasonable value of services actually rendered. *Disclosure of Relationship with Residential Service Company* (TXR 2513, TREC RSC-3) can be used to provide notice of any received compensation.

How can I learn more?

Azpeitia teaches the CE course Home Warranty 101. She encourages agents to learn more about these policies as a way to help their clients.

"Six months after closing, when everyone else has moved on, that might be when the homeowner starts placing the first few claims," she says. "We're with homeowners way after everyone else, sometimes years after if they've renewed their policy."



SELLING A LIFESTYLE Lakefront native brings personal experience to the waterfront market.

Lakefront properties are often second homes, escapes from big-city life. Prospective buyers enjoy boating and watersports, or maybe just want a beautiful view from their windows.

Hunter Croan understands the appeal. He's spent most of his life along, in, or on lakes. Since college, he's sold the world he knows best: first in

boat sales, then in real estate.

"You're selling the lifestyle, the enjoyment of the lake," he says. "The best way to show that off is to take the client out on a brand-new boat to test it out." Croan's team partnered with a local Malibu boat dealership, Texas Malibu, that loans the team a new boat every year for showings and marketing.

Croan grew up on Lake McQueeney near Seguin. He took up waterskiing and wakeboarding; his parents often pulled him behind their boat.

"Having grown up on the lake, I naturally became a competitive water-skiier and wakeboarder," he says. Croan won the men's title at the 2003 Air Nautique Collegiate Wakeboard National Championships. He also worked at SeaWorld San Antonio and two different Six Flags parks performing waterskiing and stunt shows.

Croan got into real estate to work for himself and live where he wanted. He brought a lifetime of expertise to his new career.

"Selling a waterfront property is different than other types of property," he says. "We get more questions about the lakes than we do the real estate. All of our agents know the depths, where the ramps are, where the restaurants are."

Lakefront properties come with additional considerations, such as floodplains, fill areas, and no-rise certifications. Lakefront buyers prize expertise in an agent above even personal connections like having a friend or family member in real estate, Croan says.

Croan was featured on HGTV's *Lakefront Bargain Hunt* and has won accolades from his brokerage and magazines. Today, he's a team leader with The Lakefront Group/Hill Country Luxury Group with Keller Williams Heritage. He's out of the day-to-day sales, but he leads his agents on how to showcase the lakes' appeal. He's particularly proud of his team's website, lakehouses4sale.net, which attracts many prospects and helps explain the lakefront properties and lifestyle.

Croan lives on Lake Dunlap, near New Braunfels, with his wife and two boys. He still gets out on the lake to dust off his skills and to share watersports with his sons. "They're loving it," he says. "Our number one rule is to have fun and enjoy the time together on the water. It's our happy place."

Croan knows that's why his clients are here, too. Out on the boat with prospective buyers, he lets the wind, the waves, and the views sell for him.

He remembers a client who was interested but was thinking of waiting a few years to buy. Croan pointed out the client's children were 8 and 9 years old. How many days on the lake would be lost by waiting? How many memories would never be made? The client bought a place on the lake a few weeks later and couldn't be happier, he says.

Know a member we should consider for a future profile? Tell us or send us other article ideas at texasrealestate.com/magazinesubmission.

How REALTORS® in Texas Get Compensated

Fixed commission split (under 100%)	29%
Graduated commission split (increases with production)	18%
Capped commission split (rises to 100% after a predetermined threshold)	24%
100% commission	16%
Salary plus share of profits/production bonus	1%
Commission plus share of profits	1%
Share of profits only	2%
Salary only	2%
Other	8%

Source: 2022 Texas REALTORS® Member Profile

SHARE NAR'S REAL ESTATE COMMISSION FACTS—INCLUDING FAQs ABOUT HOW COMMISSIONS WORK AND BENEFIT BUYERS AND SELLERS—BY VISITING REALESTATECOMMISSIONFACTS.COM.



TEXAS LEADS THE NATION IN NUMBER OF FARMS AND RANCHES. The Texas Department of Agriculture counts 248,416 farms and ranches totaling 127 million acres.

That's a lot of prospects. Do you know how to best serve farm & ranch clients? Start working on your Accredited Land Consultant designation by looking up classes at texasrealestate.com/findacourse.

Be sure to sign up for the monthly Farm & Ranch newsletter, too. Visit texasrealestate.com/email and update your email preferences to subscribe.

CALLING THE TEXAS REALTORS® LEGAL HOTLINE?

These are the types of questions hotline attorneys can and can't answer.



by David Jones

One of the most popular member benefits for REALTORS® in Texas is the association's Legal Hotline. You can speak with an attorney to get information about a broad range of real estate topics, including contracts, ethical obligations, and state and federal laws.

It's important to keep in mind that the association's attorneys do not represent you or your clients as legal counsel and are therefore unable to provide specific legal advice. Sometimes, this can lead to frustration when callers can't get an answer to a specific question.

Here are the types of questions that our attorneys can and cannot answer.

Examples of Questions Hotline Attorneys Can Answer

- **What contracts and forms are available?**
My seller needs to stay in the house a few days after closing. Which form should I use?
- **Explaining a provision in a contract.**
Under the Third Party Financing Addendum, what is the deadline for my buyer to terminate if the property doesn't appraise?
- **What are the duties and obligations imposed by TREC rules or the Code of Ethics?**
Are sales agents required to include their broker's name on all their advertising?

Examples of Questions Hotline Attorneys Can't Answer

- **Asking for specific legal advice.**
My buyer wants the seller to make several repairs identified in the inspection report, but the seller is refusing to make any repairs. What should my buyer do?
- **Advice on what choice you or your client should make in any specific situation.**
Attorneys can discuss available options and the risks associated with each option, but the choice remains with you or your client.
- **Asking if a specific action complies with or violates the law, a TREC rule, or the Code of Ethics.**

Can I send you my advertisement for you to tell me if it complies with TREC rules?

- **What to write in a form.**

Can you give me language to write in Special Provisions?

What should I write in a repair amendment?

Can you tell me what amount to put in the lender's appraisal addendum?

- **Asking hotline attorneys to settle a dispute between parties.**

My buyers terminated during the option period, but the sellers are refusing to give them their earnest money back. My buyers get their earnest money back, right?

Texas REALTORS® attorneys can certainly explain the earnest money and termination option provisions in the contract. But they cannot determine which side wins a legal dispute in a specific transaction, even if the answer seems like a no-brainer.

If you or your client needs legal advice regarding a specific situation, hotline attorneys will direct you or your client to consult with your own legal counsel. While Texas REALTORS® hotline attorneys can't provide legal advice, they can provide you with a wealth of information to help you and your clients make better informed decisions.

DAVID JONES is Deputy General Counsel/Director of Professional Standards for Texas REALTORS®.

Texas REALTORS® Legal Hotline

800-873-9155
9 a.m. - 4 p.m. Central, Monday - Friday, excluding holidays
Average hold time is 20 seconds.

ARBITRATION LAWSUIT AGAINST TEXAS REALTORS® DISMISSED BY JUDGE

When you bring a dispute to the Texas REALTORS® arbitration process, you can be confident you will receive a fair hearing and judgment.

The strength of the arbitration process was affirmed in court recently when a lawsuit against Texas REALTORS® was dismissed.

A broker filed a request for arbitration over a commission dispute with another broker, says David Jones, Texas REALTORS® Deputy General Counsel and Director of Professional Standards. The filing broker prevailed in the initial arbitration hearing and subsequent appeal.

The other broker filed a lawsuit in district court to challenge the result. In a motion to dismiss, Texas REALTORS® argued that the court does not have any statutory grounds to vacate or modify the arbitration award and therefore does not have jurisdiction over the case. The judge agreed and granted the motion.

"Obviously we feel it was the right ruling. It shows that our process is a legitimate process. If you go through our arbitration process, the ruling will ultimately be upheld even if it is challenged in a court of law," Jones says.

To learn more about the arbitration process, visit texasrealestate.com/arbitration.



Your Forms



Landlords and property managers may use the *Residential Lease Sight Unseen Addendum* (TXR 2017) when leasing to tenants who have never visited the property. The form documents how a tenant or tenant's representative viewed the property or if the tenant has never viewed the property and that the tenant was given an opportunity to inspect the property before signing the lease. The notice that the tenant was given an opportunity to inspect the property is also found in the *Residential Lease* (TXR 2001) and *Residential Lease for Multi-Family Property Unit* (TXR 2011), but because this form provides evidence of how a tenant or tenant's representative viewed the property or if the tenant has never viewed the property, it is advisable to get it signed. The form is an addendum to the *Residential Lease* (TXR 2001) and *Residential Lease for Multi-Family Property Unit* (TXR 2011) and cannot be used with residential sales transactions. *Residential Lease Sight Unseen Addendum* is one of more than 150 forms exclusively available to members of Texas REALTORS®.

Fact or fiction?

If the MLS listing said the refrigerator conveys but the contract didn't include it, the seller is always required to leave the refrigerator for the buyer.



FICTION. The refrigerator only has to stay if it is a permanently installed and built-in improvement or if it is included on the *Non-Realty Items Addendum to Contract* (TXR 1924, TREC OP-M). The *One to Four Family Residential Contract (Resale)* (TXR 1601, TREC 20-16) signed by the parties controls the conveyance and states that the contract contains the entire agreement of the parties. Statements made in previous negotiations and MLS advertisements that are not contained in the contract will not be enforceable against the seller. This situation is an example of why it is important to ensure that all material elements of prior negotiations are contained in the signed contract.



THE LATEST CHANGES TO REAL ESTATE FORMS

Plus proposed TREC rules changes under consideration.

The Texas Real Estate Commission met November 7 and approved changes to several forms, effective February 1, 2023. The commission also proposed changes to two sections of TREC rules. Visit trec.texas.gov for all meeting materials.

LEGAL VIDEOS GIVE YOU BRIEF TIPS ON CONTRACTS AND OTHER LEGAL TOPICS

Check out the new Legal Briefs video series, in which Texas REALTORS® attorneys explain hot topics and frequently asked questions.

The series debuted in November and has covered closing dates and contract expiration;



Use this QR code to watch the videos or visit texasrealestate.com/legalbriefs—and stay tuned for more videos each month.

failure to deliver earnest money; termination of backup contracts; and delivering the earnest money and option fee in backup contracts.

You also can find answers to a wide variety of frequently asked legal questions at texasrealestate.com/faq. Members may also call the Legal Hotline at 800-873-9155 to speak with a Texas REALTORS® attorney who can answer questions of a general nature—not provide specific legal advice—on real estate law and related matters. The hotline is available 9 a.m. to 4 p.m. Central, Monday through Friday, excluding holidays.

BE CAREFUL ADVERTISING SERVICES AS *FREE*

It doesn't just mean the client isn't paying you.

Texas REALTORS® has received many questions on a 2022 revision to NAR's Code of Ethics.

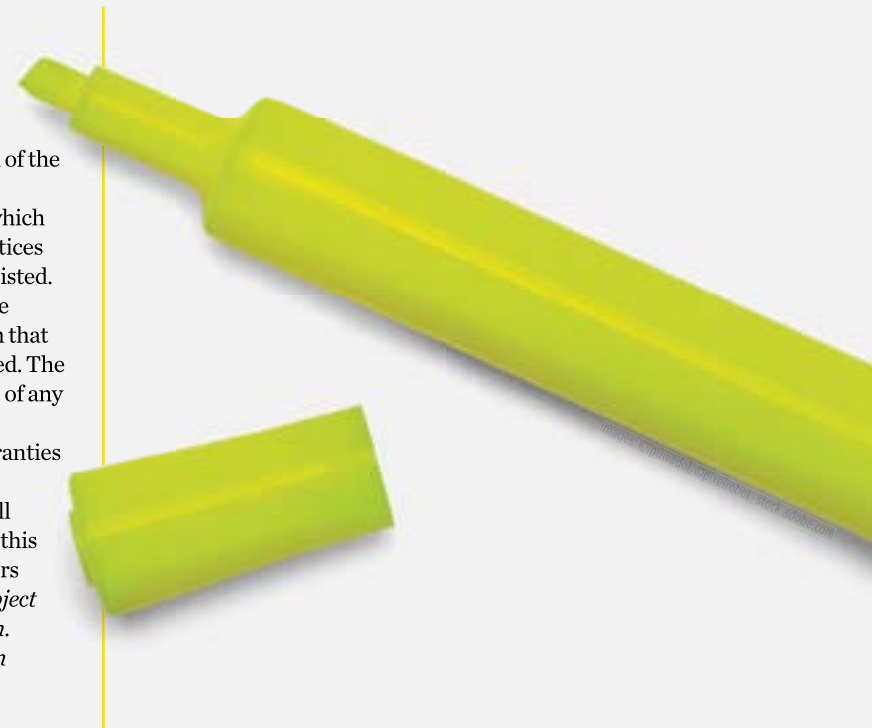
Standard of Practice 12-1 now says: REALTORS® must not represent that their brokerage services to a client or customer are free or available at no cost to their clients, unless the REALTOR® will receive no financial compensation from any source for those services.

This change makes it clear that if REALTORS® are receiving compensation from any source, such as a buyer's agent getting paid from the seller or the listing agent, they cannot say their services are free or at no cost.

Approved Forms Changes

One to Four Family Residential Contract (Resale) (TXR 1601, TREC 20-17)

- Paragraph 3 is amended to add a definition of “cash portion of the sales price.”
- A new “required notices” section is added to Paragraph 6, which provides one location where MUD, PID, or other similar notices that have been given or are attached to the contract can be listed.
- Paragraph 7F is revised to require that the seller provide the buyer with copies of documentation from the repair person that show the scope of work and payment for the work completed. The paragraph also requires the transfer, at the seller's expense, of any transferable warranties at closing.
- Paragraph 9B(3) is amended to add the transfer of any warranties to correspond with the change in Paragraph 7F.
- New paragraph 9B(5) provides that private transfer fees will be the obligation of the seller, unless otherwise provided in this contract and that transfer fees assessed by a property owners association are governed by the *Addendum for Property Subject to Mandatory Membership in a Property Owners Association*. A similar sentence is added to the *Residential Condominium Contract (Resale)*.
- Paragraph 11 is amended to further clarify the intent of the



paragraph by replacing the terms “factual statements” and “business details” with “informational items,” which is now defined. Also added is language explaining that real estate brokers cannot practice law and are prohibited from adding to, deleting from, or modifying the contract unless drafted by a party to the contract or a party’s attorney.

- Paragraph 13 is amended to clarify what amounts will be prorated through the closing date.
- Paragraph 18B is amended to add that if no closing occurs, the escrow agent may require a written release of liability before releasing the earnest money.
- Paragraph 21 is amended to add a line for a copy to the buyer’s and seller’s agent respectively.

Unimproved Property Contract (TXR 1607, TREC 9-16), New Home Contract (Incomplete Construction) (TXR 1603, TREC 23-18), New Home Contract (Completed Construction) (TXR 1604, TREC 24-18)

- The Seller’s Disclosures paragraph has been amended to add checkboxes to each disclosure item to indicate whether the seller is or is not aware and add two additional disclosures relating to whether the property is located in a floodplain or if any tree located on the property has oak wilt.

Farm and Ranch Contract (TXR 1701, TREC 25-15)

- A notice is added that states the form is designed for use in sales of existing farms or ranches of any size and is not for use in complex transactions.
- Paragraph 2A adds the term “counties” to reflect the fact that farm and ranch properties could be located across two or more counties. Additionally, the phrase “including but not limited to: water rights, claims, permits, strips and gores, easements, and cooperative or association memberships” is deleted from the paragraph.
- Paragraph 3D is amended to alter the calculation of the sales price adjustment should the survey reveal a difference in acreage.
- New Paragraph 4D addresses surface leases and includes options regarding whether the seller has delivered copies of written leases or provided notice of oral leases to the buyer, similar to the existing natural resource lease paragraph. The corresponding language in Paragraph 6F is also amended.

Seller Financing Addendum (TXR 1914, TREC 26-8)

- A notice is added to the top of the form encouraging consultation with an attorney and a financial professional. The notice also informs parties of the complicated nature of these transactions.
- Paragraph B is amended to modify the time period within which the seller may terminate.

Residential Condominium Contract (Resale) (TXR 1605, TREC 30-16)

- Paragraphs 2B(2) and 2C(2) are amended to clarify the timing related to termination and to add a reference to the applicable Property Code provision.
- Paragraph 12A(3) is amended to exclude regular periodic maintenance fees, assessments, or dues (including prepaid items) that are prorated under Paragraph 13 from the parties’ obligation to pay under this section, as well as costs and fees provided by Paragraph 2.
- Paragraph D2(a) and (b) are amended to clarify the casualty insurance requirements and new Paragraph D2(c) is added to address casualty insurance.
- Paragraph D2(b) is further amended to add a requirement that the seller provide the buyer with an annual accounting of the escrow account, use escrow deposits to pay taxes and insurance premiums in a timely manner in certain circumstances, and hold the escrow deposit in a separate account. Language is also added to specify whether the escrow account will or will not be serviced by a third party at either the buyer’s or seller’s expense.

Addendum for Property Subject to Mandatory Membership in a Property Owners Association (TXR 1922, TREC 36-10)

- Amended to exclude regular periodic maintenance fees, assessments, or dues (including prepaid items) that are prorated under Paragraph 13 from the parties’ obligation to pay under this section, as well as costs and fees provided by Paragraphs A and D.

Amendment to Contract (TXR 1903, TREC 39-9)

- A notice is added to consult an attorney, and a reference is added in Paragraph 2 dealing with repairs. The form is also amended to replace the parenthetical following Paragraph 9, Other Modifications, with a statement that real estate brokers and sales agents are prohibited from practicing law.

Third Party Financing Addendum (TXR 1901, TREC 40-10)

- Amended to add an “Other Financing” box in Paragraph 1.
- Paragraph 3 is amended to add that a note must be secured by the vendor’s and deed of trust liens only if required by the buyer’s lender.

Loan Assumption Addendum (TXR 1919, TREC 41-3)

- Paragraph A is amended to add that the noteholder of the loan being assumed is authorized to receive a copy of the buyer’s credit reports.
- Paragraph B is amended to modify the time period within which the seller may terminate.
- Paragraph C is amended to clarify that the buyer will assume in writing the following notes at closing, to remove the reference to \$500 and instead insert a blank, and to add the following sentence: “Within 7 days after the Effective Date, Seller will deliver to Buyer copies of the note(s) to be assumed, the deed(s) of trust, and the most recent loan statement(s) from the lender.”
- New Paragraph H is added related to authorization to release information.
- A new due on sale notice is added.

Addendum Regarding Residential Leases (TXR 1953, TREC 51-1)

- Amended to add a checkbox in Paragraph B1 related to notice of oral leases.

Addendum Regarding Fixture Leases (TXR 1954, TREC 52-1)

- Amended to add a checkbox in Paragraph B1 related to notice of oral leases.
- Paragraph A1 is modified to include checkboxes, in lieu of a blank line, so that the parties can specifically indicate what types of fixture leases will be assumed and assigned.

Notice to Prospective Buyer (TXR 2505, TREC 57-0)

- This form is amended to add a reference to the notice requirements regarding public improvement districts.

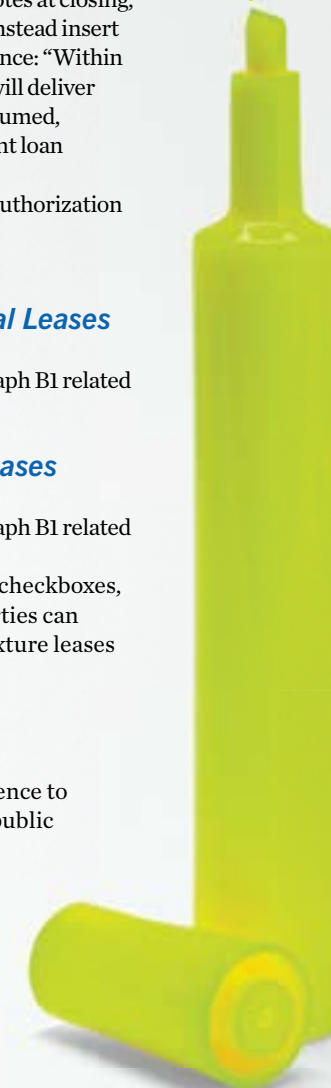
TREC’s Proposed Rule Changes

Two changes were proposed to Section 537 of TREC rules:

1. The proposed change to Section 537.1 includes a definition for the new term “informational items,” which is intended to better describe the type of information that a license holder can add to a contract form. This definition mirrors the newly adopted language in Paragraph 11 of the commission’s contract forms.
2. The proposed changes to Section 537.11, Use of Standard Contract Forms, reorganize and consolidate the rule for clarity. They also simplify the language regarding when a license holder is required to use a commission-approved contract form and what is considered the unauthorized practice of law.
 - Proposed changes to subsection (a) align the rule language more closely with the applicable statutory language and simplify the list of exceptions related to contract form use by license holders.
 - The exception found in subsection (a)(4) is amended to eliminate the ability of license holders to use contract forms prepared by an attorney for a brokerage when no commission-approved contract form for mandatory use exists.
 - Subsections (b) through (d) provide further guidance to license holders and members of the public on what the Commission considers to be the unauthorized practice of law.
 - Subsection (d)(2) provides that it is not the practice of law to add language to or strike language from a contract form, if specifically instructed in writing by a principal, as long as any change is made conspicuous, including underlining additions, striking through deletions, or employing some other method which clearly indicates the change being made.
 - Proposed changes to subsection (h) update the language regarding reproduction of Commission-approved contract forms to better account for changes in technology.

What’s Next?

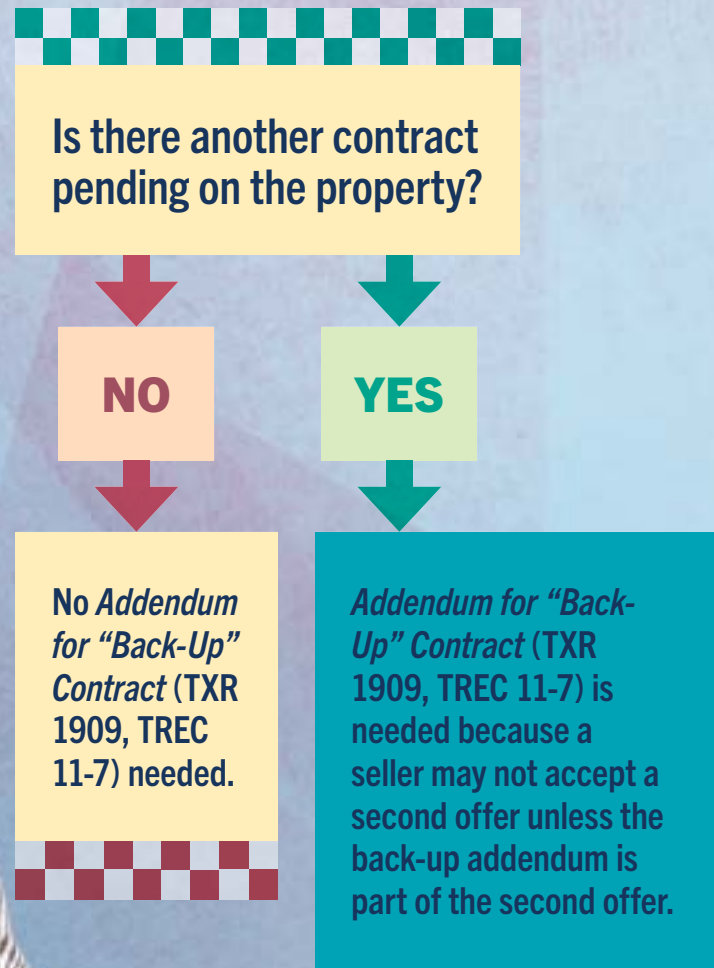
After the proposals are published in the *Texas Register*, a public comment period will open. Look for more information from Texas REALTORS®. The earliest these proposed rule changes could be adopted is at the February 2023 commission meeting. ★



THE INS AND OUTS OF BACK-UP OFFERS

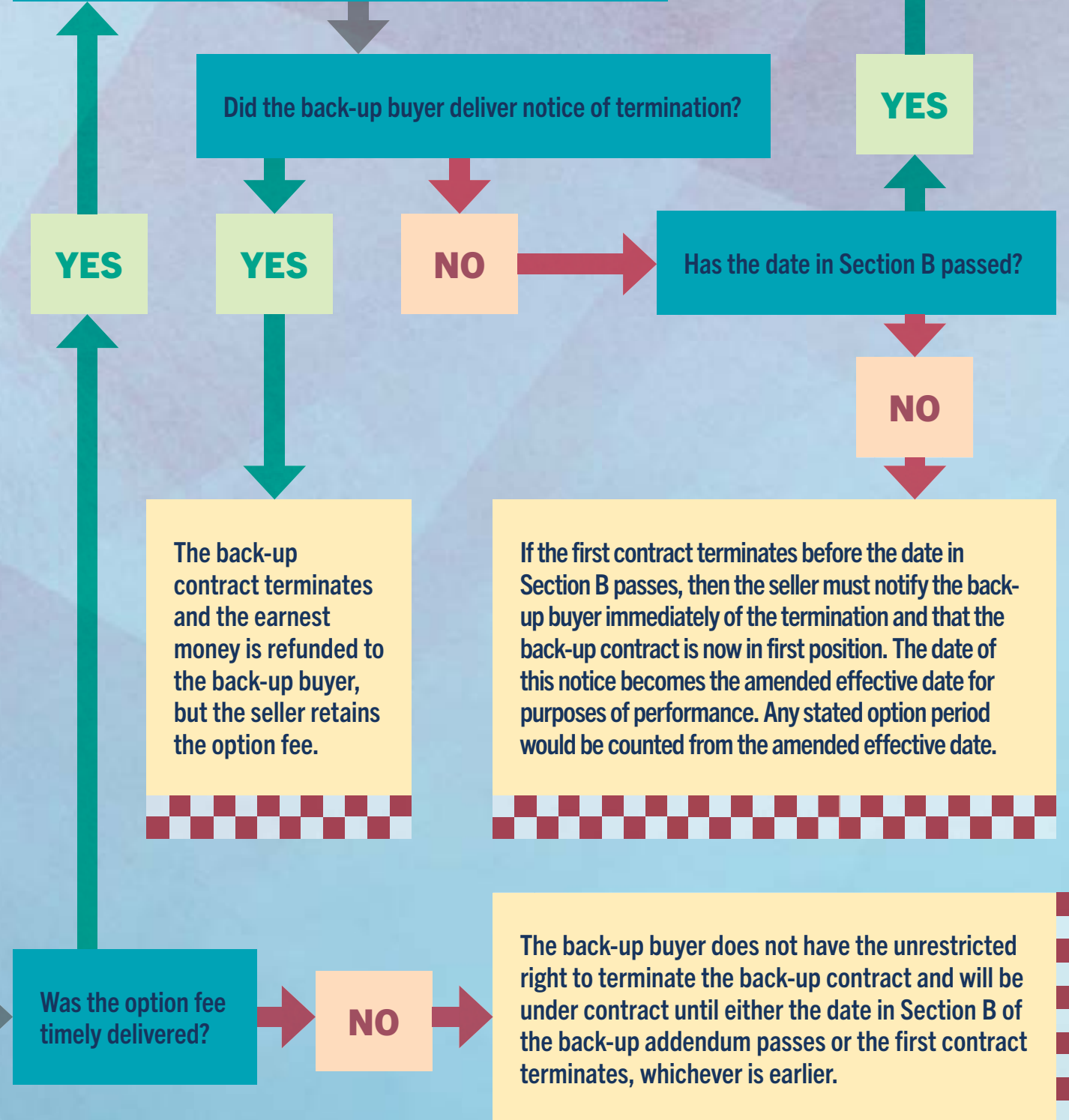
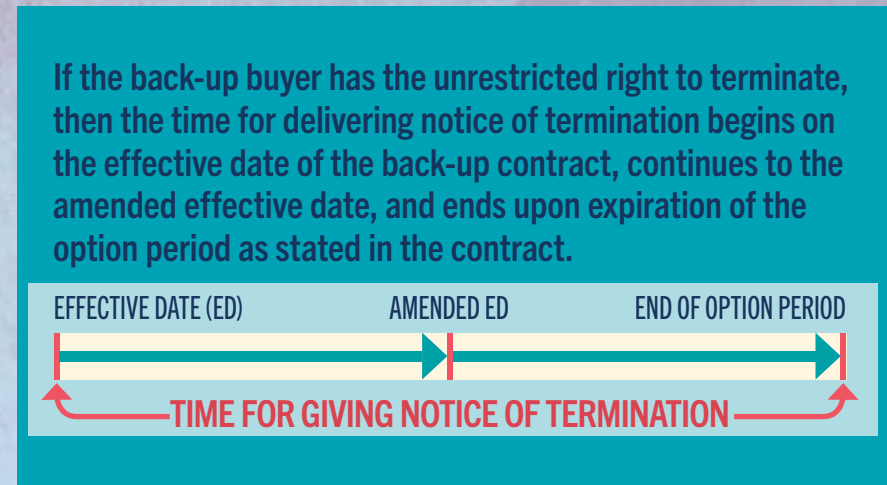
by Laura Miller, Staff Attorney

Back-up offers include several if-then situations that sometimes confuse buyers and sellers. This flowchart can help you keep time frames and responsibilities straight, so you and your clients know what to expect when using the *Addendum for "Back-Up" Contract* (TXR 1909, TREC 11-7).



At the time the parties execute the back-up contract, the back-up buyer must:

- 1) Deposit the earnest money with the title company
- 2) Pay the option fee, if any, to the title company



BROKERS: What Are the Most Valuable Skills You Look For in an Agent?

Texas REALTOR® magazine asked, and you answered. Read what your fellow members had to say about the most valuable skills an agent can have. Answers have been edited for length and clarity. To submit a response on another topic for a future issue, visit texasrealestate.com/magazinesubmission.



“Communication and collaboration. Communication skills are needed to work well with clients and other vendors who are involved in the transaction. Collaboration skills are necessary for team play and making sure that the client’s best interest is always being looked after by all. Real estate is a team sport and it should be played as such!
Raza Ali, Plano



“The absolute number one trait I look for is social ability. I can teach almost anyone the nuts and bolts of our business. I can coach you on where to establish networks and build a client base, but in the end, I can’t make you go do it.
Another trait I look for is work ethic. If you just want to be a real estate agent to work whenever you feel like it and be your own boss, to me that is an early red flag. You have to work hard to be able to make your own hours, and then when you do, you’re working harder than ever!
John Benevides, Sugar Land



“I look for professionalism, flexibility, and coachability. For anyone trying to reach a higher level of success, these qualities are absolutely necessary and non-negotiable for our brokerage. Our industry is constantly changing, so it is imperative to be flexible and coachable.
When agents have these qualities, they set themselves up for success. I listen carefully when they tell me about themselves, their job history, experience, and education. I inquire about how they handle certain situations and look for personality cues as well.
Erica Cates, Millsap



“We only hire agents with law, architectural, engineering, or design degrees because those backgrounds bring a critical knowledge base to every real estate transaction. With that in mind, the top skills and qualities would be: a moral and ethical compass, stellar negotiating skills with a keen ability to problem solve, and assertiveness but with cooperation at the forefront.
Jennifer Cloud, Dallas



**“1. Computer skills, including some knowledge of social media and the ability to communicate effectively on the phone, in writing, and in person.
2. Honesty. They need to be comfortable in their skin and candid about their performance. I’m not looking for agents who are trying to fake it until they make it.
3. The desire to learn how to do real estate the right way.
Honesty wins every time with a brokerage.** If you have to second guess what your agent is doing out there in your name, it’s just too risky. An agent who stays informed of current events, the market, and legalities will do real estate the right way and raise the bar for our industry.
Kathy Moore Cloud, Boerne



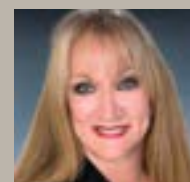
“Our number one focus when hiring agents is to identify REALTORS® who care more about people than they do about profits.
We hire agents who have proven that they are charitable and have a heart for people. Once we have identified a caring individual, we want to also make sure that they are as passionate about real estate and the Code of Ethics as we are.
Alexander DiSaggio, Houston



“A demonstrated history of client service, certain personality traits, and critical thinking skills.
Without a proven track record of responsive client service delivered with a sense of urgency, an agent and the overall service experience are likely to be viewed by the client as mediocre, which would reflect poorly on the firm and its other agents.
Certain personality traits seem to resonate well with clients and with associates at my firm, while many other traits would be incompatible across the board.
Critical thinking is a disappearing art and is a must for determining whether an agent can be trusted to act in a fiduciary capacity, think calmly and creatively under pressure, and keep themselves and the firm out of litigation and insurance hot water.
Chris Jones, Houston



“Self-motivation, confidence, and direction/focus. Those are skills required for agents to be successful. I can teach the logistics of working through a transaction, but agents must have these skills to create a successful business.
Lorrie Kennedy, Round Rock



“The most valuable traits are understanding that real estate is a business and not a hobby, commitment to the job, and a willingness to learn and be trained.
Respect and communication are critical to being a successful real estate professional. The old saying about treating others as you would want to be treated holds true in our profession. It starts with communication.
Hold true to your commitment to work and work wisely. Be open to recommendations made by your broker or brokerage. Be willing to use the resources and tools provided and learn from them. Use them to the best of your ability and your client pool will grow. If you are worried about the money and splits, then you are not committed to your professional aspirations. If you concentrate on the training and tools we give you, then the money will come.
Cher Miculka, San Antonio



“Of all the skills and qualities that we look for in agents, the two that stand out are the ability to serve people and the hunger to learn.
The ability to serve people is absolutely essential for anyone who wants to be successful in real estate. Our clients are our number one priority, and we need agents who are able to put aside their own interests and meet the needs of our clients.
Willingness to learn is so valuable, as the real estate industry is constantly changing. We need agents who are open to learning new things and expanding their skillsets so they can better serve our clients.
Lily Moore, Westlake



“I want to know the size of an agent’s sphere of influence. If it is not large enough to get a large amount of business, I want to see how aggressive that agent will be in finding business. I have agents take an aptitude test that helps me gauge this. Our business requires someone who does not shy away from calling people, talking with them, and following up with them.
Scott Myers, San Antonio



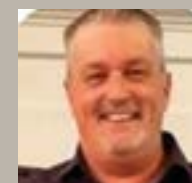
“We are looking for agents who have integrity and tenacity. This industry has such a low barrier of entry, which means the pool of agents we brokers can hire from varies widely in quality and professionalism. Hiring those who have integrity and honesty first comes before any skill. I look at their transaction history and then I ask each agent how much volume they’ve done in the past 12 months. If they’re honest about it, then they pass. If not, then I ask follow-up questions until the truth comes out. If agents aren’t being honest, then they’re only cheating themselves.
Joseph Pytcher, Plano



“I look for a humble agent who is willing to learn and ask plenty of questions. These qualities are more important than any skill an agent might bring to the table. I do not want my agents to ask me a question and then I just answer it. I want them to go another step further and ensure they have clarification of my answer and even ask me for sources of the information I provide. I do not like to guess, as this is not good for the customer, the client, the agent, and my brokerage.
Steve Ritchey, Collinsville



“Before we even discuss skills, we consider character. Will they fit in our culture with core values of relationships, integrity, excellence, and grace? The first skill we look for is the ability to connect with people, build and sustain long-lasting relationships, and grow their sphere of influence. Another skill we look for is the ability to communicate and exhibit a high level of professionalism, gaining and building trust. One more would be the ability to skillfully ask questions and then listen to understand others. Those skills and attributes are critical in the agent’s service to others.
Brian Sales, Midland



“The main thing we look for is just good old-fashioned common sense. It also helps that they have either bought or sold their own home. A general knowledge of the area they’ll be working in is useful. Last but not least, agents should be team players and willing to grow the business, understanding they benefit from it just as much as everyone else.
James Sawyer, Conroe



“Mindset, motivation, integrity, and drive. It all starts with a great mindset daily. Agents also must have to have a drive to get things done, as you are your own boss and need to keep yourself accountable to the goals you set. They need to keep themselves motivated so they can navigate the ups and downs of the business. The most important thing for them to remember is to always do everything with integrity.
Kenneth Zarella, Houston

REALTOR® DAY AT THE TEXAS CAPITOL

March 22, 2023

Thousands of REALTORS® from across Texas visit with their state representatives and senators each legislative session. The event is a cornerstone of the association's legislative efforts.

This grassroots event localizes, personalizes, and reinforces the association's legislative agenda, putting lawmakers face-to-face with their constituents. Your state association will ensure you have the latest updates on the 2023 event—in person for the first time since 2019!

SIGN UP TO STAY IN THE LOOP

The best way to stay up to date on changes at the Texas Capitol is to subscribe to the Texas REALTORS® Legislative Liaison e-newsletter. Subscribers receive frequent updates on real estate-related legislation during sessions and periodically during interim years. Sign up at texasrealestate.com/liaison. Just check the Legislative Liaison box and click Save.

QUICK OFF THE BLOCKS

Bill filing for the 88th Texas Legislature began November 14, 2022. In the Senate, 216 bills were filed—the most filed in that chamber since 2009. Meanwhile, House members filed 689 bills, shattering the opening day record set last session with 409 bills.

WORKING WITH THE LEGISLATURE

TREPAC-supported candidates had incredible success in the November 8 election, with 99.4% winning their races. Now that the elections are over, REALTORS® are working to build new relationships and foster existing ones to ensure the REALTOR® voice is heard at every level of government.



WHAT'S IN STORE FOR THE 88TH TEXAS LEGISLATURE

What Will Happen at the Texas Capitol in 2023?

by Morgan O'Hanlon

The 88th Texas Legislature will convene at noon on January 10 for a session likely to be defined by an unusually large budget surplus. Every cycle, the Legislature is only required to pass one bill: the state's two-year budget. That budget is based on the biennial revenue estimate generated by the Texas comptroller of public accounts. At the start of the 2021 legislative session, the comptroller had estimated a budget shortfall of \$4.6 billion due to decreased sales tax revenue and decreased oil revenue caused by the COVID-19 pandemic. Legislators passed a sparse budget accordingly. However, increased spending boosted sales tax collections during the economic bounce-back, causing actual revenue over the last two years to exceed that low forecast. Now, going into the new session, lawmakers are looking at a large budget surplus. "The budget surplus will dominate the conversation," says Tray Bates, Texas REALTORS® Vice President of Governmental Affairs. "This presents an entirely different landscape than the one we worked in two years ago."

The upcoming session will present numerous opportunities for bipartisan collaboration as lawmakers look for ways to spend that surplus in ways that benefit Texans.

Following are several real estate-related issues state lawmakers are expected to consider next year.

Property Tax Reform

Alleviating the burden of high property taxes is a perennial mission for lawmakers in Texas, which has among the highest property tax rates in the country.

The anticipated budget surplus presents an opportunity for lawmakers to get creative with their approach to this issue. Some decision-makers may wish to seek one-time refund checks to property owners, or lawmakers might use the surplus to fund or help restructure the state's public school system—among the biggest expenses for property taxpayers.

Although monumental property tax transparency and reform legislation was passed in 2019, there is still substantial work that needs to be done to educate consumers on the local budget-setting processes that impact the bills they receive each year. Lawmakers may take up legislation that would further clarify the intent to inform taxpayers and increase taxpayer engagement in the property tax process.

"Property tax legislation likely will come in three forms: exemptions and deductions, state funding in schools, or transparency," says Julia Parenteau, Director of Public Policy for Texas REALTORS®.

Housing Affordability

A hot housing market emerged during the pandemic as low interest rates made it possible for stir-crazy and eager buyers to purchase property. However, supply chain issues compounded with high demand caused housing supply to decrease and prices to skyrocket, resulting in a challenging marketplace. There are numerous legislative routes that could boost affordability: workforce development, removing regulatory barriers to construction, or changing land use regulations. Expect lawmakers from both parties to come at this problem from a variety of angles.

Property Owners Associations

REALTORS® spearheaded monumental reform of homeowners and condo owners associations in the last legislative session. Legislation passed in 2021 increased transparency of association management and standardized some of their practices. However, REALTOR® clients have communicated their desire for additional reform, and Texas REALTORS® is already working with lawmakers and other stakeholders to determine what more could be done to help these property owners.

Infrastructure

Natural disasters—including drought, historic ice storms, and flooding—have heightened awareness for the need to invest in the state's aging infrastructure. Besides the budget surplus, billions of dollars in funding from federal legislation may go toward revamping transportation and water systems. There remains money to be spent from the American Rescue Plan Act and the Infrastructure Investment and Jobs Act of 2021 (passed after the conclusion of 87th session). Those federal funds come with stipulations but expect lawmakers to investigate the various ways they can be put toward broad infrastructure improvements.

MORGAN O'HANLON is Advocacy Communications Manager for Texas REALTORS®.

87TH SESSION RECAP

In 2021:

- 7,327 bills were filed.
- 16 staff members at Texas REALTORS® reviewed and analyzed bills throughout session.
- Staff identified 2,623 bills that could impact real estate. Texas REALTORS® tracked every one of those bills so the association could support, oppose, or monitor bills based on whether they would be favorable or a hindrance to real estate consumers or professionals.

MEMBER-DRIVEN PROCESS

Texas REALTORS® members lead the association's public policy initiatives at every step.

In interim years between sessions, members of the Public Policy Issues Committees on Taxation, Land Use, Infrastructure, and Business Issues spend hours hearing from subject matter experts and researching issues identified by members.

Then they make recommendations to the Public Policy Oversight Committee and the association solicits feedback from all members.

The final recommendations are submitted to the association's Executive Board. Upon approval from the Executive Board, the Legislative Management Team (LMT) prioritizes the issues and develops the association's strategy for the upcoming legislative session.

During session, LMT members receive frequent updates from Texas REALTORS® Governmental Affairs staff, who are responsible for implementing the LMT's decisions.

At legislative hearings, Texas REALTORS® leaders and members may testify in support of or in opposition to proposed bills. Lawmakers depend on these professional perspectives about how an idea may affect communities locally or statewide.

2023 TIMELINE

- November 14, 2022: Bill filing began
- January 10, 2023: First day of session
- March 10, 2023: Bill filing deadline (some exceptions)
- May 29, 2023: Last day of session (adjournment sine die)
- June 18, 2023: Deadline for governor to sign or veto legislation
- September 1, 2023: Effective date for finally passed bills (unless otherwise dated)

Find and Cultivate More Commercial Clients

Try these tactics to build your business.

Commercial clients typically don't cold-call you. You have to find them and earn their business over time. But how do you do that? Where do you even start?

Texas REALTOR® magazine asked past winners of the William C. Jennings Award, the state REALTOR® association's honor for the outstanding commercial transaction of the year. Here's what they recommended.

Where do you find commercial clients?

CESAR CEPEDA, 2021 winner: I send out a lot of direct mail. Through databases, I can find recipients such as property owners who need to refinance and owner-occupied properties who may not know about sale-lease back. I drive by properties looking for distress signals: poor maintenance and higher vacancies. Those could be signs of an inability to manage the property. Investors love those assets.

I send frequent educational emails along with commercial lenders, insurance brokers, bankers, and service companies. Not many want to receive calls or solicitations, but they can appreciate educational tips such as information on property taxes, insurance coverage, or interest rates.

Doing this allows me to contact more prospects and educate them at the same time.

I find that prospecting to commercial owners is no different than in residential real estate, except the content and format may be more serious or investor-targeted rather than fun, seasonal, or family oriented. Creating YouTube videos may not build a list of prospects immediately but will generate credibility.

Many investors are looking for cash flow. I can educate the owner that instead of selling now, we can lease a vacant property. Once that's done, selling may not be a big challenge. It just takes time, effort, and the client's education.

WILL NORTHERN, 2019 winner: Volunteer your time at real estate-related nonprofits and governmental bodies, such as public improvement district boards, zoning commissions, and planning commissions. Also convert prospects that reach out about existing listings.

LEE WHEELER, 2018 winner: Great commercial clients are cultivated over time. You build a relationship with them so they do not just work with you, they become a trusted resource and referral partner. To do this you have to look at who you want and then go out and cultivate them. Let them get to know you before you ever ask for their business.

COY GARRETT, 2016 winner: Watch and be in touch with surrounding properties. A business may be expanding, downsizing, or looking for an additional location. Pursue vacant properties and vacant land. It's really no different than farming in a residential neighborhood, but much broader in scope.

JEF CONN, 2015 winner: My specialties within commercial real estate are the office and warehouse sectors. After 15.5 years in the business, many clients are referrals, but I have a lot of new clients that are made through personal relationships and prospecting.

KEN WIMBERLY, 2012 winner: I am fortunate today to have almost 100% of my commercial clients come from repeats and referrals. I spent a great deal of time early in my career developing relationships with people who were building significant businesses. Many of those people have become repeat clients and dear friends; some have even become business partners.

What is your advice for cultivating commercial clients?

CEPEDA: Constant communication. There are several ways to do it: mail, email, phone, or social media. LinkedIn has been great for me. I also regularly email or send YouTube videos to them via WhatsApp.

NORTHERN: Reach out to prospects in a timely manner.

WHEELER: You must focus on the relationship. What do you know about your clients, their business, their industry? You must know more than they know for you to truly gain their lifelong business. Read the same periodicals they read about their industry. Know their company history. Go out of your way to know them on a personal level. Become indispensable to them.

GARRETT: Know your properties, be responsive, and be accurate in what you say and deliver.

CONN: Run the marathon, not the sprint. Relationships take time and are built slowly. Don't neglect taking the time to get to know your clients or potential future clients. Get to know your market and the players within. When you build those relationships and consistently show up, you'll be known as the commercial expert.

WIMBERLY: Find ways at every opportunity to add value to the people you interact with. Many times, your prospects or clients are much more knowledgeable in an asset class than you are, particularly early in your career. However, you very likely have knowledge or expertise in other topics that could be very beneficial. You might also have contacts in your network that could be of benefit. In one case, I became an accountability partner to one of my clients for a fitness program he was starting. We eventually became great friends and then business partners.

What are the challenges associated with finding new clients, and how can agents and brokers overcome them?

CEPEDA: It is challenging to engage with prospects, but it is more challenging to ask them to differentiate between agents. Many prospects get bombarded with solicitations to the point where they don't know who can help them with their commercial asset. My response is to be persistent and to educate the clients about the qualifications needed to practice commercial real estate.

NORTHERN: Time management. Make prospecting a priority, especially in a slowing economy.

WHEELER: The biggest hurdle nowadays is the internet and instant information they can get online. The sad part is that 90% of that information is wrong and misleading. You need to overcome this



CESAR CEPEDA



WILL NORTHERN



LEE WHEELER



COY GARRETT



JEF CONN



KEN WIMBERLY

by being a resource for them to get information. Seek out what they are seeking and when you find it, connect them with those who can help. Above all, forget about yourself and focus on the needs of others. By focusing on the needs of others you will easily fulfill your own needs. What you will find is that money is not your true motivator. Helping others is what drives those who build lifelong clients into lifelong friends. Become a problem solver for anyone needing it.

GARRETT: Be active and highly visible in your community. Become the go-to expert. **Have effective, consistent, and different types of advertising. Advertise education and expertise.** Every business, whether large or small, is a potential client. Every phone call is just as important as the last call. My motto is, “The harder I work, the luckier I become.”

CONN: Today’s clients are sophisticated and likely have done their research on you. They have access to listings where before they could only find them through agents. It’s up to each agent and commercial real estate firm to market their services and agents in a way that shows them as the experts in the industry. Consistency is key. **Agents who continue to show up day after day are the ones who will win the business.**

WIMBERLY: One of the great challenges people face today is the lack of personal interaction. Too many people sit behind a screen and talk to their “friends” via social media. I believe it is crucial to get out of the office, meet folks in person, and really get to know people. Attend networking functions, happy hours, economic updates, breakfast meetings, and live training classes. You never know where you might meet the best client of your career.



Ask an Educator

GINGER UNGER is a real estate educator and Certified Commercial Investment Member (CCIM) who has spent more than 30 years in commercial real estate and residential investments. She teaches the required courses for the Texas REALTORS® Texas Accredited Commercial Specialist designation. Here’s what she had to say about finding and cultivating commercial clients.

Where can you find new clients?

You can utilize these services to obtain databases of investors, tenants, and landlords to communicate with them:

- BigBoysBlast
- CoStar Public Record
- Data Axle
- LoopNet
- MarketViewer to help obtain current market information
- MSCI Real Capital Analytics
- PropertyBlast
- PropertySend
- REALTORS® Property Resource

for prospecting using commercial property ownership records. Use filters like *public records*. Focus on five to 10-year ownership periods; these owners may consider a sale or 1031 exchange.

- Reonomy
- Tenant Base

Where can you network to find commercial prospects?

- Building Owners and Managers Association (BOMA) local chapters
- CCIM Institute and Society of Industrial and Office REALTORS® (SIOR) local chapters
- Chambers of Commerce
- Commercial Real Estate Development Association (NAIOP) local chapters
- Industrial trade organizations such as manufacturing, office, insurance, medical, retail, or multi-family
- ICSC annual conference in Las Vegas
- Local commercial overlay boards
- Local planning and zoning commissions. Attend rezoning meetings to learn who are the key players in your marketplace
- Volunteer for charities and nonprofits

How do you cultivate prospects?

Once you have identified prospects from these and other sources, you can start sending out introduction letters, sales letters, postcards, and lease and sales analyses of the area where the investor’s commercial property is located. Become the expert in your prospects’ areas of interest. Offer free broker price opinions and information that pertains to the investor, tenant, or landlord’s business.

Newsletters can include educational articles on topics such as: the current state of the commercial market and current interest rates; tax incentives; whether cap rates are compressing; how to analyze cap rates on an investment property; 1031 exchange requirements; optimizing purchasing in an opportunity zone; and utilizing sale-lease back transactions to gain capital to expand businesses.

Try to set up a lunch or coffee meeting at least once a day with a new prospect or a previous client to

continue to generate leads. At some point, you should be on a referral basis with commercial clients.

What should you avoid?

Trying to be an expert in all sectors of commercial real estate. Most investors will be able to tell if you have the expertise you state you have on your resume.

What else should commercial agents consider?

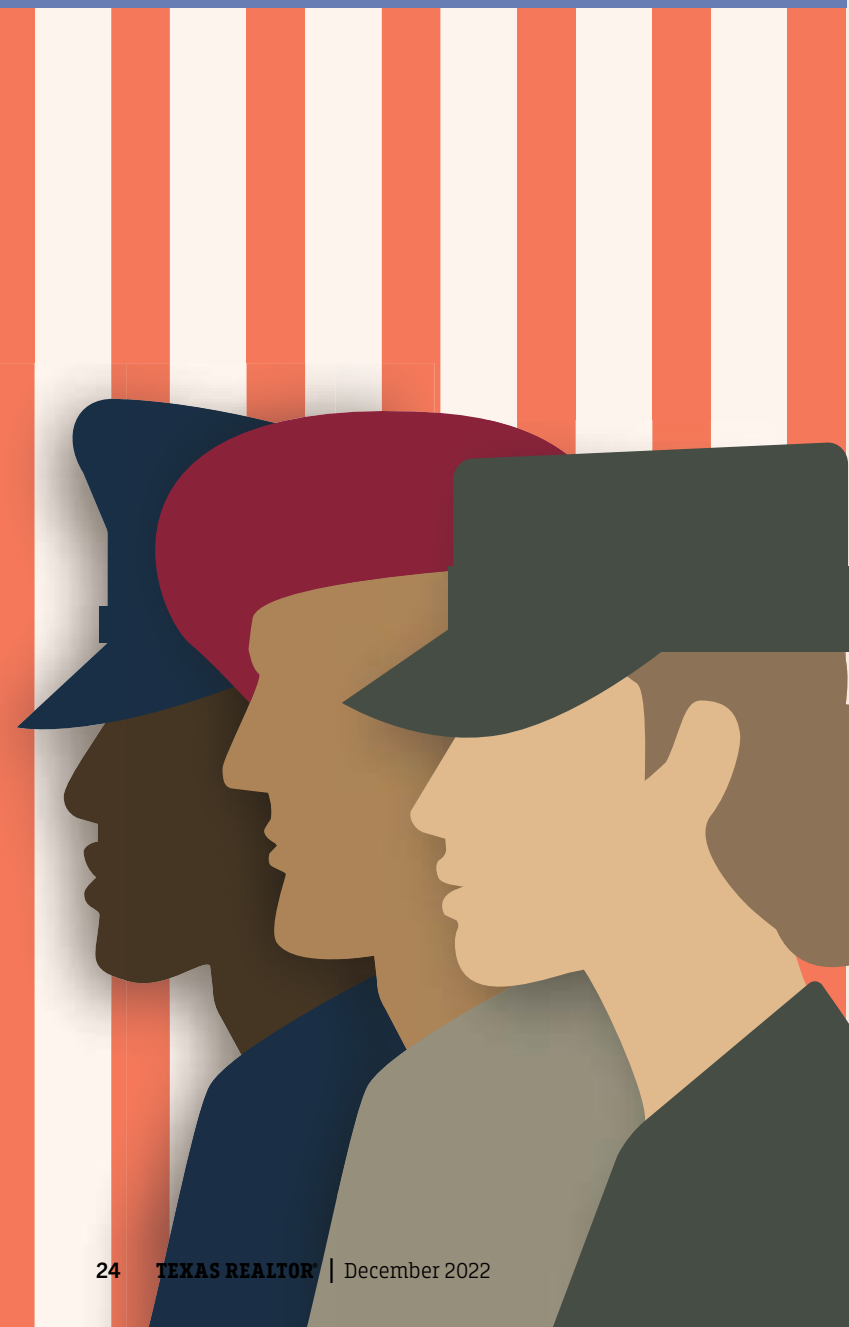
It takes time to cultivate relationships in the commercial real estate industry, and networking is key. Commercial agents heavily rely on their relationships and connections to put deals together. You will be seeking off-market properties for your clients. This is a large part of why investors hire commercial brokers; they are seeking your connections to build their portfolios. Remember that most investors have access to LoopNet and CoStar.

The cost to enter the commercial real estate industry is substantially more than the residential real estate industry. New agents try to cut corners, like not subscribing to the commercial listing platforms required for marketing and compiling comps for commercial properties. Most investors have subscriptions to all commercial listing platforms, and they will know very quickly if they use an agent who does not have properties on those platforms. This one item can be detrimental to a new commercial agent.

The agent must have the appropriate listing platforms and tools to handle commercial transactions, just like having MLS access is a critical requirement for the residential industry. Completing training and having a mentor is also key to succeeding in this industry. The risk is too high to try and wing a commercial transaction.

Any agent can learn and be trained in the commercial real estate industry. It just takes time to develop your brand, reputation, and education base. I firmly believe in programs such as the CCIM and SIOR programs for new and seasoned commercial real estate agents to build their knowledge base. No two commercial transactions will be the same; having a solid education in commercial real estate will make the difference your success. ★

SERVING THOSE WHO SERVE



Learn tips to help active-duty military clients from brokers and agents experienced with this demographic.

by Ward Lowe,
additional reporting by Joe Fisher



If there's one trait most military clients share, it's that they don't have much time.

"If you're working with active-duty military, they may only have three days to a week to find a house," says Mac McFarland, a retired Marine and Director of Agent Development at RE/MAX Elite Mission. "You're trying to look at houses, write up offers, and negotiate like crazy in three days."

Karen Fraley, an agent with M. Stagers Realty Partners in San Antonio and self-described military brat, echoes that sentiment: "You have to be able to move fast with your military clients because they may just have one week to come in."

Prepare and Ask Questions

Because of the short timeframes, it helps to do as much preparation as possible before meeting with military clients. You don't have the luxury of looking at houses for several days.

"We talk to them numerous times," says Michael Zehr, Broker/Owner with Armadillo Properties in Copperas Cove and a retired Army officer. "We send them information about different properties to narrow down what they're interested in. So when you have the first face-to-face meeting, you already know what they want. You're not spending days driving around looking at properties."

Part of that preparation involves knowing your market inside and out. "It's important to know what's new to the market today, what came back on the market, what is coming soon," says Pamela Leonardi, an agent with Paramount Real Estate Services in Wichita Falls who's married to an active-duty Air Force member. "When someone calls me and needs to see something today, I'll know what's available and I'll be there."

Another factor is where the clients are in their careers and what their future plans are. Your role as an advisor is to figure out what's best for your clients, and military ones are no exception.

"You have to ask them, 'Are you retiring here? Is this your last assignment? How long are you going to be here?'" says Fraley. "For many of them, they're stationed somewhere for three years. If it's a crazy market—like it's been in San Antonio—maybe they're better off renting. Or maybe they're ready to invest in a property and rent it when they move on."

"During my 20 years as an active-duty Marine, I never bought a home," says McFarland. "I didn't know any better and I didn't see the benefit of buying. But today, as an agent, I understand the benefit. I understand how it can be a long-range benefit for them."

Be Flexible and Understanding

Most active-duty military are far from the market where they need to find housing. They're wrapping up their previous deployment and could be selling a house in that area. In that case, spouses or other relatives might be with you in person, helping the absent military member. Consider ways to leverage technology to help military clients feel comfortable with their housing decision.

"You might be dealing in-person with a spouse instead of the military member—that happens a lot. The military spouse may be overseas or in similar circumstance where they can't be there," says McFarland. "I might do a video for them or a video chat as if they were walking through the house."

Certain markets have seen many purchases where the clients never visited in person.

"About 80% of my military clients buy without visiting the property," says Leonardi. "It's not a great situation to arrive on base and have to wait for housing—especially active-duty military with young children—so military clients choose to rely on virtual tours. I've gotten really good at making video home tours, including using a drone to show the area to my clients."

Zehr has also seen an uptick in clients who never visit the property: "We've had a lot of sight-unseen homebuyers. There was just no time for them to look at the property and decide if they want to make an offer—the house was gone. It's happening a lot with renters, too. Texas REALTORS® developed a form that I use, *Residential Lease Sight Unseen*

MILITARY RELOCATION PROFESSIONAL (MRP) CERTIFICATION

The MRP certification educates you about working with current and former military service members. You will learn to find the housing solutions that best suit their needs and how to take advantage of military benefits and support.

"It's designed to help agents understand what the military is working with, limitation wise, and any benefits that they can take advantage of," says McFarland, who's also an MRP instructor.

"By getting my MRP certification," says Leonardi, "I gained essential knowledge about what military clients need. I think it helps them trust me when they hire me as their agent. There is also a great network, and other REALTORS® gain peace of mind knowing that anyone with the MRP certification will take care of military clients."

Learn about the MRP designation at militaryrelocationpro.org.



THERE ARE 115,505 ACTIVE-DUTY MILITARY AND 55,586 RESERVISTS IN TEXAS



Addendum, where clients can indicate if they saw it online or had someone else visit.”

Fraley says that despite the short timelines, remember the human aspect of these transactions, because there can be a lot of emotion involved. “They don’t always get to choose where they’re going,” she says. “There’s plenty of stress. They may be coming to a city they know nothing about, and it’s all happening fast.”

Understand Financing

Many active-duty military use Veterans Administration loans because they don’t require a down payment. That’s great for members of the military, but there are misconceptions about VA loans that can hurt your clients.

“The most common challenge I see for my military clients is sellers not wanting to accept VA loans,” says Fraley. “It’s critical to pair your clients with a good VA lender, someone who knows the product. Then when someone tells my clients, ‘You can’t do that,’ the lender can step in and make it work.”

Leonardi adds that you also need to learn about VA loans if you’re going to service this community: “It took me a few years after I started in 2015 to learn that certain properties won’t work with VA loans. It helps my military clients know which properties to focus on.”

McFarland agrees that you need to know VA loans and suggests another loan product to consider when working with military clients: “Look at the Texas Veterans Land Board. A veteran or active military member buying in Texas is eligible for their programs, one of which is a home loan with discounted rates that’s an overlay on a VA loan.”

He also notes that there is plenty of misinformation among military buyers about VA loans. “One active-duty member of the military attending a first-time homebuyers seminar at a VFW in San Antonio was asked if he’d thought about using a VA loan. The guy says, ‘No. I haven’t retired yet.’ That’s what I’m talking about: There are military members who don’t understand what they can and cannot do.”

The Experience of Military Clients

Fraley says that active-duty military make great clients.

“The attitude of teamwork is really strong with members of the military,” she says. “Teamwork, trust, and decisiveness. They usually are clear on something, they decide, and they stick with it. We often look at all clients the same. I like thinking that we owe more to our military clients.”

McFarland agrees: “Our job, as real estate agents, is to help people. And these transactions are a huge opportunity to serve them.” ★

WARD LOWE is Associate Director of Communications for Texas REALTORS®, and **JOE FISHER** is Marketing Specialist at Texas REALTORS®.

DON'T FORGET ABOUT VETERANS

Veterans may not have the time limitations of active-duty military, but they still face challenges with financing and understanding the benefits available to them. There are more than 1,500,000 veterans in Texas, according to recent numbers from the U.S. Department of Veterans Affairs. The MRP designation course provides information about working with veterans and helping them take advantage of existing programs. You can also find information from the Texas Veterans Land Board at <https://vlb.texas.gov/>.



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SMALL DISTANCES CAN MEAN BIG DIFFERENCES

Two homes only steps away from each other could belong to different school districts. Property taxes on one side of a street may be higher than the other side. You may also find differences in views, homeowners associations, noise, zoning, traffic, and other factors that will affect your enjoyment of your property. These differences not only affect whether the property is a good choice; they may also affect the purchase price or ongoing costs.



CONVENIENCE AND AMENITIES MATTER, TOO

While you must narrow your choices by price and general location, don’t forget to consider other characteristics of an area. How convenient is it to get from your home to stores, schools, work, entertainment, and recreation? For a commercial property, what will traffic be like for customers or employees?



EACH PROPERTY IS UNIQUE

Even condos in the same complex that seem similar may have differences, like which side of the building they are on, the condition they are in, or the finishes and customizations previous owners made. These distinctions can affect value and your enjoyment of a property.

SHARE THIS

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

LOCATION IS MORE THAN A NEIGHBORHOOD

You know the right location is key to making a good real estate decision. But there’s more to it than simply selecting a neighborhood where you want to live or locate your business. Here are some factors to consider.



Your REALTOR® can guide you through your real estate transaction and help you achieve your goals, in whatever location you choose.



TAKE 5

LAY THE GROUNDWORK FOR A GREAT 2023

The end of one year and the beginning of another is a great time to take stock of your business. It's a good idea to reflect on where you are, where you've been, and where you're going.

If you are unsure where to start, consider the following strategies:

CUT WHAT ISN'T WORKING

Find more hours in 2023 by investigating the tasks and processes that do not help your business or aren't worth the time you're spending on them. Do you really need that time-intensive activity? If so, could it be automated or made more efficient? Could you delegate it or pay someone to handle it?

CLEAN UP

Take a look at your documents and systems. Can you remove any prospects from your CRM? Could you whittle down your inbox or better organize your files?

LOOK AHEAD

Don't stop at sales and performance goals. Set a variety of goals for yourself. Think about training, networking, community involvement, and other aspects of your business. Imagine where you'd like to be this time next year and chart a course to get there.

MAKE 'SOMEDAY' TODAY

Wishlist projects and low-priority tasks never get done unless you make time for them. What activities have you been putting off? Consider scheduling time to complete them so you do not carry them into the new year.

REST AND REGROUP

You are your business's most valuable asset. Take care of yourself. Carve out time for you and your loved ones. Relax and try not to think about work. Afterward, you can return to your business refreshed and ready for a great year.



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MY ASSOCIATION MY BENEFITS



SUPERCHARGE YOUR MEMBERSHIP

As a member of Texas REALTORS®, you receive thousands of dollars of value through strong advocacy to protect your interests as a real estate professional. Get even more value for your dues by taking advantage of all your benefits!

- Members-only access to 150-plus forms, contracts, guides, and model policies.
- Legal hotline to speak to an attorney about real estate topics.
- Transactions (zipForm Agent Edition) forms management software with integrated Authentisign, a quick and easy solution for e-signatures.
- Online training for CE courses, designations, and certifications created by and for REALTORS®.
- Discounts on products and services that will save you time and money.


In addition, the REALTOR® Code of Ethics and professional standards are what set you apart from license holders who don't belong to the REALTOR® association. Learn more at texasrealestate.com/ethics.





Beat your own path

As a local cooperative, we share our profits with the Texans we serve. Since 2006, we've returned \$2.2 billion in combined cash and allocated equities to our members through our cooperative returns program. So, when you're ready to secure a loan for that perfect rural playground, try a partnership that really pays. **Together we're better.**[™]

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