**Drive With NAR: The REALTOR® to REALTOR® Series**

**Educating Home Sellers on Brokerage Cooperation**

[00:00:00] **MARKI LEMONS RYHAL:** You're listening to a special episode of Drive with NAR, the REALTOR to REALTOR series powered by REALTOR magazine. Listen as real estate professionals discuss the facts about the NAR's settlement agreement and how to work with home buyers and sellers to communicate their value. Find FAQs, videos, and tools to understand the settlement at FACTS.

REALTOR. And follow the latest news at MAGAZINE. REALTOR. I'm Marki Lemons Ryhal. And I want to get straight to this really interesting conversation. Let me introduce Michelle Doherty, an agent with Arla Real Estate in Arlington, Virginia, who is also the chair of NAR's YPN Advisory Board. Hey, Michelle. Hi there.

How are you? Thank you for having me on. We are elated to have you. Also with us is Gary Rogers, broker owner of REMAX on the Charles and Waltham, Massachusetts, who is also NAR's 2024 member service liaison. Welcome Gary.

[00:01:14] **GARY ROGERS:** Hey Marki. How are you?

[00:01:16] **MARKI LEMONS RYHAL:** I am outstanding today. Are either of you seeing more sellers objecting to a cooperating compensation agreement?

Well, I've had questions.

[00:01:28] **MICHELLE DOHERTY:** I've not necessarily had objections, right? I still consider those one and the same because it's something for us to talk through and work through together, right? I have every single time since when I started in this industry, started working with sellers. I've always done a seller net sheet.

So those Commissions that were going to be offered not only to the buyer's agent, but to myself for working on behalf of the seller, we're always clear as day, right? For us, we've come up with some thought processes as to why it would be beneficial for a seller. One, we all know and love our for sale by owners.

But there's a reason why so many of them decide to list with an agent right at the end of the day. So I've used some of those conversation pieces that I use when I speak to First Yield By Owners because I work a lot of First Yield By Owners. Honestly, I think there's not a better way to keep you on top of your game and chops, you know, really sharp.

By working with, and at least speaking to for sale by others, boy, oh boy, you'll hear some interesting stuff and objections you've never thought of. So I've really taken all of that previous experience and conversations through the years, through the decade, and put it into a piece of paper in my listing agreement and in a presentation about why it's beneficial for them to offer compensation.

One, making the property Attractive and incentivizing those buyers just because that buyer may be not have a large down payment of 20 percent does not mean that's not the right buyer for your home. Their terms could be so much more attractive to you versus the offer that's giving you 25 percent down and it's a case by case basis.

And if you want to attract the right buyers, a lot of our colleagues have not experienced. Markie and what Gary, you guys have experienced a truly buyer's market where buyers rule the roost and there are plenty of houses for them to choose from and they have choices galore. And they are kids in a candy shop.

Right? And not every piece of candy's gonna get taken up the very next day with multiple offers, right? There will be a ton and point. I'm sure we'll return to that. We have to get really steadfast and strong in our listing approach and also advocating about why it should be part of our marketing strategy for the property.

[00:03:54] **MARKI LEMONS RYHAL:** Gary, what is your take on the cooperating agreement?

[00:03:59] **GARY ROGERS:** I think agents have to remember that real estate is cyclical. It always has been. It always will be no matter what. And I don't know what a balanced market is anymore, but I know we're not in it. I think we have to have much better practices when we work with buyers.

And understand what they're getting when they choose an agent to represent them. So that's the first thing. The second piece is. The market will bring that back around and show extreme value. You know, we don't get paid for the two hours of writing up an offer. We get paid for the 20 years in the two hours, the 20 years it took to understand what the right property is, what the red flags are, shepherd the process through, think of 120 different things.

I really feel like we have an opportunity here. To sharpen those skills. And a lot of agents have less than seven or eight years experience, a fair amount, good percentage. And so education is always going to be the key. Take that ABR course. It's the education that makes us better professionals. I think it will sort itself out, but in the meantime, we can't be asleep at the wheel where professionals, we need to.

Do what the market is asking us to do and show our true value and choose the right person.

[00:05:16] **MARKI LEMONS RYHAL:** I'm reminded that the ABR is why I am still here 20 years after earning it. It teaches us about consumer protection and through the ABR course, one rule that I remember is that we must have a signed buyer representation agreement.

Is there anything you're doing in your listing agreement or other client communication and documentation to keep them informed about their choices and the industry changes that are coming? Michelle? I think it's just reiterating

[00:05:50] **MICHELLE DOHERTY:** what it's always been. Compensation as far as how much is always been a choice.

There has never ever Been a set standard. I myself work with a lot of builders and a lot of developers and I would love to show every single one of those listing agreements. Those are ones that I have always done. At a pretty good deal for them because one, I help them with the acquisition to, I know I'm going to get a good amount of traffic through those open houses and meet a bunch of potential clients and buyers to those open houses.

So opportunities for me and my team, you know, it's a give and take relationship with those builders and developers and sellers, not every seller is going to have the same exact scenario as the other. So for us, In our listing agreement, we have three different buckets that we offer to every single client, and more than often than not, they choose the middle bucket.

We keep in solid contact. We keep all, uh, them briefed as to all the open house traffic and feedback and all that kind of stuff, right? And then some people really just want to throw the keys at me and walk away, and that's the top tier third bucket that we have. It's seldom that we have that first bucket chosen.

So we give options, and we tailor those options to every single client. And we've always done that. We are just being intentional about our language and also making sure our marketing and what we will do for them is very crystal clear. So that's really the only difference. And some additional language about why offering a buyer agent a compensation is important.

That's really the only thing that we've had to adjust into our packet. Gary, what about you?

[00:07:33] **GARY ROGERS:** Well, it is definitely going back to practices in the past where the added thing about a buyer, a good buyer consultation is now we need to just spend a minute or two on the history of what the system originally was.

There was one fee that wasn't two fees. There was one fee that part of it went out as a marketing fee in essence, to attract and prepare and enable more buyers to come and buy their property. In my market, I already sell prices. Quite high is as many areas and we have a lot of academia here. So we have a lot of college graduates that may not have a big down payment.

They have great income, great credit scores, but they may not have the wherewithal to not only match reserves, but then have enough to compensate a buyer agent. So we have a little bit more of a challenge here than some areas, but again, That is cured with a narrative of how we've gotten here, but moving forward, this is the reality and this is how it's been presented and, and basically shuffled around in a, in a transaction.

Yes, you're bringing the money to the table and that's clear. So, I, I think just a little bit of a history and a narrative about why it is the way it is and not the way that their parents remember or friends that have bought recently. I think that's the biggest challenge for us. I really feel like it will go away within six, ten, eight months.

The message will be out there. The buyers have stepped up. Hopefully the market kind of eases up and oh my gosh, wouldn't it be great to get some inventory and actually show that it's a balanced market again.

[00:09:04] **MARKI LEMONS RYHAL:** One thing that I'm reminded of about a decade ago, I took the EAH course, the Employee Assisted Housing Program.

And we have to now think about expanding options also for our buyers. And with the EAH, it is a licensed real estate professional working with a lender and a nonprofit housing organization to go into different businesses and set up Down payment, uh, assistance and or closing costs, which essentially we could do with a lot of different organizations.

So we're going to have to become creative, look at all the solutions that the National Association of Realtors provides. But it also allows us to demonstrate our value and the fact that we're concentrated on solutions and not on the problem. Why do you think the MLS still serves our industry? Well, and how do you explain?

It's value to your client. Gary,

[00:10:03] **GARY ROGERS:** if you go to a variety store, there's only so much on the shelf that you can buy. When you go to a big department store that has every possible option, it's a better experience. I feel very strongly. It's the same way with a healthy MLS provides access. It provides options.

It's great for the consumer who's buying. It definitely benefits the sellers. The basis of that was to offer or to provide the biggest choice among consumers, not just in houses that our buyers purchase, how many buyers there are for any one seller. So, it's never going away. It drives our economy by having choices in a healthy, robust housing industry.

I think we're at 16. 8 percent of GDP. So, it's not going away. Most important piece is it allows so many more choices and options and is beneficial to both buyers and sellers.

[00:11:00] **MICHELLE DOHERTY:** I feel very much the same way with Garrett. I mean, the MLS is where you signed a non filtered history and information of the property.

That property information will be hidden from you for a certain fee or to be sold off. There won't be a bias. It's fact. It's the truest form to a real life encyclopedia of the historical reverence of that home that we can get to. As far as its sales history, as far as where it was, what ownership, and what have you.

It is the truest form of accuracy for any given property. And that is what we need more than ever. You can get any opinion on it, every house, and We need accurate and up to date data, and that is what the MLS provides us. It also provided transparency as far as what was being offered and what was in the agent remarks.

I still think the MLS serves as the truest form of information and data on a property that you can find out there. There's no other competitor out there that you can convince me is going to beat in actual MLS. that has no interest in selling something. They are just there to provide data and real time information.

[00:12:18] **GARY ROGERS:** And I think that's one of the most important points that Michelle makes is it's transparent. It makes a better informed consumer on both selling and buying side. So I totally agree with that.

[00:12:31] **MARKI LEMONS RYHAL:** Moving forward, we're going to have to provide our buyer clients with every option that is available to them in the marketplace and having a conversation around compensation, how we're going to be paid moving forward, but always letting them know that we're going to negotiate in their best interest.

And if we have those signed buyer representation agreements, then they can strike. Any offer of compensation made available to offset their contractual obligations to us. It allows us to be very clear about our relationship and our fiduciary responsibilities to them. I want to thank you for being here.

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