

## A

### Golf Exercise - CUSTOMER

- You must have clubs for a vacation at an exclusive resort and you need to buy them today.
- You ONLY want "Taylor Made Burner Bubble" woods and irons; graphite shafts.
- You have an entry level set of clubs but you believe "better" clubs will lower your score, improve your overall game and impress your friends.
- Woods and irons retails for \$2,000 and you are willing to pay full price for "status".
- These clubs are available at all shops and golf warehouses.
- You recently saw the clubs advertised at a competitor's shop for \$1,899.

## A

## FIELD SIMULATIONS

**Reminder:** The Instructions are on page 142 of your Workbook

FIELD SIMULATION # 1	FSBO & Buyer Agent
Your Team:	Buyer Agent Team (Kathy or Kevin)
The Players & Situation	Handout – page 2
Profiles of FSBO & Buyer Agent:	Handout – page 2
Your Backstory (Buyer Agent)	Handout – page 3  <b>Remember – you DO NOT get to see the Backstory for the opposing side. DO NOT share your Backstory.</b>

FIELD SIMULATION # 2	Buyer Agent & Listing Agent (Seller's Market)
Your Team:	Listing Agent Team (Lisa or Louis)
The Players & Situation	Handout – page 4
Profiles of Buyer & Listing Agents	Handout – page 5
Your Backstory (Listing Agent)	Handout – page 6  <b>Remember – you DO NOT get to see the Backstory for the opposing side. DO NOT share your Backstory.</b>

FIELD SIMULATION # 3	Buyer Agent & Listing Agent (Buyer's Market)
Your Team:	Buyer Agent Team (Shirley or Sam)
The Players & Situation	Handout – page 7
Profiles of Buyer & Listing Agents	Handout – page 8
Your Backstory (Buyer Agent)	Handout page 9  <b>Remember – you DO NOT get to see the Backstory for the opposing side. DO NOT share your Backstory.</b>

## FIELD SCENARIO 1: FSBO and Buyer Agent

THE PLAYERS	THE SITUATION
<ul style="list-style-type: none"> <li>▪ <b>FSBO:</b> Stanley &amp; Marcia</li> <li>▪ <b>Buyer Agent:</b> Kathy or Kevin</li> </ul>	<ul style="list-style-type: none"> <li>▪ Seller's market</li> <li>▪ You are meeting in-person with the FSBOs</li> <li>▪ Cape Cod Colonial style home with no mortgage balance</li> <li>▪ Listed at \$195,000</li> <li>▪ Property and mechanicals well maintained</li> <li>▪ Interior is a throw-back to the 70's and 80's, but everything else is in pristine condition</li> </ul>

PROFILE OF FSBO: Stanley & Marcia	PROFILE OF BUYER AGENT: Kathy or Kevin
<ul style="list-style-type: none"> <li>▪ Have lived in family home for over 40 years</li> <li>▪ Daughter - Rachel, and family moved out of state a few months ago</li> <li>▪ Rachel is the catalyst behind Stanley &amp; Marcia's desire to move</li> <li>▪ Stanley – high blood pressure; Marcia – knee surgery; Rachel thinks they need to move</li> <li>▪ Between doctor visits, Marcia's volunteer work for the church, &amp; Stanley's golf league, things are hectic</li> <li>▪ They have meticulously maintained their home and take a great deal of pride in the condition – inside and out</li> <li>▪ They are starting to stress – the thought of packing up 40 years is daunting</li> <li>▪ Rachel has assured them they have everything they need in their new location – completely brand-new in-law apartment waiting for them</li> <li>▪ At Rachel's insistence, they are preparing to put the property on the market this weekend at \$195,000</li> </ul>	<ul style="list-style-type: none"> <li>▪ Seasoned professional with high moral compass</li> <li>▪ Top producer, sits on association BOD</li> <li>▪ Hold several designations – SRS, ABR, SRES, RENE</li> <li>▪ It's a seller's market – listings have been selling as fast as they go on the market</li> <li>▪ Clients – Jordan and Justin – looking for first home</li> <li>▪ Limited down payment – Justin is a vet – can go VA</li> <li>▪ Have been checking Zillow and driving around looking for homes</li> </ul>

## FIELD SCENARIO 1: FSBO and Buyer Agent - *continued*

### Your Back Story: The Buyer Agent – Kathy/Kevin

- Frustrated by this crazy seller's market.
- Homes are selling for over list price – cash or well qualified buyers.
- First time home buyers with little down payment are at a disadvantage, and VA and FHA buyers are really having a hard time getting offers accepted – especially if the buyers need the sellers to give them a closing cost credit. Jordan and Justin – the buyers -- do need that 3%.
- There is a buyer representation agreement with a 3% commission on any property they purchase in the MLS and 4% for any FSBO, Entry Only, or Limited Service Listing.
- Your Agreement with them expires at the end of the month.
- They cannot pay you directly and need your commission wrapped into the offer since they have limited funds for the down payment.
- Jordan and Justin have lost 4 houses in multiple offers.
- They are getting frustrated with you and are beginning to blame you.
- You just received a call from Jordan and Justin. They were out driving around and saw an older man putting up a FSBO sign – they stopped in to chat with him.
- He and his wife showed them around – they really hit it off well and think that this might be their new home!
- They want you to contact the sellers ASAP and see if you can get the property for them.

## FIELD SCENARIO 2: Buyer Agent and Listing Agent – Seller’s Market

THE PLAYERS	THE SITUATION
<ul style="list-style-type: none"><li>▪ <b>Buyer Agent:</b> Mandy or Matthew (personality is Driver)</li><li>▪ <b>Listing Agent:</b> Lisa or Louis (personality is Expressive)</li></ul>	<ul style="list-style-type: none"><li>▪ Seller’s Market</li><li>▪ No other offers on the table</li><li>▪ Email (use text in class) or phone for Inspection Phase</li><li>▪ Offer successfully negotiated at \$325k</li><li>▪ Buyers are pre-approved</li><li>▪ Property built in 1967 and has gas heat, gas hot water, city water and sewer</li><li>▪ Seller Property Condition discloses 2 layers on the roof which was done in 2004; new gas furnace in 2014; new hot water tank in 2012, updated kitchen in 1995 w/ newer cabinets and granite counters</li><li>▪ Contract includes all appliances (which were newer and in good working order); light fixtures; paddle fans, and window fixtures</li></ul>

(Profiles on next page)

## FIELD SCENARIO 2: Buyer Agent and Listing Agent – Seller's Market (*continued*)

### PROFILE OF BUYER AGENT: Mandy or Matthew

- Seasoned professional with years of experience
- Holds several designations – ABR, RENE
- Excellent reputation and gets deals closed
- Pays attention to details
- Has a team of accomplished agents to help represent clients
- Representing Sarah and Steve – newly married and first-time buyers
- Down payment coming from parents and wedding gifts
- Have an accepted offer on a property
- Inspection revealed abandoned underground oil tank which must be removed
- Email sent to Listing Agent with repair requests authorized by the clients (and their attorney)
- You have been informed that the seller will negotiate with the buyers, but **you are NOT** to be involved from this point forward

### PROFILE OF LISTING AGENT: Lisa or Louis

- Only been in business a couple of years
- Left a corporate marketing job
- Works in an office where manager controls all of the training and the culture is “Fake it ‘til you make it”.
- Only does the required CE for license renewal
- Has not earned any designations or certifications
- Did 4 transactions last year
- Busy with family and club responsibilities
- Sellers – Roz and Gary – were recommended by mutual friends after the listing expired
- Price adjusted and re-listed at \$349,900
- Property lingered a bit, but finally got an offer
- Inspection revealed an underground oil tank they did not disclose
- Sellers now only want to work directly with the buyers because they think the agent is pushy, rude, and aggressive

## FIELD SCENARIO 2: Buyer Agent and Listing Agent – Seller’s Market (*continued*)

### Your Back Story: The Listing Agent – Lisa or Louis

- The seller’s (Gary & Liz) listing expired and were referred to you by mutual friends.
- You agreed to re-list the property at \$349,900 since they didn’t want to ‘give the house away’.
- It was made clear that Gary (seller) wanted to call the shots and he knew exactly what sold in the neighborhood.
- If you could sell the house on Gary’s terms, they would buy their next house with you.
- There were few showings and routine feedback all said it was priced way too high.
- Gary and Liz (the sellers) nearly ripped your head off when you shared the feedback. You let Gary know that he would be lucky to get anything reasonable at this point because the market was not responding positively to the price.
- A buyer agent from out of the area show the property and after a series of emails asking lots of questions, finally sent over an offer.
- You presented the offer of \$315K with inspection, an odd mortgage contingency (that included gift funds), and a low deposit (considering there would a total of 30% down).
- When you asked about low deposit, listing agent became belligerent and said the balance would be provided after satisfactory inspections. It was considered standard procedure and office policy to put at least 5 or 10% down up front.
- You email the offer to the sellers and Gary goes nuts and calls to say they are insulted by a \$315K offer on a \$349K property. You told them to consider it and counter since there were no more showing or offers on the horizon.
- The sellers found a property they wanted to buy and that prompted them to start the negotiation process.
- After a week of going back and forth with Mandy / Matthew who ‘knows it all’ and ‘dots every i’ and ‘crosses every t’ – the contract was finally accepted.
- After the inspections, you get another long email from Many / Matthew accusing you and the sellers of not disclosing the underground oil tank.
- How would you know – you only visited the property once at night.
- You send your clients the requests from the buyers:
  - A quote for removal at the seller’s expense and a statement that the sellers would take financial responsibility for any soil contamination if found during the remediation
  - Minor electrical issues totaling around \$1,000 – quoted by an electrician
  - Evidence that the termite issues were treated with a one-year warranty provided
  - A seller paid home warranty at closing
- Your seller client – Gary – is irate and does not want the buyer agent (Mandy / Matthew) involved in the rest of the transaction. He wants you to only deal directly with the buyers.

## FIELD SCENARIO 3: Buyer Agent and Listing Agent – Buyer’s Market

THE PLAYERS	THE SITUATION
<ul style="list-style-type: none"> <li>▪ <b>Buyer Agent:</b> Shirley or Sam (Pushy, Controlling, Rigid)</li> <li>▪ <b>Listing Agent:</b> Christie or Cameron (Ethical, Responsive, No Drama)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Phone or in-person negotiation</li> <li>▪ Buyer’s market</li> <li>▪ Lots of inventory in the range of \$1M - \$1.5M</li> <li>▪ Buyer pool is <b>very</b> limited</li> <li>▪ Built in 1990</li> <li>▪ Price reduced by \$150K to \$1.1M after sitting on the market for over 122 days</li> <li>▪ Pool needs new liner and 2<sup>nd</sup> floor bedroom roof leaking</li> <li>▪ Dated guest bath and wallpaper in bedrooms</li> <li>▪ All other rooms in great condition – but dated</li> <li>▪ Kitchen recently remodeled</li> <li>▪ Driveway is original and needs attention</li> <li>▪ Landscaping professionally maintained</li> </ul>

(Profiles on next page)



### **FIELD SCENARIO 3: Buyer Agent and Listing Agent – Buyer’s Market (*continued*)**

#### **PROFILE OF BUYER AGENT: Shirley or Sam**

- Seasoned top producer
- Reputation for being pushy, controlling, and rigid.
- Other agents call him / her – “Slip & Slide Shirley / Sam”
- Flirts with the edge when it comes to laws and the Code of Ethics
- Old school, but effective with marketing
- Well connect – spouse is a divorce lawyer
- Prefers the phone, but will email
- Objective is to sell client her / his listings to get both sides – even if it doesn’t make sense for the clients
- ‘Pockets’ listings for a while to field some buyers and get extra business
- Convinces clients she / he knows what’s best for them and minimizes material issues
- Works with a variety of lenders that can get the job done – some not above board
- Anything to get it done – even if rates and fees not best for client

#### **PROFILE OF LISTING AGENT: Christie or Cameron**

- Younger professional
- Committed to learning as much as possible about representing clients in a legal and ethical manner
- Very consultative and responsive to clients
- No drama approach to business
- Comfortable with technology
- Primarily uses email and text
- Has a team of other agents with their same values
- Has lived in the area since childhood
- Great network of family, friends and business associates
- Most of her / his clients are repeat of referrals
- Not push with clients
- Great attention to detail and due diligence throughout the transaction
- Has two children in grade-school
- Parents live in the area
- Spouse is moving up the corporate ladder in a tax accounting firm and works long hours

### FIELD SCENARIO 3: Buyer Agent and Listing Agent – Buyer’s Market (*continued*)

#### Your Back Story - The Buyer Agent: Shirley or Sam

- Your buyer clients Bev and Jimi – who have owned and operated a chain of high-end gourmet restaurants across the state for more than a decade.
- They file their taxes regularly through a local accountant that understands the operations of a primarily cash business. They have FICO scores of around 700-744+/-.
- You have a creative lender that understands the self-employed and has a no-income / limited-doc jumbo lending program tailored specifically for self-employed business owners.
- Bev and Jimi have a 40-45% down-payment, but it is in cash and not in their bank account.
- Since they don’t usually qualify through traditional loan programs, they were very happy to find someone like you who said you had tons of experience with this type of loan program and all they needed to do was find a property they liked.
- Bev and Jimi don’t have a lot of time since they are constantly working. They are hoping to close on a \$1 million property quickly, but for the right price and the right property they can be flexible with the settlement date.
- They have no problem with property issues since they have access to all types of contractors, but those issues will need to be addressed in the price.
- You have some personal financial trouble from an IRS audit claiming about \$97,000 in back taxes owed. Although you have some savings – you don’t have that much.
- Adding insult to injury, the lawyer’s spouse is involved in a major trial right now which is occupying a great deal of their time. You are expected to work with the accountant to produce all financial records immediately to resolve the situation and ‘make this thing go away’.
- That situation and some demanding clients already in the pipeline are putting a huge strain on your family life and there is a huge amount of stress to put some deals in the can NOW!
- Unfortunately, none of your listings came close to making your clients happy.
- Fortunately, you notice that Christie/Cameron’s property over on Marigold had a higher than normal 3.25% co-broke fee, and when your clients saw it they wanted to submit an offer.
- Bev and Jimi have always wanted this neighborhood since it the most prestigious at this price point.
- They are thinking of \$950,000 as an offer but are willing to go as high as \$990,000.
- Their initial offer is due to the buyer’s market, changes needed to the kitchen to get rid of those horrible concrete counters, make some pool renovations, address the mechanicals that are at the end of their life-cycle, the wallpaper removal and other updates needed to make the property suitable for their taste and lifestyle.
- The earlier the closing the better – might as well get started right away as long as the lender can get them a commitment soon.
- You have placed a call to the listing agent – Christie or Cameron -- to see if she can get this done.