PLEASE FAX OR EMAIL YOUR ANSWER SHEET BACK TO US FOR GRADING AND PROCESSING!

We will send your results back to you, along with a course completion report upon passing.

Passing is a score of 70 or higher. We will notify TREC.

Thank you again for choosing D & D School of Real Estate for your education needs!
RENEW YOUR REAL ESTATE LICENSE IN THREE STEPS

1. Study the manual at your own pace, complete each quiz, and fill in your answer sheet.

2. After receiving your notification of successful completion of this course and your required core law course for this licensing period, send your renewal fee to the state before your deadline.

A licensed instructor will be available during normal business hours if you have any questions regarding the course material. No assistance on the final exam questions and answers can be given. For assistance call: 423-232-1811 or email your questions to quickhelp@ddschooloralestate.com.

3. PAY YOUR LICENSE RENEWAL FEE TO THE STATE.
A STRATEGY FOR SELLER AGENCY

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Seller Agency Overview

Seller agency is a bit easier to navigate than Buyers agency because of the nature of the contract as well motivation of the potential client.

The TAR digest continues to supply Realtors® with a wealth of knowledge on how different aspects of Law and Ethics should be applied.

When working with a SELLER, agency status is less of an issue because the Listing Agreement meets the criterion for a bilateral contract between the Broker and the client.

There are however, choices as to
- what the agency status choice should be
- how to explain the agency status
- how to fill out the Agency Status form

The following information is re-printed from the TAR Digest and is included for assisting in understanding how Seller Agency works and the general guidelines.

Remember…

The choice of Agency Status should be established by written office policy and should be consistent in explanation and filling out the forms with all agents and clients. If you have any questions in regard to interpreting any of the following information, consult your BROKER for interpretation.

REPRINTED FROM THE TAR DIGEST
(For additional information, check the TAR website located at www.tarnet.com)

QUESTION: I am a team leader. I do all listings, but I also have buyer's agents. This is my question: When they show my listings, what is their agency status? Are they facilitators? I was told that they could represent their buyer-client if they had a buyer's agreement signed. Now I have been told that if they work for me they are still working for the seller?

ANSWER: If you are working as a DESIGNATED agent for the seller and you are listed as the designated agent on the exclusive right to sell agreement with the seller, then you are the designated agent for the seller to the exclusion of every other agent in your firm, including any licensed agents on your "team".
If another agent in your firm (whether a member of your team or not) becomes a DESIGNATED agent for the buyer, then they will represent their buyer-client to the exclusion of everyone else in the firm, including you. If they have not signed a buyer representation agreement with the buyer -- as we keep reminding folks, this takes more than just a disclosure form -- then they are working with that buyer as a facilitator and do not represent the buyer.

REMEMBER however that, if DESIGNATED agency is used in your firm (by you and/or by anyone else), you must take steps to ensure that your files and any other information about various clients are not shared between agents or maintained in common. The confidentiality of each client's information, etc., must be protected ...which would seem to defeat one purpose of working as a team. You cannot represent one party as their agent and have access to private information about any other potential or actual parties in a transaction involving your client.

If you do NOT use DESIGNATED agency, but simply become an agent for the seller, then those other licensees on your team -- as well as all other licensees in your office -- become agents for that seller as well ...and should disclose that relationship to any prospective buyers of your seller's property.

[SOURCE: TAR's Legal & Ethics Hot Line Attorneys] TAR Digest 9/05/06

*Any opinions expressed are not to be taken as a substitute for personal legal opinion. Always seek personal legal counsel concerning legal matters.*

HOT LINE: Which Agency Status Should I Check?

QUESTION: If I am the listing agent for the seller, I have always checked "Agent" or "Subagent for the Seller" but then I was told by another broker that everyone is now checking the "Designated Agent for the Seller" from the day of listing. Is that the correct thing to do?

ANSWER: Well, the FIRST thing you should do is check your office policy on agency. Real problems -- legal problems -- can crop up if different people in the office are establishing different agency relationships without regard to the conflicting obligations that those relationships impose on you and others. If your office does not yet have an office policy on agency that everyone knows and follows, then you should ask your managing broker to establish one as soon as possible!

The office policy should spell out your options as to which agency relationships you may or may not enter into. Recognize that you cannot describe yourself as ANY kind of agent on a confirmation form unless:

- if you’re representing the Seller, you have a signed Exclusive Right To Sell or Exclusive Agency listing agreement, OR
if you’re representing the Buyer, you have a signed Buyer Representation Agreement ...and not just a disclosure form.

That being said, if your office policy permits it, we do recommend the use of Designated Agency from the outset (listing) as it greatly reduces the likelihood of a dual agency situation.

[SOURCE: TAR Legal & Ethics Hot Line Attorneys] TAR Digest 6/06/06

Any opinions expressed are not to be taken as a substitute for personal legal opinion. Always seek personal legal counsel concerning legal matters.

Courtesy of TREEF and the Tennessee Association of Realtors®

Agency Law in Tennessee: Summary & FAQ Summary

1. The law was passed in 1995 and went into effect on January 1, 1996. The Tennessee Legislature passed a few relatively minor amendments to it in the spring of 1996, but it remains unchanged since 1996.

2. To prevent an “accidental” agency or dual agency – or a relationship created without the consent of both agent and client – the law provides that such a relationship cannot be created or implied by word or action alone, but *only by a specific written agency agreement*.

NOTE: A disclosure form alone is not an agreement and a disclosure form alone will NOT create or establish an agency relationship. To disclose an agency relationship (e.g., on a Confirmation of Agency Status) without negotiating a true agency agreement in place is misrepresentation.

3. “Facilitator” or “Transaction Broker” is the status of any licensee acting as neither agent of the buyer nor agent of the seller in a transaction, and this is *every licensee’s status by default*, in the absence of a written agency agreement between the licensee and consumer.

4. To clarify every licensee’s responsibilities in a real estate transaction, the law provides a clear list of *seven (7) duties by every licensee to any consumer* with whom they work in a transaction …*regardless of any agency relationships* [see 62-13-403]. A shorter list of *two (2) duties to clients* [see 62-13-404] is prescribed – if an agency relationship has been established …provided, however, that the duties to all consumers *take precedence over* the duties to one’s client, if a conflict ever exists between the two.

5. The law’s list of duties to all consumers includes every licensee’s duty to safeguard any confidential information from a consumer with whom the licensee is working, *conveyed prior to that licensee’s disclosure of an agency relationship* …to create a healthy “balance” between the client’s right to know and a customer’s expectations that personal or revealing information shared in apparent confidence will remain confidential.
6. Before providing any real estate brokerage services to a consumer, every licensee is to disclose to that consumer – at least verbally – the licensee’s agency or facilitator status in the prospective transaction. Agency status must be confirmed in writing “with an unrepresented buyer prior to the preparation of an offer to purchase.” Agency status must be confirmed in writing “with an unrepresented seller prior to execution of a listing agreement or presentation of an offer to purchase, whichever comes first.”

**NOTE:** Even though Tennessee law requires written confirmations only with unrepresented buyers and sellers, the Realtor® Code of Ethics requires them with ALL buyers and sellers. Realtor® office policies should therefore require written confirmations of agency status in all cases. A buyer, moreover, is still unrepresented if he/she is working with a Realtor® who has not yet negotiated an actual buyer agency agreement with the buyer and is thus a Facilitator or Transaction Broker.

7. The law establishes the possibility of “Designated Agency” – through which a managing broker may designate (by written office policy or by specific instruction) an individual licensee to be the individual agent of a seller or buyer client, to the exclusion of all other licensees in the same firm, including the managing broker himself/herself. In such cases, nobody else in the firm has any kind of agency relationship with the buyer or seller client. This status recognizes the individual nature of client representation in most transactions, and has become common agency policy in many firms for all agency relationships …regardless of whether an in-house showing or sale is ever involved.

8. To avoid the necessity for a disclosed dual agency, the law permits an agency agreement to include a provision whereby the licensee may default to “Facilitator” status, if a licensee finds himself/herself working for both buyer and seller in the same transaction. Any change in status, nevertheless, must be fully disclosed to any other licensees and to all parties involved in the transaction. [A “disclosed dual agency,” while not prohibited under Tennessee law, is a risky status that many attorneys recognize as an “invitation to a lawsuit.”]

9. The law defines any real estate agency relationship as a Limited Agency; a real estate agent does not have unlimited authority to act on behalf of his/her client. A client’s liability for his/her agent, moreover, is limited to only those statements or actions (by the agent) for which the client/consumer may be directly responsible. These provisions remove most of the drawbacks of an agency relationship for a consumer entering into an agency agreement with a Realtor® or other licensee in Tennessee.

10. Tennessee’s agency law takes precedence over the common law of agency, if a conflict exists between this legislation and common law (“common law” not always being consistent as it has been applied to real estate relationships). [This is just one of the reasons why “generic” agency education courses, as well as reference materials produced nationally or in other states, are often misleading or even incorrect when applied to situations in Tennessee.]
Frequently Asked Questions
The following are agency-related questions and comments submitted to (and by) the TAR Legal & Ethics Hot Line in the past few years. We thank TAR’s Hot Line attorneys for their answers and guidance.

1. HOT LINE ADVISORY: Agency NON-Disclosure
The “2002 Profile of Buyers and Sellers” by NAR should cause quite a few brokers around the country to rest less peacefully. Failure to adequately disclose your agency status can be quite costly in court.

According to the 2002 survey:

- only 35% of all buyers received an agency disclosure at first meeting,
- another 26% received a disclosure when the offer to purchase was written,
- 18% of buyers never received ANY agency disclosure, and
- 21% of buyers were unsure as to whether they had received a disclosure or not!

The report does not distinguish between written or verbal disclosures, so we must assume they mean either.

Note that this is a national survey, but a survey of Tennessee alone might well produce similar results.

Under Tennessee law, disclosure of agency status – AT LEAST VERBAL – must occur BEFORE any real estate services are provided ...which would mean at first meeting for most people.

Moreover, under the Realtor® Code of Ethics and Standards of Practice, buyer agency MUST be disclosed AT FIRST CONTACT and confirmed in writing no later than contract, and seller agency or subagency MUST be disclosed “AS SOON AS PRACTICABLE” and confirmed in writing no later than contract.

2. HOT LINE: Unintended Misrepresentation

QUESTION: I am the listing broker for a residential property and recently received an offer on that property from a Realtor® with another company. A “Confirmation of Agency Disclosure,” on which the REALTOR had marked at least TWO DIFFERENT agency status blocks on the form, accompanied that offer. When I asked about this, the Realtor® indicated some uncertainty about his/her status but felt sure that at least one of the checked boxes was correct. Is it actually OK to check more than one box on this form?

ANSWER: No, it’s not. This Realtor® has (unintentionally, I’m sure) engaged in misrepresentation. Each box on that form is a statement as to the Realtor’s® status in the transaction, and a Realtor® can have only one status at a time in a transaction. Assuming that this Realtor® was correct as to one of the boxes checked, the Realtor® was NOT telling the truth as to the other box checked ...and could therefore be accused of misrepresentation. Agency status should not be a multiple-choice quiz or guessing game for consumers; a real estate professional should understand their particular role in a transaction and clearly convey it, legally and ethically.
3. HOT LINE: Confirming Agency Status

**QUESTION:** Is a written confirmation of agency status always needed?

**ANSWER:** Most of our past discussions of this issue have centered on requirements under Tennessee law. The Realtor® Code of Ethics and Standards of Practice, however, are even MORE explicit on the subject of agency disclosure:

―**Standard of Practice 16-10**
Realtors®, acting as buyer or tenant representatives or brokers, shall disclose that relationship to the seller/landlord’s representative or broker at first contact and shall provide written confirmation of that disclosure to the seller/landlord’s representative or broker not later than execution of a purchase agreement or lease. (Amended 1/04)

―**Standard of Practice 16-11**
On unlisted property, Realtors® acting as buyer/tenant representatives or brokers shall disclose that relationship to the seller/landlord at first contact for that buyer/tenant and shall provide written confirmation of such disclosure to the seller/landlord not later than execution of any purchase or lease agreement. (Amended 1/04)

Realtors® shall make any request for anticipated compensation from the seller/landlord at first contact. (Amended 1/98)

―**Standard of Practice 16-12**
Realtors®, acting as representatives or brokers of sellers/landlords or as subagents of listing brokers, shall disclose that relationship to buyers/tenants as soon as practicable and shall provide written confirmation of such disclosure to buyers/tenants not later than execution of any purchase or lease agreement. (Amended 1/04)

In short, YES, for a Realtor®, a written confirmation of your agency status is ALWAYS required.

4. HOT LINE: Two Roles in a Transaction?

**QUESTION:** Couldn’t I be an agent for the seller while I’m also a facilitator for the buyer in a transaction?

**ANSWER:** NO. You can only wear ONE AGENCY “HAT” AT A TIME in a given transaction! You cannot be working as a Seller’s Agent for a seller whose property you have listed and simultaneously represent yourself as a Facilitator to a buyer who has approached you about that property. At best, this practice is deceptive and an obvious effort to gain or keep everyone’s trust without telling them the truth. You have only ONE STATUS AT A TIME in a transaction. If you happen to be a listing broker (and a Seller’s Agent), for example, and a buyer approaches you regarding this property, then the normal disclosure to this buyer would be that you are the Seller’s Agent. There is nothing in the law to prevent you from assisting this buyer, completing an offer to purchase for the buyer, presenting that offer, etc., while you remain a Seller’s Agent ...as long as the buyer knows what you are and that you are going to represent the seller’s best interests.

Remember, too, that being a facilitator in a transaction means that you are not an agent for ANY party to the transaction.
5. HOT LINE: Is a Facilitator Always Neutral?

**QUESTION:** If I am working as a facilitator or transaction broker in a given transaction, am I permitted to give advice to one party or the other ...or do I just need to keep my mouth shut?

**ANSWER:** Not at all. The definitions section of Tennessee’s law, in fact, states: “A facilitator may advise either or both of the parties to a transaction but cannot be considered a representative or advocate of either party.” [Section 62-13-102(8)(B)] Serving as a facilitator in a transaction does not require absolute neutrality. Serving as someone’s agent, on the other hand, DOES require total loyalty and advocacy, within the constraints of law. [This provision of Tennessee’s law was added by amendment in the spring of 1996 to permit a licensee, for example, to function as a consultant to a builder, developer, or consumer ...without becoming an agent for that party.]

6. HOT LINE: When Is Designated Agency Used?

**QUESTION:** Is a “Designated Agent” ever used with co-op transactions? I always thought a “Designated Agent” is only for situations in which both Buyer and Seller are working with agents in the same office ...and that, in a transaction with another company, you are just an Agent for the Buyer, an Agent for the Seller, or a Facilitator.

**ANSWER:** Designated Agency is used quite often in co-op transactions. The principal broker or managing broker in an office selects or appoints a Designated Agent. This may be done on a transaction-by-transaction basis, or the broker may establish an office policy whereby this appointment is made in every transaction, automatically. Furthermore, the broker may designate a licensee to ALWAYS act as a Designated Agent for a buyer, regardless of who represents the seller ...or to ALWAYS to act as a Designated Agent for the seller when property is listed. Someone can also be appointed as a Designated Agent, as you’ve noted, only for specific transactions. **By office policy, often reflected on that office’s forms, MANY companies now use Designated Agency from the outset in ALL transactions.** This means that, whenever a licensee in that company signs an agency agreement with a buyer or seller, he or she does so as a Designated Agent. Among other things, this reduces the necessity, especially for buyer’s agents, to “change hats” or change agency status in mid-stream, depending upon whether the agent is showing property listed by his or her own company, or listed by another company. Remember, one is not an “agent” for any party to a transaction without a bilateral, signed agency agreement between the client and the firm/broker. If no such document has been signed, a licensee is a facilitator only. **A “Confirmation of Agency Status” form does NOT suffice to create agency.**

7. HOT LINE: Designated Agents for an In-House Transaction

**QUESTION:** Our office acts as designated agents. If I have one agent as a designated agent for the seller, can I have another agent within the same company acting as facilitator with the buyer?

**ANSWER:** Yes, you may have another agent act as a facilitator for the buyer in a transaction in which another agent has been appointed as designated agent for the seller, even if they are working in the same company. Section 62-13-406 of the Brokers’ Act addresses designated agents. We do suggest that a written disclosure of the capacity in which each agent is serving be given to both parties before the transaction is
consummated, just to clarify everyone’s status in the transaction.

REMEMBER, when a licensee is working as a DESIGNATED agent, the licensee becomes the agent for the client (buyer or seller) “to the EXCLUSION of all other licensees employed by or affiliated with such managing broker.” This means that NO other licensees in that company – even the managing broker himself or herself – have ANY kind of agency relationship with that client. [This part of Tennessee’s agency law, in fact, was modeled after a similar provision in Ohio’s law that had been passed in the early 1990’s. Ohio’s law, however, left the managing broker in a dual agency whenever a designated agent in his/her office represented the buyer, and another designated agent in his/her office represented the seller in the same transaction. TAR wanted to avoid this outcome, so TAR crafted Tennessee’s law explicitly to avoid the possibility of a dual agency in such a situation.]

8. HOT LINE: A Team of Designated Agents?

QUESTION: If two sales associates in my office co-list a property, can they both be designated agents of the seller (to the exclusion of anyone else in the office, and to the exclusion of the office itself)?

ANSWER: Yes, two (or more) Realtors® in your office can serve jointly as designated agents of the seller as long as this is fully disclosed and done with the written consent of the seller.

9. HOT LINE: Agency and Commercial Transactions?

QUESTION: I’ve heard that commercial brokers are exempt from Tennessee’s agency law. Is that true?

ANSWER: NO, it is definitely not true. First of all, there is no exemption in Tennessee’s agency law for commercial BROKERS; there are, however, limited exemptions for commercial property TRANSACTIONS. Under Tennessee’s laws, ONLY the disclosure requirements do not apply to commercial transactions, but the rest of the agency law DOES apply to ALL transactions, commercial ones included. This means that, in any commercial transaction, an agency relationship does not exist without an explicit, written bilateral agreement (agency contract) between the licensee and his/her client. Without such an agreement, the broker in a commercial transaction is always a facilitator, or transaction broker. This ALSO means that the licensee in a commercial transaction owes the same seven duties to any customer or client as are owed in every residential transaction, EVEN IF he or she doesn't have to disclose those duties. It is ALSO important to remember that the Realtor® Code of Ethics and Standards of Practice recognize no difference between residential and commercial transactions. The same Code and Standards apply to both. Therefore, while state law may exempt a commercial transaction from agency disclosure requirements, all Realtors® (both residential and commercial) STILL HAVE agency disclosure requirements under the Realtor® Code of Ethics!

TAR Digest 5/23/2006

Any opinions expressed are not to be taken as a substitute for personal legal opinion. Always seek personal legal counsel concerning legal matters.
Minimum Level of Services

Following is the complete text of the new Minimum Level of Services legislation:

*** BEGIN QUOTE ***

SECTION 1. Tennessee Code Annotated, Section 62-13-401, is amended by adding the following language at the end of the section: The negotiation and execution of either an exclusive agency listing agreement or an exclusive right to sell listing agreement with a prospective seller shall establish an agency relationship with the seller.

SECTION 2. Tennessee Code Annotated, Section 62-13-404, is amended by adding the following language as a new subdivision thereto:

(3) Unless the following duties are specifically and individually waived, in writing by a client, a licensee shall assist the client by:
   (A) Scheduling all property showings on behalf of the client;
   (B) Receiving all offers and counter offers and forwarding them promptly to the client;
   (C) Answering any questions that the client may have in negotiation of a successful purchase agreement within the scope of the licensee's expertise; and
   (D) Advising the client as to whatever forms, procedures and steps are needed after execution of the purchase agreement for a successful closing of the transaction.

Upon waiver of any of the above duties, a consumer must be advised in writing by such consumer's agent that the consumer may not expect or seek assistance from any other licensees in the transaction for the performance of the above.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

*** END QUOTE ***

IMPACT ON REALTORS: It is the goal of this legislation to insure that licensed professionals are not forced into difficult situations or ethical conflicts where they are responsible for representing their client and the client of another agent who is absentee. The consumer will have full disclosure as to what is expected from their full service or minimal service licensed agent. This bill, once signed, will take effect immediately.

Tar Digest 5/12/06
Any opinions expressed are not to be taken as a substitute for personal legal opinion. Always seek personal legal counsel concerning legal matters.

Following is the TAR F1 Confirmation of Agency Status Form
WORKING WITH A REAL ESTATE PROFESSIONAL

Pursuant to the Tennessee Real Estate Broker License Act, every Real Estate Licensee owes the following duties to every Buyer and Seller, Tenant and Landlord (collectively “Buyers” and “Sellers”):

1. To diligently exercise reasonable skill and care in providing services to all parties to the transaction;
2. To disclose to each party to the transaction any Adverse Facts of which Licensee has actual notice or knowledge;
3. To maintain for each party in a transaction the confidentiality of any information obtained by a Licensee prior to disclosure to all parties of a written agency agreement entered into by the Licensee to represent either or both parties in the transaction. This duty of confidentiality extends to any information that the party has authorized for disclosure or information required by law to be disclosed.
4. To provide services to each party to the transaction with honesty and good faith;
5. To disclose to each party to the transaction timely and accurate information regarding market conditions that might affect such transaction only when such information is available through public records and when such information is requested by a party;
6. To give timely account for earnest money deposits and all other property received from any party to a transaction; and
7. A) To refrain from engaging in self-dealing or acting on behalf of Licensee’s immediate family, or on behalf of any other individual, organization or business entity in which Licensee has a personal interest without prior disclosure of such personal interest and the timely written consent of all parties to the transaction; and
   B) To refrain from recommending to any party to the transaction the use of services of another individual, organization or business entity in which the Licensee has an interest or from whom the Licensee may receive a referral fee or other compensation for the referral, other than referrals to other Licensees to provide real estate services, without timely disclosure to the party who receives the referral, the Licensee’s interest in such referral or the fact that a referral fee may be received.

In addition to the above, the Licensee has the following duties to his/her Client if the Licensee has become an Agent or Designated Agent in a transaction:

8. Obey all lawful instructions of the client when such instructions are within the scope of the agency agreement between the Licensee and Licensee’s client; and
9. Be loyal to the interests of the client. Licensee must place the interests of the client before all others in negotiation of a transaction and in other activities, except where such loyalty/duty would violate Licensee’s duties to a customer in the transaction.
10. Unless the following duties are specifically and individually waived in writing by a client, Licensee shall assist the client by:
   A) Scheduling all property showings on behalf of the client;
   B) Receiving all offers and counter offers and forwarding them promptly to the client;
   C) Answering any questions that the client may have in negotiation of a successful purchase agreement within the scope of the Licensee’s expertise; and
   D) Advising the client as to whatever forms, procedures and steps are needed after execution of the purchase agreement for a successful closing of the transaction.

Upon waiver of any of the above duties, a consumer must be advised in writing by such consumer’s agent that the consumer may not expect or seek assistance from any other licensees in the transaction for the performance of the above.
AN EXPLANATION OF TERMS

Facilitator / Transaction Broker (not an agent for either party):
The licensee is not working as an agent for either party in this consumer's prospective transaction. A facilitator may advise either or both of the parties to a transaction but cannot be considered a representative or advocate of either party. "Transaction Broker" may be used synonymously with, or in lieu of, "facilitator" as used in any disclosures, forms or agreements. [By law, any licensee or company who has not entered into a written agency agreement with either party in the transaction is considered a Facilitator or Transaction Broker until such time as an agency agreement is established.]

Agent or Subagent for the Seller:
The licensee's company is working as an agent for the property seller and owes primary loyalty to the seller. Even if the licensee is working with a prospective buyer to locate property for sale, rent, or lease, the licensee and his/her company are legally bound to work in the best interests of any property owners whose property is shown to this prospective buyer. An agency relationship of this type cannot, by law, be established without a written consent.

Agent for the Buyer:
The licensee's company is working as an agent for the prospective buyer, owes primary loyalty to the buyer, and will work as an advocate for the best interests of the buyer. An agency relationship of this type cannot, by law, be established without written buyer agency agreement.

Disclosed Dual Agent (for both parties):
Refers to a situation in which the licensee has agreements to provide services as an agent to more than one party in a specific transaction and in which the interests of such parties are adverse.

Designated Agent for the Seller:
The individual licensee that has been assigned by his/her Managing Broker and is working as an agent for the seller or property owner in this consumer's prospective transaction, to the exclusion of all other licensees in his/her company. Even if someone else in the licensee's company represents a possible buyer for this seller's property, the Designated Agent for the Seller will continue to work as an advocate for the best interests of the seller or property owner. An agency relationship of this type cannot, by law, be established without written agency agreement.

Designated Agent for the Buyer:
The individual licensee that has been assigned by his/her Managing Broker and is working as an agent for the buyer in this consumer's prospective transaction, to the exclusion of all other licensees in his/her company. Even if someone else in the licensee's company represents a seller in whose property the buyer is interested, the Designated Agent for the Buyer will continue to work as an advocate for the best interests of the buyer. An agency relationship of this type cannot, by law, be established without written agency agreement.

Adverse Facts:
"Adverse Facts" means conditions or occurrences generally recognized by competent licensees that have negative impact on the value of the real estate, significantly reduce the structural integrity of improvements to real property or present a significant health risk to occupants of the property.

CONFIDENTIALITY:
By law, every licensee is obligated to protect some information as confidential. This includes any information revealed by a consumer which may be helpful to the other party IF it was revealed by the consumer BEFORE the licensee disclosed an agency relationship with that other party. AFTER the licensee discloses that he/she has an agency relationship with another party, any such information which the consumer THEN reveals must be passed on by the licensee to that other party.
CONFIRMATION OF AGENCY STATUS

Every real estate licensee is required to disclose his or her agency status in a real estate transaction to any buyer or seller who is not represented by an agent and with whom the licensee is working directly in the transaction. The purpose of this Confirmation of Agency Status is to acknowledge that this disclosure occurred. Copies of this confirmation must be provided to any signatory thereof. Notice is hereby given that the agency status of this licensee (or licensee’s company) is as follows in this transaction:

The real estate transaction involving the property located at:

---

PROPERTY ADDRESS

ONE of the Following Options MUST be Completed by the Licensee:

<table>
<thead>
<tr>
<th>OPTION I (for Listing Licensee)</th>
<th>OPTION II (for Selling Licensee)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LICENSEE NAME</strong> in this consumer’s current or prospective transaction, is serving as:</td>
<td><strong>LICENSEE NAME</strong> in this consumer’s current or prospective transaction, is serving as:</td>
</tr>
<tr>
<td>□ Transaction Broker or Facilitator (not an agent for either party).</td>
<td>□ Transaction Broker or Facilitator (not an agent for either party).</td>
</tr>
<tr>
<td>□ Agent for the Seller.</td>
<td>□ Agent or Subagent for the Seller.</td>
</tr>
<tr>
<td>□ Disclosed Dual Agent (for both parties), with the consent of both the Buyer and the Seller in this transaction.</td>
<td>□ Disclosed Dual Agent (for both parties), with the consent of both the Buyer and the Seller in this transaction.</td>
</tr>
<tr>
<td>□ Designated Agent for the Seller.</td>
<td>□ Designated Agent for the Seller.</td>
</tr>
</tbody>
</table>

This form was delivered in writing, as prescribed by law, to any unrepresented buyer prior to the preparation of any offer to purchase, OR to any unrepresented seller prior to presentation of an offer to purchase; OR (if the licensee is listing a property without an agency agreement) prior to execution of that listing agreement. This document also serves as confirmation that the licensee’s Agency or Transaction Broker status was communicated orally before any real estate services were provided and also serves as a statement acknowledging that the buyer or seller, as applicable, was informed that any complaints alleging a violation or violations of T.C.A. 62-13-312 must be filed within the applicable statute of limitations for such violation set out in T.C.A. 62-13-313(e) with the Tennessee Real Estate Commission, 500 James Robertson Parkway, Suite 180, Nashville, TN 37232. PH: (615) 741-2273. This notice by itself, however, does not constitute an agency agreement or establish an agency relationship.

Acknowledgment of confirmation of Agency relationship disclosure by Realtor® acting as Agent/Broker OR other status of Buyer/Tenant pursuant to the National Association of Realtors® Code of Ethics and Standards of Practice.

<table>
<thead>
<tr>
<th>Seller Signature</th>
<th>Date</th>
</tr>
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<th>Listing Licensee</th>
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<tr>
<td>Selling Company</td>
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</table>

NOTE: This form is provided by TAR to its members for their use in real estate transactions and is to be used as is. By downloading and/or using this form, you agree and covenant not to alter, amend, or edit said form or its content except as provided in the blank fields, and agree and acknowledge that any such alteration, amendment or edit of said form is done at your own risk. Use of the TAR logo in conjunction with any form other than standardized forms created by TAR is strictly prohibited. This form is subject to periodic revision and is the responsibility of the member to use the most recent available form.

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F1 - Confirmation of Agency Status - Page 3 of 3

Modified 1/1/2007

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15
Quite a bit of information regarding agency.

Remember… It is the responsibility of the Broker to establish agency policy for the agents in the office. Never assume to know the policy without asking specifically how to fill out the Agency Status Form and how the broker expects the form to be explained to prospective clients.

Seller agency can be established using the Tennessee Association of Realtors® form number F1;a-c. If an agent uses this form, it is necessary to learn the content of each page in order to intelligently explain it to a prospective client.

- Page F1-a establishes what the agent is committing to do for the potential client.
- Page F1-b explains the terms used in the document.
- Page F1-c confirms the agreement in writing.

The Confirmation of Agency Status form should be explained, the blanks filled in and the document signed prior to presenting and signing the Listing Agreement. When completing the Confirmation of Agency Status form, office policy dictates how the form should be completed.

In many offices there is confusion about the above information. It is the view of this writer that A SELLERS AGENT should sign the Agency Status Form as the DESIGNATED AGENT FOR THE SELLER and not change that status.

Per the above, a DESIGNATED AGENT FOR THE SELLER can indeed work through contract with a BUYER while retaining the Agent for the Seller Status as long as the fact is disclosed to all parties to the transaction in writing.

Suggestion…

If the status of DESIGNATED AGENT FOR THE SELLER is to be retained, it is a good idea to go over the form with the BUYER and the BUYER sign the same form as the SELLER so that the audit trail on who signed what and when will be clear.

BE CAREFUL...with the time for signing documents. If you do have an agency status and listing agreement signed by the seller, those documents will probably supersede any BUYER documents. You should never have both a Listing Agreement AND a Buyers Contract in place on the same transaction. If you do find that to the case, you should immediately assign the BUYER to a different agent in order to avoid DUAL AGENCY. You could consider trying to default to facilitator status with the BUYER. However you would leave the door open to misinterpretation based on the previously signed Buyers Contract even if the Buyer agrees to a default facilitator status.

TYPICAL EXAMPLE...

John is showing properties to Mary and Bob Jones. John shows fifteen properties and the Jones select three as possibilities. One of the three happens to be John’s listing. After revisiting the three possibilities, the Jones choose John’s listing.
What can be done?

1. John should explain to the Jones' that he is the Designated Agent for the Seller and has a listing contract in place with the Seller.

2. John should explain the OPTIONS to Mary and Bill and ask them to decide how to proceed.
   a. Option 1; the Buyer can proceed in writing an offer using John knowing that he is the Designated Agent for the Seller.
   b. Option 2; the Buyer can request a Buyers Agent be assigned to him
   c. Option 3; the Buyer could retain a Buyers Agent of his choice

In most instances, the Buyer has already invested enough time and energy in the process and will agree to work with an agent even though an agency relationship has been established with the Seller.

Remember that the Buyer is entitled to a Buyers agent of choice. As a Designated Agent for the Seller, one should make it clear up front that the Buyers decision will be respected.

Agency disclosure is really not as complicated as it seems.

- An agent can only REPRESENT one party (buyer or seller) to the contract
- Contracts are required by law that detail the role of the agent (Client bilateral signed agreement AND Agency Status)
- There is a difference in supplying information and negotiating on behalf of a client
Sales Agency Contract

Once Agency Status is established, an agent can begin the process of presenting the Listing Contract and marketing plan for a client. Prior to beginning the presentation is a great time to discuss the agency agreement because it provides an agent the opportunity to communicate the basis for establishing the relationship in at non-threatening phase of the presentation.

The client can understand and ask questions about the agent or company without feeling that he will immediately be forced into an agreement to list his property before establishing a comfort level with the process. This is the perfect time for an agent to gain the confidence of the client that he is really intent on working for the client’s best interest. So many times agents rush through the Agency part of the presentation without gaining agreement only to find that they have missed the opportunity and cannot recover.

My suggestion would be to present the first two pages of the Agency Status Form to a prospective client and then ask, “Do you have any questions as to how the agency relationship works and the benefits you will receive based on the agency commitment?”

This is a great question to open up a client regarding how he thinks or feels about the process. It also clearly adds the value of hiring you as an agent to help the client through the Real Estate sales & marketing process. It also allows the client to raise any concerns about the agent or the company before the marketing presentation begins. If an agent is able to gain agreement about the benefits of hiring him as the agent, all that is left is to prove how you intend to earn his business.

“Clients don’t care what you know until they know that you care.” Explaining agency provides the opportunity to prove up front that you indeed do care.

The listing contract sets out the terms of the bilateral agreement to market and sell a property. Presenting the Listing agreement also provides an opportunity to demonstrate professionalism (clearly understanding the document). An agent should be so familiar with the listing document that she can present upside down (facing the client) if necessary.

In many markets the listing contract consists of three parts.

1. Part One
   a. The purpose of Part one is to establish the details of the contract,

2. Part Two
   a. Part 2 consists of the computer entry for the specific details of the property

3. Part Three
   a. Part three is usually the backside of the Listing Contract that spells out the terms of the contract.

Following is a sample Sales Agency Contract.
Residential Sales Agency Contract

KNOXVILLE ASSOCIATION OF REALTORS

I hereby employ and grant ____________________________, hereinafter called 'Agent', the sole, exclusive and irrevocable right, for a period commencing ___________________________ and expiring on ___________________________ to sell the real property located at ___________________________, the

Price to be ___________________________ upon the following terms:

I agree to compensate Agent ___________________________ of the sales price. The carry-over period is ___________________________ days.

Agent is ___________________________ not ___________________________ authorized to place an MLS Lock Box on the property.

The information below is for Multiple Listing Service purposes and is accurate to the best of my knowledge. I acknowledge that I have read and understand this contract which includes the terms and conditions on the reverse side and have received a copy hereof.

Sales Associate ___________________________

Owner ___________________________

For Agency ___________________________

Owner ___________________________

Date ___________________________

Date ___________________________

KEYWORDS: Fill in the boxes for each Keyword. Enter information as prompted by the computer. (*) denotes required entries for adding a listing.

HSN ___________________________ STR ___________________________

Lot # ___________________________ BLK# ___________________________

Unit # ___________________________ LPI ___________________________

CITY ___________________________ ZIP ___________________________

LOL ___________________________ EXCL ___________________________

AR ___________________________ SB ___________________________

LO ___________________________ XQ ___________________________

SBM ___________________________ VYN ___________________________

FPL ___________________________ FPL ___________________________

FRC ___________________________ YN ___________________________

BNS ___________________________ YN ___________________________

FCL ___________________________ YN ___________________________

ACR ___________________________ ACR ___________________________

SUB ___________________________ SUS ___________________________

MILA ___________________________ MILA ___________________________

BRS ___________________________ WAT ___________________________

POS ___________________________ VYN ___________________________

FUE ___________________________ EXP ___________________________

GAR ___________________________ COL ___________________________

BCH ___________________________ ROOM ___________________________

BAS ___________________________ POS ___________________________

FRP ___________________________ PLE ___________________________

POM ___________________________ PAT ___________________________

SHE ___________________________ FMD ___________________________

BR ___________________________ DVM ___________________________

SHE ___________________________ TAX ___________________________

LGM ___________________________ IDH ___________________________

**REMARKS** (400 Max. Characters)

**DIRECTIONS** (400 Max. Characters)

**OWN**

Owner's Name ___________________________

**FEATURES**

For Adding a Listing underline the appropriate Feature section(s). Features with an (\*) must have at least one selection underlined.

*FEATURE TYPE*

- A. Kitchen
- B. Dining Room
- C. Living Room
- D. Den
- E. Bedroom
- F. Bath
- G. Office
- H. Library
- I. Sun Room
- J. Family Room
- K. Recreation Room
- L. Garage
- M. Maintenance Area
- N. Tub
- O. Pool
- P. Safe Room
- Q. Pool House
- R. Security System

*FEATURE DESCRIPTION*

- A. Location
- B. Size
- C. Condition
- D. Age
- E. Floor Plan
- F. Walls
- G. Ceiling
- H. Windows
- I. Doors
- J. Epoxy Floor
- K. Spray Foam
- L. Ceramic Tile
- M. Brick
- N. Vinyl
- O. Hardwood
- P. Carpet
- Q. Area Rugs
- R. Hardwood Floors
- S. Ceramic Tile
- T. Vinyl
- U. Hardwood
- V. Carpet
- W. Area Rugs
- X. Brick
- Y. Spray Foam
- Z. Epoxy Floor
- Other

*FEATURE LOCATION*

- A. 1st Floor
- B. 2nd Floor
- C. Basement
- D. Den
- E. Master Suite
- F. Kitchen
- G. Dining Room
- H. Living Room
- I. Family Room
- J. Recreation Room
- K. Garage
- L. Office
- M. Library
- N. Sun Room
- O. Pool
- P. Safe Room
- Q. Pool House
- R. Security System

*FEATURE DATE*

- A. 1st Year
- B. 2nd Year
- C. 3rd Year
- D. 4th Year
- E. 5th Year
- F. 6th Year
- G. 7th Year
- H. 8th Year
- I. 9th Year
- J. 10th Year
- K. 11th Year
- L. 12th Year
- M. 13th Year
- N. 14th Year
- O. 15th Year
- P. 16th Year
- Q. 17th Year
- R. 18th Year
- S. 19th Year
- T. 20th Year
- U. 21st Year
- V. 22nd Year
- W. 23rd Year
- X. 24th Year
- Y. 25th Year
- Z. 26th Year
- Other

**FEATURES**

- A. Heating System
- B. Air Conditioning
- C. Water Heater
- D. Garage Door Opener
- E. Security System
- F. Dishwasher
- G. Refrigerator
- H. Stove
- I. Oven
- J. Washer
- K. Dryer
- L. Washing Machine
- M. Dryer
- N. Dishwasher
- O. Refrigerator
- P. Stove
- Q. Oven
- R. Washer
- S. Dryer
- T. Water Heater
- U. Garage Door Opener
- V. Security System
- W. Dishwasher
- X. Refrigerator
- Y. Stove
- Z. Oven
- Other

**FEATURE LOCATION**

- A. Kitchen
- B. Dining Room
- C. Living Room
- D. Den
- E. Bedroom
- F. Bath
- G. Office
- H. Library
- I. Sun Room
- J. Family Room
- K. Recreation Room
- L. Garage
- M. Maintenance Area
- N. Tub
- O. Pool
- P. Safe Room
- Q. Pool House
- R. Security System

**FEATURE DATE**

- A. 1st Year
- B. 2nd Year
- C. 3rd Year
- D. 4th Year
- E. 5th Year
- F. 6th Year
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- H. 8th Year
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- Q. 17th Year
- R. 18th Year
- S. 19th Year
- T. 20th Year
- U. 21st Year
- V. 22nd Year
- W. 23rd Year
- X. 24th Year
- Y. 25th Year
- Z. 26th Year
- Other
Multiple Listing Service

TERMS AND CONDITIONS

1. RIGHT TO SELL
I hereby grant to the Real Estate Sales Agency (Agent) the sole, exclusive and irrevocable right to sell the property and on the terms referred to on the reverse side hereof, or at such lesser price or terms to which I may consent. Agent is hereby authorized to hold in escrow in a trust account any earnest money received in connection with any sales agreement, to be disbursed pursuant to said agreement.

2. COMPENSATION TO AGENT
I hereby agree to compensate Agent, if during the term hereof or any extension thereof, the property is sold by Agent or any other person, or, if a sales agreement is obtained for the property by Agent or any other person with a buyer who is willing and able to purchase the property upon the price and terms herein set forth or any other price and terms I may accept, or, if the property is withdrawn from sale, transferred, conveyed, leased without the consent of Agent or made unmarketable by my voluntary act. If suit is brought to collect the compensation or if Agent successfully defends any action brought against Agent by me relating to this authorization or under any sales agreement relating to the property, I agree to pay all costs incurred by Agent in connection with such action including a reasonable attorney's fee. The term "sale" shall be deemed to include any exchange or trade to which I consent and, in such event, Agent is permitted to represent and receive compensation from both parties with full disclosure.

3. AGENCY
Agent will promote and be an advocate for my interests in contacts with prospective buyers and/or their agents and in any transactions involving the property. I understand that Agent will also establish agency relationships with other sellers and that Agent, through its sales associates may also establish agency relationships with prospective buyers. In these instances, Agent would be the exclusive agent of one or more clients. Agent's sales associate has disclosed Agent's agency relationship with me and the possibility of alternative Agency relationships in the written disclosure form which I have signed and is required by Tennessee Law.

4. SALES ACTIVITIES
Agent shall enter this listing in the Multiple Listing Service of the Knoxville Association of REALTORS® as soon as is reasonably possible, may cooperate with other Agents and their sales associates and may divide the stated compensation with such other Agents in any manner acceptable to them, and shall use Agent's best efforts to procure a buyer for the property. Agent is authorized to make the Multiple Listing Information on the property available on the Internet. Agent is authorized to advertise the property and to place "for sale" signs on the property. I will assist Agent in any reasonable way in selling the property and will refer all inquiries regarding the property to Agent during the term hereof. Agent shall quote and advertise only the above specified price and terms unless otherwise authorized in writing by me. Agent shall, however, submit to me any and all written offers to purchase for my consideration. In the event of a closed sale, Agent is authorized to report the terms of the sale to the Multiple Listing Service and its Participants.

5. CARRY OVER PERIOD
If the property is sold or otherwise transferred within the specified period of carry-over days after the expiration of this agreement to any person or entity with whom Agent has negotiated, shown the property, or to whom Agent has introduced me, during the term hereof, then the aforesaid compensation shall be payable to Agent provided, however, that Agent notified me in writing of such negotiation, showing or introduction within ten (10) days after the termination hereof, and provided further, that said compensation shall not apply if the property is listed with another licensed real estate Agent during said carry-over period. Upon expiration of this contract, the Multiple Listing Service is authorized to notify its Participants of the expiration.

6. TITLE
I warrant that I am the owner of the property or have the authority to execute this contract and sell the property. Should the property be sold, I agree to convey and transfer my ownership in the property to the purchaser by a good and sufficient Deed.

7. PEST CONTROL INSPECTION
I shall have the premises inspected by a licensed exterminator, at my expense, for the purpose of determining the existence of wood destroying infestation, termite damage or wood rot. A copy of the exterminator's report shall be provided to the purchaser prior to closing.

8. INDEMNITY
I agree to save and hold Agent harmless from all claims, disputes, litigation and/or judgments arising from materially incorrect information supplied by me or from any material fact or defect or any environmental problems known by me regarding the property which I fail to disclose including, without limitation, the information regarding the property which I have provided and which is specified on the reverse side hereof and which information is incorporated herein by reference.

9. EQUAL HOUSING OPPORTUNITIES
The property is offered without regard to race, color, religion, sex, handicap, familial status or national origin.

10. ELECTRONIC KEY LOCK BOX AUTHORIZATION
I hereby request and authorize Agent, subject to the conditions indicated below, to place an electronic recording key lock box on the premises specified. I understand that the electronic key lock box will record each entry. I also understand that any member of the Multiple Listing Service may have electronic keys to the lock box. In addition, I understand that Agent will not be responsible or liable to me for the unauthorized use of the key lock box or the property key located therein, so long as Agent is in compliance with the terms of this agreement.

I understand that a potential cooperating licensed sales associate with another licensed real estate agency, will contact Agent and request permission to show the property without Agent’s presence. While I understand that Agent will try to limit such access, I realize that there is no way that Agent can be responsible for unauthorized access through the key lock box. In consideration thereof, I hereby release Agent, the Knoxville Multiple Listing Service and their respective employees and officers from all claims or action and liability for injury or damage sustained as a result of said electronic key lock box being placed on said premises.
Tennessee Residential Property Condition Disclosure

The Tennessee Residential Property Disclosure is also required by law in conjunction with a contract to sell property. This form should **NEVER** be completed by the agent on behalf of the client to avoid liability on the agent’s part.

The agent should be very careful to explain the scope of the form including liability associated with any false representation of fact on the form. While the client is completing the form, the agent should be able to evaluate the condition of the property as to any adverse conditions that should be disclosed or repaired prior to beginning the sales and marketing process.

Agents should always disclose any facts that would affect a property with permission of the seller. However, if a seller asks an agent not to disclose facts that would indicate fraud on the part of the seller or agent, the agent should either resolve the disclosure issue or decline the listing. To participate in hiding adverse facts regarding a property will result in severe penalties for an agent.

Completing the property disclosure form properly, limits the liability of both the agent and the seller and is a required by law document.

Following is a copy of the Tennessee Residential Property Disclosure.

Notice that the form on page 4 clearly advises the Buyer to retain professional assistance i.e. Licensed Home Inspector to clarify any issues associated with the property.

Read the Property Condition Disclosure and understand the scope of the document as well as the areas identified by the form so that you can clearly explain the benefits of the form.
TENNESSEE RESIDENTIAL PROPERTY CONDITION DISCLOSURE

PROPERTY ADDRESS ___________________________ CITY _____________

SELLER'S NAME(S) ___________________________ PROPERTY AGE _____________

DATE SELLER ACQUIRED THE PROPERTY ___________ DO YOU OCCUPY THE PROPERTY? ______

IF NOT OWNER-OCUPIED, HOW LONG HAS IT BEEN SINCE THE SELLER OCCUPIED THE PROPERTY? ______

(Check the one that applies) The property is a □ site-built home □ none of the above.

The Tennessee Residential Property Disclosure Act requires sellers of residential real property with one to four dwelling units to furnish to a buyer one of the following: (1) a residential property disclosure statement (the "Disclosure"), or (2) a residential property disclosure statement (permitted only where the buyer waives the required Disclosure). Some property transfers may be exempt from this requirement (see § 66-5-209). The following is a summary of the buyers' and sellers' rights and obligations under the Act. A complete copy of the Act may be found at: http://www.state.tn.us/commerce/boards/trec/rulesandlaws.html/66b_t_66.ch_3.htm

1. Sellers must disclose all known material defects, and must answer the questions on the Disclosure form in good faith to the best of the seller's knowledge as of the Disclosure date.

2. Sellers must give the buyers the Disclosure form before the acceptance of a purchase contract.

3. Sellers must inform the buyers, at or before closing, of any inaccuracies or material changes in the condition that have occurred since the time of the initial Disclosure, or certify that there are no changes.

4. Sellers may give the buyers a report or opinion prepared by a professional inspector or other expert(s), or certain information provided by a public agency, in lieu of responding to some or all of the questions on the form (See § 66-5-204).

5. Sellers are not required to have a home inspection or other investigation in order to complete the Disclosure form.

6. Sellers are not required to repair any items listed on the disclosure form, or on any inspection report, unless agreed to in the purchase contract.

7. Sellers involved in the sale of a dwelling must disclose the amount of any miscellaneous or adequate facility taxes paid.

8. Sellers are not required to disclose if any occupant was HIV-positive, or had any other disease not likely to be transmitted by occupying a home, or whether the home has been the site of a homicide, suicide, or felony, or act or occurrence which had no effect on the physical structure of the property.

9. Sellers may provide an "as is", "no representations or warranties" disclaimer statement in lieu of the Disclosure form only if the buyer waives the right to the required Disclosure, otherwise the sellers must provide the completed Disclosure form (see § 66-5-203).

10. Sellers may be exempt from having to complete the Disclosure form in certain limited circumstances (e.g., public auctions, court orders, some foreclosures and bankruptcies, new construction with written warranty, or owner has not resided on the property at any time within the prior 3 years. See § 66-5-209).

11. Buyers are advised to include home and wood inspection, well, water sources, septic system, lead-based paint, radon, mold, and other appropriate inspections in the contract, as the Disclosure form is not a warranty of any kind by the seller, and is not a substitute for any warranties or inspections the buyer may desire to purchase.

12. Any repair of disclosed defects must be negotiated and addressed in the Purchase and Sale Agreement; otherwise, Seller is not required to repair any such items.

13. Buyers may, but do not have to, waive their right to receive the Disclosure form from the sellers if the sellers provide a disclaimer statement with no representations or warranties (see § 66-5-202).

14. Remedies for misrepresentations or nondisclosure in a Property Condition Disclosure statement may be available to Buyer and are set out fully in TCA § 62-5-208. Buyer should consult with an attorney regarding any such matters.

15. Representations in the Disclosure form are those of the seller only, and not of any real estate licensee, although licensees are required to disclose to all parties adverse facts which the licensee has actual knowledge or notice.

Pursuant to § 47-18-104(d), sellers of residences on a septic system are prohibited from knowingly advertising or marketing a home as having more bedrooms that are permitted by the subsurface sewage disposal system permit.

The Buyers and Sellers involved in the current or prospective real estate transaction for the property listed above acknowledge that they were informed of their rights and obligations regarding Residential Property Disclosures, and that this information was provided by the real estate licensee(s) prior to the completion or reviewing of a TN Residential Property Condition Disclosure, or a TN Residential Property Condition Disclosure Statement, or a TN Residential Property Condition Exemption Notification. Buyers and Sellers also acknowledge that they were advised to seek the advice of an attorney on any legal questions they may have regarding this information, or prior to taking any legal actions.

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F10 Tennessee Residential Property Condition Disclosure - Page 1 of 5
The Tennessee Residential Property Disclosure Act states that anyone transferring title to residential real property must provide information about the condition of the property. This completed form constitutes that disclosure by the Seller. The information contained in the disclosure is the representation of the owner and not the representations of the real estate licensee or salesperson, if any. This is not a warranty, or a substitute for any professional inspections or warranties that the purchasers may wish to obtain. Buyers and Sellers should be aware that any sales agreement executed between the parties will supersede this form as to the terms of sale, property included in the sale and any obligations on the part of the seller to repair items identified below and/or the obligation of the buyer to accept such items “as is.”

INSTRUCTIONS TO THE SELLER

Complete this form yourself and answer each question to the best of your knowledge. If an answer is an estimate, clearly label it as such. The Seller hereby authorizes any agent(s) representing any party in this transaction to provide a copy of this statement to any person or entity in connection with any actual or anticipated sale of the subject property.

A. THE SUBJECT PROPERTY INCLUDES THE ITEMS CHECKED BELOW:

☐ Range  ☐ Wall / Window Air Conditioning  ☐ Garage Door Opener(s) and remotes  How Many? ___
☐ Oven  ☐ Window Screens  ☐ Intercom
☐ Microwave  ☐ Fireplace(s) (Number) ___  ☐ TV Antenna / Satellite Dish and all components
☐ Garbage Disposal  ☐ Gas Stove for Fireplace  ☐ Central Vacuum System and attachments
☐ Trash compactor  ☐ Gas Fireplace Logs  ☐ Spa / Whirlpool Tub
☐ Water Softener  ☐ Smoke Detector / Fire Alarm  ☐ Hot Tub
☐ 220 Volt Wiring  ☐ Patio / Decking / Gazebo  ☐ Sauna
☐ Washer / Dryer Hookups  ☐ Installed Outdoor Cooking Grill  ☐ Current Termite contract
☐ Dishwasher  ☐ Irrigation System  ☐ Access to Public Streets
☐ Heat Pump  ☐ Sump Pump  ☐ All Landscaping and all outdoor lighting

________ Age (Approx.)  ☐ Burglar Alarm / Security System  ☐ A key to all exterior doors
Components and controls  ☐ Rain Gutters  ☐ Pool  ☐ In-ground  ☐ Above-ground

☐ Central Heating  ☐ Electric  ☐ Gas  ☐ Other
☐ Central Air Conditioning  ☐ Electric  ☐ Gas  ☐ Other
☐ Water Heater  ☐ Electric  ☐ Gas  ☐ Solar  ☐ Other
☐ Other  ☐ Other

Garage:  ☐ Attached  ☐ Not Attached  ☐ Carport
Water Supply:  ☐ City  ☐ Well  ☐ Private  ☐ Utility  ☐ Other
Gas Supply:  ☐ Utility  ☐ Bottled  ☐ Other
Waste Disposal:  ☐ City Sewer  ☐ Septic Tank  ☐ Other
Roof(s): Type  ☐ Other  ☐ Age (approx): ___

Other Items:  

To the best of your knowledge, are any of the above NOT in operating condition?  YES☐  NO☐
If YES, then describe (attach additional sheets if necessary):

Leased Items: Leased items that remain with the Property are (e.g. security systems, water softener systems, etc.):

If leases are not assumable, it will be Seller’s responsibility to pay balance.

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F16 Tennessee Residential Property Condition Disclosure - Page 2 of 5
B. ARE YOU (SELLER) AWARE OF ANY DEFECTS / MALFUNCTIONS IN ANY OF THE FOLLOWING?

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<td>Heat Pump</td>
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<td>Electrical System</td>
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<td>Central Air Conditioning</td>
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<td>Exterior Walls</td>
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<td>Double Paneled or Insulated</td>
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<td>Window and or Doors</td>
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</tbody>
</table>

If any of the above is / are marked YES, Please explain:

Please describe any repairs made by you or any previous owners of which you are aware (use separate sheet if necessary).

C. ARE YOU (SELLER) AWARE OF ANY OF THE FOLLOWING?

1. Substances, materials or products which may be environmental hazards such as, but not limited to: asbestos, radon gas, lead-based paint, fuel or chemical storage tanks, Methamphetamine, contaminated soil or water, and/or known existing or past mold presence on the subject property? □ □ □

2. Features shared in common with adjoining land owners, such as walls, but not limited to, fences, and/or driveways, with joint rights and obligations for use and maintenance? □ □ □

3. Any authorized changes in roads, drainage or utilities affecting the property, or contiguous to the property? □ □ □

4. Any changes since the most recent survey of the property was done? □ □ □

5. Most recent survey of the property. □ (check here if unknown)

6. Any encroachments, easements, or similar items that may affect your ownership interest in the property? □ □ □

7. Room additions, structural modifications or other alterations or repairs made without necessary permits? □ □ □

8. Room additions, structural modifications or other alterations or repairs not in compliance with building codes? □ □ □

9. Any settling from any cause, or slippage, sliding or other soil problems? □ □ □

10. Flooding, drainage or grading problems? □ □ □

11. Any requirement that flood insurance be maintained on the property? □ □ □

12. Is any of the property in a flood plain? □ □ □

13. Any past or present interior water intrusion(s), standing water within foundation and/or basement. □ □ □

If yes, please explain. If necessary, please attach an additional sheet and any available documents pertaining to these repairs/exceptions.

14. Property or structural damage from fire, earthquake, floods, landslides, tremors, wind, storm or wood destroying organisms? □ □ □

If yes, please explain (use separate sheet if necessary).

15. If yes, has said damage been repaired? □ □ □

16. Any zoning violations, nonconforming uses and/or violations of “setback” requirements? □ □ □

17. Neighborhood noise problems or other nuisances? □ □ □

18. Subdivision and/or deed restrictions or obligations? □ □ □
18. A Homeowners Association (HOA) which has any authority over the subject property? [ ] YES [ ] NO [ ] UNKNOWN
   Name of HOA: ________________________ HOA Address: ________________________
   Monthly Dues: ________________________ Special Assessments: ________________________

19. Any "common area" (facilities such as, but not limited to, pools, tennis courts, walkways) or other areas co-owned in undivided interest with others? [ ] YES [ ] NO [ ] UNKNOWN

20. Any notices of abatement or citations against the property? [ ] YES [ ] NO [ ] UNKNOWN

21. Any lawsuit(s) or proposed lawsuit(s) by or against the seller which affects or will affect the property? [ ] YES [ ] NO [ ] UNKNOWN
   If yes, please explain, and include a written statement regarding payment information.

23. Any exterior wall covering of the structure(s) covered with exterior insulation and finish systems (EIFS), also known as "synthetic stucco"? [ ] YES [ ] NO [ ] UNKNOWN
   If yes, has there been a recent inspection to determine whether the structure has excessive moisture accumulation and/or moisture related damage? (The Tennessee Real Estate Commission urges any buyer or seller who encounters this product to have a qualified professional inspect the structure in question for the preceding concern and provide a written report of the professional's finding.) If yes, please explain. If necessary, please attach an additional sheet.

24. Is heating and air conditioning supplied to all finished rooms? [ ] YES [ ] NO [ ] UNKNOWN
   If the same type of system is not used for all finished rooms, please explain.

25. If septic tank or other private disposal system is marked under item (A), does it have adequate capacity and approved design to comply with present state and local requirements for the actual land area and number of bedrooms and facilities existing at the residence? [ ] YES [ ] NO [ ] UNKNOWN

26. Is the property affected by governmental regulations or restrictions requiring approval for changes, use, or alterations to the property? [ ] YES [ ] NO [ ] UNKNOWN

27. Is this property in an historical district or has it been declared historical by any governmental authority such that permission must be obtained before certain types of improvements or aesthetic changes to the property are made? [ ] YES [ ] NO [ ] UNKNOWN

D. CERTIFICATION: I/we certify that the information herein, concerning the real property located at, is true and correct to the best of my/our knowledge as of the date signed. Should any of these conditions change prior to conveyance of title to this property, these changes will be disclosed in an addendum to this document.

Transferor (Seller) ________________________ Date _________ Time _________
Transferor (Seller) ________________________ Date _________ Time _________

Transferee / Buyer's Acknowledgment: I/we understand that this disclosure statement is not intended as a substitute for any inspection, and that I/we have a responsibility to pay diligent attention to and inquire about those material defects which are evident by careful observation. I/we acknowledge receipt of a copy of this disclosure.

Transferee (Buyer) ________________________ Time _________
Transferee (Buyer) ________________________ Time _________

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F16 Tennessee Residential Property Condition Disclosure - Page 4 of 5
SELLERS FINAL PROPERTY DISCLOSURE

Pursuant to the disclosure requirements of the "Tennessee Residential Property Disclosure Act" Tennessee Code Annotated, 66-5-201, et seq., the undersigned Seller hereby supplements the Residential Property Condition Disclosure information previously furnished by Seller to Buyer, as follows (Seller[s] initial appropriate line and write out the changes if any are reported):

☐ NO CHANGES
To the best of the knowledge, information and belief of the undersigned, the condition of the Property sold is substantially the same as it was when the Residential Property Condition Disclosure form was provided to the Buyer.

☐ CHANGES TO REPORT
The changes shown below, which may be material to the physical condition of the Property, have occurred or been observed since the Residential Property Condition Disclosure form was provided to the Buyer. This statement is given in good faith to the best of Seller’s knowledge, information and belief, and is not intended to create warranties or guarantees which are not already made in the specific provisions of the contract or imposed by applicable law.

CHANGES REPORTED

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

IN WITNESS WHEREOF, the information hereon is certified by Seller and acknowledged as received by Buyer upon the dates indicated.

Transferor (Seller) ___________________________ Date ________ Time ________

Transferor (Seller) ___________________________ Date ________ Time ________

Transferee (Buyer) ___________________________ Date ________ Time ________

Transferee (Buyer) ___________________________ Date ________ Time ________

NOTE: This form is provided by TAR to its members for their use in real estate transactions and is to be used as is. This form contains language that is in addition to the language mandated by the state of Tennessee pursuant to the disclosure requirements of the "Tennessee Residential Property Disclosure Act" Tennessee Code Annotated, 66-5-201, et seq. By downloading and/or using this form, you agree and covenant not to alter, amend, or edit said form in any manner except as provided in the blank fields, and agree and acknowledge that any such alteration, amendment or edit of said form is done at your own risk. Use of the TAR logo in conjunction with any form other than unaltered forms created by TAR is strictly prohibited. This form is subject to periodic revision and it is the responsibility of the member to use the most recent available form.

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Modificated 1/1/2007
Personal Interest and Consent

The TAR form F-17 Personal Interest and Consent Form must be included with the Sales Agency Contract and other forms when applicable. The purpose of the form is to satisfy law when there is a relationship of the agent to the seller that makes it impossible to be impersonal in the transaction.

The form sets out the circumstances necessitating use of the form when a relationship exists. Agents should view this as what it is; a disclosure of the relationship. The only time that this disclosure might cause concern to the Buyer is as in the example:

EXAMPLE…

Joe is listing his mother-in-laws property for sale. Therefore, Joe must use the Personal Interest and Consent form to disclose the relationship to prospective Buyers. In the process of showing Susan, a prospective Buyer Client, Susan decides to make an offer on Joe’s mother-in-laws property.

Question

What should Joe disclose to Susan?

Answer

Joe should disclose in writing via the Personal Interest and Consent form his relationship to the Seller (his mother-in-law) as well as the Agency Status as Designated Agent for the Seller. Joe should also clearly explain the forms.

Question

Could Joe still write the offer/contract for Susan?

Answer

As long as Susan understands exactly what she is agreeing to and signs both the Agency Status and Personal Interest and Consent forms.

Caution!!

Joe should probably strongly consider introducing a Buyers Agent to assist Susan in the Buying process. Although not required, the chance of misunderstanding that Joe does have a vested interest in his mother-in-law does exist. Better safe that sorry in this scenario.
Example…

What about an agent listing his/her own property?

Answer…

It is appropriate to list one’s own property with appropriate disclosures. However, for an agent to represent himself as Seller and assist a Buyer of the property certainly opens the door to misunderstanding. Because the agent is trained and licensed in Real Estate, he would definitely have an advantage and interest that could be to the disadvantage of the potential Buyer.

It would be advisable in this situation to consider assigning a Buyers Agent and also disclosing on the Purchase Agreement the status of the Seller/ Agent (Seller: Joe Smith is a Licensed Real Estate Agent in the State of Tennessee).

A good rule of thumb for an agent is that “When there is any question or concern about disclosure, disclose the fact. If the fact causes a Buyer or Seller to re-consider his position, that is his right. Disclosure also provides the opportunity for clarification. It is always easier to clarify up front than later.

“Questions and concerns seldom go away. They simply reoccur at a less convenient time. Unanswered questions and concerns distract from the big picture and decrease trust, especially if the agent appears to be uncomfortable with the questions or concerns.
PERSONAL INTEREST DISCLOSURE & CONSENT

On occasion, a real estate licensee may become involved in a real estate transaction BOTH as a licensed real estate professional AND as a party — directly or indirectly — to the transaction. The Tennessee Real Estate Broker Licensing Act requires that a licensee’s personal interest in any transaction be disclosed. Further, said Act requires the written consent of all parties to a transaction with regard to certain personal interests.

As used below:
- "Buyer" shall mean Buyer or Tenant.
- "Seller" shall mean Seller or Landlord.

DISCLOSURE AND CONSENT AS TO LICENSEE’S PERSONAL INTEREST:
[Pursuant to Section 62-13-403 (7)(A) of the Tennessee Real Estate Broker Licensing Act.

1. Nature of Intent. [Licensee to disclose nature of personal interest by checking appropriate box(es) below.]

The licensee’s personal interest with regard to the sale of the property located at ______________________ is as follows:

☐ the licensee is the seller/owner of this property;
☐ an immediate family member of the licensee is the seller of the property;
☐ any other individual, organization or business entity in which the licensee has a personal interest is the seller of the property.
☐ the licensee is a prospective buyer of the property;
☐ an immediate family member of the licensee is the prospective buyer of the property;
☐ any other individual, organization or business entity in which the licensee has a personal interest is a prospective buyer of the property.

2. Consent of Continued Involvement. [If Buyer and/or Seller consent to the licensee’s continued involvement in the subject transaction, said consent shall be noted by checking the appropriate box below.]

☐ Buyer  ☐ Seller

To Be Signed Prior to Execution of a Real Estate Contract:

The party(ies) below have signed and acknowledge receipt of a copy.

LICENSEE

__________________________________________

DATE ____________________________

at ______ o'clock ______ am/____ pm

FIRM / COMPANY

ADDRESS:

PHONE ___________ FAX ___________

The party(ies) below have signed and acknowledge receipt of a copy.

BUYER

__________________________________________

DATE ____________________________

at ______ o'clock ______ am/____ pm

BUYER

__________________________________________

DATE ____________________________

at ______ o'clock ______ am/____ pm

The party(ies) below have signed and acknowledge receipt of a copy.

SELLER

__________________________________________

DATE ____________________________

at ______ o'clock ______ am/____ pm

SELLER

__________________________________________

DATE ____________________________

at ______ o'clock ______ am/____ pm

NOTE: This form is provided by TAR to its members for their use in real estate transactions and is to be used as is. By downloading and/or using this form, you agree and covenant not to alter, amend, or edit said form or its content except as where provided in the blank fields, and agree and acknowledge that any such alteration, amendment or edit of said form is done at your own risk. Use of the TAR logo in conjunction with any form other than standardized forms created by TAR is strictly prohibited. This form is subject to periodic revision and it is the responsibility of the member to use the most recent available form.

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FI7 Personal Interest Disclosure and Consent

Modified 1/1/2007

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Section I Quiz

1. Agency Policy is set by
   a. The agent
   b. Varies depending on the circumstances
   c. The Firm
   d. The prospective client

2. Who sets Agency policy is really no big deal
   a. True
   b. False

3. Agency requires a written agreement
   a. True
   b. False

4. Tennessee law requires
   a. No disclosure
   b. Sometime in the Real Estate process
   c. At east Verbal disclosure before any Real Estate Service is provided
   d. This is an ethics issue

5. an agent can represent both the Seller and buyer in the same transaction
   a. True
   b. False

6. Designated Agency
   a. Is only for special circumstances
   b. There is no distinction between agency and designated agent status
   c. Most brokers do not know the difference
   d. Reduces the necessity for an agent to “change hats”

7. If a seller agent discloses to a buyer his seller agency or designated agency status AND signs a written Buyers Contract with the Buyer, the agent can represent both parties
   a. True
   b. False

8. When addressing the Property Condition disclosure
   a. Present the fact that the form limits liability if completed truthfully
   b. Not assist except to clarify the questions
   c. Coach the seller to avoid disclosure of any adverse conditions
9. Personal Interest and Consent
   a. Disclosing personal interest is an option
   b. If there is any question, disclose
   c. Personal interest really does not create a problem, an agent can represent a relative as well as any other potential client

10. An agent can represent himself as a Seller with proper disclosure.
   a. True
   b. False
PRESENTING AGENCY

Having studied the information regarding agency and contract, it is apparent that a skilled agent adds value to the process for a SELLER.

How does the Agent explain the process in a way that helps the SELLER understand the added value without boring them to death?

Most importantly an agent must envision himself as a resource of professional knowledge that does add value to the process. The way to convey the knowledge and skill is to demonstrate what the agent has to offer during the presentation.

Sellers would prefer to be in charge during a marketing presentation so they tend to ask questions and add comments about the process as they perceive it to be. Most would prefer to evaluate agents on an “apples to apples” comparison.

Sellers generally want the answers to three questions in order to make their decision

- How much can we sell the property for?
- What is your advertising program?
- How much commission do you charge?

If the Seller can convince himself that all factors are equal, then he will choose the agent who promises the highest sale price for the lowest commission. This game plan is reinforced by the fact that Seller has little desire or time to evaluate agents thoroughly. They rely on gut instinct or possibly a referral from a friend in many instances.

An agent needs to learn to ask good questions and listen carefully to the answers the client provides. Guessing what a prospective client wants to hear simply wastes time and presents a poor image.

Example…

George is conducting a walk through with a prospective seller. On entering the kitchen the Seller says, “George, look at the gold refrigerator.”
George thinks to himself, “I do not really like gold appliances”.

What should George’s response be?

George could respond by saying, “I really dislike gold appliances, they need to be changed out”.
He could ask, “I am curious, what do you think of the refrigerator?” or “Is there significance to the refrigerator?”

What would be the response to a question about the refrigerator from agent George? The answer is who knows but the Seller. However, by asking a question, George will know how to address the refrigerator later in the presentation.

**The Art of asking Good Questions and Developing Listening Skills**

**Asking good questions**

- Ask open-end questions to gather information
- Ask close-end questions to gain commitment
- Never ask a question without a reason
- Be sure you understand the answer to the question before moving on
- If the question uncovers a potential problem, ask how the prospective client sees resolving it
- Write down the answers
- Ask if the other party has any questions

An agent can eliminate most of the unknowns of a presentation by asking good questions and listening to the answers that the prospective client provides. The agent should prepare in advance a list of important questions that will relate to the presentation material. Questions should be based on gaining knowledge of both the logical and emotional dimensions that will effect the potential clients’ decision.

**Examples of logical questions**

- How many bedrooms?
- What updates have been made to the property?
- What are the important features of the property to you?
- Is there anything unique about this property?
- Have you heard of my firm?
- Do you know anyone who has used my firm or me?
- If you were showing your home, what would you point out to a prospective Buyer?

All of these questions are logical, easy to answer, and easy for an agent to evaluate. The information will be important in presenting as well as designing brochures and other presentation material. The information is very valuable but answering these types of questions does not require any type of emotional response or investment on the part of the prospective client. They are non-threatening by nature and any interview should start in this matter.

The benefits to an agent from asking these questions are;

- Specific details and facts regarding the property
- The prospective intuitively begins to understand that the agent is truly interested in the uniqueness of the property
- The prospective client will begin to cautiously invest trust in the agent and the process.
- These questions are like “baby steps” moving toward asking questions that require an emotional response

Examples of emotional questions

- What do you like about your home?
- What are the most important benefits of this neighborhood?
- Is this a friendly neighborhood?
- Why is this property special to you?
- What would make a prospective Buyer feel good about purchasing this property?
- What would you like to tell a prospective Buyer about why you hate to move from this neighborhood / home?
- What is your impression of my firm?

These questions are more emotional in nature. The purpose of asking these types of questions is:
- Most agents do not take the time. Asking these type of questions causes the prospective client to feel intrinsic value in choosing the agent who asks (this agent cares about what I “feel”).
- Asking emotional questions requires an emotional investment in the specific agent. The emotional commitment is stronger and much more likely to influence the decision in the end
- The responses will provide the copy for adds and brochures that personalize the property for a prospective Buyer

*All final decisions are made on emotion. People fact find until their logical side is satisfied and then decide based on what “feels” right.*

Even the most logical client will ultimately make an emotional decision. Think about the last significant decision you made. Did you not do enough fact finding to know what you wanted and then pick the choice you liked best? This is why the internet has become so instrumental in Home purchases. Buyers fact find until they feel they understand the market enough to then hire an agent. They use the information they find to “test” agents to see if the agent is at least as familiar with the market as they are.

People are very different in how much logical information the need to release themselves to make an emotional decision. This is true in how a prospective seller (or buyer) will select the agent to partner in selling the property. People generally choose to do business with people that think like they do.

In asking questions, an agent should be assessing the decision making process that is comfortable to the prospective client. That is why it is important to balance the questions selected to generate both logical and emotional responses.

Watch body language and listen carefully to the responses of a prospective client. They will send messages as to where they are comfortable. Once proficient with asking questions, an agent will be able distinguish when it is time to move on from logical to emotional questions. An agent will also become proficient in “blending” logical and emotional questions during the initial fact finding time. Blending will allow the agent to evaluate which of the types of question are of most interest to the prospective client.

*A word of caution…*

In every presentation, there is usually at least three patterns of decision making, the couple selling the property AND the decision making process of the agent. Be sure that each party to the sell is included and valued in the process.
Example

Susan is asking Bill and Joyce questions about their property. Susan is a more logical type as is Bill. Joyce is more emotional. As Susan asks questions, Bill seems to dominate the responses and Joyce is very quiet.

Question

What should Susan do?

Answer;

Susan should direct a few questions specifically to Joyce. Something like, “Joyce, how do you feel about the process so far?” or “Joyce what would you like to add regarding the property?” Try to cause both parties to respond about equally. This will cause both parties to feel valued equally. This part of the process also emphasizes how important it is to meet with all parties to the transaction at the same time.

You never secure the same opportunity to present twice. Do not present to only one party. Be assured that at least one other agent in a competitive situation will present to all parties. If there is a “vote” on who to choose, the agent that both agree on will prevail. Remember… in most decisions, all parties will vote, that is why it is so important to ask questions directed at each party to the transaction.

Every agent is unique in his /her own decision making process. It is more difficult to even format good questions that are not within the agents area of strength. Highly logical agent types would rather “get to the point” and ask more analytical questions. They view emotional questions and answers as off track and distracting. Emotional agent types like the emotional questions because they lead to a more casual conversation.

Remember.. This process about meeting the needs of the prospective client. Regardless of the agent’s personal preferences, it is most important to develop good skills that balance out for the prospective clients benefit. This takes work and good understanding of self but will be well worth the effort in the big picture.

Learning to listen

- Keep your focus exclusively on the other party

- Allow only one person to talk at a time

- Try not to allow yourself to think about solutions while the other party is talking

- Paraphrase what you think you have heard

- Ask if what you paraphrase is correct
- Ask questions if you do not think or feel you have understood or need additional information.

- Take notes if it is necessary for you to remember what is said

- Be sure the background and noise is not distracting for the prospective seller while asking questions, if possible

- Count to three after the prospective seller has finished

- Maintain eye contact when listening unless taking notes

- Never interrupt

Listening is actually more important that asking good questions. No matter how professional the questioning process is, if the agent does not carefully listen and evaluate what the prospective client is communicating, there is no value to the process. Again it is important for the agent to work on developing appreciation for people who make decisions differently from the agent’s personal style. If an agent does not develop a personal appreciation for other decision making styles, asking the questions and valuing the responses will appear to be phony to the prospective client. If that occurs, the trust level will be destroyed and the agent will probably lose the opportunity. The listening process is actually an opportunity to evaluate what the prospective client is actually trying to communicate. A Real Estate agent has more knowledge than the prospective client. Sometimes agents speak in “tongues” or internal language that is not familiar to the prospective client. Use words that are familiar and try to understand in terms that are familiar to the prospective client. When listening it is important to evaluate answers and occasionally ask for clarification if not absolutely sure what is being communicated. Clarification questions age good in that it demonstrated that the agent is actually paying attention to the prospective client. Clarification questions also speak to the prospective client that the agent values what is being said and that the agent is truly interested.

Other listening skills are for the purpose of establishing courtesy which also is perceived as valuing the prospective client and his / her input. Never interrupt while a prospective client is talking. This point is worth pointing out in that if an agent is a high level communicator, it is difficult to wait to speak. Most of the time this is because the agent is enthusiastic and genuinely desires to add to the conversation. What happens is that the agent “walks over the end of the prospective client’s sentence”. People hate for someone to do that. They perceive that the other person is not listening and thinks that what they have to say is more important even if that is not a true picture. While developing listening skills, use the “count to three” rule to avoid this costly error. Count to three before beginning a response. Do this until it becomes natural. If you find yourself backsliding implement the count to three rule again. When two or more parties to the transaction are meeting, assume the role of a traffic cop. Be sure that each person respects the other(s) including yourself as agent.

- No one person should dominate the conversation
- Respect all answers
- One person at a time
- Ask for feedback from all parties if answers seem unclear so that expectations and commitments are clear to everyone

Example

Have you ever found yourself listening to someone and the person stops and says, “Excuse me but you have not heard a word I have said”. In addition, you know that it is true. Developing the skill to listen intensely to what someone else is saying is difficult. There are some points that will cause the process of learning to listen.

*When it is your turn to respond*

- Be calm
- Be aware of your tone of voice
- Be aware of your language
- Think and formulate your responses before you speak
- Be direct and complete with your response
- Clearly delineate one subject of response from another
- Ask if you have provided an acceptable answer
- See yourself as a partner in all solutions and act like one
- Use words like “we”
- Be sure that if you find yourself in conflict over issues that you maintain focus
- Be a solution provider in all circumstances. A prospective seller will invest trust in a solution provider.

Focus on the prospective client, listen and respond in a manner that demonstrates respect and interest. As an agent gains confidence in the process of asking, listening and responding, success in listing properties will increase.
Presentation and Time Lines

What does an excellent Real Estate Agent do for clients? A recent poll by the National Association of Realtors shows that the number one need of clients is for the agent to “manage” the Real Estate process. Clients do not want to become Great Real Estate Agents, they want to hire one.

This training program will examine how both buyers’ and seller’s agents can define and manage the process for BUYERS, SELLERS or BUILDERS efficiently and effectively as well as understand the unique needs of each client type. It will also address how understanding people and how market conditions impact the sale or buying process.

The only assumption we will make is that most clients are ignorant of the Real Estate process. Clients experience with Real Estate agents has varied from excellent to poor and most do not understand how to establish any sort of criterion for measuring and choosing an agent. Therefore, many choose an agent randomly and the agent level of service is unpredictable from excellent to poor as might be expected.

So how do the excellent agents demonstrate their abilities to a prospective client? Most excellent agents know that most of what they do is actually transparent to the client. They want the client to experience an uneventful transaction from offer to closing so they manage the details with permission on behalf of their clients. Knowledge is powerful but the ability to manage knowledge for a client is invaluable.

With as many Real Estate agents as are in any market, buyers and sellers are actually deciding more as to whom they would like to share their wealth with through commissions that who will represent them best. Agents should provide the best possible service to the clients to earn the wealth that will be shared. Never make the mistake of taking a client for granted. Agents tend to do this with friends or referrals if not careful.

Make the same quality presentation to all clients and follow through with what you say you will do. Quality work not only gains the respect of current clients but also gains future business through referrals.
SELLERS AGENT VALUE ADDED

How does a SELLING AGENT add value to the process?

Defines the selling process including:

Pre Presentation

- Marketing Plan
  - Research the property

Before attempting to present to a client an agent should know all facts regarding the
property and as much about the seller(s) as possible. The first step is to research the
history of the property by using MLS and tax records to understand what properties are
selling for in the neighborhood and surrounding areas. It is also important to understand
the trend of the property and the neighborhood. Is the property increasing, decreasing or
stable in pricing? Also, is the property competitive with other like properties and how
does it compare to new construction in the area. Does the neighborhood add or subtract
value from the property?

Exercise

Use your current property or a familiar property as an example.

Address of the property _______________________________

List or print from your MLS properties for sale in the neighborhood

List or print off from your MLS properties recently sold in the neighborhood

List the same information for 2 like neighborhoods close by

List the same for 2 new construction projects that will compete with the property

Compare all the data to determine a target listing price for the property.

Most agents do not include the like neighborhoods or the new construction in their
research nor do they try to determine if the neighborhood is increasing decreasing or
static in price. When you know all the information, you can better determine the list price
and have data to justify your target number to the client.
After completing this exercise, what new did you learn about the property you researched?

How could you use what you have learned to your advantage?

The objective of this exercise is to cause an agent to become more knowledgeable about a property than other competing agents.

- Plan a preliminary marketing strategy

You cannot plan an effective marketing strategy without good data. In the last exercise we learned how to extract the data necessary to present a factual and effective presentation to a client.

What other media should you have in hand to present to a client?

Clients make their decision to list with an agent based on the agent, the agent’s company and the presentation. Excellent agents know how to outperform in all three areas.

Before beginning to consider the presentation of material, picture yourself in front of a prospective client. Try to look at the picture as if you are the client. What do you see? Be as honest with yourself as possible and ask, “How would I rate my dress? Is it appropriate and professional? What signals does my dress send to the client(s)? Would anything about my dress offend a husband or wife? Does my dress suggest trustworthiness? If not what does it suggest?

Now ask, “What do I need to change in order to make the right impression on a client and how would making the change increase my chances of listing the property.

- Develop an event timeline

Exercise

What are the events that occur between offer and closing on behalf of a Seller?

Which of these events are common to all or most transactions?
Establishing a Time Line for Critical Events

A time line is a calendar of events that must occur between initial offer and completion of any transaction. The time line should be written down with all significant events recorded on it. Focusing on a time causes both the agent and client to explore and define not only the issues that must be addressed and the plan to address them.

The objective of establishing a time line and discussing it with a client is to:

- Show the client what will be involved in the process of selling their home
- Help the client clearly understand how much you really do to earn his business
- Raise the bar for other agents competing for the listing. Make them commit to what they intend to do for the client.
- Demonstrate that you are familiar with this process and that you committed to this level of service.

Time Line Example

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1. Offer
2. Negotiation
3. Time line for critical events i.e. inspections, completion dates
4. Final Inspections
5. Closing date
```

In order to insure that each critical event occurs at the appropriate time, agents must train all parties to the contract regarding their role or duty in the process.
The purpose of training all parties to the transaction is to prove that as an agent, you are the expert and are capable managing thus gaining trust and respect. The benefit is a managed transaction from initial contact to closing.

Exercise
Build a time line for a Seller

What can you learn from Exercise 1 and 2?

How can you apply what you have learned?

What results will you achieve from applying what you have learned?

Premise:
According to studies, 75% of Real Estate Clients hope to hire someone to manage the process. They do not have the time or desire to become a knowledgeable about Real Estate.

- Presentation
  ○ Tour the property with prospective client

The most important step of the presentation is to tour the property with the client. Ask the client to point the positive and negative attributes of each room of the property. Be sure to ask why each attribute is important.
The purpose of asking about each attribute is to cause the client to:
- clearly understand that you care
- begin to develop a more realistic picture of the property
- invest time and both emotional and logical energy in the process

After investing time in your presentation, the client will expect other agents to invest also. Those who skip this part of the presentation will probably be eliminated from the competition.
The objective of the tour is two fold.
- The agent and client establish a mutual understanding about the property
- The agent builds trust and value because he / she demonstrates both concern and knowledge to the client.
Action is much stronger than words. Walking through the property while proactively asking and listening creates a much stronger impression than sitting at a table with unsubstantiated list pricing documentation based only on price per square foot from the MLS.

The marketing plan should be a combination of
- the facts you have discovered about the property and location from MLS and tax records
- the information gathered from the home tour
- presentation of your qualifications
- presentation of the companies qualification
- advertising, web sites and any other methods you will use to promote the property

At this point you will have presented all of the information necessary for the client to make a decision to list with you. As you present each of the parts of the marketing plan, ask before moving to the next part if the clients agree with your conclusions. If they do not agree or are hesitant, spend time addressing concerns before moving on.

EXAMPLE

You have finished your company presentation and the client asks, “I have heard that your company does not represent properties in this area of town.”

What do you say to overcome this objection?

Possible answers:

“I understand your concern and am glad you asked,

- Please understand that I would not be here if I did not think that both I and my company could and would represent your property well
- We do not represent many properties like yours which means that it will be given special attention.
- You have decided to allow me to present to you, based on your concern, how did you come to that decision

Listen closely to the answer because the clients will more likely answer the question. Be sure that in asking your question you do not sound confrontational or uneasy about asking. Legitimate questions deserve legitimate answers that remove concerns.

Newer agents tend to dread the inevitable question that a seller will ask, “How long have you been selling Real Estate?”

Agents should always have an answer since this is a legitimate question that the seller should ask. It is important that the information an agent provides is accurate and length of time in the business could be a real concern for the seller.
What are some possible answers you might provide that will cause the seller to be comfortable?

If indeed the agent is relatively new, the only answer that will provide comfort is to develop a company story. An agent should have a reason that they chose the company they work for. They should have a story that they can tell to the seller.

Possible reasons:

- The reputation of the company
- The companies commitment to training
- The companies commitment to excellence
- Market penetration
- Market niche
- Commitment to listings
- Advertising
- Community visibility

An agent should pick the reasons that are not important to her but also represent added value to the seller listing with the agent / company.

Whatever reasons the agent chooses, she should be so passionate about the reason she has chosen to work for her company that any prospective seller should make the same company decision that she has made.

As the agent matures in the business, it is still important to include the company story in each presentation. Clients see strength in a company that truly endorses team work as a benefit to their clients. If the agent begins to rely on self and cut out the company she will weaken her presentation.

Questions to ask a seller to introduce the company

- Have you heard of Smith Real Estate (sellers will probably respond with a “yes” so they can move on)?
- What have you heard about us?
- Would you feel good about listing with Smith?
- What do you think Smith can do for you that other companies can not do?
- Why have you chosen to allow me the opportunity to list your home?

These types of questions reveal truths about how your company is competing in the market. If the answers are positive, it will become increasingly difficult for the seller not to list with Smith. If the answers are negative, the negatives will have to be overcome or the sell will probably not list with you.
Discuss the listing price and commission

Clients will usually try to rush to the listing price and commission as early in the process as possible. A client logically thinks that he/she should interview several agents in order to confirm that they are all alike. If the client does not determine that there is added value by one agent over the others, he will choose the lowest commission and highest list price. There are always companies in any business sector that even claim all companies and services are the same and that the commission paid is the only variable. If that were even remotely true, anyone would choose that method of selecting an agent and company. Be prepared to justify both the list price established for the property and the commission rate based on the facts you have prepared. If an agent is not able to demonstrate that he/she is correct on the list price and worth the commission, he/she will probably not compete effectively in the listing arena.

Sign and explain documents

The majority of clients do not want to read or study the listing documents. Clients really want to focus on
- Listing price
- Commission
- Length of the contract

Clients want to bring the transaction to its simplest terms; the net proceeds and how long it is going to take to sell the property. If an agent has not built added value as well as understanding of the process, the client will compare agents only on the net and length of contact. Without a good presentation of the facts gathered to substantiate the list price and commission the agent has not truly earned the right to represent the seller in the transaction. Securing the listing is a matter of the seller’s perception that one agent will actually provide better service. Developing the perception is a matter of demonstrating is some measurable form exactly what is involved in representing the seller from list to closing.

Post Presentation

The post presentation should begin after the documents are signed. An agent should at this point develop a time line based on the critical events of the process. And explain the responsibilities of all parties in order to move on to closing. Agents should offer to assist in the process but should never make critical decisions. Agents should always think in terms of presenting options as opposed to giving advice that influences a decision. The reason for presenting options is to clearly define any liability associated with a decision.

Example

The seller says, “I want to list my home for $200,000.00, what do you think.” You think the property is listed, too high, too low or just right.

Think of some possible answers an agent might offer.
The best answer is to explain the impact that the listing price will have.
Answer: “Mr. Client, I have showed you the facts regarding your home; however, it is your decision as to the list price. The supply of homes and demand for them in the market will actually determine the sale price. What will happen is one of the three options.

1. The listing generates an immediate acceptable offer on the home
   This is the desired result and we move forward

2. The listing generates showings but no offers
   The listing is generating showings. The agent needs to find out why there have been no offers and address the issue.

3. The listing generates no showings or offers
   The listing is probably not priced correctly to draw attention.

Any of these issues can be defined and addressed in order to sell your property.

- Pre Inspections
Many agents now discuss the merits of “pre inspections” prior to receiving an offer. The purpose of a pre inspection is to define any issues that might surface after an offer and jeopardize a sale. Pre inspections also provide a seller with the ability to determine the cost that might be associated with any needed repairs and have a better idea of what he / she will net from a sale. Pre inspections also offer peace of mind to a potential buyer in knowing what might need repair or that all necessary repairs have been addressed. Pre inspections can include anything that would seem to impact the salability of the property.

- Repairs
Once any pre inspections issues or repairs are identified and the client agrees to the repairs, the repairs should be made prior to listing if at all possible. The best opportunity to sell occurs as soon as the property is listed. The objective of making repairs is to cause the property to present better than other properties with similar qualities in the same price bracket with an added measure of peace of mind. If there are no identifiable issues of concern but the life cycle of appliances or heat & air are toward the end, adding a home warranty also addresses buyer peace of mind.

- Interview showing agents
Clients want feed back on their properties. Once showings begin, clients often complain about agent’s lack of response. Agents should remember that clients become very anxious about cleaning and preparing for a showing. They expect a call back to understand what occurred and whit they might do to generate an offer. It is easy to call back with positive feedback but difficult to call back when the feed back is not so good.
**REMEMBER…**

Ask the showing agent for specific information

- what was your impression of the property
- what could be done to generate an offer
- is there anything the seller needs to address
- what about the list price

When asking pricing information, remember that if a buyer is not interested in the property, they are not likely to evaluate the property as closely regarding price. Price is only factored in if the property is to be considered.

Feed back is two fold. An agent not only needs to know what the client thinks but also what the showing agent thinks about the property. The agent has probably shown the competition for the property to their buyer client. How did your listing compare to the competition?

What is the competition?

- Is the competition
- New construction
- Within the subdivision
- Outside the subdivision
- Ask where the listing is on the buyer's short list? Is it in first place or where?
- Ask what could be done to move it into first place.

A great response from feedback is “My client would have bought the property if…” Can “if” be changed?

Write down the feedback in the words of the showing agent. Be aware of the use of adjectives in the feedback. Adjectives inject emotion and detract from the logical issues of the property although they are legitimate issues. Try to understand what the facts are, what issues can be fixed and what can be done to change how the property competes. Some issues cannot be fixed and will probably impact the actual sale price of the property. Identify consistencies and inconsistencies in the feedback to determine any real problems.

- Feed back to client

Clients say they want feedback but really would prefer an offer or positive encouragement. Agents know that to be true and often try to soften negative feedback. Presenting negative feedback should not be made painful but should be factual and encourage positive action from the seller if possible.

Feed back is, “We did not like the colors in the home of the walls or carpet.” How do you present this information the seller?
The objective is to keep this issue from becoming emotional. Do not allow the seller to feel that objection to the colors in the home is an assault on him / her. Paint and carpet can be changed. Hurt feelings are another issue. First, determine if changing the colors would result in an offer from the buyer agent. If changes would result in an offer, ask how the buyer would want to address the issue. Would the buyer rather ask the seller to make the change or settle on a cash amount to address the issue after closing? If addressing the colors is not going to generate an offer, it is now important to present the issue as positive as possible.

You might say, “Seller, there is a concern about the colors of the walls and carpet in the home. If we continue to receive feedback indicating that this is the issue keeping us from an offer, we will need to consider our alternatives.” Seller is likely to ask, “What are the alternatives?” At this point, an agent can offer options.

“Seller, the options if the colors are indeed what is keeping us form an offer are;

- Change out the carpet and paint the walls. If you choose this option, many carpet suppliers will allow you 90 days to pay. If the property closes during that time, you can pay for the carpet out of closing proceeds. This choice should eliminate the problem.

- Offer an allowance to a prospective buyer to make the changes. A buyer then has the option of controlling the choice of carpet and you know how much you are willing to spend up front. This choice does cause a prospective buyer to think that the colors are a potential problem because the seller has pointed it out by making the offer.

- Understand that someone will also like the colors in the house. You can choose to be patient and wait for the right buyer.

- You can also reduce the price of the house to try to overcome the issue. This may only result in a lower offer on the property. The question is will reducing the price to overcome the colors be effective in a lower price bracket?

Negotiating the Offer

Explain to the Seller the options he / she will face when an offer is received. If your company uses the TAR F9 Purchase and Sale Agreement go to the last page and explain the options regarding the Agreement.

“When an offer is received, Mr. and Mrs. Client, you will have three options.

- Option 1; You can accept the Offer as is and move on toward closing.

- Option 2; If the terms of the Offer are unacceptable, you could reject the offer with no response.
- Option 3; If the Offer is not acceptable, you can make a Counter Offer in an attempt to negotiate terms that are acceptable to you and the Potential Buyer.

Always present the offer in its entirety before beginning to discuss the individual terms so that the Seller has a big picture of the offer. Terms can be as important as price in some instances.

Possible issues affecting an offer

- Divorce; needs to sell quickly or does not want to sell unless the price is right
- Moving; does not want to commute or make two payments
- Time on market; on market 90 days no offers
- Has found another property
- Has another property under contingent upon sell contract

What are some other issues that might affect a seller’s motivation?

Do not get caught in the details

Example:

Do not get confused on a laundry list of property to the point hast it jeopardizes the potential sale of the property. Ask the seller,

- Is there anything on this list that you would not sell?
- How much would everything on the list be worth to you?

This approach reduces the decision to “things for cash” instead of giving away personal items.

Once a value of the things is established, tell the seller, Consider this approach; make a counter offer with these options to the buyer.

- Buyer can have the items on the addendum for a sale price of $.....
- Or the Buyer can purchase the home for $... without the items.

If the price of the items has been determined to be $2,000.00 the sale price of the property should reflect the amount in the choice.

The other option is that once a price has been established for the items on the addendum and the seller recognizes the worth, the seller may decide to view the items as simply a discount of the selling price that works for him and accept the offer.

The objective is to help your seller see the offer as net dollars for his home in a manner that allows him to make a logical decision without feeling that he / she has to give away personal items to sell the property.
Section I I Quiz

1. Sellers are most concerned with
   a. How much can we sell for?
   b. Advertising
   c. Commission to be paid
   d. All of the above

2. Asking logical questions
   a. Bores the prospective seller to death
   b. Gains factual information
   c. Is an ego trip for the agent
   d. Wastes time

3. A time line
   a. Will always result in securing the listing
   b. Should be written down
   c. Is a waste of time

4. The MLS sold listings will always determine the exact price per square foot for listing a property.
   a. True
   b. False

5. An agent should
   a. Present Options
   b. Assist or make critical decisions on behalf of the client

6. The advantages of a pre-inspection are
   a. Uncovers potential issues
   b. Allows the seller to fix or disclose the issues
   c. Offers peace of mind to a potential buyer
   d. All of the above

7. When interviewing a showing agent ask
   a. What was your impression
   b. What could be done to generate an offer
   c. Is there anything the seller needs to address
   d. What about the list price
   e. All of the above
8. Competition for a property is only within the neighborhood of the property.
   a. True
   b. False

9. When presenting feedback to a seller it is important that the seller not feel offended.
   a. True
   b. False

10. An agent should present all terms of a contract before discussing the details; terms may be as important as price.
    a. True
    b. False
Conclusion

Agents through learning and learning how to present that Agency is about marketing a property on the Seller’s behalf will become more confident and more successful.

Thinking of presentation as a process of:

- Gathering facts by asking questions
- Listen to exactly what the prospective client is communicating
- Responding in a manner that demonstrates respect and adds value
- Developing a mutually acceptable plan for marketing
- Gaining agreement on a time line
- Explaining what happens next and how the contract part of the process will progress
- Committing to doing what you say you will do
- Follow up and demonstrate that you are indeed following the committed plan

Remember that as agents will be asked by prospective clients or clients throughout the process to provide advice about issues.

- What is the appropriate asking price for the property?
- What repairs should we make?
- Can you hire someone to
  - Make repairs
  - Pre-inspect
  - Appraise
  - Survey
- What should we do about an offer?

The questions go on and on because once a client hires an agent he / she expects the agent to manage the process including making critical decisions.
Clients do not desire to become expert in Real Estate, they expect to hire someone who is.

If you only remember one think from this program, it should be to present options based on the best facts available allowing the client choose the decision that best meets his / her needs.