



Sick of defending your commission? Here's what you need to make your case

Create a list that includes all your clients' questions plus all the steps you take to close your transaction — it will make earning that full commission much easier

BY BERNICE ROSS

JUL 30

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At [Inman Connect San Francisco](#), a recurrent theme was that new business models and tech innovation will continue to drive down [commissions](#). The truth of the matter is that if you can show your clients your value, most are willing to pay a full commission.

Are you tired of clients hammering on you about your commission? If so, here's an entirely new twist on how to [defend your commission](#).

To be a successful [real estate agent](#), you need strong project management skills. You must also be an effective leader who can take charge and handle the challenges in the transaction.

The project management approach to real estate

Whether it's in high tech, banking, investments or virtually any other business, project managers, (professionals who are responsible for the implementation and coordination of the project), command much higher salaries than real estate agents.

The same site puts the median income of a [real estate agent at \\$40,906](#), but The 2017 NAR Member Profile puts that number at [\\$42,500](#). In other words, a mid-level project manager can make more than double what a Realtor makes.



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Defend your commission with a transaction checklist

You may have never thought about it, but your transaction checklist is actually your project management guide for navigating through your transactions.

In fact, when I left California a number of years ago, our listing transaction checklist had over 90 items we had to complete before we could collect our commission. Today, that number is well over 100.

Allowing your clients to see all the steps required to close the transaction is one of the best ways to help them understand how you earn your commission.

What to include on your transaction checklist: a project management overview

To use this approach, first you must create the checklist. Here's what to do:

1. Federal, state and local disclosures and requirements

Sellers are required to provide buyers with all federally mandated disclosures such as [lead-based paint](#), [flood zones](#), FIRPTA, etc.

State requirements include the proper delivery and execution of agency documentation plus other state and local requirements as well.

For example, in California there is a mandatory "environmental hazards" disclosure, a separate state version of "FIRPTA, a "Special Studies Zone" disclosure for active earthquake faults, as well as a "Mello Roos" disclosure.

In brush or other high-risk areas where standard homeowner insurance policies are not available, the agents must coordinate the buyer's application to transfer the current owner's California "Fair Plan" insurance policy or help their client obtain a new policy. The same is true for areas that require flood insurance.

toilets and shower heads.

2. Financing contingencies

What do you do when a seller asks: *Why should I pay you a full commission when all you have to do is to put a sign in the front yard?*

Explain by saying:

Your agent really earns his or her commission at the [negotiation table](#) and handling transaction problems. If any of the items on this list occur, they can cause your transaction to cancel:

- *The buyer is unable to obtain a fixed-rate loan as per the contract.*
- *The appraisal comes in at less than the sales price.*
- *The buyer gets cold feet and tries to back out.*
- *The buyer doesn't qualify.*
- *The interest rates tick up and a poorly trained listing agent failed to counter back on the original offer that the buyers would accept a loan for up to a half percent higher than the amount written in the financing contingency.*

These are just a few of the challenges agents solve on a daily basis, none of which, by the way, can be solved by technology or a poorly trained agent.

3. Inspection contingencies

[Inspections](#) are one of the places where agents really earn their commission. This is especially true when there are [multiple offers](#) and the winning buyers try to recoup part of their higher bid by [disapproving as many items as possible on the inspection report](#).

For example, I once had both sides of a \$900,000 transaction on a townhome where the units had shared attic space. The termite report came back with \$12,000 worth of termite damage.

The seller refused to pay for it, but even if he had wanted to, he couldn't have done anything about the problem because it was in the common area.

After three other inspectors and numerous discussions with the HOA, we finally discovered there were absolutely no problem with termites at all — there were simply some dead beetles. The existing wood damage had occurred a year earlier prior to the last treatment.

The point here is that a savvy agent can save both parties time and money as well as protecting them from unscrupulous inspection services.

4. Coordination of real estate affiliated services

If your company provides a moving services bureau or concierge services that assist buyers with change of address, movers, repair people and the like, this adds another layer to your “project management” list.

5. Resolving disputes between the parties

In addition to coordinating all the aspects of the transactions, when disputes arise, the agent is usually the first line of defense for their principal. Agents know how to work around appraisal problems, title issues, differences in opinion as to whom is responsible for repairs, etc.

Once you have completed your checklist

The second step is to share this checklist with all of your clients when you first start working with them and track your progress by checking off the items as you move through the transaction.

Consequently, the next time someone thinks your commission is too high, remember, it's your leadership and project management skills that make it possible for them to achieve their goal of selling or buying a piece of property.

Create a list that includes the questions above plus all the steps you take to close your transaction — it will make earning that full commission much easier.

Bernice Ross, President and CEO of BrokerageUP (brokerageup.com) and RealEstateCoach.com, is a national speaker, author and trainer with over 1,000 published articles. Learn about her broker/manager training programs designed for women, by women, at BrokerageUp.com and her new agent sales training at RealEstateCoach.com/newagent.

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**Joel Jadofsky**

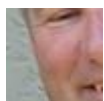
See this is one of the problems. Our Industry itself just like Inman keeps telling the public we need to defend our commission. I provide a service that I explain to every buyer and seller, but when your own industry keeps telling them hey.. You pay too much.. You never here Trail Lawyers accociation telling their clients they pay Lawyers to much... Maybe if Brad and others would focus on what there job is and not what my job is we wouldnt have this issue. The only people that are saying we get paid to much are the ones that want a piece of our pie, not the consumer.

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**Joseph Baylis**

It is a great idea during any listing presentation to explain your value proposition to the seller. In most cases 95% of all realtors do the same thing. If you do the same thing you are like everyone else! I thought this was a very good article. Although rather than listing the 90 things all Realtors do... I would list the 5 or 10 I do that seperate me from all other Realtors.

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**Jim Whatley**

I am a broker and my business model has always been to charge the same set percentage to everyone and to reduce the commission if I also bring the buyer. I do more then any full service agent/broker than I have met. I don't complain about other realtors who charge

transaction. I am a fully engaged, full-service Realtor. When another Realtor disparages my business, they are not only disregarding the ethics code, they are also possibly violating the Sherman Trust act.

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Bernice Ross

Joel--for me playing offense is the best defense. I normally would go into a listing presentation with a list of 18 services that differentiate what I offer from my competitors. That was my Unique value proposition and to Joseph's point, I would discuss usually no more than three of them. One of them always had to be a type of an innovation that most agents aren't using. The other piece was a three page Guarantee of Services that allows my manager to assign another agent to the transaction if I didn't live up to it. That really worked well and as a risk management tool, it was great. Jim, grea... [See More](#)

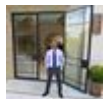
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Kenneth Jenny

Like it or not, what this industry does for consumers, and how its value is measured, is no different than any other product in any other industry. If the value is there, the fees will be gladly paid. If not, and there are viable alternatives, things will assuredly change over time. Not convinced that the real estate services I received when I bought my home for \$240K and paid \$6,000 to a builder in commissions have increased in value to the extent that I would now need to pay \$50,000 to sell the same property. Beware of calling out models that charge less as "discounters." Why? Because that somehow suggests that somehow, someone at sometime set the base cost for such services as the negotiated rates we are charging now. Did they? Are we sure? But then again, what do I know. Today I am just a discerning consumer.

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Roger Drakes

cover so much in regards to my listing 'campaign' during my appointments, I dare the client to question commission 😊 - My job is to teach them how to get more by working with me.

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Kenneth Jenny

Opinion. I think the core issue over service fees is this one. When properties escalate in value, our service fees do as well. That means in a market where prices are appreciating we charge more than when we do providing the same services in a depressed market. That really bothers the consumer who sees the industry as taking more of their equity for delivering the same services.

Somewhere there is a "value to services equivalent" that might be better offered as negotiable range of fees depending upon the value of the property. Establish that value of the core services and then adjust that value to a percentage of the sales price of the listed property. And you could even add in consideration for the time factor. The more time invested to sell, the greater the services fee. Just a suggestion to help alleviate the consumer resentment about pricing that exists today.

The only thing that is for sure. The old fee model is broken and something definitely needs to change.

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