Topic Thursdays 17 - Buyer Premium for Affordability

[00:00:00] The Purpose of the Buyer Premium: Benevolence

as we go through this, you guys, there's not a one way every way that we're gonna talk about today, I have done with the buyer's premium myself.

but I have also learned from other agents that have utilized it too. And I don't utilize the buyer's premium to abuse buyers, To abuse agents to do anything.. The whole idea behind the Buyer's premium, it's a tool in your tool belt that nobody has access to. I talk to all my agents again, what's in it for them, I am telling them things that they can do if they win, things that they can do to help their buyers get a better interest rate, help their buyers maybe with, costs to help.

All these things that we've talked about, I talked to about before, any offers ever made. Now, the only time that I am pushing my buyer's premium up to 10%, and we're gonna talk about that, is when I listed investor house. When, uh, Adam started listing homes, we came up with this, you know, protection mechanism and the beauty of it, alls we had to do is get one offer on the home and we were gonna be in a, in a contract situation. So we're gonna talk about that as well.

But a buyer's premium will never make sense to an agent until you start explaining that we are not doing this for the seller. In fact, the seller's doing you a favor 'cause he's building you in concessions.

Does that make sense? Mm-hmm. He is lowering the price down. Has anybody put a price on, on the, the site that they thought was overvalued? Of course not. You put things on the site, 10 to 20% lower than the market value, right? And when I'm talking to an agent, the very first thing I'll ask, do you agree that the buyer's premium, that home is 20% under market value or 10% whatever I've deemed to be the reduction.

Okay? And it's either yes I do, or no, I don't. And if it's no I don't, then we gotta find out why they don't agree with that.

Isn't it also true, Robert, that. By working with a buyer's premium for the buyer, their advantage is that it's included as the total cost of their purchase within the mortgage. Is that an advantage, or is that I am not, not speaking about that.

Right.

He no, huge advantage. We're gonna get into that in just a second here. Okay. But I, I, I just wanna make sure as we set the, the, the precursor up for this thing is you need to be able to have a conversation with your real estate agent.

This is why we have the buyer's premium. We're the only ones that are allowed to do it. The buyer's premium is getting added into the purchase price of the house, and it's nothing more, nothing less. Then you start throwing out ideas. What's the biggest obstacle to selling a home nowadays?

Buyers can't afford the payment, right?

Mm-hmm.

Yep.

Up. Geez.

[00:03:43] Mortgage Rates and Buyer's Premium Impact: Practical Applications and Examples

Well, I mean, if we can, we're gonna, I'm gonna show you some mortgage rates today that, that I have done that are gonna shock the hell outta you.

And when you, when you can tell or show people how you, you get your MLO to put together a sheet for you with, with like I do and send it out to these guys. I mean, what a beautiful thing to, to, um, when we want to send out, you know, let me share my screen and let's get into it

The ways that we're gonna talk about it is these are the things that I have done, these are the things you can do. Number eight, when we get down to it, Donnie Bennett can sell that, probably even five and five and whatever on there.

But you should not be doing it to abuse anybody. You should be doing it to get into contract with more people and build relationships with agents and build up.. Because when the NAR comes down to it, that, and I, Hey, I am gonna keep saying this till the cows come home there's gonna be a point where they say, sellers stop paying buyer's agent's commissions.

And then what are you gonna do?

Because in theory right now, by the NAR rules. You can't, it cannot be a concession from a seller that they'll pay the commission. By their rules. They can set it up out of the the gate, but by their rules, they're not even supposed to be able to do that. But we are running under the Wild West rules and it's gonna change.

So the first thing that we're gonna go through is right up here on top. So Jeff, this will kind of fit into

Yep, yep.

Everybody see those numbers?

All right. So I called a friend up in Seattle and he gave me these today. This is based on a 7% interest rate. interest rates have come down to six and a half now, according to him. And hopefully they're gonna be dropping, but I'm not, I don't feel like dealing with six and a half, six and three eighths and this and that on that.

Simply call your MLO and find out what they'll do. If you want to use mine, you're more than welcome to as well down there. So, $400,000 home, 7% interest rate payments, 2662. And now this isn't including down payment and all that crap. This is just at home valued at $400,000. That's it. We're not taking 30,000, putting it down or anything else.

The price is 2662.

1%, goes down to 2494.

With a 2% buyer's premium, 2148.

3% buyer's premium, 1851.

4% buyer's premium, 1589.

We slid down over a thousand dollars with the $16,000 buyer premium. And if you remember, these are all 360, uh, month loans down there. So basically, for $16,000, he's saving $360,000 in payments.

So that being said, when we can utilize that,

[00:07:07] Agent Value Adds and Scripts Brainstorm

tell me some of the advantages just inside, when you hear that number, what do you guys think? Like, how does that, what does that mean to you? What does that mean to the buyers? What does that mean to the buyer's agents? What does that mean? Where do you see that being advantage for the, the, the buyers and buyer agents?

How, and I'm gonna go right down the, the track, uh, Bob Mangino. How would you utilize that in a conversation with an agent that's resisting buyer's premium?

I would just mention to 'em, to the fact that this is a tool that's going to be, you know, getting their, uh, buyer over the threshold. So they can't afford the property.

Can't afford the property. How about they need to buy, they, they can't find a home in that price range. How about Joy?

What, what, what do you see as an advantage?

Uh, there's lots of advantages, but I mean, one obviously doesn't, yeah. It allows them to increase kind of the purchase price of their, or what their monthly mortgage payment is gonna be. That's one. One of the biggest things I think, especially first time home buyers are struggling with right now is that monthly mortgage payment, being able to, homeowners insurance has gone up, property taxes have gone up, so that all is included in that monthly mortgage payment.

And then this allows us an option to help that if they love the property. This allows us that entryway to get them in it.

Very good. John Frolick.

[00:08:40] How to Buy Down the Rate with a Buyer Premium: Elevator Pitch

Yeah. I knew you were gonna call on me. I'm totally lost. Only on everybody. I have no idea's. When you looked at that spreadsheet, how did the payment go down because of the buyer premium?

They're using it to buy points down. So the interest rate went down. Who using to buy

points down

the lender.

Okay. I'm, maybe I missed, missed a previous discussion or something,

John. A, a buyer's premium can be used to buy a rate down, closing cost. So if you have a, a 4% buyer's premium on a $500,000 home, how much is that? Right.

20,000.

Okay. Now, if you call your banker and say, Hey, I wanna put $20,000 against.. I wanna buy down the interest rate, how much is that gonna buy down the interest rate?

They would let me know how much it would buy it down. Well, and that, that's what those numbers are.

Okay. Okay. So, so that buyer's premium goes towards buying down the interest rate rather than paying my commission or part of it?

Well, you're, you're getting ahead of that. No, that's not the case. You're getting ahead the conversation,

it would be in an addition.

So you can, we can increase the buyer's premium to include a rate buydown as well as paying commissions and the EZ Platform, okay.

Yeah, we're gonna get into that in a minute.

[00:10:02] Overcoming Resistance and Objections

I But you, you can't figure out how you would use that in a conversation, John, with somebody not understanding the buyer's premium.

Oh, I think

I understand the spreadsheet. I would, I would share that spreadsheet with 'em and say, look, we're gonna make your payment affordable by using the buyer premium to buy down your interest rate. Instead of paying seven and a quarter, seven and a half, you're paying four, and here's how much that's gonna save over the course of the mortgage.

in a guaranteed stock are, are you willing to invest, you know, 20,000 and for a $300,000 return? There you go. Well,

[00:10:35] Benefit to Buyers Agent Worried About Their Commission

imagine, imagine John, you have a buyer's agent that thinks they need to be flexible with their commission because the payment would be outside the monthly affordability for their buyer client.

And so you have this buyer agent that's like, oh, well I like my client. I wanna make this work. I don't really wanna cut my pay, but that's the only thing I can be flexible with. This flexibility works for the buyer agent too. Um, and now you're in a position where just having this flexibility, flexibility is so huge.

You're giving control to the buyer and the buyer's agent over their real estate journey. And it's taking the psychology away from, oh, we can't do that deal to how should we do this deal? And then looking at the different options rather than it just being a yes or no. So very, very powerful in terms of how this can be used just as a psychological better first impression.

Sure. And the reason why I'm starting with the, the, the buy down the, because that obviously is the biggest reason that people aren't buying homes right now. Right. Does anybody disagree with that? All right. So that's why I'm starting with that outta the gate. Erika Grubbs, how would you use that for a resistant buyer's agent?

Pretty much what everybody else is saying. Uh, you know, we can get you into the house by using this percentage, this percentage. It'll make it more affordable for you. I would let them decide what's gonna be, what would be the most comfortable for you, you decide. What option would you like?

Okay. Very good.

Ace,

uh, essentially it increases their buying power. Maybe perhaps after it is that they see what their monthly payment is at that particular price point. Of a sudden now they're like, wait, talking about can we look at how houses in this higher price point now? Right? And then all of a sudden, like that allows you to, um, show them higher priced homes.

Okay, very good. It's great answer. Ace and Michael Nikolai.

Can I add to that real quick, just one small detail, sorry to jump. Sure. But that's huge because the buyer's agent, what he's saying is it's like, Hey, buyer's agent, do you wanna make 3% on a 500,000 house or do you wanna make 3% on a 600,000 house?

Hello? That's like, good for you. Just buy the math. And this can do that. It can help that buyer step up in a price point. I don't know if it's a hundred grand, but you get the point. It's in alignment with what an agent would want. A commissioned agent wants to sell a thing for more, not less. So. Yeah, it, it's a win-win.

Go ahead Robert.

Very

good. Michael Nikolai? Yeah. Hi. Um, good morning.

So. Mr. Buyer's agent, what would 4% do for your client? Would they be able to apply it to the, you know, buying down a rate, paying some of the closing costs?

You know, maybe they want to go ahead and, and, you know, get that wall painted or something like that. What could you do with an extra 4% in this transaction and ask the question and get an answer?

Yep. And again, we come at it from the perspective is we do a buyer's premium simply to help your buyers negotiate a better deal for themselves.

[00:14:00] Advanced Uses and Benefits

And they can do that by adding it into the value of the home. Michael Graham, what do you got?

Well, I was distracted for a minute. What was the question?

You know, what would being able to buy down a rate using a buyer that adding to the buyer's premium to do that with all your agents you were struggling to have a conversation with, might that change their, did you see the spreadsheet?

No,

I didn't. Oh, hang on. I'll show it to you real quick again.

[00:14:33] Finding the Pain Points and Goals so You Can Offer Solutions

Do you see these first two columns up here? I do. So $400,000, 7% interest rate payment is that.. If they put 4% buyers premium, which is 16 grand towards that, and buy down the mortgage rate, their payment would be 1589. So they're saving a thousand dollars for a $16,000 investment.

Yeah. $360,000. How would that, when you, when you were talking to your agents and you were struggling on the buyer's premium, might that be something that would help them?

Yeah. Any angle you can use is gonna be helpful. Right. Okay. Excuse to call people back. An excuse to kinda leverage buyers against each other.

Um, yeah. Um, that, that, that it ups the

buying power. Maybe they felt like they couldn't afford the home.

Right.

Maybe they, all these things when, when agents say that they're resistant to a buyer's premium, 'cause I don't have any agents telling me that, ever. This is the rhetoric that I do. This is what I explain to 'em, all of 'em, every single one of 'em.

And why do I do it? 'cause I want 'em to come use a platform. And you don't get resistance to it. The only time you get resistance to a buyer's premium, if it, they don't see the value inside the home. If it's not a 10% drop in price. And they don't agree it's a 10% drop in price, then you gotta, you gotta work that out with them.

Okay.

I'll say the other half that Robert is really good at is he will speak to anybody. So, uh, we're offering solutions here. And you can always put the idea in the air, right? And a good buyer's agent will already start thinking creatively about how they can use this type of thing. But not all buyer's agents are that thoughtful or good salespeople themselves.

And then especially if you're speaking directly with the buyer, if they're unrepresented, you gotta do some listening. You can't just throw solutions at them without knowing if it'll match a pain point. So the other part of this exercise, Robert is always aware of a pain point. And I think Joy is really great at this too, asking for feedback.

Well, why, why isn't your buyer making a move? Well. You know, they need to relocate or they're trying to make sure they can keep their kid in private school, but they can't afford the payment. So as soon as you, you get these inklings of these pain points, you can match this solution with this option with the buyer premium to the important outcome for the buyer.

And, and again, that all comes back down to just having the conversation, picking up the phone. Uh, you see a document come through, you get a notification from us. Somebody submitted their proof of funds. Yeah, Michelle's gonna walk that walk and take care of setting the offer capacity and getting everything she needs from the buyer or buyer agent.

But

[00:17:23] Making Your Listing Work for Buyers When No Other Listing Can

you should always still be picking up the phone and communicating with that agent or that buyer when possible because this is when that conversation can really, really warm up the buyer and get them to start thinking about how this, your listing might work for them when no other listing can, which means ultimately what they're more likely now to go ahead and put in an offer.

And just to add to that, like, I'm just kind of thinking about it from this perspective, but the buyer premium is allowing you to cake in or bake in all of the fees that need to get paid, which are buy down fees, uh, commissions, all these different things. And yet the buyer still is going to get some sort of a discount on the price, right?

Because if we do, if we discount the price all the way 20% and then bake back in seven or 10% in buyer premium, they're still getting a 10% discount off of fair market value, right? And so that's kind of the pitch that I would do to these prospective buyers, even though there's gonna be multiple ones and they're probably gonna bid that up past fair market value.

That's not what my pitch is. My pitch is like, listen, you're gonna get everything you want on this house and you're still gonna get it way under fair market value. Like make an offer. Make an offer now,

[00:18:38] How These Buyer Benefits Help Your Seller

all of these things, the reason why we do that is because we want to draw more offers to the site. When we get more offers on the site, that's when the magic happens for your seller. And quite honestly, for the buyers, all of a sudden they love having a buyer's premium and they love the transparency because now they don't have to look at it, you know, 30 days from now and say, "well, that closed at 436? I would've paid 500 for it."

And even in this market, that'll happen. That's, it's important to do that. So. Very good. Michael. Thank you. Um, Raymo, how would you use it?

Good morning, sir.

Good morning.

[00:19:20] Example Script For Speaking With Buyer's Agent

Uh, as always, an incentive to the buyer, to find out the buyer's agent's resistance and his client's, fears. And in opening the discussion, you know, what is it that brings you guys to this opportunity and, what is it that we can actually do to put your people in here because of the incentives that this program offers you?

Um, you as a buyer agent, um, I need you to think outside the box. I need you to think about where the benefits are gonna help your client to do many things once they make the decision to make this move. How are they gonna cover their moving expenses? You know, how are they gonna get relocated and decorated?

How are they gonna get set up? You know, this program will help you and your client to achieve both your goals for this project as a agent and their goals for a buyer with this property. And that's how I'd approach it going forward. I'm working on getting better with the number presentation relative to this program.

I like the chart that you put up. I joined the conversation very late and I do apologize. I was getting off another Zoom.

No, that's okay. I, I just, I just, like I say, it's the, the reason why I'm going through everybody, we gotta work a little bit harder and understand what this is doing and this is why we're doing this stuff. And we're starting at the, the, the, the, uh. Uh, knowing that the monthly payments are the biggest obstacle right now, and there's also one more that nobody's brought up. I'll bring it up in a second.

So let's keep going on that. But these conversations that everybody should be having, you're not gonna use exactly the way I explain it. I, although I wish you would, 'cause I, I've done it enough to not have any problems. Everybody's gotta morph into their own thing. But if you don't make a case that you believe in it, that, that, that buyer's premium, the best reason for it is because of your buyer, then it's always gonna be a resistance.

And it's always gonna be the site's fault. 'cause it doesn't sell when in reality you should sell more homes because you're the only ones that have access to it right now. I don't know what's gonna happen with the NAR settlement when they wait, when they change things up. But you, you gotta hear the conversations, you gotta hear the passions.

You gotta make a case of why, what is in it for your buyer? You know, and I'll always tell agent what, you wanna be the best agent possible, right? You want, you wanna get your client into this home, right? These are some of the things that the buyer premium allows us to do. If you get, if you win the contract, and that's when the, the magic starts happening.

So instead of thinking, well, you know, come in maybe even a little bit higher price because I'm gonna get your, we're gonna add in some buyer's premium to get that mortgage rate down. Or we gonna add in buyer's premium to get closing costs? And I'll just say that the, the, the one that nobody's brought up yet

[00:22:33] Car Payments and Homebuying: A Better Financing Option

How about somebody that's got a an $800 truck payment?

And we utilize that buyer premium to clear out that debt. And in reality, Mike, the, the, the story that we talk about with, uh, the Dave Ramsey disciple, um, uh, joy and Allen, what he tells 'em to do, all that money that you're saving on that payment, I'd be going to pay your bills off. Once your bills are paid off, you take that extra money, you throw it in the mortgage anyways, and you get your home paid off in a, you know, like 15% of the time, 20% of the time.

All these things matter to buyers.

Yeah. Robert, question for you. So let's say somebody does have like a $20,000 credit card they want to pay off, or a car payment. We can bake that into the buyer's premium and have that paid at close of escrow.

Yep. Yeah, it's just gotta be closed at escrow. It can't exceed because remember you got, what's the rule on a buyer's premium?

It can exceed the value of the home, the fair market value of the home. Very good. Thank you Michael.

And that all of this stuff that we're talking about, I have personally done, I'll say guess, guess what? Other professional, not the buyer agent, obviously the buyer agent should like these things, but what other vendor that you guys should all be working with or finding someone to collaborate should love this, that you offer this?

MLO

Yep.

Who's saying that?

We can't hear you. I heard that was the

ace, ace breaking up in the car.

Oh, that's ace.

But yeah, but MLO is the, is the answer I was looking for.

All right. Very good. Um,

[00:24:25] Objection Handling: Why Buyer Premium Instead of Seller Concessions?

I have a quick question, Robert. I, I have an answer for it, but I'm sure you do too. But I have gotten this objection from buyers agents and um, from even other brokers is I'll explain the buyer's premium and they'll say, why would my buyer pay that?

Why would my buyer use a buyer's premium? Why would the seller just give me seller concessions?

So how would you answer it?

So, because I think the buyer's premium, and I actually have an answer, I can, I'll put it in the chat too. But the buyer's premium allows the buyer the flexibility to choose what they wanna do. A seller's concession has limitations, right? Depending on the type of loan, you might run up to 3% limitations.

You run up to 6% limitations. So these are limitations that the seller concessions run into that the buyer'ss premium doesn't. So it allows the buyer that option to say, Hey, this, buy the buy down's the most important to me, or paying debt down's the most important to me, or closing costs the most important to me.

Or, you know, fixing problems in the house is more important to me. They get to choose that seller's concessions. One, you don't get to do that even if you ask, if you're the buyer's agent to say, Hey, we want seller's concessions. They're not, again, if you have a truck to pay off, they're not gonna say, Hey, I want a seller's concession to pay.

That's not gonna happen.

They can't think of it. It's not typically an option,

right? So you run into those obstacles with the sellers concession that you've done with the buyer's premium. But I've had agents ask me that I've had, and I mean literally saying, why, why the heck would my buyer pay this?

And, uh, it, it, it's, it's always funny, um, that yes, I, I feel like we've answered that joy.

For the last four weeks on Mondays and Thursdays. That exact question. And yeah, the reason why we keep doing this, you guys, because it's not resignating when we constantly hear that you're getting feedback, well, why my, my buying agents don't want to pay a buyer's premium. What they, and I'll tell you what, for, for the smart asses in the industry that know way too much better, well, maybe I ought to be representing your buyer because I know every one of my buyers, if they can save a thousand dollars off of a payment, wanna do that?

Or they can pay off truck. They wanna do that. You're not understanding what I'm saying and I don't know how to explain it to you any better, Mr. Agent. But you're actually giving your buyer better representation by utilizing the buyer's premium method. And again, I keep coming back to it, the only time it should make sense to 'em is when they don't see the value of the house being that much.

And that's not a buyer's premium problem. That's a, a value of the home, what you listed at problem. And you gotta explain to 'em why. And they'll either be resistant to it or they won't be. But you know, the cool thing is they don't see the value in it. Go find something else. Sorry, I'm not gonna, I am sorry I can't save your buyer a thousand bucks off his payment.

Sorry, I can't you get his truck paid off. Sorry, I can't. Helpful with closing costs and there are ways

[00:27:52] First Impressions: How to Educate Buyers on Buyer Premiums at Open Houses

I say we can get ahead of a buyer agent not knowing how to best represent their own clients by providing certain tools and takeaways, like flyers at the open house. So imagine you have your lender, they have a table set up and just like Robert pulled the example numbers on the spreadsheet, he showed if you have a poster board with the numbers for the house that they're looking at, that they're there to look at and it can show the numbers.

Your monthly payment could be this, here's how this works, here's some things that you could use this for. Pay off your car loan. Dif different things that we're willing to work out. There are ways that you can put this in front of potential buyers without having to rely on the buyer agent properly.

Educating them ways that you can already get the buyer, imagining themselves wearing the shoes with the solution that they choose.

That's amazing. I love that Kat.

Yeah, that's the exact, that's exactly right. What Katt just said. We have a bucket of money. And then what you want to do is you want to say, 'cause in real estate, for the most part, money can solve all problems, right?

If you have infinity money, you're pretty good In real estate, you can screw up a lot of stuff. But in this case, if we've got buyer premium, it's like, okay, we have a bucket of money. How do we allocate this money intelligently for you, the buyer, to set them up for success? And really all that is, is how creative do you get?

That's what Katt was just saying. You can get as creative as you want. You need to know do they have a truck payment? Figure that out. You don't just say, do they have a truck payment? But through creative conversation and figuring things out and being just good at your game, you're gonna find where the buyer's pain points or struggles are.

[00:30:21] Leveraging Buyer's Premium

You know, when deals don't happen, it's not because it's off by a hundred grand, it's off by a little bit, and the seller's not doing this, and the buyer's not doing that. It is not gonna happen. And you're there just like football games. You get right to the freaking end zone and it doesn't happen and it's a game of inches.

And so if you can just knock a little bit of a resistance, uh, you know, like in the middle of these things, these transactions, but you gotta find where that resistance is first. Find the problem, and fix it with some money.

And boy, you got a new story that nobody else in town can say.

And MLO struggling guys.

[00:30:56] Collaborating with MLO Partners

So an MLO partner, like find one that is willing to understand how this can work and how to have the conversation. Ask for the pain points. Do you have a car payment that MLO that can do that, that's willing to work with you will be so grateful for you because they're struggling out here too, to get their business and get their leads.

And you guys could have the perfect relationship. They'll be willing to sit your open houses, your open houses will run that much better because you'll have an MLO that will, Hey, this is actually how we can make this more affordable for you. And, and there you go. You don't even need to worry at that point if the buyer's agent doesn't quite get it.

Very good. All right. Um, Laura Beltran, I'm not gonna call him Ronald Weeks. He got on too late, so Ronald gets to take a break. How about you, Laura? What would you, did you get on late, Laura? I got on late too. I just, I had another meeting. Yeah. Let me go to, how about you, Terry?

[00:31:48] Terri's Buyer Agent Script

I'm just understanding the concept, but I would, I guess what I would say is that this is going to create a customized solution for your buyer, is going to check off all the boxes that they need, is gonna help them to, have affordability with being able to buy down the rate, or being able to use it towards closing cost.

It, it ensures that your compensation, is included in this, and it's, it could help them increase their buying power. But there's a lot that we can do with this, and so I'd like to be able to talk to you a little bit more in detail to help you understand how you can help advocate for your buyer.

Great. That's, that's a very good answer. Last two I've been, I've, I've been waiting for these two, Ms. Macri

Frank, good morning. Uh, first a couple of of thoughts.

[00:32:40] Permanent Buy Down?

First a question, this buy down that you're proposing, this is a permanent buy down for the life of the law? Yes. Okay. Those are permanent.

It wasn't a five. You need to do better with the five one and, and that, but I, I just, I'm trying to keep it simple, stupid, so to speak.

No, and that, that, that makes more sense in big picture.

[00:33:02] Accurate Pricing and Buyer's Premium

Um, well, here's my thought is for this to be able to have a easier conversation, it, it, it starts to me with accurate pricing of the house, knowing what the, what the actual where, where's the mark, and, and then taking your 10, 15, 20% off of that and.

That part of it. If you can convince the buyer's agent on the pricing and them understanding and acknowledging that, yeah, we can see that this price is 20% below market, you know, then, then I think it's, it is a smoother transition. I mean, it's, I mean, that's where I said before, it's like, okay, here's the secret.

This is how we do this. But without it being accurately priced and then having the, agreement of the buyer's agent, that's the key to the whole thing moving forward then. I mean, really all the things that the buyer's premium can do, should be a pretty easy conversation.

Very good. Thank you

[00:34:13] How Kenneth Would Talk to Buyer's Agents

Kenneth?

Yes. How are you doing? Uh, my, of course, my conversation between if I'm only talking to a buyer, I'm talking to a buyer agent. With the buyer agent, I would definitely emphasize the buyer premium secures your commission, but it also can assist the buyer to buy down that interest rate to assist them and they, and explain to your buyer that now that's no more extra money out of their pocket.

So I've got you covered with your commission. I've got the buyer using that buyer premium to assist to pay down the interest rate, which will of course, you know, mowers their commission. If I'm talking to a buyer, I'm strictly sticking to what I can use the buyer premium to assist them with, whether it's a buying down that interest rate.

So. Depending, my conversation would, would switch depe depending on who I'm talking to. But I'd hit those, I'd hit those fine points right away.

Very good. Thank you.

[00:35:21] Training & Role Play Opportunities

Bob Mangino Yes. In response to what, what Frank was saying, that the, the price that we put on the house is just so important and it has to be credible. Is anybody actually using an appraisal that we actually get an official document that we show here, here's a real number. This is not a, uh, just something that comes off a, you know, a market analysis.

Has anybody used an appraisal? I know some of the agents in California. I'm gonna, I

I'll go ahead and answer that instead of having everybody answer 'cause we're gonna run out of time here real quick. And by the way, we're gonna keep going on buyer's premium until you guys understand it fully and can explain it to all of us fully.

And can make a convincing case. I think I know you guys are the it, it's a pain. And you know, for me 10 years ago, I'll say it was a pain as well. When I get resistance, you know, it, it is taken me 10 years to more offend things and try things. I'm the biggest proponent is how can I make a buyer's life easier?

How can I make more money for my seller? And so I go into a lot of cases and figure out mode. But we're gonna stick to this 'cause we've got a lot more things to talk about. Taking this deep, you know, for Frank, this is dedicated to Frank Macri, but we're gonna take this thing even deeper as we go down the line.

But today is a good day to start getting the mind thinking about what to do.

[00:36:48] Role Playing and Practice

But you, the better thing is too, is if you guys don't go and practice this thing and then role play with each other or find somebody in your, you, I mean, for crying out loud, we got a big enough team that I'm sure. That we would even come on and role play with you if you're not just making a case.

Like I said, uncle Robert can get snitty real quick when somebody's not listening. And you know what bugs me the most about not listening, they're hurting the people they represent.

And I am a huge proponent to everybody. And the reason why we're doing the right down to the basic stuff is to make you guys stronger and stronger and stronger and stronger. Because the stronger you are at making a win-win situation, the more deals you will close. So Robert Mangino I am gonna say in 10 years, we've probably had,

and over a thousand transactions, maybe 50 people do an appraisal and that, that's back in the areas like you, where everything is dropping down real quick. At least you can post that on there and do it. It, it doesn't happen often. They're expensive. Um, you know, they're the kind of a, a pain in the butt.

But yeah, people have done that. By all means. It's a definitely help. It, it, it's just something that, that takes out of it.

Alright, so practice, practice, practice, practice this thing here. Be able to talk about it. Everybody that puts in a conversation, everybody that puts in input ought to be able, I mean, all of us should be buying it.

Like, oh my God, that's great. I'm gonna do that instead of, well, maybe guessing, not passionate, not knowing. Well my.

[00:38:47] Embracing Your Unique Sales Proposition/USP

We have given you a tangible item that you can market your listings, that you can reverse prospect,

create a finance. Well, let's get back into the, let's, let's get onto the next thing

all. So same thing on the $500,000 price down there. You know, they put 20,000 down, ends up being almost a thousand bucks less. And again, who wouldn't do that to save three, you know, 360,000. So they're basically saving $340,000 if they carry it to term. Or even better yet, take that extra money if you can afford it and put it back to.

The mortgage and, and, and, and get paid twice as quick. So when do I throw out the buyer's premium? This extra amount that's going to, I throw it out when I'm explaining who, what, and where the buyer's premium can do. I'm not telling people to what I tell 'em to do. Knowing that you can do this for your buyer, that should give you more comfort to go up in price

because we can add, if, if I do my 6%, 1% of the platform, two and a half, two and a half, I let 'em know I can add in if they, they, my houses are always 10, 15% below market value and I know that we can build that into the cost because I know the values are that.

We get in. If you happen to win the bid and your buyer wants to buy down the rate, let's add it into the purchase price. You and your buyer. That's the flexibility that they can offer their buyers. Give them comfort to make offers on the property. Who else is giving the buy down rate? What seller's doing that?

In a declining market,

it's gotta always be about what's in it for them. And you have to, you can't waffle, you can't guess. You can't seem scared, you know, afraid of it.

[00:40:57] Explaining Buyer's Premium to Agents

You can't, you gotta actually have a conversation with the agents. I, I'm at the point where I love agents come and tell me they hate a buyer's premium. Oh really?

Why?

Well, let me ask you this, Mr. Agent, if you wanted to get a a thousand dollars off your mortgage payment, how are you gonna do it running it traditional? Well, the, you know, the, the, the buyer's gotta come in with more money. Ah,

what if he doesn't have to?

Is all the, is this resonating to you guys?

It's, it's, and it's, it's, it's gotta be done out of the gate and it's gotta be clear and concise and to the point. So that's the way when, when I've got my great events going on and I'm getting over 20 offers. The buyers feel comfortable doing that. And Quinn Greenly is another one who's very good at explaining what the buyer's premium's for

out of the gate to agents. He doesn't get a lot of resistance from his agents, and neither does Donnie Bennett, neither does, uh, anybody else. But when we can take this money and pay off a car, we can take this money and buy down a rate. We can take this money and use it for closing costs. We can take this money and put it in the carpet, yada, yada, whatever.

There's no set price on a buyer's premium.

As long as you don't exceed the value of the house, you can help that buyer do more, because as Greg made the huge point is.

Spreading it over 30 years, especially credit cards. And, and by the way, Greg, I have a credit card that's 29% interest.

Yeah.

you know, wouldn't I love to go buy a home and pay that sucker off.

All right. So that's all we're gonna go through today. I'm gonna get to the rest of it. We're gonna start talking more. I am going to make this sheet nicer into a, um, like a flyer thing. But we are gonna keep talking about strategies.

We're gonna keep talking about other things. We're gonna keep banging away all the things that can cover. We'll keep banging away so that by the time you guys are done with this, you should be better than me.

I have a frank and

a screenshot, so, you know, I, I, I I'm gonna do well.

[00:43:12] Closing Thoughts and Motivation

Yeah.

Well have your lender put together his numbers. Don't use mine on that. Right. Well, that's my lender. I, and I don't want anybody to come and say, well, you know, my guy can do this, whatever. So, but have your mortgage guy put together your numbers. Frank, is this a good start?

Absolutely. You know, you just have to just.

Just practice and just, you know, it, it's repetition, repetition until this thing becomes internalized and then having a conversation about it would be as easy as just walking down the street.

A hundred percent.

I really would. Michael

Nikolai, would this have made a difference on anything that you've, everybody keeps jumping around.

Would it have made a difference on the way you talk to agents?

I'm getting better at it. Again, repetition. Would it, would it have made a difference though if you were able to explain it like Yes,

absolutely. Absolutely.

That's what I need to hear you guys, is there's no reason for you not to be making your deals close and not get this going. And like I said, we did.

This is. The easiest thing to explain because it's the biggest problem in real estate industry. We're gonna take this thing another four or five levels deeper over the next few weeks. I was gonna do the infos sparks thing, but you know what, this is way more important. We gotta get our minds thinking alike.

And I, I always say that I say something wrong. Yeah. Yeah. Hang on a second, Kenneth. I always think that, uh, I'll lose my train of thought. I always think that we cover this stuff like ad nauseum and based on the feedback that we're getting, it's obviously it's gotta be explained in more ways than one. And so when I'm asking you guys to get feedback on this, it's because I'm trying to see what the perception is about what we were talking about and how you're gonna use it.

Because this is a huge thing when you can say, listen, we can do some creative financing, but the buyer's premium, you know, when you, when you do your reverse prospecting. Wouldn't that be a great note to put into knowing that the interest rates are the problem? Maybe your buyer can't afford this home. You know that because I I, I've heard from several of you.

Well, you know, they, they, they can only afford what we're offering on the, the platform. If they understood what a buyer's premium can do for 'em, that's not true. They can afford more.

All

these things. Things. Yeah. I think Robert, the,

I'm sorry.

Uh, hang on. Jeff. Jeff, did I cut you off or I cut Kenneth Collins off first.

I think it was me. That's okay.

Okay, go ahead, Jeff.

[00:46:05] Consumer Perspective on Buyer's Premium

I, I just wanted to note to everybody, and you know, I think most of you know, I'm, I'm not a real estate agent. I'm a, I'm a consumer perspective. The link that I think, Kat, you put this link in, in the chat box there, the secret to smarter offers. I was reviewing that as, as we were all talking and as a consumer I read that, and it, it's kind of exciting actually.

So it's a, just pointing out that it's a great reference if you didn't jump in there and, and maybe get a link to that on the platform site, it's worth it because I think it gives some really excellent points to what, what I like to call the, the bundled solution value, you know, the ability to use the transaction.

To create value for me, trying to buy a home is, is very exciting when you're trying to buy a home and you, you find out, oh geez, I don't have to have that upfront cash or all of these other things can be handled. I, I think it's really a fantastic outline and I would just encourage everybody to, uh, to get to that page and bookmark, because I think it's a great precursor prep thing for dealing with buyer agents, however, and whenever you're gonna have that conversation.

So just wanted to point it out. Uh, I think it's fantastic as a consumer, it looks tremendous. Yes. So

I'll say that's on our consumer facing blog on the platform website, so buyers can see that it's also linked into different areas where buyers might be exploring. Different content. Um, but you guys can feel free to use that.

Send it out to buyers that you, Hey, here's interesting reading for you. Or if you wanna make your own version of it, just make it personalized to you. Use your own stats, use your own testimonials and put it on your own blog. If you run a website and you drive by or traffic to it, um, I think that would be a great idea too.

So really, the point of that is, as a buyer, here's how you can have an another alternative to affording the home you wanna buy and getting your offer accepted, because you're still able to make a strong offer this way, right? Because as a buyer, at some point, if everybody's asking for seller concessions, you could have the stronger offer and be the winning offer, which is ultimately what matters to you.

If you have a different way of getting your concessions, that stands out to the seller. So even though we're in a buyer's market, at some point a buyer's offer is going to be weaker just because everybody's asking for the same thing. So remember these things that we teach, it's meant to be a win-win win for all parties, not just buyer win seller or loses or seller win.

So buyer must lose zero sum game.

[00:48:34] Homework and Closing Remarks

Well, so the, the, the last thing I'm gonna leave everybody with, and believe it or not, next week, I'm giving you homework. I am gonna start off with this question. Why are you not listing four to five homes a month with all these strategies that we have? Are we just sitting on and listening to, I don't know, whatever we listen to, isn't it time to get out and start utilizing some of this to get more listings?

I mean, if, if all of us were making enough money, certainly wouldn't be here right now. Right?

So I am telling you, you, while our. Computer, our computer programmer is working on our, our, um, um, CRM for us right now. So we're, we're, we're, we're cutting back next week. Uh, next month. While we're waiting for the CRM to get done, we are gonna be chasing down, uh, investor properties and they'll be the leads when we take 'em and we're going to sell 'em.

We are going to look for homes and the areas where the agents can explain how this program works without hesitation.

I'll help you.

If you'd like that to be your area, I would suggest that we get a lot better at what we're doing

real quick, Robert, if I could jump in? Sure. John, you. You introduced me and said I was an auctioneer.

I've been an auctioneer 15 years selling real estate and I have to tell everybody on this call this buyer premium discussion we just had is probably the most impactful discussion I've had in 15 years about a buyer premium. I don't know a single auctioneer in America that views buyer premium as anything more than just a commission.

That's all it is to the auction people in America. I charge a buyer premium, I get a commission. Seller pays zero. Boom. End of discussion. What we learned today is worth hundreds of thousands of dollars in commissions to each and every one of us, and I hope you take it to heart.

Thank you, John.

So I hear a lot of, and have noticed the pattern of the buyer's agent is confused the reason why that is is because we don't understand it, number one, and number two, we are miscommunicating it number two, so we can't skip those two things. Gotta do your homework. But another really obvious no-brainer thing to do to get a agent to, you know what I call, sit down, shut up, pay attention and listen to me is give them a point, throw some money at it, baby.

We gotta, we got some money. If buyer agents are commonly getting, I guess Mona and Robert said in Seattle it went from two and a half to 2% on the buy side and it's getting rough and it's getting skinny and it's not good or whatever. I don't know. I'm not that close to the buy side stuff, but I know it's not easy.

If they think in this transaction they're gonna make, and I wrote it down, it's very obvious, two and a half points on a $400,000 transaction. However, they're getting their two and a half. I don't want to get into that. Like whether it's buy a premium or if they've got their deal with their buyers, just doesn't matter.

The difference between two and a half and three and a half. 10,000 to 14,000. Well, I don't know if 4,000 changes anybody's life, but it's a 40% increase. And anytime you're doing anything and you can get a bump of 40%, that is nothing to sneeze at. And so now I've got the buyer's, uh, hopefully attention to like, dude, gimme 10 minutes. This could be worth a 40% increase on your commission. We could probably get it done in a couple weeks. And you may like this thing, you may wanna do more of this thing.

So does the seller have a problem? Does the buyer have a problem? Does the buyer agent have a problem? Great, let's throw money at all and no more problem. And now we close the deal and we move on.

And I'm gonna say one more thing in regard to that. This program was built this way to benefit the seller, the listing agent, the buyer's agent, and the buyer.

It's a win-win situation all the way around. And again, out of two and a half million real estate agents, only 750 of you have access to it. Man, if I were you, I start getting on the horn. I started getting more listings. Because by the end of the year we're gonna be at 2,500 agents.

So, alright. That being said, appreciate everybody, let's go out and get some more listings so everybody know their homework.

Get eight listings. Yes.

Yeah. How does this attract? And that's what I'm gonna ask you when we get on thing. How can this attract more listings for you to with sellers? So that'll be probably the first 15 minutes. And again, this is a deep dumpster dive that Mr. Macri asked and thank you Frank, very much for doing that. Katt's been saying it all along and sometimes I got a thick head.

So anyways, appreciate every, Joy, thank you for the, uh, input as well. My, everybody, you, Ronald Weeks. Why were you late? You gotta drop and give us 20 pushups.

Yes, sir. I, I'm, I'm doing them right now. Alright. Alright everybody, thank you so much. We're gonna, we're gonna stay with this until tell everybody has, uh, uh, a great that they, they just feel it's second nature. It just becomes part of the conversation and easy. So we're gonna stick with this for the next Thursday topics.

It might be two weeks, might be three weeks, might be 10 weeks. I don't care. This is all about you guys going out and getting listings and closing more deals. All right. Thanks everybody.

Thank you. Bye-bye.

Thanks Robert. Thank you, Robert. Thank

you, Michelle.