

Topic Thursdays 18 - Structuring with Buyer Premiums

[00:00:00] Investor Leads Collab - Agent Referral Criteria

So, just so everybody knows, we'll get going on this here in just a second. This will be posted on the, uh, wherever cat posts them. And also I'll post in the chat once everybody's on. we, William has, uh, sent over like six of his investors and they're giving us properties like right now.

So, one of the things that I appreciate that Adam is doing is he is helping these investors. And, and by the way, just so you guys know, Adam is a fricking expert. He's not gonna let them give you garbage. He, uh, he had told, uh, a guy yesterday that wants to, you know, just try the site out with some garbage.

And it's just like, you know, we're, we don't need your garbage. As easy as it is for you to walk away from us, we can walk away from you too. And if we notice an investor's gonna be giving garbage, they'll be booted.

This is, uh, serious business. There's a lot of great guys that do it. And then there's a lot of guys that just are chasing the dollar instead of, you know, trying to work it out with sellers ethically.

So it's pretty cool that we're doing that, huh?

[00:01:47] Ad Spend Strategy and Business Expansion

And then the other thing too is, uh, the ad spend starts, uh, Monday. We're doing \$5,000 in August, and I'm gonna bump it to 10 in September, and then I'll go 15 October through December to get do the properties. So anyway, beyond ready to do that. I've already sent out a few uh, things where we're just gonna be focusing on areas right now.

So if you haven't got your form yet, you'll be getting it over the next couple weeks. But we're starting out with a smaller group at this point.

[00:02:22] Investor Training and Pricing

So anyways, but Adam helped the guy, uh, price it and he went out and priced it and sent the, uh, the deal over this morning. And Adam, where's that pro that property's in? Port St. Lucie? Correct. All right.

So we have agents out there, so somebody's gonna be getting listings like right away today, as, as a matter of fact. And Adam, how many properties has, uh, Williams people submitted so far? Five or six. So they're gonna grow at a rapid, rapid pace. I think William's gonna watch what we do as well. I know Greg's been working on some stuff.

Greg, how many properties are you bringing in this next week? Well, we worked on, Adam and I worked on two yesterday. Okay. I've got probably another one coming the end of this month that's maybe but I've been working on it for a while. And then I think I've got another one or two in Texas. So, uh, before end of month?

Well, no, today's the end of the month, so, no, the end of the month is today, but in the next week, like probably two to five, I guess. Two to four. Right. So they're gonna be coming in at a rapid pace. You guys, uh, I, I'm hoping we can get to the investor stuff today to a, a minimum degree.

[00:03:42] Buyer Premium Benefits

Everybody should be picking up how to talk to agents and how to talk to buyers about the buyer's premium.

Is there anybody right now that doesn't think that they can, an agent comes, my buyer's not gonna pay the commission. Is there anybody right now that doesn't feel like that they're capable of converting that over?

Good. That's what I wanna hear. So, all right, so let's, uh, we're gonna go through the homework. Just please just give me one quick answer. I don't want to, uh, waste it. But the idea behind the buyer's premium, I mean, whoever wasn't here last week, I don't, hopefully you watched last week's training. If you didn't, don't just tell me and you don't need to answer.

But when you're going out to a listing presentation, and even if you get a seller that's hesitant, well, I'd rather just do it traditional, I'd rather just do it, but you start talking to him about what this can do even for him. So what I wanna know, what is one benefit to the seller with playing around with the buyer's premium?

So Erica what's one, just gimme one benefit to the seller. Uh, it helps the seller to get the best price for their home. Okay. Joy.

Oh, sorry, I thought I was muted. Um, yeah. So it allows them to roll their buyer's agent commission into, uh, their mortgage Manino. Robert, you muted.

It helps the, uh, purchaser purchase the property. Okay. Very good, Michael.

It increases the buyer's pool. Michael Graham, uh, there is no ceiling on how much contribution a buyer can get. Oh my God, you guys are awesome. Ace. Um, it allows the seller to get the higher net price because A, they don't have to pay the commission. And then also, b, the buyer has more power, so that way they can more purchasing power, um, and they can come up in their price as well too.

Isn't that why sellers sell their home? When we can say, even in this crappy market, that we can increase the buying power of a buyer? That's one of the reasons why we use the buyer's premium. How powerful is that,

Cynthia? Oh, she disappeared. Oh, there she is. Hey. No, you would call me. You get more exposure. You're, you're different. You're setting yourself, so you're setting yourself to be different in this market opposed to what everyone else is doing, and people wanna know that. So you're separating yourself.

Absolutely. Yeah. I can help you with your golf swing. I saw pictures yesterday. So terrible. I know. No, you're not, you're out there playing. That's the most important thing. Michele? With the buyer premium, um, you can start a bidding war on the house. Very simple. Beautiful Ryan.

Yeah. To piggyback on that, I just say it's organic when it is a bidding war, because we're not driving it at all. The buyers see it and they decide how much to go and then the seller's not stuck with that. Even if the best one, the best top three, we can reach out to 'em, like, can you do any better? And they usually do.

Awesome. Kenneth? Yeah. The buyer premium allows the buyer to have some control in, uh, seeing how much they can get, uh, added into, uh, their money.

From not giving it out of pocket, it saves them out of pocket income. And that's a plus for any buyer in this market. Beautiful Quinn.

It allows for a, uh, competitive price, uh, to be able to price lower than the market and to get more, uh, buyers looking at their property. You guys are studs. Uh, Katie, you weren't here, so I'll let you off. Kevin, were you here last week? A Katie, you want to answer that since you're an investor too? I was gonna say some of the things that other people brought up, like perceived control by the buyers and also, um, you're addressing an unknown for a lot of buyers with the buyer premium.

Sorry, I'm a little bit sick. I'll tell you, God, these answers. Kevin, were you here last week? Do you wanna give us an answer?

Hello? Can you hear me? Yep. Yeah. Um, I wasn't there last week, but reduced seller costs. Increase buyer activity. Um, let's see, what else? Oh, maybe better commissions with both listing and, uh, buyer data that, uh, you guys, oh God, everybody's great. Is that good, Great! Oh, you're awesome, Mr. Macri. Well, he kind of stole, stole my thunder.

I was gonna say that because the question was, the benefit to the seller, uh, increased the potential buyers because there, there's a guarantee they're gonna get paid, The buyer's agent. Awesome. And Normalina, I know you weren't here. Do you wanna give us a, a, a tidbit? The transparency to the buyers definitely helps the seller 'cause they all can see the biddings that everyone's doing. So that definitely helps. Very good answers you guys. So are, I think as a group, collectively, we're starting to understand what a buyer's premium can do for both the buyers and the sellers, right?

Are there any questions about that at all?

[00:09:24] Handling Objections and Educating Agents

So we know that we, when we go on a listing presentation, it's another tool in our tool belt that we can bring up to the sellers if, if we need to. We also know when we talk to the buyers, we've got why we do it. Remember, it's not, we don't do this for the sellers. We are doing this for your buyer because it gives your buyer latitude to bump it up and cover.

Some of the things they may want to maybe pay down cars, maybe, right? Get outta debt, maybe lower, in, lower, uh, payment. So all of these things play into talking to it. And again, I know I'm a smart behind a lot of times, but if I get an agent that is fighting me on buyer's premium, I'll flat out call 'em out on it.

Say, well, you're not a very good agent.

I mean, all my buyers if I could lower the, the price, the payment down a hundred to a thousand dollars, they would be tickled to death

if I could pay off something that they have that they don't have to have that payment anymore.

And when you start saying stuff back to 'em like that, because you got, sometimes you gotta force feed it to 'em, right? Their first response is, well, my buyer's not gonna pay the commission. And then all of a sudden you get into a dialogue with them. You talk about the benefits with, and then if they're still doing it, generally it's because they don't understand how you explained it.

And you can ask them that. Don't be afraid to ask them. So you're not understanding what I'm telling you. No, I understand it. Alright, so tell me, where would this play in for your buyer?

And again, they should come back and say, my buyer would love a lower payment.

Mangino. What's the rule of the buyer's premium? The rule of the buyer's premium is to help the buyer. Now what's the rule on it?

Oh, you can't go above the appraisal price. Can't go above the market value. Right. Right. So it is our job to understand what the market value is, right? Correct. All right. So you guys, very good. Um, any questions on that part of it as far as retail and go, so let's, uh, get back into the notes. So, um, quick question for you, Robert.

Let's just say you're outta listing appointment 'cause I have, I spoke with someone in Benita's Fringe that might wanna be doing a sale like this, let's just say because the rule of the can't go above market value can't go appraisal. They fight back a little bit and they say, well then I am paying the commission.

How would you kind of turn that around to make them see our, uh, light, they're not paying the commission because it's being added to the price that they accept

on the site. I would say buyers are the only one that bring money to the table, therefore they always pay the premium. It's just hidden. It's a hidden fee for everybody else.

I, I, I, Good job Quinn. Thank you. Experience the other day, right? Uh, I was trying

[00:12:34] Mortgage Calculations & Increasing Buying Power

to introduce one of my buyers to the, the whole concept of the buyer's premium.

And then whenever they said, well, like we are, whenever they spoke to my lender, they said, well, like, go, the best that we can really do for in this case here is put down 4%, right? And this was on a \$280,000 home, right? Like, uh, where would the additional funds be able to come from to for them to be able to pay the buyer's premium?

So you utilize the buyer's premium to lower the interest rate and lower their payment down. That gives 'em more buying power, right? But like, so say for example, if they only have the 3.5 or that has how much cash they have on hand, that's exactly why the buyer's premium works out in this case. They're, they're limited with cash and a lot of people are doing down payment assistance too, right?

Okay, so let's take a, a, you know, \$400,000 home. So I wish I had a mortgage calculator on this stupid thing, but I don't. All right, let me see here. I am going to say, what are the interest rates right now, ACE, that the, your buyers were getting? 7.20, my goodness. Really? Yep. Geez, I, I'm not gonna put the down payment down.

I, I, I'm just going to put clear. 7.2, enter. All right. And 30 year note. 30. Yes. All right. So in theory. If we can lower that down. Their payment right now would be close to 3000 bucks at 7.2 without any down payment. Just round numbers. Mm-hmm. Now if we can take that and we can buy down,

I don't know what, two points, three points. What do you wanna buy down? Well, let's, let's just say that they only had up to 4% for the, I. No, no, I don't, I don't, I don't, I don't care about that. Just play with me here. Sure. Okay, let's, so I'm gonna go down to 3%. Alright. So what was their payment beforehand?

It was almost \$3,000. Right? I'm sorry, repeat again. Their payment was \$3,000, like 2987. We buy down two and a half points. Their payment now is 1956. Right? Right. Their pay, their mortgage amount's gonna go to \$416,000. But the payment came down a thousand dollars. Yeah. Not a thousand, but came down to eight, 900 bucks.

Mm-hmm. So, because everything's, uh, payment driven, right? Mm-hmm. So they could actually go by doing that, they could actually go up higher than the 412. I mean, if there's, they're qualified for \$2,900, right? And then we use, you know, 4% to buy down points down there. And that's why it increases their buying power.

And that's why your sellers should love this too, because it increases their buying power, the, their the capacity to make more money. So, oh yeah, I understand that part. Most definitely. Alright, well hang on a second here.

If I go up to \$500,000, my payment's still \$500 less than it was doing it your way.

Is everybody getting that? Yes, I am. That makes sense. Oh yeah. Most definitely. But like, so it gives them better buying power. 'cause everything's payment driven. Yeah. I think the disconnect here is that buyer premium is baked into the mortgage. It's not an additional fee. I think that's maybe where you're, you're getting tripped up.

Is that accurate? It is, yeah. It's put into the purchase price. Basically what you're doing is take, you're writing, remember we were at 400,000, if we're gonna add four more percent onto the buyer's premium, that's gonna take it to \$416,000. Okay then. So back to, uh, what Quinn was talking about, like, uh, essentially what we would be able to do or get the lender to do is to increase the amount that they are borrow borrowing in order to pay for the buyer's premium.

Is that right? Because I'm trying to figure where they're gonna get the value. You just gotta tell the seller that the, I'm sorry. You gotta tell the, your mortgage company that \$16,000 that the seller's getting on the, is gonna be used to buy down the interest rate.

Okay. So then I guess the next part of this is actually having to educate the, the, uh, the lending company of the buyers. Why wouldn't they understand buying down a rate was 16,000 bucks? If your, if your lender needs education on it, you need to move. Mortgage people, you just gotta know the amount to tell 'em and how much it's gonna buy down.

So I'm still trying to figure out where are they going to. Alright. So like in, in my particular case, right, like the sellers, I mean, the buyers only had 4% to put down on a, uh, \$280,000 home. And then, so like on top of that, they'll have to bring their closing costs and, and things like that as well.

Yes. Right? Like, uh, so then so are you trying to minimize the amount out of pocket for 'em? No. I'm trying to figure out how, where else can they get this buyer's the dollars to pay the, the buyer's premium, the dollars compromise. They don't, why, why do you think that they have to come up with any money?

A, they're not having to come up with any money. We're building it into the cost of the home. There's no extra cash. What they come in, they come in with. Okay. Okay, so then we're building it into the cost of the home. Correct. And so then I guess in turn, the seller is gonna give this as a contribution or something.

Remember the addendum, if there's a 10, you know, a 6% buyer's premium, that's being added to the purchase sale agreement, right? And that's what's used to compensate the agent. If there happen, if we change that from six to 10, there's an additional 4% on there, right?

So that purchase sale agreement's gonna be written for 440 vs 400. And by doing that, buying down the points, that's what you get. So we're just building everything into the cost of the home. And you just gotta the seller doesn't care how much the buyer's premium is. He cares about what he saw-

the 400 grand, that's what he cares about getting. Right. Alright. Yeah, I, I'm tracking and stuff, uh, I guess at a different time. Let me see if I can try to put this on some kind of process map or something and then take that over to you. I don't know, like, I guess that's, uh, my autism, right? Well, I'm gonna let somebody else answer it 'cause Well, you know, I say, um, Robert, would it help to show a mortgage calculator?

I can share my screen. I have one up. I, I, I don't, I don't think he's getting lost in the mortgage calculator. I think he's getting lost in the contract. Robert, right? Robert? But yes, I think Ace is getting lost on the fact that the 280,000, I believe in his mind, he's saying that is the maximum retail value of the home.

So he can't see by adding the 10% into the in buyer's premium. I think in his mind, again, we come, we come back. Then what's the rule of the buyer's premium? It can't go higher than the appraised price, then the value of the home. Right? Right. But I don't, I don't know anybody that's pricing the home only 6% below market value.

Go ahead, Kenneth. I'm sorry. No, no, no. That's why I think, ACE, am I correct that you're, you're, you're seeing that 280,000 is the maximum value of the home. You're not. If that is, if that's locked into your mind, you're not seeing how you can add 10% to it. I'm assuming that's, that's what has you locked, uh, as we locked up, is um, I was thinking that the buyer's premium was going to come out of the pocket of the, of the buyer.

No, no, no. Okay. It builds into the price of the home.

I don't know if you, if you look at a mortgage calculator and actually plug and play in those numbers, if that helps you visually to see it too. But I can work on, but I, I, I think he, I think he is getting lost and thinking the buyers are having to come out of pocket for that extra 4%.

Mm-hmm. Ace, that extra 4% is getting built into the cost of the home period. And it now that extra cost that they put in that \$16,000 extra, that they're, that, remember we were at 6%, we added the 4% in, 'cause they need a lower monthly payment so they can afford that house. Right. And it's baked in over 30 years to pay that 16 grand back.

So they, the purchase price would be if, if they, you know, if it was \$400,000, you have a 10% buyer's premium. How much is the buyer's agent? The seller accepts a 400 with a 10% buyer's premium. How much would the the buyer's agent be writing the contract for 440? Uh, who answered that? Let him answer it.

Well, how much ace? Well, I heard 440. You get 400,000 times 10%. What's 10% of \$400,000, 40,000 Right. So they're, they're putting that 40 thou, he's writing the purchase sale agreement for 440. And then you will tell them how to disperse that money. The title company had to disperse it. 16 of it would go to the title company, 1% EZ and two and a half to both agents.

Right, right, right, right, right. Okay. Right. Uh, and by the way, this is. I am glad you're, you're struggling with the con because if you are somebody else's, right, but this is why we're doing this thing, is to get down to the brass tax. And even if people keep having to explain or when they explain it to you they're conceptualizing it too.

[00:23:21] When to Talk Buyer's Agents About Increasing Premium

Because up until we started doing this training, nobody was understanding what it was. But we've had agents now utilize it in the last couple of closes simply by adding onto the buyer's premium. I will talk to an agent about adding stuff on, but I'm not going to add anything on to them until they win the contract.

So let's say that I have a home on the site, right. 10 people are making offers on it. My seller picks the \$500,000 offer. Then when I talked to that buyer's agent saying, right now we're at 6% buyer's premium, right? Seller took 500, how much is that buyer's agent gonna write to the purchase sale agreement for you said the, the It was 500.

Yep. Okay, so, and 6% buyer's premium right now. How much? Five 50. Five 50, right? You said like, uh, no, 6%. 6% buyer's premium. Okay. Gotcha. All right. Lemme see here. Um, Alright, so it'll be 530. 530. Now I come back to him and say, you know, remember that conversation that I had when I was explaining the buyer's premium to you?

Would you like, we have plenty of margin to add in some more buyer's premium. Would you like to add in some more to either lower the mortgage rate, maybe to pay off a truck, maybe to do whatever? Would your buyer like to do that? And again, I've never had an agent say no. No. My buyers, you know, they, they'll, they'll live with the 7.2 mortgage rate when we can take that thing and so we can go up to 4%.

'cause I got the value built inside the house. What's four? An additional 4%. How much would that be on 500,000? An additional five, 4%. 4%. 6%. Just, yeah. So that, so the writing of the purchase sale for 550, right? Mm-hmm. There you go. There is a maximum though that you can credit back. So, and buy down the rate.

And so you'd have to work with your lender to understand what that is or they're looking for Yeah, depending on whether or not it's a FHA product and whatnot. I think that's what, 6%. Uh, I, a good lender will figure out a way to maximize the, uh, the buyer's premium to help pay a lot of times getting agreed down.

They can, can turn it into a conventional, so, but you're, you're, by the way, you guys, Quinn, thank you. The mortgage company decides what the max are, your job is. We can manipulate it some sort, even if it were a hundred dollars a month. Might that be important to people that are like,

if they go from \$2,900 to \$2,800, wouldn't that be like pretty cool Ace. Oh yeah, through and through. So they, they'll be able to buy down something and it's,

Dave did a deal for us and we used the 4% and it went down, like I told, it was almost a thousand bucks a month. So it's, it's, you just, you gotta talk to your mortgage lender.

'cause they got more programs and more ways now to skin a cat. It's ridiculous. So. All right. Those are good questions. Savings, put it into some kind of income, I mean, interest in generating even an ETF or something. Superconductors. Boom. Look at you. Yeah. Yeah. Maybe take that extra a hundred and pay it, put it towards a mortgage.

There you go.

Ace thank you for, for that. Ro Robert, just one question.

[00:27:01] Handling Seller Credits

What's the difference between adding it to the buyer's premium and just doing a seller credit? Well, it ends up being a seller credit. Yeah. Well, that's what I mean. I mean, why not just write it up with a seller credit rather than increasing your buyer premium?

It's,

it is going outside because remember, they're adding it on to an accepted price when you start doing that, the sellers, uh, I gotcha. Okay. I gotcha. Uh, yep, that makes sense. Okay. Very good. All right. All right.

[00:27:32] Traditional vs. Modern Sales Strategies

So we're gonna go back through these pretty quick. I, I think we, we talked about, uh, a lot of the stuff you know, again, I'm gonna come back to the things.

Uh, you know, this is what we try to do is create a win-win situation for the seller and the buyer. And seller concession. It is on the closing statement. It is on the thing, but just like the addendum says that they sign, explains how they're going to do it. Buyer premium rule cannot exceed the value of the home.

We all get that buyer's premium's always negotiable. You know, Quinn, are you still doing seven?

Uh, no, I typically do six. Okay. All right. And then, you use a buy down, the interest rate closing costs. One of the things that I wanted to correct from last week is somebody had talked about it, being able to use it for down payment assistance. That's not gonna fly. That your lenders are not gonna allow them to use it.

It, it can't be a gift because it's going into the cost of the home and yada, yada, yada. So we wanna make sure that your lender, uh, understands where, where it's coming from and what it's, uh, doing in there, but you use it to pay off a debt at closing to help qualify for more or maybe just get rid of the debt.

And as Ace said, and put that extra money, if it's an \$800 truck payment, put it back towards a mortgage every month. Get that home paid back that much quicker. Um, uh, you can make more. And if you have a hot property in a seller's market, you know, this is, like Don Donnie Bennett's the only one that I know that does this.

You better be able to explain it at closing. Okay, that a, a good buyer's agent's gonna come back and, uh, wants you to explain why his buyer's paying even though he's collecting the benefit. So, so that's all about doing traditional.

[00:29:28] Agent Q&A

Does anybody have any questions on,

on the traditional, does it all make sense and Ace, if it doesn't to you, please, you can gimme a call and I'll, I'll go through it with you again, or Joy or any of us would be happy to do that. Yeah. Any questions Rob? Yeah, Robert, I had I, last week I had said I had emailed, um, Michelle. Cat and joy. A couple of questions on the buyer premium, and it goes right to what Ace was talking about.

the first question was, uh, 6% zero at annual maximum. The first question was on the 6% premium, right? Is there maximum? First question, second question. Maximum. What maximum amount of that I, you know, that buyer's premium, like you said 4%. Hang, hold on, hold on. That's your question. Who wants to answer that question?

None of my staff can answer it.

The, you can go up to what the value of the house is. Retail value of the house, the re the buyer's, the rule of the buyer's premium, Kenneth. Right. It cannot exceed the value of the home. Got it. Second question, if I reduce the 20% and I, and I'm using a maximum suggested, and I, okay, if I reduce the listing by 20%, right?

Of the fair market value, and if I, and if it does not bid up to the fair market value,

what happens? You're gonna have to negotiate with the buyers to see if you can get higher because you can, you can say like, Hey, we're just gonna, you can threaten that too. You can say, Hey, look, we're just gonna extend it out. We have a really good house and we think we can get better. What, what's the best you can do?

And then you might be able to get them negotiate out.

Okay. That's one answer. So my, my answer to that would be you only have one buyer in the, the, the, the bucket making an offer?

Well, I'm, I'm assuming, I'm assuming that the highest, highest, and best came in at, uh, uh, below the fair market value of the home. Okay. So you're saying the seller does not want to, so is it one offer? Is it 10 offers? Yeah, like 10 offers, but the highest and best came in below. What is fair market value?

What is the seller? Why are we not an auction? Say that again, Robert. Why are we not an auction?

Why are we not an auction? Yeah. We. Seller does not have to accept the offer. Yep. Seller has a right to accept, negotiate, or deny any offers. Right. Kenneth? Oh, oh, okay. Yeah, yeah, yeah. Okay. Got it. I was gonna say, why are we not, but if you could, people I offer, the word auction threw me off. I said, because in my mind I was saying, but we're not an auction.

But he, listen, Michael Graham and Michael Nikolai were horse trading to get their deals done and in contract. And this, you know, crappy. I don't know about California or la I assume you guys are still in a seller's market out there.

[00:32:57] Navigating Market Conditions

Um, no, but in, in this market, you've got to utilize every ounce of, for crying out loud, Michael Nikolai his deal, he, the, the seller horse swapped a, a mobile home.

As, as part of the concession.

So you gotta negotiate negotiate, negotiate, uh, for you guys in SoCal, I, I think you're a lot luckier than the rest of us. And especially Florida and, uh, Arizona. My, my heart bleeds every time I look at a listing and see the competition around them. It's not an easy thing. It would make me move somewhere.

So the west, it still works. It still works in Florida. Yeah. Yeah. You just gotta listen. You got there. There's no such thing as an easy deal in a buyer's market. You've gotta actually utilize and, and this is why we're doing a lot of the basic things like reverse prospecting. Yeah. We don't need a reverse prospecting in a seller's market, but we damn will do in a buyer's market.

And everybody should be thinking the same thing that we ask. Like, what can it do for the seller? When you reverse prospect your prospective agents, wouldn't it be cool to say, Hey, I've got a way to help your buyer buy down the interest rate. You think that agent might call you? Oh, yeah. Oh yeah. So all of these things that we've been talking about for the, the last couple weeks, they all play into a buyer's market.

Hopefully you're starting to understand the value proposition that you have at your fingertips that nobody else has. There's 750 of you. That's it.

[00:34:46] Appraisals and Shifting Market Value

So you did Frank, your last question was a good one, or I'm sorry, Kenneth, your last question was a good one about if, if the biddings go above fair market value, say, I mean you're, you know, Alan's story is one good example. It went way, way above fair market value. Can you still increase the buyer's premium on that?

And on that one? So again, you got, we out of, I don't know how many homes exactly we've done on the website. We've never had one appraisal gap in our lives. Is there any states that are getting appraisal gaps right now? I mean, Michael or, and uh, Michele. I mean, I would think Arizona and Florida, if they were gonna happen, it'd happen there.

'cause of all your competition, we do have appraisal gaps. I mean, I haven't, I don't know from easy 'cause I've only done one so far, but the appraisal gaps are usually a negotiating tactic used by the buyer when they go onto contract. Yeah. And again, you know when, when you can tell the, even on an appraisal gap, when you can tell them by adding money onto the buyer's premium, it, it's gonna lower that payment down so they can afford more, but the buyer's premium can't exceed the fair market value.

The home. Yeah. So how, how do you yeah. Reconcile that. Yeah, I get it. Well, joy, like Robert just said, they haven't had any appraisal gaps. So the appraisers are recognizing that the market is determining the value of the home. So, you know, market is bigger than they are, you know, we're just opinions.

Yeah, I'll be, it'll be interesting to see when somebody gets the first appraisal gap, and if you do call me, I'll help you work it out. Alright. That's kind of, Robert, that's kind of like where I was going on the first question. If the, if the bid, all the bidding 10 bidders. Yeah. We already answered that, Kenneth.

It cannot exceed the value of the home. No, but I'm saying the owner, the seller has the right to accept or reject it. Yeah. Correct. But doesn't the market, so these buyers have bid up to the, and it's below the fair market value of what has been determined as fair market value. The seller says, I don't want to sell to anybody.

He doesn't have to sell it. Huh? He doesn't have to. That his, of course not.

So the option is. The go-to regular, regular listing or what, because the seller's not gonna accept anything or will continue. Well extend it, extend it longer. I'm saying, okay, but if you got, you said you had 10 people making offers, why wouldn't you go, if you can't negotiate with 10 buyers agents, there's something wrong.

If you only got one offer. What that telling you is nobody sees the value of the home that you thought it was. No. Does that make sense? No, no, no. It makes, that's why I posed a question I'm trying to get, if, if people don't, the only time you're gonna get that can, if they don't see the value in the home, if there's some market condition that's keeping them from making offers on the property and you got everybody that makes an offer, you're gonna call them and find out, you know, why it is.

Or if they don't wanna make an offer, what's the first question we ask them?

If they don't wanna make an offer, if they don't, they don't wanna make an offer, well, why not? And this, and you know what I always say is, well, obviously I price this thing 10 to 15% market value. You agree with that, don't you? If they don't agree with it, nothing you're gonna do that's gonna make them, yeah.

Correct. The only time that happens is when market conditions prevail and they don't see the value in the home.

Doesn't matter what your CMA thing. That's what I love about transparency. We're actually letting the buyers determine what the real market price is, what they're gonna pay. That's correct. And the seller on the seller. And that's when I go back to the seller and say, Mr. Seller, you know, this is you. You've got 10 or 15 offers.

You see the, the offers coming in. You got your highest and best. The market is determining the highest and best, not what you and I worked out on a, on a calculator. Absolutely. Are we clear? Okay. Yes. Yeah. But, but I also know too, like if I have 10 buyers, I'm gonna go back and negotiate with all of them before I have that conversation with the seller.

Oh yeah, yeah, yeah. But if, if they don't see the value in the home, then we've gotta try to put the deal together. So, uh, can I say, can I add something to that? Robert Ronald Weeks, when did you show up? Yes, it is. I No, I'm just kidding. Um, welcome. Go ahead. Yeah, I think, uh, that, uh, maybe if you use the word appraised value.

Okay. Relative to just value of the property. Okay. That should clarify. Yeah. But when I go to a seller, I don't go to 'em and say, here's the, I'm gonna give you the appraised value 'cause I'm not an appraiser. I'm gonna give you the market value because that's what I do for a living. Yeah. Right. Unless you have an appraised value.

Mm-hmm. I certainly wouldn't say that to a seller. No, no. I, no, I get that part. But I mean, like at the end of the day, uh, after, you know, if there's still a issue, it would go, it would turn into mark, it would turn into appraised value. Yeah. Yep, yep. Once appraisal's done, it turns into appraised value.

Mm-hmm. And again, can you guys send a, if you don't agree with the, the appraisal, what do you do? Oh yeah. We send in our comparables and whatnot and challenge it. Actually, the best thing to do kind of is to kind of get ahead of that, leave a packet for the appraiser and be like, this is, this is why we're pricing it where we're at.

Yeah. Look at Ace. Woohoo. Ace is an agent, right? Yeah. And, and, and that I know a lot of people that do that. They, you know, they'll go and, you know, and in fact there's some buyer's agents going inside now and leaving packets for the appraiser. They just don't put their names on it. So, I mean, it, it, it kind works both ways, but, uh, it all fascinating stuff for you guys.

We're, we're, we're, uh, we're almost done with the hour.

Can I go like just five minutes long? I want to give you something to think about. Can we go five minutes longer? Yeah. Yes, sure. All right, beautiful. Thanks guys.

So what I wanted to talk about, we next week we're gonna continue on with the buyer's premium. And, and by the way, all these questions, you guys are just great questions and I really appreciate everybody contributing. And again, if there's something that doesn't make sense to you, by all means call us if we haven't explained it well enough.

But, uh, I know by the answer the questions to the answers that we asked earlier, I really feel good about where we're heading as a, a community down here.

[00:42:08] Investor Strategies and Buyer Premiums

So we're gonna start moving into the investors. Everybody knows that we are an investment company, correct? Yes. Okay. So we are gonna start talking about buyer's premiums that we are gonna utilize into.

With the oh my goodness. The investors. So Greg's 10% for every listing is going to ring true with the investors.

Okay. So does everybody know now what a novation is? We have our cash offers. That's the lowest price. Novation is just another way of kind of partnering up, giving the seller a little bit more money, but we're gonna go in and do some work on the home. That's what innovation is. Right? Right. Okay. So when we buy those homes, Adam, what's, what's the magic formula that you're trying to get the home for to make it successful?

Um, anywhere from 85 to 90%. Okay. 85 to 90% of the value. So when we say 85% of the value, so we're gonna utilize, there's a, uh, a guy named Matt that gave, did he give you the contract, Adam, for 300 and, uh, 30?

Yes. Okay. So let's talk specifically about that program. So, Adam, help 'em price out a home and the retail. Adam, if I understood the retail, you guys thought it would sell for three 90,

uh, at least, yeah. All right, so we used three 90, so we are gonna list that home at the Novation price with a 10% buyer's premium. So Ace on \$330,000 with a 10% buyer's premium if we get one offer and only get one offer. What's that purchase sale agreement gonna be written for? How much is the buyer's premium?

10%. \$330,000? We get one offer.

It'll be 363,000. All right, look at you. Ace is gonna be our calculator. So the idea of pricing the home with the investors is we price it so that if we get one offer, it's gonna be accepted no matter what. Because that investor, we've got a 3% protection mechanism built in for them, right? So if they only get one offer and that's all the market's gonna bear, they're gonna take that thing.

So this home here is worth three 90 minimum. Right now it'd be 360 3. So if the offers go up. To, let's say three 50. That seller made \$20,000 on the spread. Any questions on that? Plus he made an additional 3% on the buyer's premium. But here's the beautiful thing, is the 10%, so three to the investor, three, uh, 6% commission for you guys, and we're gonna talk about that in a minute and 1% to the easy platform, right?

Okay. So if I am the real estate agent, I, it is my prerogative. What I want to give that buyer's agent, if I want to give that buyer's agent three and three have at it. But why would you do that, right? Why wouldn't you do three and a half and pay them two and a half?

I know some of our agents are gonna get to, they're gonna keep four and pay two. But the commission, the, the whole idea behind this investor thing and what we're setting up with all the investors that are coming into this property for you guys, is to make sure you at least make 3%.

Alls we need is one offer. That's it. And when they price a home three 30 and it's worth, Adam, what, what, what's the maximum value? Have things worth,

uh, anyway, I heard 'em say yesterday. I think they're at four 20 would be maximum on the thing. It's a nice home in, uh, port St. Lucie and on, it's right on the water out there. So. And we're gonna touch a lot more bit. The homework

is start thinking about investor strategies and what you're going to do if you were to talk to your own investors on, on, and bring 'em into the site.

Or maybe you wanna do your own investing yourselves. By the time we're done, you guys are gonna be expert at investor. So that's where the buyer's premium's gonna end up with the investors. All right.

[00:47:03] Final Thoughts and Community Engagement

So that's all I'm gonna say. So we're at 204. Are, do we have any comments about anything?

Mikel

is stand by. Kenneth.

All right, you guys, you're a blessing.

I appreciate everybody so much. Uh, I am glad we're making some headway on the buyer's premium. We will do delve into next week on the investor and talk about very specifics. Uh, some of you're gonna be getting listings right outta the gate here and, uh, that have signed the, uh, the, the referral agreement.

For those of you who haven't been, I haven't sent it to, it's because we're not targeting your area in the first go around. That'll be targeted in September. So right now, this is just to try to figure out processes and get everybody, so everybody that we're on the same thing. And, uh, um, you know, Adam.

Is I I, I sit and listen to a lot of investors and I sit and listen to Adam. He is one heck of an expert. He helped Matt yesterday figure out the price of that home and it's gonna be a win-win for everybody. It was just wonderful to hear. So good job, Adam. Thank you. Alright. Anyways, everybody, we'll see you on Monday.

Feel free to call me if you have any more questions and uh, thanks for showing up. Frank, have you left yet? No. Crack it Dawn on Saturday. Alright buddy. Anyways, thanks for sending your, uh, agreement back. Yep. Alright everybody, thank you. Have a great, uh, weekend. Thanks all. You too. Thanks a lot. All right, you guys.

Take care. Bye.

[00:48:45]