

Georgia Association of REALTORS®

# Broker/Manager Conference

Moving In the Right Direction

June 4, 2009

Cobb Galleria Centre

Two Galleria Parkway

Atlanta, GA 30339

Broker Toolkit



# Broker/Manager Conference

Moving In the Right Direction

Are you moving in the right direction? Need help navigating these changing times? Do you know where the consumer is coming from and where they want to go? Let the Broker/Manager Toolkit be your guide!

GAR has collected a variety of articles to help you get your brokerage “Moving in the Right Direction.” As a Broker or Manager, it is important to take advantage of the resources available to you that will help put your business on the map and give your agents the direction they need to help them be as successful as possible. As you flip thru the pages of this booklet, you will find valuable information on social media, understanding “green” client needs and more. Keep this guide handy for future reference.



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## 2009 Federal and State Tax Credit

### *Frequently Asked Questions Answered*

Both federal and state tax credits are available for 2009, and will serve as strong incentives for potential homebuyers, and hopefully as a catalyst for a market turnaround in the near future. Below are the most common questions related to each tax credit.

#### **Federal Tax Credit**

##### **1. What's the new federal homebuyer tax incentive for 2009?**

The 2008 \$7,500, repayable credit is increased to \$8,000 and the repayment feature is eliminated for 2009 purchasers. Any home that is purchased for \$80,000 or more qualifies for the full \$8,000 amount. If the house costs less than \$80,000, the credit will be 10% of the cost. Thus, if an individual purchased a home for \$75,000, the credit would be \$7,500. It is available for the purchase of a principal residence on or after January 1, 2009 and before December 1, 2009.

##### **2. Who is eligible?**

Only first-time homebuyers are eligible. A person is considered a first-time buyer if he/she has not had any ownership interest in a home in the three years previous to the day of the 2009 purchase.

##### **3. How does a tax credit work?**

Every dollar of a tax credit reduces income taxes by a dollar. Credits are claimed on an individual's income tax return. Thus, a qualified purchaser would figure out all the income items and exemptions and make all the calculations required to figure out his/her total tax due. Then, once the total tax owed has been computed, tax credits are applied to reduce the total tax bill. So, if before taking any credits on a tax return a person has total tax liability of \$9,500, an \$8,000 credit would wipe out all but \$1,500 of the tax due. ( $\$9,500 - \$8,000 = \$1,500$ )

##### **4. So what happens if the purchaser is eligible for an \$8,000 credit but their entire income tax liability for the year is only \$6,000?**

This tax credit is what's called "refundable" credit. Thus, if the eligible purchaser's total tax liability was \$6,000, the IRS would send the purchaser a check for \$2,000. The refundable amount is the difference between \$8,000 credit amount and the amount of tax liability ( $\$8,000 - \$6,000 = \$2,000$ ). Most taxpayers determine their tax liability by referring to tables that the IRS prepares each year.

##### **5. Is there an income restriction?**

Yes. The income restriction is based on the tax filing status the purchaser claims when filing his/her income tax return. Individuals filing Form 1040 as Single (or Head of Household) are eligible for the credit if their income is no more than \$75,000. Married couples who file a Joint return may have income of no more than \$150,000.

##### **6. What's the definition of "principal residence?"**

Generally, a principal residence is the home where an individual spends most of his/her time (generally defined as more than 50%). It is also defined as "owner-occupied" housing. The term includes single-family detached housing, condos or co-ops, townhouses or any similar type of new or existing dwelling. Even some houseboats or manufactured homes count as principal residences.

##### **7. Are there restrictions related to the financing for the mortgage on the property?**

In 2009, most financing arrangements are acceptable and will not affect eligibility for the credit. Congress eliminated the financing restriction that applied in 2008. (In 2008, purchasers were ineligible for the \$7,500 credit if the financing was obtained by means of mortgage revenue bonds.) Now, mortgage-revenue bond financing will not disqualify an otherwise-eligible purchaser. (Mortgage revenue bonds are tax-exempt bonds issued by a state housing agency. Proceeds from the bonds must be used for below market loans to qualified buyers.)

##### **8. Do I have to repay the 2009 tax credit?**

NO. There is no repayment for 2009 tax credits.

##### **9. Do 2008 purchasers still have to repay their tax credit?**

YES. The \$7500 credit in 2008 was more like an interest-free loan. All eligible purchasers who claimed the 2008 credit will still be required to repay it over 15 years, starting with their 2010 tax return.

##### **10. How do I apply for the credit?**

There is no pre-purchase authorization, application or similar approval process. All eligible purchasers simply claim the credit on their IRS Form 1040 tax return. The credit will be reflected on a new Form 5405 that will be attached to the 1040. Form 5405 can be found at [www.irs.gov](http://www.irs.gov).

### **Broker Toolkit Online**

Be sure to visit [www.garealtor.com](http://www.garealtor.com) and under the Member Services menu, select Broker/Manager Toolkit. This toolkit and last year's toolkit are online, making for an easy reference of articles at your fingertips.

## **State Tax Credit**

### **1. Is this tax credit limited to first time homebuyers?**

NO, all purchasers of an eligible single family residence in Georgia that file a Georgia income tax return can claim the credit.

### **2. Can the Georgia credit be combined with the federal \$8,000 first time homebuyer tax credit?**

YES, if buyers meet the qualification for each credit they may claim both. Each credit operates independently from the other. One is claimed on your federal income tax return, the other is claimed on your Georgia income tax return.

### **3. Is it true this credit is limited to the purchase of a single family residence?**

YES, the tax credit is limited to the purchase of one single family residence. Single-family residences (including condominiums) are eligible if they are: \*New residences, residences occupied at the time of sale, or previously occupied residences, if such residences:

- Were for sale prior to the effective date (5/11/09) and were still for sale after the effective date;

\* Owner-occupied residences with respect to which the owner's acquisition debt is in default on or before March 1, 2009; and

\* Residences with respect to which a foreclosure event has taken place and which are owned by the mortgagor or the mortgagor's agent.

### **4. Is it true that eligible single family residences must have been listed prior to May 11, 2009 in order to qualify for the credit?**

YES, the original intent of the bill was aimed at reducing the housing stock that has been on the market for an extended period of time.

### **5. Is it true that only eligible buyers that close between June 1, 2009 and Nov. 30, 2009 can claim the credit?**

YES, the intent of credit is to stimulate the market by encouraging potential buyers to get off the fence and BUY NOW!

### **6. How do I determine the amount of tax credit for which I am eligible?**

The tax credit will be for 1.2% of the purchase price, with a maximum credit of \$1,800 (whichever is less). Homes purchased for \$150,000 or more will receive a maximum of \$1,800.

### **7. Can I claim all \$1,800 on my 2009 income tax returns?**

NO, the total amount of your credit must be claimed in one-third increments over a three year period. The maximum credit per year is \$600 if you are eligible for the maximum \$1,800. Any excess or unused credit may be carried forward to apply to succeeding years' tax liability.

### **8. Can I amend my 2008 Georgia income tax return to claim the credit?**

NO, the tax credit cannot be applied against prior years' tax liability.

### **9. I am looking for investment property or a second home, is the credit available for the purchase of owner-occupied residences only?**

NO, all eligible single family residences qualify for the credit. However, each taxpayer can claim the credit one time only.

### **10. Is there an income limit for buyers who claim the credit?**

NO, there are no income limits applicable to this credit.

### **11. Is there a limit to how long a buyer must own the property to claim the credit?**

NO, there is not a limit to how long a buyer must own the property.

### **12. Does any portion of the credit require repayment for any reason?**

NO, if you are awarded the credit there are no penalties that would require you repay any portion of the credit.

*For more FAQs and information on both tax credits, visit [www.garealtor.com](http://www.garealtor.com) and under the Governmental Affairs tab, select "Current Issues."*



## Procuring Cause and Antitrust

### *Seven Key Questions To Determine Procuring Cause*

The majority of commission disputes hinge on disagreements over whether individuals contributed significantly to making a sale. In determining if a cooperating salesperson or broker is entitled to a commission, consider the following:

1. When and how was the original introduction [of the buyer to the property] made?
2. Did the original introduction start an uninterrupted series of events leading to the sale?
3. Did the broker/salesperson who made the original introduction maintain contact with the buyers?
4. Did the broker/salesperson engage in conduct that prompted the buyer to look elsewhere for assistance?
5. If more than one cooperating broker was involved, was the second broker/salesperson aware of the prior introduction of the buyer to the property?
6. Was the introduction of a second broker an intrusion into the transaction or the result of estrangement or abandonment by the original broker?
7. Did the cooperating broker initiate a separate series of events, not dependent on the original broker's/salesperson's efforts, that led to the successful transaction?

Source: National Association of REALTORS®

### *Six Simple Antitrust Prevention Tips*

Compliance with antitrust laws doesn't involve a lot of expense and rigorous documentation. It does require that you and your company's salespeople have a clear understanding of the law, a sensitivity to potential problem areas, and a consistent commitment to avoiding circumstance that might imply violations.

1. Analyze market conditions, transaction costs, and income to justify your company's prices or fees. Even if they happen to be the same as the competition's, you will be able to defend against inferences of conspiracy.
2. Never preprint commission percentages or listing periods into your listing agreements.
3. Develop a written antitrust compliance policy for your company. Brokers may be held liable if salespeople violate antitrust laws.
4. Teach sales associates the proper way to differentiate themselves from competitors by emphasizing the quality and service the company provides rather than disparaging the competition.
5. Instruct your sales associates on the meaning of antitrust law, and train them not to discuss your company's pricing and commission policies with competitors.
6. Never use the word "standard" or "prevailing" when describing your fees and services.

*Adapted from, "Antitrust," Allen Sakai, Washington REALTOR®, The Washington Association of REALTORS®*



# A Smart Investment You Can Live With



**This label means a comfortable,  
quality home that saves you money.**

Find the new home of your dreams and relax knowing it's well built and meets strict ENERGY STAR® guidelines for energy efficiency. When you purchase a home with the ENERGY STAR seal, you'll enjoy ongoing energy savings, year-round comfort and environmental benefits that add value to your home.

Compared to standard houses, ENERGY STAR qualified homes are significantly more energy efficient, saving you hundreds of dollars year after year after year. And, third-party inspection verifies the energy performance, comfort, and quality of your home giving you peace of mind.

So, when you're looking for a new home, make sure it's an ENERGY STAR home. To learn how you can begin saving today, call **1.800.524.2421** or visit **[georgiapower.com/energystar](http://georgiapower.com/energystar)**.



## Social Media 101

### *Let's Get Digital!*

It's time to cozy up to the computer and learn social media! Matthew Rathbun of Century 21 Classic Real Estate in Ruther Glen, Va., and Daniel Rothamel of Strong Team REALTORS® in Charlottesville, Va., offer these primers to get you started.

### **Blogging 101**

A blog is a “web log.” It is online content that is updated on a regular basis with opinions and information. The best part is that the folks who offer this information so freely also allow you to comment on the material.

A blog is your own personal slice of the internet. On a blog, you can show people who you are and what you can accomplish for them. Use them to share your insights and expertise with people as often as you would like. At the most basic level, a blog gives people a way to meet you in their own environment before they ever meet you face-to-face.

Set aside any preconceived notions and fears about this form of communication and get ready to understand it, because if it hasn't already, blogging is going to impact your business.

There are lots of blogs out there for REALTORS® to provide new marketing ideas and to keep you current in your everyday practice. Best of all, this information comes at no cost to you.

A great feature of blogs is the ability to subscribe using a “reader.” A reader, which is commonly known as RSS for Really Simple Syndication, is a single webpage that you can use to organize all blogs that you wish to read. This allows you to go to one webpage and see all the new articles of your favorite blogs. For a good instructional video on blogging and RSS go to YouTube.com and search for “RSS in Plain English” and “Blogs in Plain English”.

**How to use your blog:** Use it to talk with and



inform your readers. Your goal should be to share with them your insights, opinions and experience in such a way that benefits them. After writing a few posts, and receiving a few comments, you will find that you will be learning just as much as you are sharing.

**How not to use your blog:** To advertise listings. There are plenty of other ways to do that. If you really want to use a blog for advertising your inventory, create a separate blog for such a purpose (see sidebar regarding advertising in social media).

### **Facebook 101**

Facebook was a website originally created as a way for college students to communicate with each other more easily. Originally the exclusive domain of colleges, the site has since been opened to anyone with an email address.

Joining the Facebook crowd is as simple as filling out a form. Go to [Facebook.com](http://Facebook.com) and click on the “sign up” button. You'll be asked to fill in information about you and your business. Presto, you're a member of Facebook with your own profile page featuring as much or as little information as you desire with folks you designate as friends from the Facebook database. If you're new to this media, you'll be surprised by how many fellow REALTORS®,

neighbors and clients you'll find there.

What happens next is entirely up to you. As a social networking site, Facebook can also be a valuable business tool.

**How to use Facebook:** Use it to establish yourself as an expert in your community and build relationships with people you already know and also with potential clients. Join GAR's Facebook group by going to [www.Facebook.com](http://www.Facebook.com) and searching for Georgia Association of REALTORS®.

**How not to use Facebook:** Remember that if you are going to use one Facebook profile for both business and personal use, anything that you put in your profile should be appropriate. You may have had a great time at that party, but do you want your clients and prospects viewing that photo of you with a lampshade on your head? Privacy settings and setting up friend lists are the key to using Facebook for business and personal uses.

### **LinkedIn 101**

LinkedIn is like the big-business brother to Facebook. While Facebook is a personal social networking site that people use for business, the explicit purpose of LinkedIn is to foster business networking. The basic purpose of

LinkedIn is to start a profile and link yourself to other professionals, thereby increasing your overall network by degrees. The networking potential is enormous.

**How to use LinkedIn:** If you already have a LinkedIn profile, search for “Georgia Association of REALTORS®” and request to be added to our group. Only those GAR members who are current in their membership will be approved. If you don’t already have one, sign up and build as detailed and creative a profile as you can. This will be your readers’ first impression of you. Answer as many questions as you can on the message boards as a way of making additional contact by sharing your experience and expertise. Who knows, you may even be able to leverage your network to create new business opportunities.

**How not to use LinkedIn:** Don’t spam people, and don’t use it to advertise your listings. Like all the others, LinkedIn is a networking site, not an advertising outlet. Engage people and become part of the conversation. Please note that spamming and/or advertising listings will cause you to be removed from the GAR group.

### **Twitter 101**

Twitter is like a micro-blogging platform that works with the text messaging feature common on most cell phones. While many people use it just to publish status updates (telling people what they are doing at any given moment), the site presents infinite business possibilities for those who want to communicate instantly with clients. Increasingly, hard news breaks on Twitter, since posts can be published quickly and from anywhere you can send a text message. For example, a cameraman sends news from the White House press room. Twitter was used by citizen journalists to report breaking news during the 2007 California wildfires.

**How to use Twitter:** In a hot market, writing or tweeting about just-listed homes can help enable your buyer to offer the first contract. There are plenty of other innovative REALTOR® uses for Twitter yet to be discovered. Like any other form of communication, to build an attentive audience, you’ll need to provide relevant and compelling content.

**How not to use Twitter:** While the original purpose for Twitter was to answer the question, “what are you doing?” don’t get carried away. No one wants to know when you are going to grab a cold one from the fridge. If you are doing something that you think current and potential clients may find interesting, then tweet away. A Tweet that says, “I just listed such and such house today,” does not qualify as interesting. Tweets or text entries are limited to 140 characters, so choose wisely.

It’s all about building relationships. Use only as many social media vehicles as you can effectively manage. The main thing to remember is that social media is about cultivating relationships. Maybe you start a blog and see how it goes. Maybe you build a Facebook profile and find some groups that interest you. But it’s definitely time to try.

*Ben Martin is the Vice President for Marketing and Communications for the Virginia Association of REALTORS®. This article is reprinted with permission from the January/February 2008 issue of Virginia REALTOR® magazine.*

Whether you are actively engaged in social networking, think you have heard of it, or had to ask the person next to you what it is, your affiliate licensees likely know about it and are probably using it at this very moment. Why do you care? Because you are responsible for your affiliate licensees’ actions involving real estate and you are responsible for keeping them current on license law.

Essentially, social networking is no different than the real world; the same rules apply (the Georgia Real Estate Commission’s rules on advertising apply to all media). The big differences are that social networking is instant, un-edited and what you type should be considered to be irretrievable. In other words, you should impress upon the licensees with your firm that care should be taken when posting a comment. Misleading statements, discriminatory advertising and inducements to break a contract are strictly prohibited by license law.

Being responsible for every tweet, text message, e-mail or posting on Facebook may sound a little frightening. Relax (a little), through your policies and procedures, you can establish clear guidelines to ensure that your affiliates know and follow the rules.

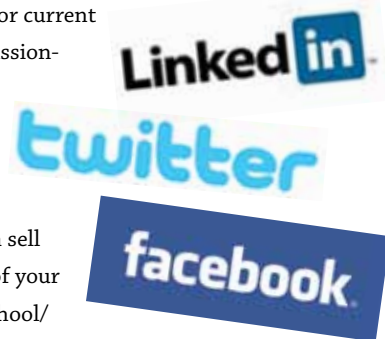
Be certain that your policies and procedures are comprehensive and up-to-date. Also, be certain that you have the proper system in place to ensure that the policies are followed. This may mean

that you have to learn something about this newest form of communication and be current on the Commission’s rules.

Now that your fear has subsided, you may find that social networking is a great tool. Some reports even cite it as surpassing e-mail in popularity. Fortunately, there are many courses to help you with establishing your policies; check a Commission-approved real estate school for current offerings, or take the Commission-sponsored Brokerage Course ([www.grec.state.ga.us](http://www.grec.state.ga.us)).

As for those of you that want to know how to tweet or what book store can sell you a Facebook, talk to one of your affiliates, or the next high school/college student you see.

*Jeffrey T. Ledford is the Real Estate Commissioner for Georgia. Excerpt reprinted from the GREC Report in the May/June 2009 issue of Georgia REALTOR® magazine.*





## REO Business

*Risk and Reward - Lisa Robinson, CIC*

The cycles of the real estate market dictate how you generate your business, which can present challenges in managing your risk. At the height of the market a few years ago, we were dealing with multiple offers, waiving inspection items and finding creative ways in which to get an offer accepted.

Today the market is quite different with short sales and REOs being a significant source of opportunity. Following are some important insurance considerations relating to the requirements put forth in the lender listing agreements.

### **Errors & Omissions**

All E&O policies define the scope of services that will be covered under the policy. Ideally, the definition of professional services for a real estate firm should include duties of a real estate agent, broker and property manager.

Some policies further define what services are considered to be property management activities. These may include: 1) development and implementation of management plans & budget; 2) oversight of physical maintenance of property; 3) solicitation, evaluation and securing of tenants and management of tenant relations, collection of rent and processing evictions; 4) development, implementation and management of loss control and risk management plans for such property; 5) development, implementation and management of contracts and subcontracts (excluding property and liability insurance contracts) necessary to the daily functioning of such property; or 6) personnel administration and record keeping in connection with such property.

If your policy does not cover property management activities or you are operating outside of the scope of your professional services as defined in your E&O policy, then your policy will not cover any claims that arise from these activities.

Some lender listing agreements require you to provide additional duties that you might

not normally provide or are beyond your area of expertise such as safety inspections, environmental inspections or renovations of the property. Several of the policies offered by the current E&O providers specifically state that property management services do not include renovation services or analysis or evaluations of, or recommendations concerning environmental hazards or exposures.

You should undertake a rigorous review of your E&O policy with your insurance broker to determine where your exposures for uncovered claims exist so you can adequately address funding these risks to the firm. Consideration can be given to placing an additional E&O policy that would cover “property preservation” exposures that can fall outside of the real estate E&O policy.

### **General Liability**

All E&O policies contain an exclusion relating to bodily injury or property damage claims. This is covered under the firm’s general liability policy.

Many carriers will write general liability coverage for a real estate company and attach an exclusion for properties you manage and/or properties you list for sale. What this means is they are only providing coverage for your office premises — if someone slips and falls while at your office.

When the policy is written in this manner it is not covering you for what you do — listing and selling properties or managing properties. Your exposure as a real estate agent, broker or property manager is when you are out showing property and your negligence causes bodily injury to a third party or property damage.

You must confirm that the coverage afforded under your current general liability policy addresses the real estate activities in which you are engaged. If it does not, then you will be faced with defending yourself (as well as the lender if named as an additional insured

under your policy) in an uncovered claim.

You should be aware that residential property management is considered a high risk activity that many carriers are not willing to cover. Typically these listing agreements will require you to name the lender as an additional insured under your general liability and automobile liability policies. In order to add an additional insured under your policy you must submit to your underwriter for approval and there may be an additional premium charge.

If the listing agreement requires you to cover independent contractors under your general liability policy, you will need to address this with your underwriter as general liability policies generally do not provide coverage for independent contractors.

You should confirm the limit of liability that the lender requires in your contract. The standard general liability limit is \$1,000,000 per occurrence, \$2,000,000 annual aggregate. If you are required to carry a \$3,000,000 combined single limit, you will need to increase your general liability limit to \$3,000,000, if possible, or purchase an umbrella policy to provide the higher limits.

Many of these listing agreements require a full indemnification to the lender. When coverage is not afforded under an insurance policy, the firm and the agent will be responsible for these uncovered exposures assumed through the agreement.

The reality today is that lenders are shifting ALL of their risk to the real estate agent and firm, thereby significantly increasing the risk of the transaction. It is important that, following discussions with your insurance broker and attorney, you transfer as much risk as possible to the insurance carrier and determine methods to fund the uninsured risks of this market.

*Lisa Robinson, CIC, is president of Pinnacle Insurance Consultants in Scottsdale, AZ. She can be reached at 888-800-9770 or [lisa@pinnacleinsuranceco.com](mailto:lisa@pinnacleinsuranceco.com).*

# Fair Housing Pointers

## *Reducing Liability and Creating Your Fair Housing Statement*

### **Five Keys to Reducing Liability**

Ensuring that your company provides equal service standards and encouraging salespeople to keep careful records demonstrating that those standards were implemented equally to all prospects provides a strong defense against charges of fair housing violations.

1. Develop a standardized list of questions salespeople can use to qualify all prospective sellers; develop a similar list for buyers. Have salespeople take down responses to the questions on these forms and keep them on file.

2. Establish specific formulas that salespeople can use to determine the price range of houses that a prospective buyer can afford so that the salesperson's judgments don't seem based on discriminatory criteria.

3. Keep a record of every property shown to buyers so that you can later demonstrate that you followed the criteria established in the qualification process. If buyers make requests for specific areas, note that in your records.

4. Keep phone logs of inquiry calls made to the company and train receptionists in a standardized response to questions about the company's services. Remember that a prospect doesn't have to become a client to sue for discrimination.

5. Record how the salesperson chose the houses that were shown and what criteria were used to eliminate other potential homes.

### **Compliance Checklist**

If you answer "no" to any of the questions below, evaluate the impact of those responses on your fair housing responsibilities and adjust your office practices accordingly:

- Do you have a written fair housing policy?
- Do you publicize your commitment to fair housing in your office, in your advertising, and to sellers and buyers?
- Is fair housing training required in your company?
- Have you developed procedures to provide equal professional service?
- Do you review your offices' compliance with your procedures on a regular basis?
- Do you have a corrective action policy?
- Do you regularly review and modify your procedures to respond to changes in the law or new fair housing issues and to correct deficiencies in your office?
- Do you have a mechanism for feedback from customers and prospects?

### **Creating Your Fair Housing Statement**

Give every prospective seller and buyer a copy of your fair housing policy statement. The statement should say unequivocally that you support all applicable laws, and state specifically what the provisions of those laws are. For example:

*"This company conducts business in accordance with all federal, state, and local fair housing laws. It is our policy to provide housing opportunities to all persons regardless of race, color, religion, sex, familial status, handicap, or national origin. The company's fair housing procedures are not recommendations. They must be followed by everyone associated with the company."*

**The Fair Housing Act declares a national policy of fair housing throughout the United States. The law makes illegal any discrimination in the sale, lease or rental of housing, or making housing otherwise unavailable, because of race, color, religion, sex, handicap, familial status, or national origin.**



## Understanding Your Green Client

As the topics of sustainability and green building continue to gain momentum, clients and customers interested in green features and amenities will become more and more common. But who is the green buyer, tenant, owner or seller? And how can you determine what green means to them?

As with any real estate transaction, the green buyer, tenant, owner, or seller is motivated by a variety of different factors and preferences. However, we can categorize these individuals into one of the following general types:

### **Economizers:**

- Those who are interested in saving on operating costs through resource management.
- Example: Baby boomers who have experience tracking monthly energy and utility costs over time may think that a green home is the best way to control increasing costs and manage their budget. Likewise, commercial tenants may think that green office space is the best way to control their operating costs and their portion of common area maintenance charges.

### **Investors:**

- Individuals interested in life-cycle cost analysis and the value proposition of various green features.
- Example: Someone looking to remodel or retrofit existing homes and buildings with green features in order to ultimately command a higher asking price.

### **Health Conscious:**

- Those who believe that potential health benefits of green living.
- Example: Someone who has allergies may think that a green home or building will help prevent allergic reactions and improve overall health. Similarly, commercial tenants may think that a green building will increase worker productivity due to better lighting and indoor air quality.

### **Idealists:**

- Those who believe that conservation of resources for future generations is a social responsibility.
- Individuals truly committed to and passionate about green.
- Individuals willing to sacrifice for green lifestyle choices.
- Example: Someone who is interested in minimizing his or her carbon footprint by living or working in a green building, collecting rainwater for landscaping irrigation, shopping locally or growing their own food, and so forth. Similarly, commercial tenants may be interested in finding office space with other businesses that contribute positively to the community and the environment, and share similar mission statements.

### **Lifestyle-Focused:**

- Those who think that living by overall sustainability principles contributes to a more meaningful and comfortable personal lifestyle.
- Individuals supportive of living a green lifestyle.
- Example: Someone who considers close proximity to public transportation or living by open space a priority in terms of personal home choice. Likewise, commercial owners and tenants who are interested in providing bike storage and shower rooms as a way to encourage employees to bike to work may also fall into this category.

### **Eco-Chic:**

- Those who are interested in the status and prestige of green living.
- Individuals who may not truly subscribe to a green philosophy but are interested in being involved or owning the latest green feature or gadget.
- Example: Someone who values the idea of living in a green certified home or building more than the unique green features and associated environmental or sustainable benefits.

### **Skeptical/Unaware:**

- Those who are skeptical of the green hype or are unaware of the benefits of green homes and buildings.
- Example: Someone who is not aware of or is uninterested in the options and potential benefits of pursuing a green home or building. As you can see, the green choice is not a one-size-fits-all approach. Some clients and customers may not fit neatly into any one category, but rather encompass characteristics of several. The real estate professional's task is to learn these motivations and prioritize them as "needs and wants."

As a real estate professional, your goal is to help clients or customers find a home or building based upon their preferences. New and custom-built homes and buildings have the advantage of being able to incorporate green features into the design and construction. However, if your clients are looking at existing houses and buildings, some aspects of a structure cannot be changed, such as its site orientation. However, the real estate professional can help a buyer or tenant see the green potential of a home



or building by pointing out ways to decrease a property's negative impact on the environment, and suggesting upgrades and fixes that will increase resource efficiency. These upgrades and features can range in cost depending on how committed your client is to having a green property.

Is your client interested in low-cost upgrades and features? Try suggesting the following: Use CFL or LED light bulbs; Install low-flow showerheads and faucet aerators; Start a compost pile; Plant trees; Insulate hot water heater; Weather-strip and caulk doors and windows; Collect rainwater to water plants; Paint with low- or no-VOC paint; Replace filters; Install a programmable thermostat; Plant a rain garden; Plant native plants; Install motion sensors in offices and other common areas to turn off lights when not in use; Install water-efficient restroom fixtures; Take advantage of daylighting; Provide recycling bins.

Perhaps your client is willing to invest more in these medium-cost upgrades and features: Conduct an energy audit; Tune up HVAC; Replace carpet with no-VOC style; Install a tankless hot water heater; Insulate attic and other areas; Consider drought-resistant landscaping; Install engineered window shading to manage heat loss or gain in commercial buildings; Buy recycled office products and equipment; Hire a consultant to conduct an assessment of lighting and heating and cooling systems for potential building upgrades and retrofits; Provide a bike room to encourage environmentally-friendly commuting.

Is your client willing to invest more in these high-cost features? Try encouraging the following: Buy ENERGY STAR appliances; Replace windows with double pane, low-e models; Replace roof with reusable/recyclable materials; Install solar photovoltaic panels; Remodel kitchen

or bathroom with sustainable materials and features; Replace cabinets with sustainably harvested wood and low-VOC finishes; Install a solar hot water heater; Install a green roof; Implement super energy efficient transformers; Use wind turbine systems to supplement common area electricity; Implement a water reclamation system; Consider anaerobic digesters that use food waste and solid human waste to produce methane and generate power.

Don't forget to conduct some research! Become familiar with listings and note potential features or opportunities for green improvements, review potential pros and cons from a green perspective, talk to the listing agent or builder, and always consult with green building experts.

When you've gathered the appropriate information, prioritize showings to focus on your client's high-priority features and factors, use checklists to find all potential features, offer observations, and most of all, ask questions! Get feedback from each showing, ask specifically about certain features, and gauge the reactions and priorities of your clients. For example, it would be prudent to ask if they are comfortable with the age of the appliances, the property's proximity to public transportation, the amount of information on the property's green features, or if they'd like an energy audit. Understanding the latest features, technology, and development in green real estate will afford you a unique perspective into the needs of this rapidly growing client base. Finally, be the source of the source; develop your relationships with green industry professionals and bring those relationships to your clients.

Source: Green REsource Council, National Association of REALTORS®

Photo by **Howard Baker**, senior member of the Firm, and former chief of staff to the President, Senate majority leader and ambassador to Japan.



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## Five Recruiting Mistakes

### *How to Avoid The Traps Of A Tightening Market*

In today's competitive market, working smarter rather than harder is vital. Savvy managers do just that by creating a definitive plan of action, consistently measuring their results and avoiding the common pitfalls that plague recruiters in a tightening market.

**1. Lowering Your Standards.** Desperate times should not call for desperate measures. When you get into the business of taking bodies, or the "ANY body will do mentality" you lose credibility in the market which attracts top talent, and run a high risk of greater attrition in your office. Take yourself out of the "hire ten agents to keep two" mindset. Raise your standards and remember like attracts like. If you want top producing agents, high-energy candidates and ready-to-roll recruits, make sure that you, your staff and your current agent population embodies those traits as well. Showcase the talent of your current agents through a series of ads that spotlight their accomplishments. This encourages results from your existing staff and sends the message to agents in your community that you respect, acknowledge and appreciate the agents who work for you.

**2. Not Having a Plan.** Too many brokers and managers go into recruiting mode without a plan in place as to how they will sell against the competition. Know in advance what differentiates you from the other companies in your marketplace. What do you have to offer that they do not? What tools do you have to share? How will you help that recruit reach their goals in the shortest time with the highest return and the least headaches? List your attributes against those of your competitors and know in advance how you will sell those qualities. Once you have a grasp on your company profile, begin to implement a plan which will put you in touch and keep you in touch with those individuals you would like to bring on board. This will also help you cement relationships with your current staff.

**3. Making a Bad First Impression.** What is the first thing your recruit will see upon entering your office? If it is dark or dirty with outdated furniture, six year old magazines and bears the distinct odor of stale coffee and old cigarettes, chances are the ace agents will keep you at bay. However if you present yourself with a nice reception area, clean and friendly environment, upscale publications and updated technology, your candidate will know you are in the business of staying in business and more likely to consider your office one they would feel comfortable calling their own.

**4. Not Having Multiple Systems in Place.** You may have always been good at one thing. You may be socially animated and great at drawing people into conversations. You may have always relied on your 30 years in the business foundation or capitalized on a great centralized

location. In today's quickly changing market however, the smart recruiter puts multiple systems in place to insure a constant stream of recruiting interviews. From the passive drip marketing direct mail campaigns to the more aggressive guerilla techniques, be sure you know how and when to be flexible so that you can meet the needs of a shifting market. Career Conference Calls are a great median for allowing agents to glean necessary information in a less formal environment. Support Call Marketing is another effective tool for those recruits who are "sitting on the fence." Just as you would assist one of your associates with a tough buyer or seller situation, support call marketing allows them to do the same for you. Agents who have had a prior transaction or relationship with your potential recruit are asked to follow up with a testimonial type phone call to assure the recruit that yours is an office that not only helps agents meet their goals, but provides the systems, solutions and training necessary to excel in every market condition.

**5. Failing to Future-Pace Agents.** Sometimes, especially in a tough market, agents get stuck in the rut of the here and now. The experienced manager knows to paint a brighter future for his or her prospective associate. Have the ability to show them where you are now, but more importantly, where you are growing and what that growth will mean to their future and their career. Show them how, with your help and direction, they can build their book of business to the point where they can sell it when and if they choose to. We have a unique solution that beautifully illustrates this process. We suggest managers print a wide variety of ads, flyers, brochures, and postcards with their recruit's photograph and contact information, as well as their own company logo before their recruiting interview. Have them nicely displayed in their conference room upon the agent's arrival. Recruits are usually thrilled by this method of impact communication. It shows the broker is ready, willing and more than able to help that agent succeed by providing a variety of collateral material, backed by solid support which will help agents see their growth and income potential and look beyond their fear of changing offices.

Every market provides recruiting challenges and obstacles. Keeping in tune with those changes as well constantly refining your systems, strategies and tools will help your marketing campaigns stay fresh, consistent and timely. Keep in mind that the best modern skill in the sales industry today is the ability to rapidly learn on an ongoing basis.

*Julie Escobar is Director of Corporate and Convention Marketing for ProspectsPLUS! Julie has more than 20 years of sales and marketing experience in the real estate industry. © 2009, Dirk Zeller. All rights reserved. For information contact FrogPond at susie@FrogPond.com.*

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