Module #1 Getting to the Right Listing Price

I'd like to delve into the conventional process of listing a home and how the listing price is determined. Let's kick things off with a question for you to ponder.

On a Traditional Listing with 10 Multiple Offers, Who Emerges Victorious?

1. Seller
2. Buyer
3. Listing Agent
4. Buyer’s Agent

What's your choice and rationale?

As the Listing Agent with 10 offers, what's the next move? Do you scrutinize the terms, narrow it down to the top 3, and request their highest and best? Do you present the offers to the seller, outlining each in detail for the seller to select the best one?

Regardless of your approach, how does it affect the initial question?

The EZ Platform's response suggests that none of the options are correct. Allow me to elaborate.

Why the Seller doesn't emerge as the winner: The seller, along with you as the agent, selects the best offer, even after handling multiple offers. Let's assume the seller picked an offer of $500,000. As real estate agents, we never reveal the details of the other offers, right?

Can we infer that with 9 potential buyers remaining, one of them might have been willing to pay $501,000? And in a similar scenario, with 9 buyers still in the mix, would one of them offer $502,000, and so forth? The pattern is clear.

Considering the actions taken, who ultimately triumphs? We understand that the seller could have earned more if the offers were fully transparent, correct?

The Buyers didn't secure a Victory because; they were not provided with an equal opportunity to acquire their dream home, right?

The Buyer's Agent arguably faced the most challenges; They presented the property, crafted an offer based on their expertise, guided their clients through the highest and best procedures, provided market value advice, and recommended the most suitable highest and best offer. How does it affect a Buyer's Agent when the Listing Agent chooses a different offer? How many properties must they show their client before finding the dream home? How many offers can they lose before the clients decide to seek representation elsewhere to navigate these competitive situations successfully? All because the Buyer's Agent aimed to protect their clients. How much effort and time did the agent invest in showing properties? You see the dilemma.

The Listing Agent did not emerge victorious; You endeavored to price the home using traditional methods, examined comps, concessions, and scrutinized home details to determine the correct price, right? As offers flooded in, you deliberated on which buyer's offer to accept. It has been acknowledged that a more transparent offer process (**INCIDENTALLY, YOUR MLS AND NAR HAVE BEEN EMPHASIZING THIS FOR THE PAST FEW YEARS**) could have resulted in the home surpassing the highest and best offer chosen by the seller, correct? Higher prices mean increased commissions for both listing and buyer agents, enhancing not only your earnings but also your fiduciary duty to maximize the seller's net profit.

The EZ Platform offers complete transparency; to all parties involved in the transaction. By allowing buyers to bid on their dream home in a public setting, sellers on average when priced right, using the EZ Platform achieve 20% above our perceived market value. The best way to determine Market Value is what a buyer is willing to pay, isn't it?

Module #1 Establishing The EZ Listing Price

The EZ Pricing Methodology: Simplifying the Process. Remember discussing how we traditionally determine listing prices by analyzing comps, photos, creating sellers net sheets, and striving to maximize the seller's net? Typically, traditional commissions amount to 6%.

Exciting news – the same steps apply with the EZ Approach!
For the EZ Way, we implement the Buyer's Premium Approach, where the buyer covers the premium that includes the commission payment. For instance, if the traditional listing price is $500,000, and after a 6% commission or $30,000 deduction, the seller nets $470,000. The seller agrees to $500,000 and the 6% commission. The property is listed. If we did our job, the property will be showcased on the MLS, marketed, and possibly featured in an Open House. Flyers are distributed to neighbors, displayed inside the home, and shared on social media. Eventually, we wait for offers to roll in.

The EZ Platform is crafted to boost performance; for both you and your sellers. With a market value of $500,000, ponder over the following queries:

- How many potential buyers have viewed the property?
- How many offers have been received?
- How many buyer leads have been generated?
- How many seller leads have been acquired?

Now, onto the EZ approach; By having the buyer cover the commissions, set the listing price at $470,000 to ensure the seller receives the same net amount. What benefits does this offer for you and your seller? A lower price attracts more buyers, resulting in increased offers. Our target price is to draw in 100 buyers; will $470,000 achieve this goal? Remember, the Seller can either accept, negotiate, or reject any offer on the EZ Platform. If $470,000 falls short of attracting 100 buyers, where should the price be set?

Traditional/EZ Way:

- $500,000 attracts 10 Buyers
- $470,000 attracts 50 Buyers
- To attract 100 buyers, what price is needed?

Our methods are backed by science; we have conducted numerous Bid Events even before opening this platform to agents.
Let's delve into the specifics of this listing, which may inspire your approach to listing presentations, conversations with buyer agents, buyers, and future listings. By following the proven methods of conducting a successful bid event, all parties involved in the transaction benefit, especially you and your seller.

Allow me to elaborate through the story of one of my bid events.

- Address: 37235 W Lake Walker Dr. SE (EZ Training Tab Title Running a Perfect Bid Event with all Closing, MLS, PSA, and Closing Statement)
- Location: Enumclaw, WA
- Starting Bid: $389,000

The sellers approached us after a marketing campaign offering to list their home with a zero percent fee. The owner, looking to move to Florida, was skeptical about our offer. After a brief conversation, he agreed to a 15-minute consultation, still questioning the legitimacy of the zero percent listing fee.

Upon arriving at the appointment, I met him and his wife. I requested a brief tour of their home, and they graciously showed my wife and me around. During the tour, my wife, an experienced stager, provided some staging tips, while I engaged in conversation to establish common ground by asking connection questions. Surprisingly, we discovered that we shared mutual friends - in fact, my best friend of over 60 years was a close acquaintance of theirs from a church they both attended.

After the tour concluded, I believe that he and his wife began to trust my wife and me. They were not only willing to hear our listing presentation but also actively engage with us.
(Keep in mind, the EZ Platform is a tool that complements your role as a real estate agent in establishing connections and building trust.) I prepared my computer, a CMA, and net sheets as if we were going to follow the traditional listing approach. Why did I choose this method? Well, most sellers are familiar with the traditional process. When I inquired about their discussions with other real estate agents regarding the suggested listing price, proposed commission, and promises made, he declined to share any details. Instead, he preferred to review our proposal first. I readily provided him with 6 Net Sheets and our CMA without any hesitation. You might be wondering why I presented 6 net sheets. In competitive scenarios, real estate agents often resort to reducing commissions, inflating listing prices, and making exaggerated promises. Therefore, I made sure to include 3 net sheets with traditional figures and 3 with figures based on the EZ method to clarify this concept for the sellers.
Moving on to the listing presentation, (P.S. You will be creating your own presentation during this module) my presentation consists of 12 slides and mainly discusses the differences between the traditional and EZ approaches. Much of the content is inspired by real-life scenarios. Before progressing to the next slide, I secured confirmation from the sellers that they comprehended the information and addressed any concerns they might have had.

During the presentation and CMA discussion, sellers started comparing my services with competitors. Based on my CMA, the home was valued at $410,000 with slight cleaning and decluttering efforts by the sellers. Out of 10 agents, only one besides us agreed on the $410,000 price, while the other eight suggested prices from $350,000 to $389,000. By asking questions and listening actively, the sellers shared valuable insights with my wife and me, leading to their increased engagement and better understanding of traditional versus EZ method.

Transitioning from traditional listing presentations to the EZ Method pricing strategy, we delved into the 6 net sheets. The sellers appreciated the comparison approach and even brought over competitors' presentations. Interestingly, only two of us prepared net sheets, with the Remax agent who valued the house at $410,000 being one of them. Commission rates ranged from 4.5% to 6%. When asked which competitors they were considering, the sellers pointed to the Remax agent and us as their final choices.

The Remax agent proposed a listing price of $410,000, 6% commission, various marketing efforts, and weekend open houses until the house sold. Upon questioning the sellers about any objections to the Remax offer, they expressed a clear preference against weekly open houses and intended to negotiate a 5% commission instead. Armed with this information, I secured the listing. In the end, my traditional offering included a 6% commission, with the listing price remaining at $410,000.

Before introducing the EZ net sheets, I inquired if they had any queries regarding my traditional method. They both responded negatively, indicating their growing enthusiasm for the EZ Method. The purpose of the 3 Net Sheets in the EZ Method lies in the scientific foundation of the EZ Way. Can you guess why I opted for 3 net sheets?

It was answered in this training. The reason is to end up with 100 buyers looking and touring the house minimally, plus I wanted 100 buyers at the open house.

- The first net sheet was for $410,000 with a 6% Buyers Premium
- The second net sheet was for $390,000 with a 6% Buyers Premium
- The Third was for $380,000 with a 6% Buyers Premium

Now to the science of the EZ Method, I simply asked him at $410,000 how many buyers would that price attract, they proceeded to tell me a neighbor listed their home for $380,000 a year ago and their open house had many buyers show up and sold quickly, I asked if they could give me approximetly how many? His answer was **A LOT**. Ok back to $410,000 how many buyers do you think would show up, their answer was 5-10, they both said not many, but we like the net money we would make. My response was, well hold onto your hat maybe we'll exceed that. The next net sheet was at $390,000 and asked how many buyers would that attract they both answered a lot because they were listing their home 1 year later than the sold comp. I asked 50, 75 or 100? They both said together 75-100, which was true, contributing factors market was hot in this area, very few listings.

So believe it or not I was going in with intention of listing the home at the 3rd net sheet priced at $379,000 knowing for a fact that would attract 100 buyers, but i changed my mind based on the comp from a year ago and used the second net sheet of $390,000. Once again, you must make ajustments that benefit your seller. I showed them the 2nd net sheet and asked them if they'd be willing to do some clean up before we listed the home? Now were talking about why the EZ Method will get more buyers than a tradtional listing, back to the net sheets, My wife and I felt in our hearts the $390,000 was the right Listing Price.

Lets compare the traditional listing price at $410,000 versus the EZ net sheet. I'm only going to talk net on commissions

Traditional:

- Listing Price: $410,000 (5-10 Buyers)
- Commission: 6% ($24,600)
- Sellers Net: $385,400

EZ Method:

- **Li**sting Price: $389,900 (75-100 Buyers)
- Commission: 6%
- Buyers Premium: Buyer paying commission
- Sellers Net: $389,900

The sellers realized that using the EZ Platform could yield more profits at a lower price point. They pondered if more buyers would lead to more offers. The seller even suggested lowering the home price to $349,900 to attract more buyers. However we advised them the science of using the EZ Method if the price is too low there surely will be more offers, but the science shows buyers will lose engagment when making too many offers. The seller and his wife opted for the EZ Method after understanding that targeting 75-100 buyers, with an average of 10% making bids, would maximize their net profit. Reflecting on successful past experiences, I shared how we have honed the process to benefit sellers. They agreed to list their home at $389,000.

Results: The property was listed on the MLS and EZ Platform for $389,900 with a 6% Buyers Premium. An open house was held on the following Saturday, which the sellers appreciated, especially after their previous objections tomultipe open houses on weekends until a contract was secured. We conducted the open house as usual, with community signs and special invitations. The invitations delivered to 50 neighbors invited them to preview for two hours before the public viewing. Why do you think we invited neighbors before? If Listing Leads was your answer, your right.

With a listing price of $389,900, we received an overwhelming response when it was published on the MLS and EZ Platform. On the first day at 1:00 pm, we had 8 showings.

As soon as agents and buyers started showing interest in the property, questions about the buyer's premium became a top concern. This occurred in 2021 before the NAR situation, where agents mentioned that buyers wouldn't cover the commission as long as they were the representing agents. This sparked discussions, and here are the questions I posed and listened to their responses:

- Can we agree that the home is listed 6% below market value?
  - It's crucial for a quick answer.
  - If the answer is yes, we can proceed with a dialogue.
  - If the answer is no, I ask for their opinion on the market value. If this differs from other agents, a reassessment may be necessary. In my case, we agreed on the 6% below market value, allowing us to move to the next question.
- Do you always represent your buyers to the best of your ability?
  - Have you been in a traditional multiple bid transaction?
  - The answer to both is usually yes. I then ask if they have both lost and won bids. Following this, I inquire how they and their buyers felt during the process and whether they offered the highest and best scenario.
  - The response should be a definite yes. I then ask if they were informed of the highest offer, which is typically a no.
  - Finally, I questioned whether their buyers sought the actual closing price, which the majority responded, yes.
  - For you and the buyers who looked at the homes lost due to the highest offer, let's say it closed for $350,000, would your buyers pay $351,000? The answer is always ABSOLUTLEY.

By asking these questions helped me comprehend the challenges they faced, or in other words, "What's In It For Them?" (WIIFM). The Buyer Agent.

While speaking with the buyer agents, I reminded them of the challenging current processes faced by buyer agents. Every time a new listing emerged, did you tour the house? Did your buyers wish to view the home multiple times before making an offer? Despite drafting numerous offers for several buyers, you did not emerge victorious, correct? Both you and your buyers were on edge, eagerly awaiting a response from the seller. Your buyers frequently contacted you, seeking updates, prompting you to reach out to the listing agent to inquire about the progress. Subsequently, the nerve-racking call arrives from the seller's agent, disclosing they have received 8 offers, and fortunately, yours is among the top 3. You are requested to go back to your buyers and request their highest and best offer, as the seller intends to make a decision that evening.

Upon returning to your hopeful buyers, who are deeply interested in the property, you explain the procedure for submitting the highest and best offer. You provide guidance on comparable properties and assist in determining the appropriate offer. Then comes the dreaded second question: "What do you think it will take to secure the home?" How does this situation make you feel? The responsibility now lies on you, in their eyes, to help them secure the property. While ensuring that you fulfill your fiduciary duty by offering them the best representation possible, you and the buyer agree on the highest and best offer, only to receive a disappointing outcome – a "NO, YOU LOST, SORRY." Your buyers are understandably upset about missing out on the property. How many times can an agent lose out on the highest and best offer before clients seek another real estate agent? What is the cost incurred in showcasing homes to these buyers?

Continuing the Conversation with Buyers Agent:
With this innovative platform both you and your buyers are shielded from uncertainties, ensuring no losses. The EZ platform I use offers complete transparency, granting real-time visibility to you and all parties involved in the transaction. Your buyers can advise you on when to cease price negotiations, and together, you can observe every offer as it unfolds.
By the way, you can join the EZ Platform by taking a two-hour course and passing a simple test. They also provide a guarantee that supports you in achieving your first successful closing.

I usually receive positive feeback from the buyer agents, but when faced with a "no," I explain that it's not for everyone. If I have numerous showings, buyer agents usually comply. In contrast, if there are no showings, I allow them to submit a traditional offer without using the EZ Platform.

The EZ Platform's effectiveness is evident in the statistics from my recent Bid Event in Enumclaw:

- Listed at $389,900
- Open House attracted 106 buyers, with 70% unrepresented
- 7 buyer leads pre-qualified by our partner lenders on-site, enabling immediate bids
- 2 Seller Appointments with neighbors

- 22 bids received, starting from $410,000 with a buyer premium

After consulting with the seller and receiving their trust, the final bid soared to an impressive $451,500, leaving the sellers thrilled with their choice. The winning agent and buyers were ecstatic about their success and the seller's decision, all due to feeling empowered and in control. Once the biding event was over the winning agent wrote up the MLS Purchase Sale Agreement adding the 6% Buyers Premium in final sales price. You can view the transaction in our training portal with all documents thru closing.

EZ Platform job is done, this is now a normal real estate transaction.

The purchase agreement included a 6% buyer's premium added on top the final accepted bid Price of $451,500 which made the PSA Price of Contract $478,590 signed around and sent to the lender, title and brokers. Additionally, two bidders were given the option to submit a backup offer, with the second bidder doing so. In this scenario, the buyer was obtaining financing for a standard real estate transaction. One common concern from new certified agents is what happens if the property doesn't appraise, which is a rare occurrence.

The solution is straightforward: does the buyer have the funds to cover the shortfall? Understanding market demand is crucial, as buyers and agents recognize when a property is in high demand.

Having a backup offer in place can prevent delays in such cases. If multiple offers are not received, the process follows traditional negotiation methods to keep the offer active. In this particular case, the appraisal matched the value, inspection was waived, and the closing took place within 30 days.

In today's real estate landscape, buyer agents must have a signed buyer representation agreement with agreed-upon commission terms before showing properties.

The commission, as per NAR Lawsuit regulations, cannot be a seller concession or financed.

The EZ Method ensures that buyer premiums and commissions are added to the accepted bid or offer chosen by the seller, aligning with the terms outlined in the MLS Purchase Sale Agreements. The EZ addendum clarifies the commission payment process, with all parties signing it before submitting a bid or offer.

The EZ Method is designed to benefit all parties involved more effectively than the traditional approach.

Let’s Move on to the Listing Presentation!