

Buyers and the Buying Process

Version 1 4-30-2023

Working with buyers is the largest percentage of our office's business. Knowing how to work with them, understanding their needs, and helping them through the process is key to being a successful real estate agent. Understanding and explaining agency and how you represent the buyers is also extremely important.

Along with that, setting up, scheduling, and completing the showing of properties is one of your major roles.

Class Objectives:

- Identify and qualify a potential buyer client.
- Understanding your buyer's needs.
- Learn how to identify a client's pain and pleasure.
- Explaining agency and applying the correct type of agency and agency paperwork.

- Understanding the buying process and being able to explain it to a buyer.

Training Type:

- Video
- In person

Self Study:

- Training Videos
- Search set up and practice

Identify your Buyers

To start we need to identify the types of buyers.

There are 3 types of buyers:

- **Immediate / Ready to go! (Buying in 0-90 days)**
 - These are buyers that are prepared to move right away.
 - They have been looking at homes on websites.
 - They have a pre approval.
 - They know their budget.
 - They know what they want and where they want to live.
 - They **want** to go look at homes in person and set up showings.
 - They are ready to make an offer if the house meets their needs!
- **Getting ready (Buying in 90 days – 6 months)**
 - They are looking at homes on websites.
 - They are not pre approved but have probably used a mortgage calculator for an estimate.
 - They have an idea of how much they want to spend.
 - They sort of know what they want and where they want to be.
 - They aren't quite ready to go look at homes unless the perfect one pops up.
- **Long Term buyers (Buying 6-18 months)**
 - They are just starting to get their feet wet and prepare.
 - They are figuring out what they think they can afford.
 - They are probably saving up for a down payment.
 - They are looking at homes on websites.
 - They are a year or more away so it's not a priority for them.



What's the one thing they all have in common?

They are all looking at houses online!!!

Qualify a Buyer

Each of the buyer types are equally important. Some require more time and work but helping families get into homes and achieve their dreams is what we do. And sometimes that takes a bit more time.

Sometimes it's easy to determine the type of buyer you are dealing with. Other times it's more difficult.

The best to figure out who you are dealing with is by asking open ended questions and **LISTENING!!!**

Asking them questions is the key to building a **relationship** with potential clients:

Do Ask	Do NOT Ask
When are you looking to move?	Are looking to move in the next 3 months?
Are you going to use cash to buy this house, or will you be getting a mortgage?	(Don't assume they have to get a mortgage!)
Have you spoken with a lender/loan officer about your mortgage options yet?	Are you pre approved?
What is the price range you comfortable staying within?	How much are you pre approved for?
Why are looking to make a move?	
"If money wasn't object, what would your dream home look like?"	
Ask about specifics (without being specific). examples include... <ul style="list-style-type: none"> • What is on their list of must haves? • What is on their list of must NOT haves? • Do you like having lots of land for outdoor activities, or water front, or do you prefer smaller lots with easier maintenance? 	Sometimes specifics are needed but keep it minimal. Don't ask... <ul style="list-style-type: none"> • Do you want a fireplace? • how many bedrooms? • How much square footage?
You want them to tell you a story so can build a relationship with them. You want this to feel like a conversation amongst friends, rather than an interview.	You want to ask as few "closed ended"& "one word answer" questions as possible. Sometimes you have to, but try keep it as few as possible and mix in other questions so it doesn't feel like a survey or interview.

Pain vs Pleasure

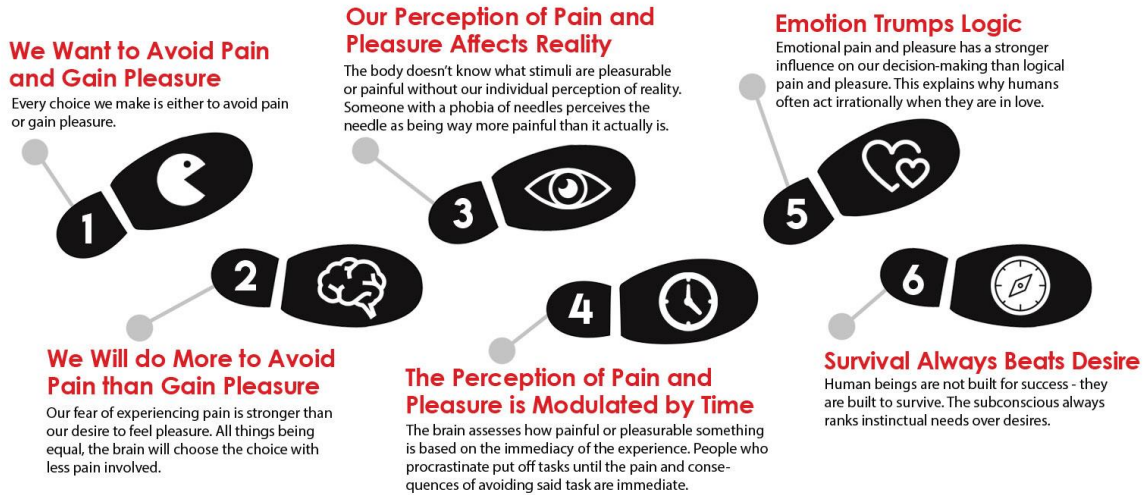
In real estate, as in life, we need to a job better when communicating with others in finding out what their pain and pleasure is.

This principle will help you in building stronger, more trustful relationships.

Created by Sigmund Freud, the pain pleasure principle suggests that people make choices to avoid or decrease pain or they make choices that create or increase pleasure.

6 STEPS TO UNDERSTANDING PAIN AND PLEASURE

Understanding pain and pleasure is the key to understanding human behavior. Neuroscience shows there are 6 steps one has to master to hack their body and improve their decision-making.



Putting these six steps together creates a system for understanding how pain and pleasure affect our daily lives.

Brought to you by: TITANIUM

By understanding this, you can start asking questions to find out what a client's pain is, and what their pleasure is.

Their pain can include:	Their Pleasure can include
Bad apartment	Owning a home
Long drive times to work	A yard for pets
Paying rent	No shared walls
No space	No yard maintenance
Not enough room / too much room	Closer to work/shopping/family
Sharing a home with others	A garage
	Privacy

Once you can figure out their pain and pleasure, you can really understand their needs and desires.

Creating and nurturing a relationship with a customer is the most important building block in converting a lead into a customer, a customer into a client, a client to a buyer, and a buyer into a referral machine.

Why does putting buyers into categories matter?

Putting these buyers into these categories matters because how you communicate, focus your time, and your marketing efforts will be different with each of them.

Ready to Go:

- Buyers who are ready to go need most of your attention.
- They want to look at houses, they are ready to make an offer.
- You should be sending them homes on automatic searches and sending them a home or 2 that matches their desires as often as you see one.
- Your communication should be constant, prompt, and they are top priority.
- They do not need a lot of marketing and follow up plans or efforts. They are past this.

Getting ready:

- They are 3-6 months out from buying.
- They need some attention.
- You should be following up with them every 1-2 weeks.
- They want homes sent to them in searches.
- You want to make sure they know you are here for them and ready to help when they are ready.

Long Term Buyer

- 6-18 months out.
- A long term follow up plan with drip campaigns.
- You should have them set up for an automatic search.
- Follow up every 1-2 months.
- These require the least effort and should be utilizing tools we have to automate follow up.

Agency

Once you start working with a potential buyer, it is important they understand agency and that you work for and with them. They will understand how agency works when YOU explain it to them, so it is of the utmost importance you understand agency.

Agency describes the relationship between the real estate licensee and the person(s) being represented. Law of agency describes the rules surrounding that relationship. Want to know what your duties are to your client? Consult agency law. But first: Who's your client? Who do you represent?



It used to be that every real estate professional, whether assisting the buyer or working for the seller, represented the seller. Because the majority of buyers didn't understand that, (who can blame them?) and often compromised their bargaining position because of this lack of understanding. Disclosure of agency relationships is now mandatory.

[Even with disclosure requirements, the Chicago Association of REALTORS® reports that many ethics complaints result from miscommunication of agency relationships.](#)

One thing that hasn't changed: Agents are in a position of trust on behalf of their clients. As such, they work for and represent their clients and put their clients' interests ahead of everyone else's, including their own.

Agency Relationships in Illinois

To start, let's review some agency-related terms and definitions including:

“agency”, “client”, “consumer”, “customer”, “designated agency”, and “designated agent”.

Agency - a relationship in which a broker or licensee, whether directly or through an affiliated licensee, represents a consumer by the consumer's consent, whether express or implied, in a real property transaction.

Client - a person who is being represented by a licensee.

Consumer - a person or entity seeking or receiving licensed activities.

Customer - a consumer who is not being represented by the licensee.

Designated agency - a contractual relationship between a sponsoring broker and a client in which one or more licensees associated with or employed by the broker are designated as agent of the client.

Designated agent - a sponsored licensee named by a sponsoring broker as the legal agent of a client.



Fiduciary Duties and the Old Car

Because agents are in a position of trust, they owe their clients certain fiduciary duties. These duties are most easily remembered by the mnemonic device “**OLD CAR.**”

- **Obedience.** Agents must obey all of their clients' lawful instructions.
- **Loyalty.** Agents must put their clients' interests ahead of all others, including their own.
- **Disclosure.** Agents must disclose all facts pertinent to the transaction.
- **Confidentiality.** Agents must keep any confidential information their clients share confidential. Confidentiality is a duty that survives the termination of the agency relationship—it lasts forever.
- **Accounting.** Agents must promptly account for all monies, property, and paperwork entrusted to them by their clients. Accounting, too, survives the agency relationship.
- **Reasonable skill and care.** Agents must provide clients with quality, knowledgeable, and prudent service, and live up to the trust their clients have placed in them.

Confidential Information

"Confidential information" means information obtained by a licensee from a client during the term of a brokerage agreement that (i) was made confidential by the written request or written instruction of the client, (ii) deals with the negotiating position of the client, or (iii) is information the disclosure of which could materially harm the negotiating position of the client...

The law goes on to state that confidential information may be disclosed if:

- The client permits its disclosure.
- Disclosure is required by law.
- Someone other than the licensee makes the information public.

Note that material information about a property's physical condition—such as a leaky roof, the presence of lead-based paint, or a cracked foundation—is not considered confidential information and must be disclosed.

Agents need to take “reasonable steps” to protect confidential information they receive from clients.



What Actions Can Lead to Customer Confusion?

Implied agency is a situation in which a licensee's words or behavior gives a consumer reason to believe that the licensee is acting in an agency capacity, even though there's no written representation agreement in place. Creating implied agency can develop into an undisclosed dual agency situation, or the aggrieved party (or parties) could complain to the Illinois Department of Real Estate that the licensee failed to perform tasks required in an agency relationship.

What types of tasks or actions imply an agency relationship because consumers may mistake them for agency activities? Administrative or clerical tasks such as the following should be avoided:

- Answering questions about general brokerage services
- Setting appointments to view listed properties
- Responding to inquiries about a property's price and location
- Assisting with straightforward transactional paperwork

Types of Agency:

Designated Agency Default, Disclosure

Designated agency is the default agency relationship in Illinois. The Real Estate License Act requires brokerage firms to disclose this relationship. Let's look at who needs to receive the disclosure, when, and why, as well as what form the disclosure must take.

When a designated managing (sponsoring) broker appoints an affiliated licensee to represent a prospective client as a designated agent, Illinois requires that certain disclosures be made. Brokerage firms must disclose in writing to prospective clients that a designated agency relationship exists.

This disclosure is important because it defines the working relationship between the consumer and the licensee, and it sets expectations for the licensee's duties and obligations to the client, as well as the client's responsibilities to the licensee.

- The disclosure is required for both residential and commercial real estate transactions.
- The disclosure must include the designated agent's name.
- The disclosure must be provided to a prospective client before or upon entering into a designated agency relationship with a licensee.
- Designated licensees are required to discuss with prospective clients the sponsoring broker's compensation and policy for working with brokers who represent the other party in a transaction.

You must explain agency and present this form to your client (buyer) before showing the first house, discussing any non-public terms or pricing, or any duties of agency with the client.



MAINSTREET ORGANIZATION OF REALTORS®
DISCLOSURE OF BUYER/TENANT DESIGNATED AGENT



PROVIDED AS REQUIRED BY STATE LAW

The Brokerage, designated agent(you), and buyer are specified here.

1 _____ (Brokerage) hereby names
2 _____ (Designated Agent), a broker affiliated
3 with Brokerage, as the Designated Agent of _____ (Buyer/Tenant)
4 as a buyer/tenant of real estate. Buyer/Tenant understands and agrees that Brokerage and
5 Designated Agent will be free to enter into agreements with other prospective clients and that
6 Designated Agent is free to act as the legal agent of those prospective clients. Buyer/Tenant also
7 understands and agrees that neither Brokerage, Managing Broker nor other licensees affiliated with
8 Brokerage will be acting as the legal agents of Buyer/Tenant. If a different designated agent is
9 named, Buyer/Tenant shall be informed in writing within a reasonable time.

This discusses confidential information involving the seller.

10 The Buyer/Tenant is hereby notified and advised of the possibility that sellers or seller's
11 representative (or landlords or landlords' representatives) may not treat the existence, terms or
12 conditions of offers as confidential unless confidentiality is required by law, by regulation or by any
13 confidentiality agreement between the parties.

The buyer is not in an exclusive agreement with another agent. They must disclose if they are.

14 Buyer/Tenant acknowledges and agrees that Buyer/Tenant presently has no exclusive representation
15 agreement with any other real estate brokerage for the same type of service and affirmatively states
16 that if Buyer/Tenant had previously executed any such exclusive representation agreement that such
17 agreement expired and/or has been terminated.

18 Brokerage acknowledges and agrees that in the event Buyer/Tenant has previously entered into an
19 exclusive agreement for representation by another brokerage for the same type of service,
20 Brokerage herein shall not enter into an exclusive right to represent Buyer/Tenant until the previous
21 exclusive agreement has expired, been terminated or cancelled.

If the buyer IS in an exclusive agreement with another agent/firm. We cannot work with them unless they provide proof it has expired or was cancelled.

22 Date Furnished to Buyer/Tenant: _____

23	Designated Agent:	Acknowledged by Buyer/Tenant(s):
24	_____	_____
25	Signature	Signature
26	_____	_____
27	Office Address	Signature
28	_____	_____
29	City State Zip	Address
30	_____	_____
31	Phone Number	City State Zip
32	_____	_____
33	E-mail	Phone Number
34	_____	_____
35		E-mail



Dual Agency

“Dual Agency” means an agency relationship in which a licensee is representing both buyer and seller or both landlord and tenant in the same transaction. When the agency relationship is a designated agency, the question of whether there is a dual agency shall be determined by the agency relationships of the designated agent of the parties and not of the sponsoring broker.

Dual Agency is legal, but only with both clients’ informed consent—both prior written consent when you first enter into the seller or buyer agency relationship, and then written confirmation of that consent when the dual agency happens.

Note: It is prohibited for agents to act as a dual agent in any transaction to which they, or an entity in which they have an ownership interest, are a party.

So you cannot be a dual agent in a property you own, have ownership interest, or an immediate family member owns.

	 Designated Agency	 Dual Agency
Description	One firm, two agents (each representing opposing clients); broker acts as dual agent	One agent, two opposing clients; agent and broker act as dual agent
Written disclosure required?	Yes; designated agency disclosure	Yes; dual agency disclosure
Can they offer undivided loyalty?	No; because their broker acts as a dual agent, they cannot offer undivided loyalty; all agency agreements belong to the broker	No; because one agent represents opposing sides, undivided loyalty is not possible
Must they keep client information confidential?	Yes	Yes
May they negotiate or advocate for their client?	Yes	No
May they advise their client about the merits of specific terms, offers or counter-offers?	Yes	No
May they advise a buyer about the suitability of the property or its condition (except for required disclosures)?	Yes, if representing a buyer	No
May they advise either party in a dispute that occurs later?	Yes; they may advise the specific party they represent	No

You get the seller’s permission on the listing agreement. You MUST have the buyer’s written agreement before you show the home.

You will then reconfirm the dual agency with section 29 of the Sales Contract which both parties sign and acknowledge.



ILLINOIS ASSOCIATION OF REALTORS®
DISCLOSURE AND CONSENT TO DUAL AGENCY
(DESIGNATED AGENCY)



NOTE TO CONSUMER: THIS DOCUMENT SERVES THREE PURPOSES. FIRST, IT DISCLOSES THAT A REAL ESTATE LICENSEE MAY POTENTIALLY ACT AS A DUAL AGENT, THAT IS, REPRESENT MORE THAN ONE PARTY TO THE TRANSACTION. SECOND, THIS DOCUMENT EXPLAINS THE CONCEPT OF DUAL AGENCY. THIRD, THIS DOCUMENT SEEKS YOUR CONSENT TO ALLOW THE REAL ESTATE LICENSEE TO ACT AS A DUAL AGENT. A LICENSEE MAY LEGALLY ACT AS A DUAL AGENT ONLY WITH YOUR CONSENT. BY CHOOSING TO SIGN THIS DOCUMENT, YOU ARE CONSENTING TO DUAL AGENCY REPRESENTATION.

The undersigned _____, ("Licensee"),
(insert name(s) of Licensee undertaking dual representation)

may undertake a dual representation (represent both the seller or landlord and the buyer or tenant) for the sale or lease of property. The undersigned acknowledge they were informed of the possibility of this type of representation. Before signing this document please read the following:

Representing more than one party to a transaction presents a conflict of interest since both clients may rely upon Licensee's advice and the client's respective interests may be adverse to each other. Licensee will undertake this representation only with the written consent of ALL clients in the transaction.

Any agreement between the clients as to a final contract price and other terms is a result of negotiations between the clients acting in their own best interests and on their own behalf. You acknowledge that Licensee has explained the implications of dual representation, including the risks involved, and understand that you have been advised to seek independent advice from your advisors or attorneys before signing any documents in this transaction.

WHAT A LICENSEE CAN DO FOR CLIENTS WHEN ACTING AS A DUAL AGENT

1. Treat all clients honestly.
2. Provide information about the property to the buyer or tenant.
3. Disclose all latent material defects in the property that are known to the Licensee.
4. Disclose financial qualification of the buyer or tenant to the seller or landlord.
5. Explain real estate terms.
6. Help the buyer or tenant to arrange for property inspections.
7. Explain closing costs and procedures.
8. Help the buyer compare financing alternatives.
9. Provide information about comparable properties that have sold so both clients may make educated decisions on what price to accept or offer.

WHAT LICENSEE CANNOT DISCLOSE TO CLIENTS WHEN ACTING AS A DUAL AGENT

1. Confidential information that Licensee may know about a client, without that client's permission.
2. The price or terms the seller or landlord will take other than the listing price without permission of the seller or landlord.
3. The price or terms the buyer or tenant is willing to pay without permission of the buyer or tenant.
4. A recommended or suggested price or terms the buyer or tenant should offer.
5. A recommended or suggested price or terms the seller or landlord should counter with or accept.

If either client is uncomfortable with this disclosure and dual representation, please let Licensee know. You are not required to sign this document unless you want to allow the Licensee to proceed as a Dual Agent in this transaction.

By signing below, you acknowledge that you have read and understand this form and voluntarily consent to the Licensee acting as a Dual Agent (that is, to represent BOTH the seller or landlord and the buyer or tenant) should that become necessary.

CLIENT: _____

CLIENT: _____

Date: _____

Date: _____

Document presented on _____, 20____
By: _____
(Broker/Licensee Initials)

LICENSEE: _____
Date: _____

This states what an agent CAN do for both parties in a dual agency situation.

This states what an agent CANNOT do or disclose in a dual agency situation.

Assisting is Not Representing

Licensees must disclose all agency relationships in Illinois—including relationships in which no agency exists. The no agency disclosure requirement may be confusing to new broker licensees. "If I'm not an agent to someone, why would I need to disclose anything?"

Licensees may assist customers with transactions without serving as their agent. However, to avoid confusion, misunderstandings, and accidental exchange of confidential information, licensees must disclose to the customer that they do not have an agency agreement or relationship. Licensees should make this disclosure as soon as possible, but certainly before helping a customer prepare an offer to purchase or lease either residential or commercial property.

No Agency

To avoid confusion, misunderstandings, and receipt of confidential information, licensees should disclose in writing to the customer when they aren't acting within the scope of an agency agreement or relationship.

Why is non-agency disclosure so important? Because agency is a confusing area of law for consumers, and they need to fully understand the difference, so they'll avoid relaying confidential information to the licensees who assist them. This clarification is accomplished through the Non-Agency Disclosure and Consent form.

If your interactions with a consumer border on or cross over into any of the following acts, present the disclosure form to protect everyone's interests:

- Counseling the customer to determine his or her particular real estate needs
- Locating and showing the customer available properties
- Providing the customer with information and counseling concerning any matters related to the real estate transaction, including financing
- Suggesting price or terms

If a client/buyer won't sign a dual agency disclosure, you can offer a no agency form.

You can show a house, help fill a contract, assist with questions and not represent them if it is spelled out and agreed.



ILLINOIS ASSOCIATION OF REALTORS®
NOTICE OF NO AGENCY RELATIONSHIP



Name of Licensee: _____

Name of Sponsoring Brokerage Company _____

Property Address _____

NOTICE OF NO AGENCY RELATIONSHIP
(Check here if you represent either seller or buyer)

Thank you for giving Licensee the opportunity to (Insert description of work, i.e. showing property of a FSBO)

in regard to the above mentioned property.

Licensee's Sponsoring Broker has previously entered into an agreement with a client to provide certain real estate brokerage services through Licensee who acts as that client's designated agent. As a result, Licensee will not be acting as your agent.

THIS NOTICE OF NO AGENCY IS BEING PROVIDED AS REQUIRED BY STATE LAW.

Licensee's Signature

Date _____

_____ Print Customer's Name (OPTIONAL)	
_____ Customer Signature (OPTIONAL)	Date _____
_____ Print Customer's Name (OPTIONAL)	
_____ Customer Signature (OPTIONAL)	Date _____

This is where you state what you are providing or helping with.



Exclusive Agency Agreement

The Exclusive Agency Agreement is different than the disclosures we already discussed.

This is an agreement/contract, not a disclosure of agency.

This locks in a buyer/tenant to work with you exclusively for a specified time in a specified area. If they use someone else, you are still entitled to a commission. Or portion of it.

You still need to disclose/explain agency to the client. But you are also locking them into a contractual agreement.

You have to make sure you explain this clearly to the clients so they know what they agree to.



MAINSTREET ORGANIZATION OF REALTORS®
EXCLUSIVE BUYER REPRESENTATION AGREEMENT



1 _____
2 **BROKERAGE** (Print Office Name) **BUYER NAME** (Print)
3 _____
4 **DESIGNATED MANAGING BROKER NAME** (Print) **BUYER NAME** (Print)
5 _____
6 **DESIGNATED AGENT NAME** (Print)

7 In consideration of the agreement with Brokerage to designate a licensee associated with Brokerage to act as the legal agent of
8 Buyer for the purpose of identifying and negotiating to acquire an interest in real estate for Buyer, Buyer hereby grants to
9 Brokerage the exclusive right to represent Buyer in such acquisition under the terms and provisions of this Exclusive Buyer
10 Representation Agreement.

11 **1. Representation:** Designated Managing Broker designates and Buyer accepts _____
12 ("Designated Agent") as the only legal agent of Buyer for the purpose of representing Buyer in the acquisition of real estate.
13 Buyer understands and agrees that neither Designated Managing Broker nor any other licensees associated with Brokerage (except
14 as provided herein) will be acting as legal agent of Buyer. The duties owed to Buyer as referred in the Illinois Real Estate License
15 Act of 2000, as amended, will only be owed to Buyer by the Designated Agent. The Designated Managing Broker and the
16 Designated Agent will have only those duties to the Buyer as are required by statute. Designated Managing Broker reserves the
17 right to appoint additional or substitute designated agent(s) for Buyer as Designated Managing Broker deems necessary. Buyer
18 shall be advised within a reasonable time of any such appointment.

19 Buyer understands that this Exclusive Buyer Representation Agreement means that if Buyer acquires any property, whether
20 through Buyer's own efforts, Sponsoring Broker and their agents, another real estate agency besides Brokerage, or other third
21 party, Buyer will be obligated to compensate Brokerage pursuant to Section 10 of this agreement. Buyer represents that Buyer has
22 not entered into any Exclusive Buyer Representation Agreement that is currently in effect. This Exclusive Buyer Representation
23 Agreement shall be effective for the following area: _____
24 _____

25 The term "acquire" or "acquisition" (subject to the limitations of set forth hereinafter in the first sentence of Paragraph 12, entitled
26 "Failure to Close") shall include the execution of an agreement for the purchase, lease, exchange or option of an interest in real
27 estate by Buyer or anyone acting on Buyer's behalf. As referenced in the second sentence of said Paragraph 12, entitlement to
28 compensation under this Agreement is not contingent upon the successful closing of the purchase, lease, exchange or option of an
29 interest in real estate by Buyer or anyone acting on Buyer's behalf.

30 **2. Term:** This Agreement shall be effective from the time and date of signing until 11:59 p.m. on _____, 20
31 _____ when it shall then terminate. This Agreement is irrevocable and can be terminated prior to the termination date only by
32 written agreement of the parties. If within _____ days after the termination of this Agreement (the "protection period"), Buyer
33 acquires any property to which Buyer was introduced by Designated Agent, then Buyer agrees to pay Brokerage the compensation
34 provided for herein. However, no compensation will be due to Brokerage if, during this protection period, Buyer enters into a new
35 Exclusive Buyer Representation Agreement with another brokerage.

36 (_____/_____) **THE PARTIES UNDERSTAND AND AGREE THAT IT IS ILLEGAL FOR EITHER OF THEM TO**
37 *(written initials)* **DISCRIMINATE AGAINST ANY PROSPECTIVE SELLER OR LESSOR ON THE BASIS OF RACE,**
38 **AGE, COLOR, RELIGION, SEX, ANCESTRY, ORDER OF PROTECTION STATUS, MARITAL STATUS, PHYSICAL**
39 **OR MENTAL HANDICAP, FAMILIAL STATUS, NATIONAL ORIGIN, SEXUAL ORIENTATION, MILITARY**
40 **STATUS, DISHONORABLE DISCHARGE FROM THE MILITARY SERVICE, OR ANY OTHER CLASS**
41 **PROTECTED BY THE ILLINOIS HUMAN RIGHTS ACT. THE PARTIES AGREE TO COMPLY WITH ALL**
42 **APPLICABLE FEDERAL, STATE, AND LOCAL FAIR HOUSING LAWS.**

43 **3. Designated Agent Duties:**
44 a) To use Designated Agent's best efforts to identify properties listed in the multiple listing service that meet the Buyer's
45 general specifications relating to location, price, features and amenities.
46 b) To arrange for inspections of properties identified by Buyer as potentially appropriate for acquisition.
47 c) To advise Buyer as to the pricing of comparable properties.
48 d) To assist Buyer in the negotiation of a contract acceptable to Buyer for the acquisition of property.
49 e) To provide reasonable safeguards for confidential information that Buyer discloses to Designated Agent.
50 f) The Buyer is hereby notified and advised of the possibility that sellers or sellers' representatives may not treat the existence,
51 terms or conditions of offers as confidential unless confidentiality is required by law, by regulation or by any confidentiality
52 agreement between the parties.

53 **4. Designated Managing Broker Duties:**
54 a) To provide through Buyer's Designated Agent, those brokerage services set forth in Section 15-75 of the Illinois Real Estate
55 License Act of 2000, as amended.

Designated Managing Broker Initial _____ Buyer Initial _____ Buyer Initial

(Page 1 of 4) 6.2020 © MAINSTREET ORGANIZATION OF REALTORS®

For the area, you can't be too vague and say "Illinois" but don't get too specific and say 60030. Counties normally work.

Time frame which this agreement applies. Protection period, (line 32) use 60 days. This gives you a commission if they buy a home you showed after the expiration date.

- 56 b) To assist and advise Designated Agent as necessary in Designated Agent's work on Buyer's behalf
- 57 c) To be available to consult with Designated Agent as to Buyer's negotiations for the acquisition of real estate, who will
- 58 maintain the confidence of Buyer's confidential information.
- 59 d) To name one or more additional Designated Agents of Buyer, as needed.

60 **5. Buyer's Duties:**

- 61 a) To provide Designated Agent with Buyer's general specifications for the real estate Buyer is seeking.
- 62 b) To work exclusively with Designated Agent to identify and acquire real estate during the time that this Agreement is in force.
- 63 c) To supply relevant financial information that may be necessary to permit Designated Agent to fulfill Agent's obligations
- 64 under this Agreement.
- 65 d) To be available upon reasonable notice and at reasonable hours to inspect properties that seem to meet Buyer's specifications.
- 66 e) To pay Brokerage according to the terms specified in this Agreement.
- 67 f) To bring to the attention of Designated Agent any property in which Buyer may be interested.

68 **6. Possible Dual Agency.** The above named Designated Agent (hereinafter sometimes referred to as "Licensee") may undertake a
 69 dual representation (represent both the seller or landlord and the buyer or tenant) for the sale or lease of the Property. Buyer
 70 acknowledges Buyer was informed of the possibility of this type of representation. Before signing this document, Buyer must read
 71 the following:

72 Representing more than one party to a transaction presents a conflict of interest, since both clients may rely upon Licensee's
 73 advice and the clients' respective interests may be adverse to each other. Licensee will undertake this representation only with the
 74 written consent of ALL clients in the transaction. Any agreement between the clients as to a final contract price and other terms is
 75 a result of negotiations between the clients acting in their own best interests and on their own behalf. Buyer acknowledges that
 76 Licensee has explained the implications of dual representation, including the risks involved, and understands that he has been
 77 advised to seek independent advice from advisors or attorneys before signing any documents in this transaction.

78 **WHAT A LICENSEE CAN DO FOR CLIENTS WHEN ACTING AS A DUAL AGENT:**

- 79 1. Treat all clients honestly.
- 80 2. Provide information about the Property to the buyer or tenant.
- 81 3. Disclose all latent material defects in the Property that are known to Licensee.
- 82 4. Disclose financial qualification of the buyer or tenant to the seller or landlord.
- 83 5. Explain real estate terms.
- 84 6. Help the buyer or tenant to arrange for property inspections.
- 85 7. Explain closing costs and procedures.
- 86 8. Help the buyer compare financing alternatives.
- 87 9. Provide information about comparable properties that have sold so both clients may make educated decisions on what price
- 88 to accept or offer.

89 **WHAT A LICENSEE CANNOT DISCLOSE TO CLIENTS WHEN ACTING AS A DUAL AGENT:**

- 90 1. Confidential information that Licensee may know about the clients, without the client's permission.
- 91 2. The price or terms the seller or landlord will take other than the listing price without permission of the seller or landlord.
- 92 3. The price or terms the buyer or tenant is willing to pay without permission of the Buyer or tenant.
- 93 4. A recommended or suggested price or terms the Buyer or tenant should offer.
- 94 5. A recommended or suggested price or terms the seller or landlord should counterwith or accept.

95 **If Buyer is uncomfortable with this disclosure and dual representation, please let Licensee know. Buyer is not required to**
 96 **accept this section unless Buyer wants to allow the Licensee to proceed as a Dual Agent in this transaction.**

97

98 **Yes No**

99 _____ [BUYER(S) INITIAL(S)]

100 By checking "Yes" and initialing, Buyer acknowledges that Buyer has read and understands this section and voluntarily consents
 101 to the Licensee acting as a Dual Agent (that is, to representing BOTH the seller or landlord and the buyer or tenant should that
 102 become necessary).

103 **7. Representing Other Buyers:** Buyer understands that Designated Agent has no duty to represent only Buyer, and that
 104 Designated Agent may represent other prospective buyers who may be interested in acquiring the same property or properties that
 105 Buyer is interested in acquiring. Buyer expressly waives any claims, including but not limited to, breach of statutory duty or
 106 breach of contract based solely upon Brokerage's or Buyer's Designated Agent's representation of another buyer who may be
 107 seeking to acquire the same property as the Buyer. Designated Agent is obligated to treat each buyer client honestly in the sharing
 108 of any information related to those properties and is required to ensure that confidential information remains confidential.

This allows dual agency on the buyer side if they agree.

109 **8. Previous Representation:** Buyer understands that Brokerage or Designated Agent may have previously represented the seller
110 from whom Buyer wishes to purchase property. During that representation, Brokerage and/or Designated Agent may have learned
111 information about the seller that is considered confidential. Under the law, neither Brokerage nor Designated Agent may disclose
112 any such confidential information to Buyer even though Brokerage and Designated Agent now represent Buyer.

113 **9. Retainer Fee:** Buyer agrees to pay Brokerage a non-refundable retainer fee of \$ _____, due and payable upon signing of this
114 Agreement. Said retainer fee [CHECK ONE] shall shall not be applied towards any Brokerage Fee owed by Buyer to Brokerage.

115 **10. Compensation:** If, during the term of this contract or the Protection Period, Buyer enters into a contract to acquire real estate and
116 such contract results in a closed transaction, Buyer agrees to pay to Brokerage a fee of _____% of the purchase price [Brokerage Fee]
117 at the time of the closing of the property. If the compensation being offered by the seller or seller's brokerage, including any bonus, is less
118 than the Brokerage Fee, Designated Agent will inform Buyer prior to showing the property. Any compensation collected from the seller
119 or seller's brokerage will be applied to Brokerage Fee with any remainder owed by the Buyer to be paid by the Buyer or Brokerage upon
120 closing of the property. The Designated Managing Broker will make every effort to collect the compensation of the Brokerage Fee from
121 the seller or the seller's brokerage. If the amount being offered by the seller or seller's brokerage, including any bonus, exceeds Brokerage
122 Fee, Designated Agent shall disclose this to Buyer. Any amount being offered by seller or seller's brokerage exceeding Brokerage Fee,
123 up to _____% of the purchase price may be retained by Brokerage.

124 In the event of a lease, Buyer's Brokerage Fee shall be \$ _____. Designated Managing Broker will make every effort to collect said
125 Brokerage Fee from owner or listing brokerage.

126 **11. Minimum Services:** Illinois Real Estate License Act of 2000, as amended provides that all exclusive brokerage agreements
127 must specify that the sponsoring broker, through one or more sponsored licensees, must provide at a minimum, the following
128 services: (1) accept delivery of and present to the client offers and counter-offers to buy, sell, or lease the client's property or the
129 property the client seeks to purchase or lease; (2) assist the client in developing, communicating, negotiating, and presenting
130 offers, counter offers, and notices that relate to the offers and counteroffers until a lease or purchase agreement is signed and all
131 contingencies are satisfied or waived; and (3) answer the client's questions relating to the offers, counter-offers, notices, and contingencies.

132 **12. Failure to Close:** If a seller or lessor in an agreement made with Buyer fails to close a transaction under such Agreement with
133 no fault on the part of Buyer, the Buyer shall have no obligation to pay the commission provided for herein. If such transaction
134 fails to close because of any fault on the part of Buyer, the Brokerage Fee will not be waived and will be due and payable
135 immediately. In no case shall Brokerage or Designated Agent be obligated to advance funds for the benefit of Buyer in order to
136 complete a closing.

137 **13. Disclaimer:** Buyer acknowledges that Brokerage and Designated Agent are being retained solely as real estate professionals,
138 and not as attorneys, tax advisors, surveyors, structural engineers, home inspectors, environmental consultants, architects,
139 contractors, or other professional service providers. Buyer understands that such other professional service providers are available
140 to render advice or services to Buyer, if desired, at Buyer's expense.

141 **14. Costs of Third Party Services or Products:** Buyer agrees to reimburse Designated Managing Broker immediately when
142 payment is due and amounts paid by Designated Managing Broker on behalf of Buyer for the cost of any products or services
143 furnished by outside sources such as surveys, soil tests, title reports and engineering studies.

144 **15. Indemnification of Designated Managing Broker:** Buyer agrees to indemnify Designated Managing Broker and Designated
145 Agent and to hold Designated Managing Broker and Designated Agent harmless from all claims, disputes or litigation and all
146 judgments, loss, damage, cost or expense, including attorneys' fees incurred by Designated Managing Broker or Designated
147 Agent, arising out of this Agreement, or the collection of fees or commission due Designated Managing Broker pursuant to the
148 terms and conditions of this Agreement or arising out of any misstatements or misinformation provided Designated Managing
149 Broker and/or Designated Agent by Buyer.

150 **16. Assignment by Buyers:** No assignment of Buyer's interest under this Agreement and no assignment of rights in real property
151 obtained for Buyer pursuant to this Agreement shall operate to defeat any of Brokerage's rights under this Exclusive Buyer
152 Representation Agreement.

153 **17. Modification of this Agreement:** No modification of any of the terms of this Agreement shall be valid or binding upon the
154 parties or entitled to enforcement unless such modification has first been reduced to writing and signed by the parties.

155 **18. Entire Agreement:** This Agreement constitutes the entire agreement between the parties relating to the subject thereof, and
156 any prior agreements pertaining hereto, whether oral or written have been merged and integrated into this Agreement.

157 **19. Arbitration:** Any controversy or claim arising out of, or relating to, this Agreement or the breach thereof, shall be mediated in
158 accordance with the rules then pertaining of the American Arbitration Association, Chicago, Illinois.

←
As an office,
we do not
charge buyers,
the Co-op is
what it is. So
this section
stays blank.

159 _____
160 DESIGNATED MANAGING BROKER *[signature]*
161 _____
162 DATE
163 _____
164 DESIGNATED AGENT *[signature]*
165 _____
166 DATE
167 _____
168 OFFICE ADDRESS
169 _____
170 _____
171 _____
172 DESIGNATED AGENT PHONE FAX
173 _____
174 OFFICE PHONE
175 _____
176 E-MAIL ADDRESS
177 _____
178 E-MAIL ADDRESS

BUYER *[signature]*

BUYER *[signature]*

DATE

CURRENT MAILING ADDRESS *[signature]*

PHONE FAX

E-MAIL ADDRESS

E-MAIL ADDRESS

Let's take a break!!!!



The Buying Process

Every deal is unique and the most common answer in real estate is “it depends”. But it is important to understand the buying process in its general form.

- Step 1: Qualifying a buyer
 - Find out their timeframe
 - Build a relationship with them
 - Get them pre approved
 - Set them up with a search and a marketing campaign
- Step 2: Showing Homes
 - Find homes the buyer wants to see
 - Set up times to visit the homes
 - Give feedback to the listing agent
- Step 3: The Offer
 - Submit an offer to the listing agent
 - Includes Sales contract, pre-approval/P.O.F., addendums, and disclosures
 - Negotiate terms
 - Once agreed upon, receive back executed contract signed by both parties.
- Step 4: First 7 days (First 5 business days)
 - Submit contract and paperwork to attorney and lender
 - Also upload to dotloop and submit for review
 - Schedule home inspection
 - Once completed, buyers submit home inspection report to attorney and request any repairs they deemed necessary
 - Buyers need to submit Earnest Money within contract timeframe
 - Buyers need to fill out a loan application with their lender
 - Buyers need to shop around and obtain proof of homeowners (flood if needed) insurance
 - Attorneys’ exchange attorney letters in attorney review process
- Step 5: Day 8 thru last week before closing
 - Appraisal is scheduled by lender
 - Loan applications goes to underwriting
 - Any agreed upon repairs are scheduled by the sellers
 - HOA docs (if applicable) are sent over for review from sellers attorney
- Step 6: Final week
 - Lender gives final approval, sends over closing disclosure with final figures 4 days before closing date
 - Title work is completed and closing is scheduled
 - Survey is completed
 - Final walkthrough is scheduled to be done right before closing
 - Closing occurs, paperwork signed, keys handed over!!!!!!
 - Closing documents and checks are given to admins at office to be processed. File closed!



Transaction coordinator handles if you are on the Star Home Team.



You did it!

**Congratulations
on completing
this course!**

**You should now have a solid understanding of identifying
buyers and representing them correctly!**