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Fall 2019

LEADER

The Official Publication of the
Mississippi REALTORS®



**LESSONS LEARNED FROM
FAILED TRANSACTIONS** — PAGE 16



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Real Estate LEADER is the official publication of Mississippi REALTORS®. The quarterly magazine provides Mississippi real estate professionals with timely information on trends and best practices, tools and resources for professional development, and news about innovative business and community leaders.

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On the Cover:
Troublesome transactions happen; understanding what went wrong can help you and your peers be better REALTORS®. –See page 16.


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President's Perspective



This year has been an overwhelming journey in many wonderful ways. More than anything else, it has been a privilege to carry the message of the value that REALTORS® bring to their communities and a blessing to hear from our members and encourage them to find their own leadership journey and figure out what motivates them to serve. It has been inspiring to see so many Mississippi REALTORS® step into leadership roles and dedicate their time and talents for the long-term so that we can continue to be our state's strongest Property Professionals and Community Champions.

I'm incredibly proud of our success this year with our Legislative Priorities. Every item on our legislative agenda this year positively impacted the public. We did what REALTORS® are supposed to do – we put the public above ourselves. And in doing so, we made the real estate industry better. Mississippi won at the State Capitol this year because REALTORS® fought for them.

As we close out another year, this issue of the Mississippi Real Estate Leader talks about the activities of our MARPAC Trustees during this critical election year on page 12. We summarize our travels throughout the state on pages 5-6. Mississippi REALTORS® taking the stage on the national level this year are highlighted too – see page 8. And five Mississippi REALTORS® take a few minutes to tell

you about lessons they've learned from failed transactions, information that might help you to get from contract to closing a little more reliably in the future. See page 16 for that feature article.

I'm grateful to my incomparable Executive Committee, a wise and supportive Past Presidents group and the conscientious MAR Board of Directors. There are 21 local boards in our state, and with the assistance and coordination of their AEs and Staff, Local Board Presidents, Presidents Elect and Brokers, we have been able to visit every single board at least once this leadership year, and approximately an additional 50 brokerages where we have been face-to-face and toe-to-toe with hundreds of members - many who have never had any engagement with our state association.

Hopefully this year has inspired you to step up to leadership, increase your level of education, become a stronger community advocate and strengthen your dedication to one of the most noble professions on earth. It has been a year of learning and growth for me, and I thank each one of you for your kindness and support - what an honor to “Take the LEAD” with you!

Sincerely,


Adam Watkins

President Adam Watkins' Local Board and Brokerage Visits

President Adam Watkins started his leadership year with the goal of connecting with REALTORS® across the state to spread his message, Take the L.E.A.D. Watkins dedicated his time traveling to all 21 local boards in Mississippi in addition to 50 brokerages where he sat down face-to-face with hundreds of members — many who had never engaged with our state association.

Believing that all REALTORS® are natural leaders is what inspired his yearlong theme of Take the L.E.A.D. His time spent with members was an invitation for individuals to grow and build those leadership skills in four areas of emphasis — Leadership, Education, Advocacy and Dedication. Watkins says, “Investing in membership continues to provide the greatest return on my 2019 leadership journey.”



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News Briefs



Nancy for NAR Treasurer

One of our own, Nancy Lane, has embarked on the journey to seek the office of National Association of REALTORS® Treasurer for 2021-2022. On August 1st, she launched her campaign and has since then been traveling the country to connect with REALTORS® from across the regions. So far, she has had the pleasure of visiting REALTORS® in Florida, South Carolina, Maryland, the Region 1 states in the northeast, California, Michigan, Iowa, and Colorado. These visits are critical opportunities for Nancy to meet NAR Directors from other states and inform them

of her impressive experience and expertise. Our association is so proud of Nancy and offer her our support and encouragement as she pursues the office of NAR Treasurer.

If you will be attending the NAR Conference & EXPO in San Francisco, we encourage you to join Nancy on Thursday, November 7th from 2:30 pm – 3:30 pm for an Ice Cream Social campaign event. The event will take place at the Marriott Marquis in the Golden Gate Ballroom C2, just before NAR 360 so come show your support for Nancy and enjoy a sweet treat!

Pam Powers to be Installed as Region 5 Vice President



At the National Association of REALTORS® 2019 Conference & EXPO in San Francisco, Pam Powers will be installed as the Region 5 Vice President. Region 5 is the largest of NAR's 13 regions and includes Alabama, Florida, Georgia, Mississippi, Puerto Rico and the Virgin Islands. The RVP term is for one year.



Southwest Mississippi Board of REALTORS® Disaster Relief Fundraiser Makes Huge Impact

The Delta experienced devastating flooding this year and Debbie Stovall, Chairman of the Core Standards Committee for the Southwest Mississippi Board of REALTORS®, knew the impacted area needed help. With a donation of 1,000 chicken leg quarters from Sanderson Farms, the Southwest Mississippi Board arranged an impressive fundraiser selling chicken plates in both McComb and Brookhaven and raising \$10,000. Stovall and her team presented their

contribution to Janice Shows, Chair of the Disaster Relief Board, who voted to match that contribution, delivering \$20,000 to the Community Foundation of Washington County. That Foundation has a donor who matched that gift and as a result, a total of \$40,000 was raised from the efforts of the Southwest Board. The donated funds will be used to purchase supplies to repair flood-damaged homes in the Delta of Mississippi.

MISSISSIPPI REALTORS® WHO WILL BE SERVING ON 2020 NAR COMMITTEES



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Larry Edwards



Ashley Endris



Trish Fleming



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Pam Powers



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Stephanie Shaw



Janice Shows



Schneika Stokes



Dorothy Thompson



Adam Watkins



Kathy Whitfield



Noggin Wild

An Update for Mississippi REALTORS® Members about Association Health Plans

Recently MAR has received a number of questions from members about the possibility of establishing an Association Health Plan (AHP) in Mississippi, as has been done in a handful of other states. We wanted to let you know what MAR Volunteer Leadership, Staff and Legal Counsel have done to explore AHPs for Mississippi, and also update you on what’s happening with AHPs on the national scene.

In June of 2018, the U.S. Department of Labor (DOL) issued a final rule to expand access to health coverage through Association Health Plans (AHPs) by broadening the definition of “employer” to include “working owners” (sole proprietors/self-employed/independent contractors). Thanks to NAR’s advocacy efforts, the final rule reflected important changes that ensured access to more affordable insurance options for independent contractors through their Association membership, increasing health insurance options that are better suited to the health care needs of members and their families.

However, in July of 2018, twelve state attorneys general filed suit against the DOL, challenging the final rule in the U.S. District Court for the District of Columbia. This federal litigation has halted establishment of and enrollment into these plans. In response, NAR filed an amicus brief, a legal brief advising the court of relevant, additional information or arguments that might also be considered. The brief supported the DOL’s appeal to reinstate the AHP rule. NAR asked REALTOR® Associations to sign on to the brief, the Executive Committee considered that request and voted for MAR to become a signatory to the amicus brief late this summer.

MAR’s Legislative & Regulatory Affairs Committee and the Executive Committee have discussed this issue at length and provided updates to the MAR Board of Directors in June and October. As the future of AHPs is deliberated in the courts, the Executive Committee has directed MAR Staff and Legal Counsel to gather information and take appropriate steps to be ready for MAR to respond quickly if the final court action is favorable to the new AHP rule.

Those steps have included:

- Consultation with Mississippi Insurance Commissioner Mike Cheney and his staff, who encouraged us to continue to research various options and be prepared to establish an AHP if the DOL’s rule is ultimately upheld
- Conversations with REALTOR® Associations in

Tennessee, Nevada and Alabama about their AHPs, accumulating information about different models for AHPs

- Meetings with a number of in-state and out-of-state companies to determine what administrative services could be provided. Additional detailed meetings have been held with two of these companies that have experience with REALTOR® Association AHPs to determine what should be done to accomplish the initial steps for establishing an AHP for MAR.
- Consultations with NAR legal staff regarding their interpretation of court proceedings and advice on next steps

MAR’s Executive Committee and Staff will continue to monitor the federal court activity and legislative activity happening in several states and research the possibility of government waivers and be prepared to move forward with a Mississippi REALTORS® AHP should the courts rule in favor of independent contractor participation in AHPs.

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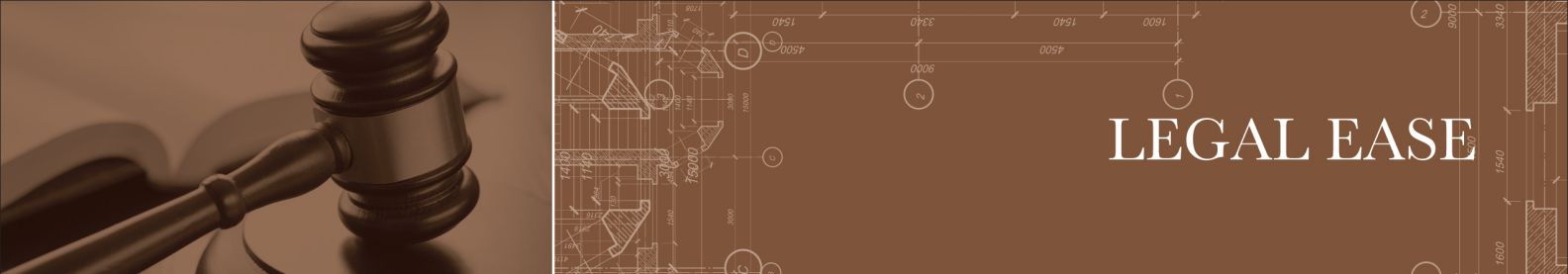
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LEGAL EASE

Standard Forms Revisions Address Earnest Money, Voluntary Arbitration

by **Ron Farris**

On October 10, the Mississippi REALTORS®’ Standard Forms Advisory Committee, led by 2019 Chairman Jim Stroo and Vice-Chair Terrie Price, approved posting of a major revision to the Earnest Money provision in the F1 and F2 standard form contracts, and a new Alternative Dispute Resolution Agreement in addition to other form enhancements.

A new Earnest Money section tracks the Mississippi Real Estate Commission’s Rule 3.4, including its mandate that “[t]he responsible broker is responsible at all times for earnest money deposits.” Rule 3.4 mandates that one broker in every real estate transaction be designated by the parties as “responsible” for earnest money deposits. This being the case, the revised Mississippi REALTORS® form assumes that either the listing or selling broker must be responsible for earnest money. This is true even if the seller and buyer prefer for a third party, such as a closing attorney, to hold their earnest money; in cases where a seller or buyer insists that earnest money is to be held by a non-broker, a broker remains responsible for it at all times under Rule 3.4. The form revisions reflect this responsibility and require the parties using the form to identify the responsible broker.

The new Earnest Money provision also addresses member concerns over a clear date by which earnest money must be received by the responsible broker, requiring that it be tendered within 24 hours of the Effective Date of the Contract. Failure of a buyer to tender earnest money within 24 hours, absent a written extension from the seller, constitutes a material breach and terminates the Contract.

New language also allows for existing practices where brokers hold earnest money deposit checks uncashed until a seller accepts a pending offer. Acceptance of the Contract and establishment of an Effective Date triggers the obligation to deposit earnest money into a federally-insured trust account by the close of business the next banking day, required by Rule 3.4.

In cases where the Contract fails to go to closing due to breach, the new Earnest Money provision embodies the responsible brokers’ responsibilities under Rule 3.4 to promptly deliver it to the party entitled to it under the clear and unambiguous terms of the Contract or, in disputed or unclear cases, to interplead it.

Arbitration and a workable arbitration agreement has been a

consistent member demand since the arbitration agreement was removed from the form set a few years back. The Standard Forms Advisory Committee has approved posting to the form set of a new, completely redesigned Alternative Dispute Resolution Agreement.

The new form is for use between brokers and clients, and is designed to allow a single form to be signed by seller, buyer and listing and selling brokers, or by a single broker and their client. Mediation is encouraged where available and the parties assume a duty to make a good faith effort to settle disputes arising between brokers, agents and clients before resorting to structured arbitration. The form excludes claims under license law.

To address regulatory concerns relating to licensees’ duties to fully represent the best interests of their clients, the form itself includes multiple, direct disclosures informing signatories that they are waiving certain legal rights in favor of alternative dispute resolution techniques. Brokers are strongly encouraged to study the new form and train themselves and their licensees in how to present the form to clients properly so that clients being asked to sign the form are fully educated on the content and effect of the form.

On October 10, the Standard Forms Advisory Committee also approved posting of a revision to the standard form contracts (F1 and F2) adding an attorney fees and court costs provision to apply in cases where a party must litigate a breach.

As 2019 winds down, a Buyer Agency Task Force continues working with MAR Counsel Ron Farris to finalize a completely revamped Buyer Representation Agreement. The task force has spent months working with counsel to make the form more practical, addressing specific issues with compensation, “user friendliness,” and wider utility, as in cases where buyers have already located a property in which they are interested. Other revisions to the form include addition of new audio/video surveillance disclosures and clarification of indemnification provisions. The new form should debut in early 2020.



Ron Farris, Esq., is general counsel to the Mississippi REALTORS®, and available to members through the Legal Hotline at 1-800-747-1103 Ext. 25. For other matters, he can be reached at Farris Law Group, PO Box 1458, Madison, MS 39130 or by email at ron@ronfarrislawgroup.net.



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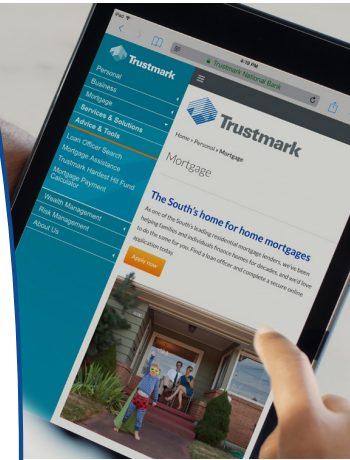
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MARPAC: Your Voice in Politics

by **Clarke Wise**

Traditionally, this issue of the magazine is dedicated to a detailed explanation of the upcoming Legislative Priorities for the Mississippi REALTORS®, but we have an unusual event in 2019 — the Mississippi Statewide elections. On November 5th, 2019, Mississippians will go to the polls and elect/re-elect our statewide, Legislative, Districtwide, and several countywide offices and MARPAC has been a leader in political engagement for the 2019 election cycle.

Here is a snapshot of MARPAC activity for the 2019 Elections (as of 10/10/2019):

- ▶ Account Balance: \$635,822.59*
- ▶ Amount Spent (Direct Candidate Contributions and Mailers): \$339,536.15
- ▶ Fundraising Goal for 2019: \$260,000
- ▶ Amount Raised in 2019: \$326,013.58
- ▶ Fair Share Participation Goal: 54%
- ▶ Actual Fair Share Participation Rate: 68.3%

**Information published at www.sos.ms.gov*

Let that sink in for a moment. The Mississippi REALTORS®, the largest trade association in the state with almost 7,000 members, has nearly 70% of its members giving at least \$25 to the Political Action Committee. That is an impressive statistic and should be a point of pride for REALTORS® in Mississippi.

It is because of your commitment to your profession that MARPAC is able to lead the charge to elect candidates who support REALTOR® issues, demonstrate a passion for building better communities, and ultimately embody the principles and share the mission of the Mississippi REALTORS®. I have been fortunate to travel to several local boards since the conclusion of the 2019 Legislative Session to recap the incredibly successful session we experienced at the Capitol, and also to share the process MARPAC Trustees employ to take action in elections.

What I would like to do is provide examples of the Frequently Asked Questions the MARPAC Trustees and I receive about the 2019 elections, the endorsement process, and general MARPAC inquiries.

1. If a REALTOR® runs for office, does MARPAC automatically endorse the REALTOR®?

No. A common misconception is that any REALTOR® who runs for elected office will receive an endorsement. In some instances, an incumbent seeking re-election has a voting

history of supporting REALTOR® priorities.

In fact, under Article 10, Section F, of the MARPAC Bylaws: “MARPAC strongly urges members to actively participate in the political process at all levels, including the pursuit of political office. MARPAC also acknowledges that candidates for public office should be considered for support, endorsement or contributions on the basis of individual merit in the context of the office sought. Accordingly, membership in MARPAC or MAR or other association, past or present, direct or indirect, neither entitles a MARPAC or MAR member to nor guarantees that a member shall receive support, endorsement or contributions.”

2. Does MARPAC only support candidates from one political party?

No. During the 2019 election cycle, MARPAC has endorsed and/or financially supported Democrats, Republicans and Independents. The only party affiliation that is considered by the MARPAC Trustees is the REALTOR® Party.

3. What factors does MARPAC consider when supporting a candidate?

The MARPAC Trustees evaluate candidates based on several categories including, but not limited to, voting record (if an incumbent), committee assignments (if an incumbent), winnability of the race, responses to a candidate questionnaire, and local board input.

Following the 2019 Legislative Session, the MARPAC Trustees met to evaluate each election under their jurisdiction. During this day-long meeting, the MARPAC Trustees examined voting records on REALTOR® issues, past contribution history, the candidate’s interactions with government affairs staff and REALTORS®, and assessed the campaign landscape and winnability of the race.

Some candidates receive financial support, some candidates receive an endorsement, and some candidates receive an endorsement and financial support. Endorsements are designated for candidates who have shown a consistent level of support for REALTOR® priorities and are considered “REALTOR® Champions.”

4. Does MARPAC support candidates for local/municipal office?

Funds invested in MARPAC are divided three ways: 60% is distributed to MARPAC to contribute to statewide and

districtwide candidates (Governor, Lt. Governor, Supreme Court, Court of Appeals, etc.); 30% is distributed to NAR to contribute to federal candidates (Senators and Congressmen); and 10% is distributed to local boards to contribute to municipal and county candidates (Mayors, Councilmembers, Tax Assessors, etc.).

The National RPAC Trustees make decisions on federal candidates, the MARPAC Trustees make decisions on state elected officials, and the local boards make decisions on supporting local elected officials. Each local board has available funds to distribute to candidates on the local level.

5. Does MARPAC contribute to multiple candidates running for the same office?

No. According to the MARPAC Bylaws Article 10, Section C: “MARPAC Trustees may not contribute MARPAC funds to or endorse more than one candidate in the same election. This shall not preclude Trustees from making a debt retirement contribution to an elected candidate.”

An example of a debt retirement situation would be if a MARPAC endorsed candidate loses in the general election. The MARPAC Trustees may contribute funds to the winning candidate following the election to offset any campaign debt.

6. Has MARPAC used any REALTOR® Party Programs during the 2019 elections?

Yes. One of the most useful components of the REALTOR® Party Program is the Independent Expenditure Program (IE). According to NAR, The State and Local Independent Expenditures (IE) Program is an exciting program to assist state and local associations that want to get involved in local and state elections. The program provides each state with funds that can be used to support candidates for political office who support REALTORS® and the real estate industry.

Using the IE Program, MARPAC identifies REALTOR® Champions and conducts campaigns to help elect supporters of REALTOR® legislative priorities. During the 2019 Primaries, NAR conducted 9 independent expenditures. The MARPAC-supported candidate won in 6 of those elections, lost in 2 (challengers to incumbents), and one race is still undecided.

It is because of the REALTOR® Party Program, MARPAC was able to utilize over \$169,000 in Independent Expenditure Funds in the 2019 Primary elections to help elect REALTOR® Champions.

7. Who makes decisions about MARPAC endorsements and financial contributions?

The MARPAC Trustees are responsible for the administration and disbursement of any funds allocated to MARPAC.

The Board of Trustees consists of the 15 elected Trustees:

(1) The Board of Trustees elects the Chairman and Vice Chairman and the stated number of Elected Trustees:

- (a) three Elected Trustees from each of Mississippi’s four Congressional Districts;
- (b) three Elected Trustees from the state at-large.

(2) The following persons serve the Board of Trustees, ex-officio, by attending Trustee meetings without the power to vote:

- (a) The President and Chief Executive Officer of the Mississippi Association of REALTORS®
- (b) the Chairman of the MAR Legislative & Regulatory Affairs Committee;
- (c) any REALTOR® whose primary membership is in the Mississippi Association who is a trustee of the REALTOR® Political Action Committee of the National Association of REALTORS® (NAR);

(d) one executive officer of a local association of REALTORS® in Mississippi who is appointed by the MARPAC Chairman and serves at the will of the Chairman; and

(e) Mississippi’s representative to the National Association’s REALTOR® Party Member Involvement Committee.

8. Where do I find a list of the MARPAC Trustees?

www.msrealtors.org/marpac-trustees

9. Where do I find a list of MARPAC endorsed candidates?

Visit www.msrealtors.org/endorsements to view the entire list of MARPAC endorsed candidates and view their websites.

10. Where do I go to make an investment in MARPAC?

You can make an investment in MARPAC by doing any of the following:

- ▶ Visit www.msrealtors.org/marpac to make an investment online
- ▶ Contact your local board office
- ▶ Contact the Mississippi REALTORS® office

As I travel around the state to share MARPAC success stories, I often lead with the reminder that if real estate is your profession, then politics is your business. From the First-Time Homebuyer Savings Account and the Commercial Broker Lein law, to the Landowner Protection Act and prevention of tax increases on property owners, each year provides an opportunity for the advancement or the erosion of private property rights. Your investment in MARPAC allows the Mississippi REALTORS® to engage legislators and provide a level of advocacy that is unparalleled in Mississippi.

I am available to you if you have any specific questions about MARPAC or the Legislative Process.



Clarke Wise is MS REALTORS® Vice President of Government Relations. Email him at cwise@msrealtors.org



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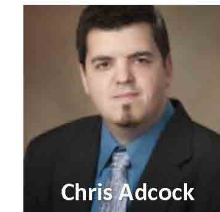
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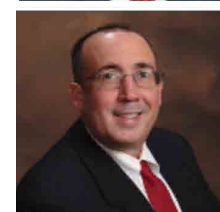
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Stokes



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Kathy Whitfield



Andrea Detrick
Director

Wow!!! What a year it has been!!! I started working as your Education Director in September of last year, however, my official first day was November 1st because of contractual obligations I needed to fulfill.

What a way to end the year under President Adam Watkins' leadership with a Convention that was absolutely fabulous. We ushered out 2019 as we roared into the 20s with the installation of Keith Henley as our 2020 President.

The education sessions started the day prior to Convention with a packed room for the CRS course, Zero to 60 Homes Sales and Beyond. As Convention began with Banter with the MREC, we had to add more chairs. We took a detour from our schedule with Pam Ermen when we got the news Sunday before convention that Chandra Hall's daddy went into cardiac arrest. Pam was incredible! All good things must come to an end and Convention did with Ken Austin teaching contract law in the form of a Pop Quiz. I'm still hearing chatter about how much you all loved that class.

We want to congratulate all our instructors for the outstanding job they do. They are the best of the best, are passionate, and give all they've got every time they teach.



The 2019 Instructor of the Year is Melissa Key. The award is chosen by the students. This year, her students awarded her with the **Melissa Key Passion Award.**

The award also stated, "You are such a blessing!"



The annual Instructor Development Workshop is scheduled for January 14th & 15th with Theresa Barnabei. If you want to start your year off right, plan to attend our class that Theresa will be teaching for us on January 16th, 2020.

We appreciate you choosing the Mississippi REALTORS® Institute as your education provider.

Invest in yourself!

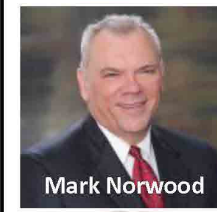
~Andrea Detrick, Director
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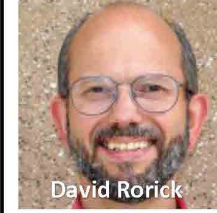
Mark Norwood



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David Rorick

LESSONS LEARNED FROM FAILED TRANSACTIONS



Troublesome transactions happen; understanding what went wrong can help you and your peers be better REALTORS®

by Taylor Spillman

Beth King, Broker/Owner of EXIT Shoreline Realty in Ocean Springs, has learned several lessons from failed transactions over the years, but the lesson that stands out the most is when she and her husband, Darin King, were the hopeful buyers of a home in Ocean Springs. The Kings, both Brokers, were ready to sell their current home and settle into a new home just in time for the holidays.

With the closing date soon approaching, the sellers informed the couple they needed more time. Assuming if there was going to be a hiccup it would be on the buyer's side of the transaction and knowing all was good on their end, they asked if they could do a pre-possession until they closed on the house as they now had nowhere to go with their belongings and the holidays were only getting closer. The seller agreed and even allowed the Kings to start painting the interior to make the house their home.

A week after their family moved in, the listing agent called King and asked if she was sitting down. King says, "She explained to me that without the listing agent's knowledge, the seller had filed for bankruptcy and included the home in his bankruptcy. It was now getting close to Christmas and the judge wouldn't be available for possibly several weeks to even consider releasing the home out of the bankruptcy. We were almost all settled in due to the holidays with hopes of having a normal Christmas for our young daughter. We had not decorated yet, so we stopped what was left of unpacking, booked a Christmas cruise, loaded up her Christmas presents and tried to enjoy ourselves and not worry."

Upon their return, the issue was waiting for them at home. They had to find another house to purchase ASAP and move all over again. Although a crazy experience for the Kings, they did find a new home they loved.

Lesson Learned: "I have to say I am not fond of pre-possession agreements at all. I do not recommend them to



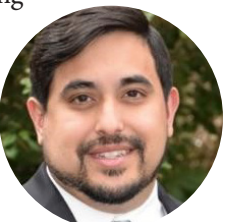
Beth King

our agents as you just never know what may happen. Have you ever heard the saying 'Go on vacation and you'll get contracts and deals'? Well, do a pre-possession and something is guaranteed to go wrong! That's my finding," says King. She learned that just because all looks great on the buyer's end there can still be major surprise on the seller's end.

Put Relationships First

Jacob Ainsworth, an agent with RE/MAX Coast Delta Realty in Diamondhead, knows that transactions are a vital part of the real estate business – without them he can't pay his bills, grow his brand, and failure looms overhead. Ainsworth has lost transactions that have resulted in closing a better transaction later, and he has also lost transactions that have led to the loss of clients.

Lesson Learned: Ainsworth says, "The biggest lesson I've learned from these failed transactions is to focus on the relationship. Yes, the transaction is important BUT the relationship I build from that transaction (or failed transaction) is the fuel that keeps future transactions successful." He explains that looking at a failed transaction as a complete loss deflates him, versus looking at the bigger picture of the agent-client relationship as an opportunity to grow closer to his client, build trust, and ultimately close to a successful transaction in the long run. "Failed transactions are a short-term loss but managing the failed transaction correctly allows for long term gains. This is the biggest lesson I've learned in Real Estate," says Ainsworth.



Jacob Ainsworth

Embrace Failed Transactions

Sandy Lane, Broker with Dream Maker Realty in Olive Branch, believes transaction failures can happen when you're in a rush to present offers. "The excitement and overwhelming experience can lead to the Big F word, FAILED! Read the entire offer or counteroffer before contacting your client. Look for

FAILED TRANSACTIONS AT A GLANCE

- ▶ Evaluate what went wrong so you can understand how you can avoid future problems.
- ▶ Pay close attention to contracts and don't rush the process.
- ▶ Don't write off a client because of an unsuccessful transaction; nurture that relationship as it may lead to future transaction opportunities.
- ▶ Surround yourself with a team of support you can trust. This will help smooth out bumps you may hit along the way.

verbiage that could cause the transaction to fail quickly or easily. Read it again if necessary. If you're uncertain about any verbiage, contact your broker! Recognizing failure before it happens is a key component! I'm not saying a transaction can't fail if you take these steps, however they can help prevent it," says Lane.



Sandy Lane

She owes her ability to recognize and prevent failures to her Broker when she first entered the business 26 years ago. Lane feels fortunate to have had such a disciplined Broker who was preventative, supportive and corrective.

Lesson Learned: If I client is not willing to get pre-qualified, that should be a red flag to you that they can't buy. A buyer's home inspector can make a mountain out of a molehill and scare a buyer out the door over something minor, so encourage your sellers to make any necessary repairs before listing a home. Lane says, "I learn something from every transaction closed or failed. Learning and embracing failed transactions is what separates agents who stay in the business and those who get out the business. Life doesn't happen to you; life happens for you!"

Don't Rush Contracts

Marea Wilson, an agent with Jumper Realty & Associates in Corinth, echoes Lane in that real estate professionals may find themselves rushing through procedures, which can often lead to mistakes. Wilson shares that she recently failed to fill in the protection period blank in a contract. She not only lost the commission of that sale, but she also lost the chance to do something she loves — help her client move from list to close.



Marea Wilson

Lesson Learned: Wilson says, "It was an expensive reminder to not rush through the contracts and make sure everything is complete when signed." Although a failed transaction, she learned slowing down to ensure that her checklist is complete is worth avoiding the pitfalls that happen when you are in a hurry.

Do Your Due Diligence

Tommy Payne, a Commercial REALTOR® and Broker with Payne Realty in Madison, is fortunate to have many successful transactions. However, with those successes comes his share of failed transactions. Payne explains that it's hard to view failed transactions as absolute failures because there is always something to learn from any kind of disappointment in business. One commercial transaction

that stands out for Payne is when he was representing a seller and working with a national retail developer when an encroachment issue came up at the last minute. Payne says, "Had we not caught this and not had a trusted team around us to resolve the issue quickly and responsibly, that deal could have 'failed' and fallen apart for good."



Tommy Payne

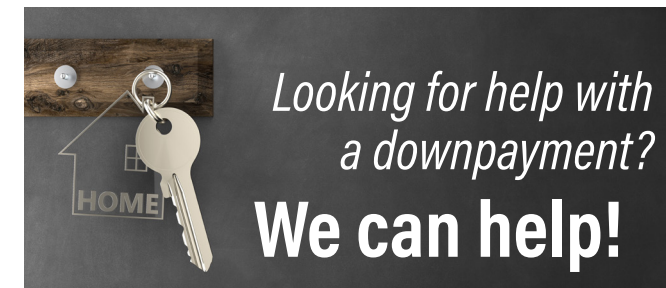
Lesson Learned: Payne attributes avoiding failures and delays in any deal to keeping a schedule, a master checklist of due diligence items and having a team you can trust. "The reality is that sometimes deals fall apart or 'fail' for reasons that you simply cannot control. However, once a deal is agreed to in principle or under contract, staying on top of all items should greatly reduce the rate of failure," says Payne.

Toolbox Panel Nov. 12

2019 MCAR President, Bill Hankins, and 2018 Past President, Tommy Payne, as well as the MCAR Board have collaborated to create the Commercial Real Estate Toolbox Panel — an event with industry professionals that Brokers work with to close transactions. These professionals, and others like them in their respective industries, can serve as your trusted team of support to try and reduce the number of failed transactions that take place. The Commercial Real Estate Toolbox Panel event will place Tuesday, November 12th, from 1:00 pm – 4:00 pm at the Mississippi REALTORS® building.

TOP TIPS FOR AVOIDING PROBLEMS

- ▶ *Avoid pre-possession agreements, you never know what could go wrong.*
- ▶ *Prioritize the relationship with your client over the sale of one home. Nurturing a client relationship can lead to more successful transactions and referrals in the future.*
- ▶ *Don't rush through any process of the transaction.*
- ▶ *Don't ignore red flags that pop up.*
- ▶ *Be thorough and attentive when dealing with contracts.*
- ▶ *Create a master checklist of due diligence items.*
- ▶ *Work with a team of support you can trust.*



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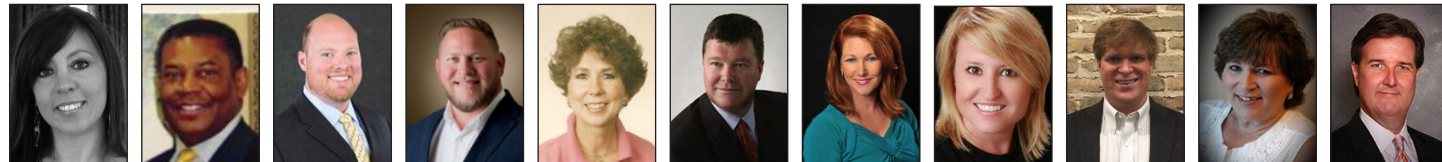
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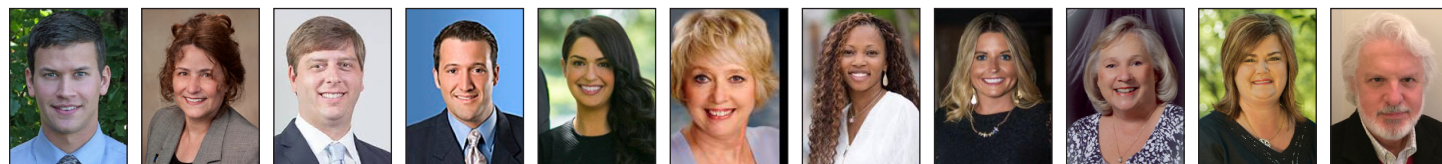
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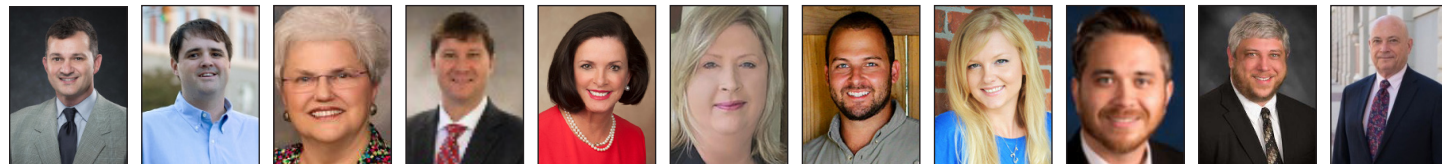
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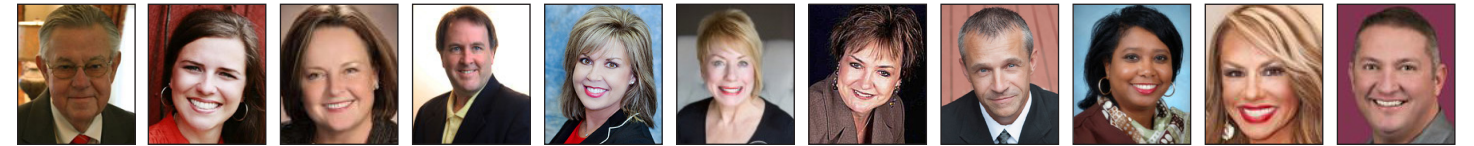
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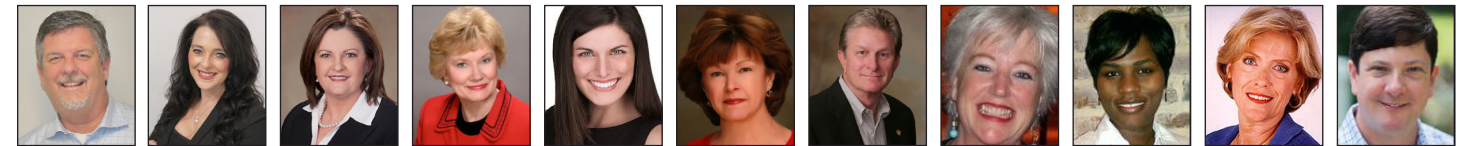
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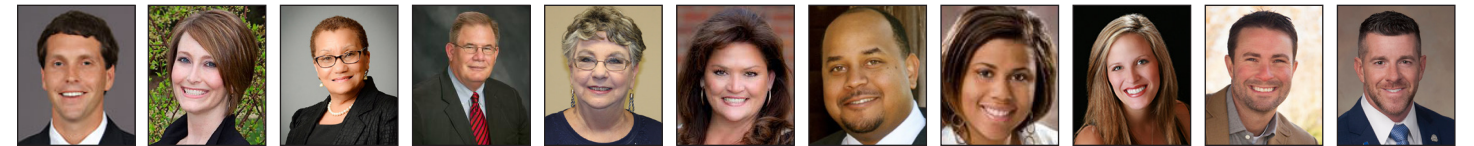
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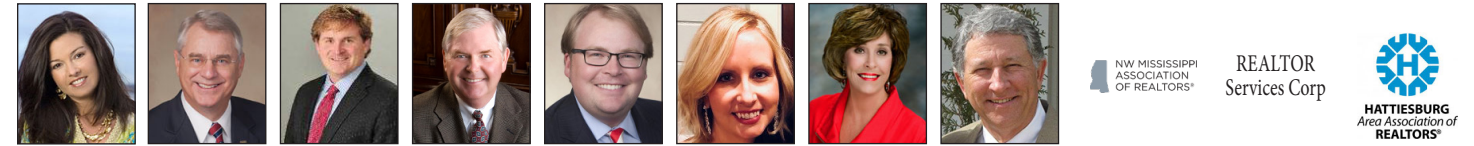
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