

Listing commercial properties **p. 12**

Working with foreign buyers **p. 16**

Before you host another agent's open house **p. 10**

# TEXAS REALTOR®

Succeed in Texas Real Estate

September/October 2024 \$3.50

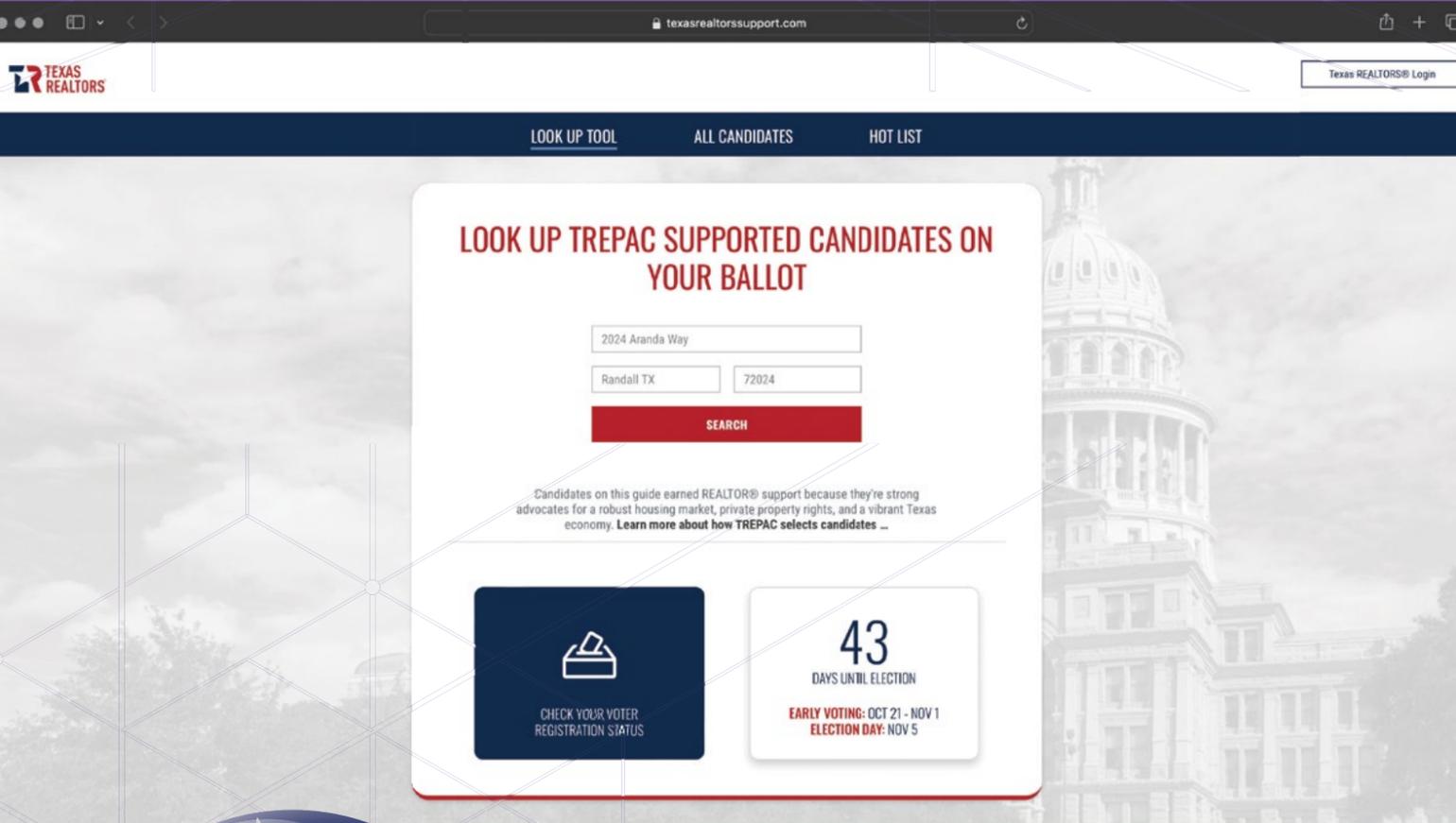
## ANSWERS TO YOUR QUESTIONS ABOUT THE NEW FORMS **p.20**



**SPECIAL PULLOUT ON PAGE 7!**  
**Business is Better as a Member**

TR TEXAS REALTORS

# AN INTERACTIVE VOTING GUIDE? HEY...THAT'S USEFUL!



General Election Day is  
**Tuesday, Nov. 5<sup>th</sup>**  
Early voting is  
**Oct. 21-Nov. 1**

Most voting guides are an endless list of districts you don't live in and candidates you can't vote for...but not this one

Visit

**TexasRealtorsSupport.com**

to find the TREPAC-supported candidates on *your* ballot.



## Welcome to your little corner *of the universe.*

When you're looking for land to build a forever home, might we suggest choosing one that has forever views? Yes, it's one small criteria, but it's one that can leave you breathless on clear summer nights. And to help you get everything else you want in a piece of land, Capital Farm Credit is here for you. You see, we can help you navigate the process of buying rural property, because rural lending is all we do. You could say, we know the value of every acre out there — be it on the ground or in the night sky. **To learn more, visit [CapitalFarmCredit.com](https://CapitalFarmCredit.com).**



Together we're *better.*



877.944.5500  
NMLS493828



**JEF CONN** Chairman of the Board  
**CHRISTY GESSLER** Chairman-Elect  
**JENNIFER WAUHOB** Secretary/Treasurer  
**MARCUS PHIPPS** Immediate Past Chairman  
**TRAVIS KESSLER** CEO  
**ANGELA BRUTSCHÉ** VP of Comm. & Mktg.  
**MARTY KRAMER** Editor-in-Chief  
**WARD LOWE** Director of Marketing Technology  
**PATEE FRANKS** Digital Marketing Specialist  
**JOE FISHER** Marketing Specialist  
**JOEL MATHEWS** Art Director  
**JOSHUA BANKS** Graphic Design Manager  
**CHRIS NELSON** Graphic Designer

**CHANGE OF ADDRESS OR EMAIL**  
Members should always send postal address or email changes to their local association.

**CONTACT THE EDITORS**  
editor@texasrealtors.com  
512-480-8200  
P.O. Box 2246  
Austin, TX 78768-2246

**ADVERTISING SALES**  
Mohanna Sales Representatives  
214-291-3648  
texasrealtorsinfo@mohanna.com

Texas REALTOR® (ISSN 1068-1248) is published bimonthly (every other month) by Texas REALTORS®.

**POSTMASTER**  
Send address changes to:  
Texas REALTOR® magazine  
Attention: Membership  
P.O. Box 2246  
Austin, TX 78768-2246

Periodicals Postage Paid at Austin, TX, and at additional mailing office. Annual dues of members of the association include \$5 for a one-year subscription to Texas REALTOR®. Annual subscription rate to others: \$25. Single copy rate to others: \$3.50. Office of publication: 1115 San Jacinto Blvd., #200, Austin, TX 78701-1906; mailing address: P.O. Box 2246, Austin, TX 78768-2246; phone: 512-480-8200; fax: 512-370-2390.

All articles and paid advertising represent the opinions of the authors and advertisers, and do not necessarily represent the opinions of the editors of Texas REALTOR® or the association and should not be construed as a recommendation for any course of action regarding financial, legal, or accounting matters by the association or Texas REALTOR® and its authors.

Contributions are not deductible for federal income tax purposes. Contributions to the Texas REALTORS® Political Action Committee (TREPAC) and the Texas Association of REALTORS® Federal Political Action Committee (TAR FedPAC)—which makes contributions to the REALTORS® Political Action Committee (RPAC)—are voluntary and may be used for political purposes. The amount indicated is merely a guideline, and you may contribute more or less than the suggested amount. You may refuse to contribute without reprisal, and the National Association of REALTORS®, Texas REALTORS®, and its local associations will not favor or disadvantage anyone because of the amount contributed. Until the RPAC annual goal is met, 70% of an individual's contribution goes to TREPAC and may be used to support state and local candidates; the remaining 30% is sent to TAR FedPAC to support federal candidates and is charged against your limits under 52 U.S.C. 30116. (Exception: 100% of an individual's contribution goes to TREPAC if the individual is an employee of an affiliate member of Texas REALTORS®.) After the RPAC annual goal is met, 100% of an individual's contribution goes to TREPAC and may be used to support state and local candidates. You may contact the Texas REALTORS® political committee administrator at 800-873-9155 to obtain information about your contributions.

Federal law prohibits TREPAC and FedPAC from soliciting contributions from persons not included in the following groups: Members of the association, executive and administrative personnel of the association, and the families of both groups. Contributions received in relation to this publication from a person outside of these groups will be returned.

©2024  
Texas REALTORS®  
All rights reserved.



It's not a **RED** problem.  
It's not a **BLUE** problem.  
It's a **PURPLE** Solution.

Together we   
the #PurpleSolution.

Visit [trepac.com/purplesolution](http://trepac.com/purplesolution) to help TREPAC turn Texas purple.



Federal law prohibits TREPAC and FedPAC from soliciting contributions from persons not included in the following groups: members of Texas REALTORS®, executive and administrative personnel of REALTOR® associations, and the family of both groups. Contributions received in relation to this publication from persons outside of these groups will be returned.

# CONTENTS

## INSIGHTS

- 4 Chairman's message: How Texas REALTORS® serves *your* specialty
- 5 Better communication? There's a toolkit for that
- Stay tuned for new ad campaign
- Which candidates are good for real estate?

## BUSINESS

- 6 Correspondence that builds connection
- 7 Checking in on your social media
- New TREC rule creates grace period

Properties in disaster areas may qualify for tax exemptions

## LEGAL & ETHICS

- 8 How home warranties protect you
- Do you need a license to negotiate wind power deals?
- 9 Sharing what a former client paid
- Changes to the T-47 Affidavit requirement
- Fact or Fiction: Can anyone use a Texas REALTORS® form?

Your Forms: *Named Exclusions Addendum to Listing* (TXR 1402)

- 10 If another agent hosts your open house

## SHARE THIS

- 27 What to expect when hiring a REALTOR®

## TAKE 5

- 28 Attract more business with clients' compliments

## FEATURE

# 12

### What Goes Into Listing Commercial Properties

by Joe Olivieri

Posting to commercial real estate listing platforms is often an important part of your overall marketing plan. Where and how you post can make a big difference in your transaction.



## FEATURE

# 24

### What Happened at This Year's Shaping Texas Conference

The annual Texas REALTORS® conference drew more than 2,000 REALTORS® to Grapevine for educational opportunities, networking, and camaraderie. Check out the highlights and photos.

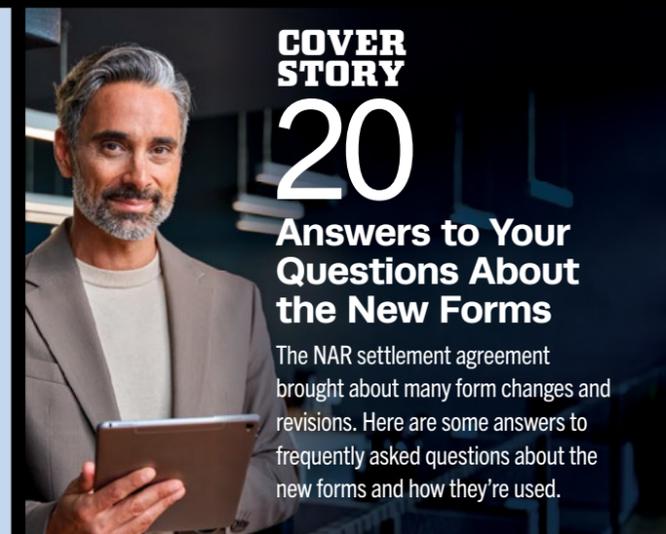


## COVER STORY

# 20

### Answers to Your Questions About the New Forms

The NAR settlement agreement brought about many form changes and revisions. Here are some answers to frequently asked questions about the new forms and how they're used.



## FEATURE

# 16

### Working with Foreign Buyers

by Kellie Bartlett

Hear from your fellow REALTORS® about how they got started helping international clients and what you can do in your business.





## Chairman's message

Some members who practice property management, commercial, farm & ranch, or global real estate ask me what Texas REALTORS® does for them. As a specialist in commercial real estate myself, I'm happy to answer that question. Our association provides so many valuable resources and services for each and every specialty, just like we do on the residential side.

**Your Voice is Heard.** Committees that focus on commercial, property management and leasing, farm & ranch, global, broker-managers, and YPN ensure that members can address important issues in their area. Each committee focuses on the needs of that specialty, with committee members who are active participants in those markets. This ensures that knowledgeable voices guide decisions on advocacy, public policy, forms, and association services that meet their needs. If you want more input on your specialty area, I encourage you to get involved by serving on a committee. You can also contact Texas REALTORS® staff, regional vice presidents, or association leaders with questions and comments.

**Advocacy.** You've heard all about the outstanding job that TREPAC and our government affairs activities do to protect private property rights, but there's so much more to it than that! Our advocacy efforts include fighting to protect 1031 exchanges, making sure land use and zoning rules don't negatively impact commercial owners, challenging unfair eminent-domain rules, fending off harmful tax proposals, balancing the interests of landlords and tenants, ensuring a healthy business environment in our state, and more. As a commercial practitioner, I don't have my own lobbying team to make sure commercial matters are at the forefront of our elected officials' minds during the

legislative sessions. There's where Texas REALTORS® government affairs activities come in, so we can keep protecting our businesses and our clients.

**Forms.** Consistently ranked as one of our highest valued benefits, Texas REALTORS® forms may only be used by members and their clients. You get forms for property management, commercial, and farm & ranch. Member task forces and association attorneys review the forms often to make sure they address new business practices and laws. When you provide comments about existing forms or proposals for new ones, know that these groups review them to consider all input.

**Member Benefits & Discounts.** Everyone loves discounts. Our Member Benefits Committee and staff have tons of discounts and savings for you! Whether it's savings on office supplies, technology, travel, or other categories, you'll find what's available at [texasrealestate.com/benefits](https://texasrealestate.com/benefits).

**Information, Courses, Webinars, and Data.** Texas REALTORS® publishes articles and research for real estate specialties, too. You'll find it in this magazine, monthly specialty emails, and at [texasrealestate.com/research](https://texasrealestate.com/research). You can also get data and create infographics for many commercial and multifamily segments in the commercial dashboard of MarketViewer. And Texas REALTORS® provides courses and webinars targeted to every area of real estate throughout the year.

Texas REALTORS® leaders and staff are dedicated to serving *all* members in every specialty, including residential sales. Whatever type of real estate you specialize in, know that your association is working hard on your behalf, so we can all serve our clients and grow prosperous businesses.

## Show Your Value, Explain Compensation Changes

If you could use a hand explaining the recent changes in compensation to prospects and clients, **check out the turnkey resources at [texasrealestate.com/toolkit](https://texasrealestate.com/toolkit)** (your [texasrealestate.com](https://texasrealestate.com) password is required to access this members-only content). You'll find PDFs, social media graphics, sample email messages, and other content—all with clear information and a focus on how REALTORS® make transactions better for their clients. You can also access media training videos—a quick and easy way to prepare for interviews if you serve as a spokesperson for your brokerage or local association.



## Texas REALTORS® is Promoting You



An ad campaign rolled out statewide in August to tell Texans about the recent compensation changes in the industry. The messages reinforce that a REALTOR® is the trusted professional to guide them in all their real estate transactions. Digital ads, online search, video, and social media provide a link to [texasrealestate.com/learn](https://texasrealestate.com/learn), where consumers can find more information and search for a REALTOR®. After an initial educational phase, the campaign will shift to messaging that solely highlights the value of working with a REALTOR®.

## A VOTER GUIDE THAT'S ACTUALLY USEFUL

Everyone knows about the historic 2024 presidential election. But don't forget about important races further down the ballot! There are consequential state legislative races that will determine the composition of the 89<sup>th</sup> Texas Legislature, which begins January 2025.

But who is good for real estate?

Most voter guides are a long list of names you don't know and you can't vote for because you don't live in that district. But not this one. Enter your address at [texasrealtorssupport.com](https://texasrealtorssupport.com) to see the RPAC- and TREPAC-supported candidates on your ballot.

Candidates on this guide earned REALTOR® support because they're strong advocates for a robust housing market, private property rights, and a vibrant Texas economy. More important, these candidates are vetted by members of Texas REALTORS®—beginning at the local association level and ending with our TREPAC trustees.

Check out the site, and make sure you vote in November!



### STATEMENT OF OWNERSHIP, MANAGEMENT, AND CIRCULATION

1. Publication Title: Texas Association of REALTORS/Texas REALTOR
2. Publication Number: 616860; ISSN: 10681248
3. Filing Date: 9/10/2024
4. Issue Frequency: Bimonthly
5. No. of Issues Published Annually: 6
6. Annual Subscription Price: \$5
7. Complete Mailing Address of Known Office of Publication: 1115 San Jacinto Blvd., Ste. 200, Austin, Travis County, Texas 78701-1994
8. Complete Mailing Address of Headquarters or General Business Office of Publisher: 1115 San Jacinto Blvd., Ste. 200, Austin, Travis County, Texas 78701-1994
9. Full Names and Complete Mailing Addresses of Publisher, Editor, and Managing Editor: Publisher: Texas Association of REALTORS, 1115 San Jacinto Blvd., Ste. 200, Austin, Travis County, Texas 78701-1994; Editor: Martin Kramer, 1115 San Jacinto Blvd., Ste. 200, Austin, Travis County, Texas 78701-1994; Managing Editor: Martin Kramer, 1115 San Jacinto Blvd., Ste. 200, Austin, Travis County, Texas 78701-1994
10. Owner: Full Name: Texas Association of REALTORS; Complete Mailing Address: 1115 San Jacinto Blvd., Ste. 200, Austin, Travis County, Texas 78701-1994
11. Known Bondholders, Mortgagees, and Other Security Holders Owning or Holding 1 Percent or More of Total Amount of Bonds, Mortgages, or Other Securities: None
13. Publication Title: Texas Association of REALTORS/Texas REALTOR
14. Issue Date for Circulation Data Below: 07/01/2024

15. Extent and Nature of Circulation	Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published Nearest to Filing Date
a. Total Number of Copies (Net press run)	137,470	138,952
b. Paid Circulation (By Mail and Outside the Mail)		
(1) Mailed Outside-County Paid Subscriptions Stated on PS Form 3541 (Include paid distribution above nominal rate, advertiser's proof copies, and exchange copies)	136,104	138,301
(2) Mailed In-County Paid Subscriptions Stated on PS Form 3541 (Include paid distribution above nominal rate, advertiser's proof copies, and exchange copies)	0	0
(3) Paid Distribution Outside the Mails Including Sales Through Dealers and Carriers, Street Vendors, Counter Sales, and Other Paid Distribution Outside USPS	0	0
(4) Paid Distribution by Other Classes of Mail Through the USPS (e.g., First-Class Mail®)	0	0
c. Total Paid Distribution (Sum of 15b(1), (2), (3) and (4))	136,104	138,301
d. Free or Nominal Rate Distribution (By Mail and Outside the Mail)		
(1) Free or Nominal Rate Outside-County Copies Included on PS Form 3541	326	325
(2) Free or Nominal Rate In-County Copies Included on PS Form 3541	0	0
(3) Free or Nominal Rate Copies Mailed at Other Classes Through the USPS (e.g., First-Class Mail®)	0	0
(4) Free or Nominal Rate Distribution Outside the Mail (Carriers or other means)	62	170
e. Total Free or Nominal Rate Distribution (Sum of 15d(1), (2), (3) and (4))	388	495
f. Total Distribution (Sum of 15c and 15e)	136,492	138,796
g. Copies Not Distributed (See Instructions to Publishers #4 (page #3))	978	156
h. Total (Sum of 15f and g)	137,470	138,952
i. Percent Paid (15c divided by 15f times 100)	99.72%	99.64%

17. Publication of Statement of Ownership: Publication required. Will be printed in the 09/01/2024 issue of this publication.

18. Signature and Title of Editor, Publisher, Business Manager, or Owner: Martin Kramer, Editor-in-Chief; Date: 09/10/2024

I certify that all information furnished on this form is true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material or information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including civil penalties).



## DON'T FORGET TO WRITE

### Post-Sale Communication That Keeps Clients Coming Back

Staying in touch with former clients is a great way to build your business. But what's in it for them? Even your closest friends might lose interest if all you ever talk about are your latest listings and the state of the housing market. Here are ideas for making your post-sale communication more meaningful. Each of these could work as a digital message but is ideal for a postcard that clients might keep.

**Remember their home anniversary** – Each year on the date of closing, send a greeting to past buyer clients that could only come from you—a celebration of the major milestone you accomplished together.

**Help around the house** – Show clients that you care about their homeownership experience—not just their homebuying one—with maintenance tips, seasonal guides to gardening or weatherproofing, decorating tips, and entertaining ideas.

**Provide schedules** – Help clients connect with the community by giving them a list or calendar they can refer to throughout the year or the season. Sporting events, concerts, festivals, and farmer's markets all work well for this. If you can tailor your list to include events you care about personally and are likely to attend, you may set up even more opportunities to spend time with former clients.

**Recommend fun favorites** – Share your local expertise and a bit of personal flair with suggestions your clients could enjoy, like favorite hikes and picnic spots, daytrip ideas, or regional recipes.

**Observe special (or silly) occasions** – You don't have to wait for major holidays to send greetings: Drop a message at the drop of a hat! Birthdays, minor holidays, national “whatever” days, or even occasions you make up yourself can give you the opportunity to show past clients that you are present and ready to be part of their future.

**Make it personal** – Remember that even handwritten notes can seem formulaic if you are obviously using the same wording with everyone. To really boost your connection, add a message personalized for each client. The more you know—and care—about your clients as people, the more genuinely thoughtful your communication with them can be. It takes time to build lasting relationships with former clients, but doing so can bring lasting results.

## IS THAT SOCIAL MEDIA CHANNEL WORKING FOR YOU?

Social media trends are constantly evolving and so should your social media strategy. Whether you're an individual agent, a team, or a brokerage, conducting a social media audit can give you valuable insight into how effective each social channel is for you. Here are some questions to consider when assessing what's working, where to focus your efforts, and what changes you can implement:

### What are your best-performing social media posts?

Has there been an increase in Instagram reel views, or are you noticing less engagement with your Facebook posts? Looking for themes among the different channels will guide you on where to put your energy and help you make future content decisions.

### Are you reaching your goals?

Was your objective to drive more traffic to your website? Check the website's analytics to find which social media channels the leads are coming from. You may be spending too much time on a channel that isn't helping you grow your business.

### How does your brand look?

First impressions matter, even online. How you conduct yourself on social media will give prospective clients an idea of who they will be working with. Is the content on TikTok or X showcasing your professionalism? Consider if you need to adjust your messaging or focus on another platform to be consistent with the business branding you want to convey.

### Are you leveraging the channel's latest features?

Have you thought about using Instagram Live for your upcoming open house? Get up to date on the latest tools and functionalities to enhance your social media presence. And don't forget to watch other content creators for inspiration.

Once you have analyzed your channels and made the necessary changes, create new goals to continue to grow your real estate business.



## New TREC Rule Allows Grace Period After Designated Broker's Death

What happens if your broker dies? If you are sponsored by an individual broker, your license becomes inactive. You can request a new broker through TREC's Online Relationship Management Tool right away to quickly set up a new sponsorship.



If you are sponsored by a business entity, the process is more involved, which is why TREC has adopted the new Death of a Designated Broker rule (535.124). The rule allows a 14-day grace period between the time a designated broker for a business entity dies and when the licenses of the business entity and sponsored sales agents go inactive. This will allow business entities time for the process of designating a new broker who satisfies legal requirements, including that the new broker has managing authority for the business and is in good standing.



## Properties in Disaster Areas May Qualify for a Tax Exemption

Do your clients own property in a disaster area? If so, they may appreciate your pointing out a possible tax break. For 105 days after the governor declares a disaster, owners of qualified properties inside the designated area may file for a temporary exemption from part of their property taxes. There is no restriction on property type, so this could apply to any type of improvement, including residential, commercial, or industrial. Your clients might think the improvements on their property would have to be totally destroyed to qualify, but the exemption can cover properties with as little as 15% physical damage. Once an owner files, the chief appraiser will determine whether a property qualifies and which level of damage applies to it. The amount of the exemption from property taxes is calculated based on the percentage of damage, the appraised value, and how many days were left in the tax year when the governor declared a disaster. Learn more at [comptroller.texas.gov/taxes/property-tax/disasters](https://comptroller.texas.gov/taxes/property-tax/disasters).

### HOW HOME WARRANTIES PROTECT YOU

Home warranties help homebuyers protect themselves against unexpected problems and appliance repairs. They might also provide some benefit for you in cases where a buyer resolves a problem through the home warranty company rather than bringing a claim against agents from the transaction for issues that occur in the home after the sale.

Chad Wenzelspratt, a Practice Group Lead with Texas REALTORS® risk management partner Pearl Insurance, is a huge advocate for home warranties.

“More than 70% of claims against agents stem from misrepresentation or a failure to disclose,” he explains.

A home warranty changes nothing about your and the seller’s duty to disclose known material defects. Buyers will be basing their purchasing decisions, in part, on what is shared with them from the seller’s disclosure. Even if the seller is fully transparent and has carefully documented every known condition, issues could arise the day after the buyer gets the keys.

“Things break on a house all the time,” Wenzelspratt notes. “Buyers benefit from having a good home warranty in place to take care of it when things happen. If a buyer has that, they’re probably not thinking, *I want to blame my agent for selling me a home with a bad furnace or air conditioning.*”

Keep in mind that home warranties do not cover pre-existing issues that should have been disclosed or may have been discovered during an inspection. But they offer aggrieved homeowners some help covering unexpected expenses after the sale, which may deter home-

owners from seeking relief through a complaint or lawsuit.

“There is no set time to discuss home warranties during the real estate transaction, but it often comes up when the client is requesting home inspections,” Wenzelspratt says.

He recommends educating clients about home warranties and offering a few providers to consider: “Do not offer just one option because it increases your potential exposure if something goes wrong.”

According to Wenzelspratt, it’s a good idea to start building relationships with home warranty providers so you can speak knowledgeably about the types of warranties available in the marketplace.

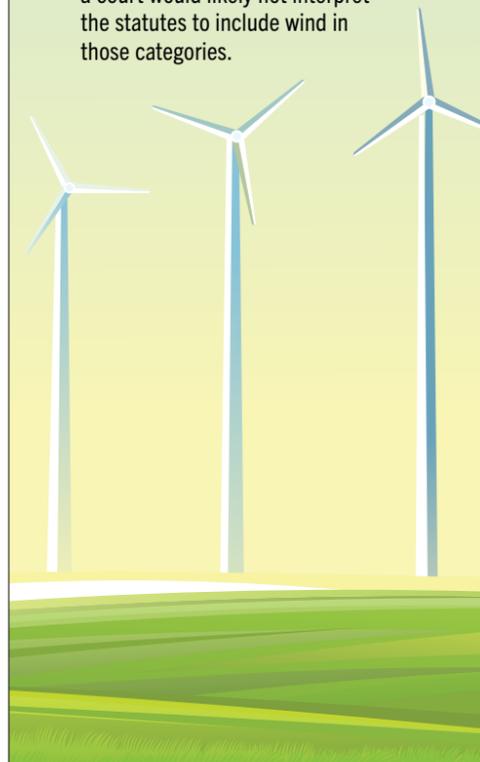
While it is good practice to let your clients know you encourage a home warranty, do not attempt to explain what the warranty will or will not “cover.” If you are asked those questions, encourage the client to communicate directly with the home warranty company, read the home warranty document, and/or contact an attorney.

“If the buyer declines to purchase a home warranty, get that decision in writing,” he emphasizes. That statement could help you if you are faced with a future complaint or claim. But the statement itself is not a cure-all, since there’s always the possibility a home warranty company wouldn’t cover a particular unforeseen event.

Wenzelspratt sees home warranties as a win-win for buyers and agents. “When spending that much money on something like a home, why wouldn’t you want a warranty?” he says. “You’d ask about what warranty a used car has and look into extended warranties if it didn’t have one. A house costs a lot more.”

### Wind leases: Is a license required?

Unlike mineral and mining rights leases, property leases for wind power projects fall under the same licensing requirements as other real property deals. The Texas Attorney General’s office recently clarified this in a letter to the Texas Real Estate Commission: Anyone negotiating a lease for property involving a wind power project on behalf of another, for compensation, is required to hold a license issued by TREC. The commission asked for clarification because it had historically treated wind projects in the same way as mineral rights and mining leases, which are given specific statutory exceptions to the requirements for licensing. But the Attorney General’s office wrote that a court would likely not interpret the statutes to include wind in those categories.



I represent a buyer who is interested in several properties and wants me to find out what the owners paid to purchase these properties. I represented one of the owners when he bought his property, but the sales-price information is in the MLS. Can I tell my new client the price that my former client paid for the property?

Standard of Practice 1-9 requires that REALTORS® preserve confidential information provided by clients in the course of the agency relationship after the termination of the relationship. Sales data provided to the MLS upon the sale of the property would not be considered confidential information protected under this obligation since publication of the sold data in the MLS would remove any possible confidentiality protection that might be given to that information under agency law.

A more difficult issue might be presented if the former sale was conducted outside of an MLS and no sales data was made available to parties outside the transaction. Under those circumstances, an argument could be made that the sales price might be entitled to confidential treatment by the buyer’s agent, and the buyer’s agent should obtain the consent of the former client to release that information to the potential buyer.

Additionally, Section 1101.804 of The Real Estate License Act specifically provides that a license holder shall not be liable to any other person for providing sales prices or terms of sale information for the purpose of facilitating the sale of real property unless the disclosure of that information is otherwise specifically prohibited by statute.

Absent some confidentiality agreement between the buyer and seller and their agents in the former transaction, the sales data probably would not be considered to be protected confidential information since it was known to the seller and his agent.



### Upcoming Changes to the T-47 Affidavit Requirement

The Texas Department of Insurance recently proposed an update to the rule regarding the *T-47 Affidavit* requirement. Under the proposed rule, sellers would have the option of providing the new *T-47.1 Declaration*, which does not need to be notarized, in lieu of the *T-47 Affidavit*. A final adoption order is expected in the coming months with an effective date of November 1, 2024.

In anticipation of this rule change, TREC proposed a rule change to amend Paragraph 6C(1) of the *One to Four Family Residential Contract (Resale)* (TXR 1601, TREC 20-17) to include the option of providing the *T-47.1 Declaration* when the seller furnishes the buyer with an existing survey. TREC’s proposed rule will be voted on at the November commission meeting.

### Fact or Fiction?

Anyone can use a Texas REALTORS® contract or form as long as it is an official, up-to-date version.

**FICTION.** Although the 30-plus forms promulgated by the Texas Real Estate Commission may be used by anyone, the 140-plus Texas REALTORS® contracts and forms are exclusively for the use of members of the association, either for transactions in which they represent a party or in their personal real estate business. In fact, a couple of forms, such as the *Residential Lease* (TXR-2001), may be voidable if an active member of Texas REALTORS® does not negotiate the lease as a party or for one of the parties.

Members may access Texas REALTORS® forms at [texasrealestate.com/realtorforms](https://texasrealestate.com/realtorforms), through zipForm Transactions (another member benefit), or on one of the eight other forms platforms currently licensed to provide forms through their application to association members. Some local associations of REALTORS® and brokerages in Texas also license Texas REALTORS® forms on their platforms.

If you ever see a Texas REALTORS® form being provided outside of these legitimate providers, please email [forms@texasrealtors.com](mailto:forms@texasrealtors.com). Alerting the association of unauthorized forms use protects the valuable resources that only members of Texas REALTORS® are entitled to use.

### Your Forms

Property owners and brokers can agree to exclude some potential buyers and tenants from a Texas REALTORS® listing form using *Named Exclusions Addendum to Listing* (TXR 1402).

Under the agreement, an owner can name certain buyers or tenants, so that if the owner sells or leases the property within a certain time to one of these named buyers or tenants, the owner can agree to a fee other than the one set forth in the listing agreement to the broker. The rules for named exclusions differ from other prospective buyers or tenants. The agreement describes these rules and how a named exclusion may lose that status when purchasing or leasing a property.

*Named Exclusions Addendum to Listing* can be used with residential, commercial, and farm & ranch properties and is one of more than 140 forms exclusively available to members of Texas REALTORS®.



## WHAT IF AN AGENT FROM ANOTHER FIRM HOSTS AN OPEN HOUSE AT YOUR LISTING?

It may not seem like a big deal if an agent from another firm hosts an open house at your firm's listing. However, doing so exposes both firms to potential liabilities. Consider the following before moving forward.

### At a minimum

Section 1101.557 of The Real Estate License Act contains provisions that impose minimum standards an agent must provide when representing a party. The provisions state that an agent:

1. Must inform the client if the agent receives material information related to the transaction, including the receipt of an offer
2. Must answer the client's questions
3. Must present any offers to or from the client.

These standards are required even for agents who serve as a subagent or hosting agent.

### The other broker may be responsible

Brokers are responsible for their agents' activities as license holders. If something goes wrong at an open house being hosted by an agent from another firm, the broker of *that* agent (called the *hosting agent* for purposes of this article) could be held responsible along with the broker who listed the property.

### The other broker should consent

The hosting agent's broker should consent before allowing the hosting agent to hold the open house for the listing brokerage. Any compensation for hosting an open house would go to the hosting agent's broker unless that broker provides written consent for the hosting agent to be paid directly, as outlined in TREC Rule Section 535.3. (That broker can share whatever portion of that fee the broker and hosting agent agree to.)

### Brokers should disclose that they may use outside agents for showings

Listing brokers should disclose to their clients that they may use outside agents to host an open house. The Texas REALTORS® listing agreements provide authorization from a seller to the listing broker to allow other brokers to access the property in Paragraph 7, but they do not specifically state that agents outside of the listing brokerage may be hosting open houses or operating as subagents of the seller to show the house. Therefore, brokers may want their attorneys to draft agreements that cover these scenarios. In addition, the two brokerages should have their own agreements that govern their working relationship and who will be responsible if issues arise.

### There's potential for misrepresentation

While providing brokerage services, such as showing a property, a license holder must provide a clear understanding of who the license holder represents. Texas real estate license holders cannot practice in a non-agency capacity. A license holder must represent someone. You can represent the seller's interests or the buyer's interests—or serve as an intermediary if both parties consent to such an agreement.

As a hosting agent, you must obtain the authorization of the listing broker to hold an open house for that listing broker. It is wise to get that authorization in writing. Accordingly, with such authorization, the hosting agent is effectively a subagent of the seller and should treat the buyer like a customer, not a client.

A subagent is defined under Texas law as a license holder who represents a principal through cooperation with and consent of a broker who represents the principal and is not sponsored by or associated with the principal's broker (1101.002(8) Texas Occupations Code). In other words, a license holder not associated with the listing broker but still representing the seller's interest would be a subagent of the seller.

When acting as a subagent of the seller, the hosting agent must make clear to any potential buyers that the hosting agent is acting as a subagent of the seller. This should be done because the buyer may not realize the hosting agent's fiduciary duty is to the seller, not the buyer. Failure to disclose this fact could also mean additional liability concerns for the hosting agent's broker.

### How are mistakes handled?

The hosting agent has a duty to treat all parties fairly and honestly and to provide minimum duties to the seller as outlined in Section 1101.557 of The Real Estate License Act. The hosting agent must also disclose any significant defects that the hosting agent is aware of that a reasonable buyer would want to know.

The hosting agent may also acquire knowledge about the property while acting as a subagent for the seller. The information obtained must be kept confidential. Sharing such information with a buyer while hosting the open house or when working as the buyer's agent after the hosting agent's subagency ends could subject the hosting agent to liability.

The brokers can include in their agreement governing the hosting agent's obligations which brokerage will be responsible if there is a misrepresentation or other error made on the part of the hosting agent. It's possible that the hosting agent would not be covered by either firm's errors and omissions insurance in this scenario. The listing brokerage's insurance may not cover outside agents, and the hosting agent's brokerage's insurance may not cover work done for another firm. The brokerages would need to review their policies to determine their insurance coverage.

### Co-hosting isn't a cure-all

There could also be liability if an agent from the listing brokerage co-hosts the open house with an agent from another brokerage. It could be seen as misleading or a misrepresentation, especially if the agent from another brokerage does not specify for whom that agent works and to whom that agent owes a fiduciary duty.

### Get attorneys involved

The best thing for brokerages to do when involving an agent from a different firm to host an open house is to consult their attorneys. The attorneys can draft an agreement spelling out the parties' responsibilities as well as how to disclose to the seller that a third party may be showing their property.

It may also be advisable to have an agreement with the seller obtaining consent to utilize a hosting agent for an open house and outlining who is responsible for the hosting agent's actions or omissions if an issue arises. It's possible that the attorneys may suggest avoiding this scenario altogether due to the risk of liability.

### NAR considerations

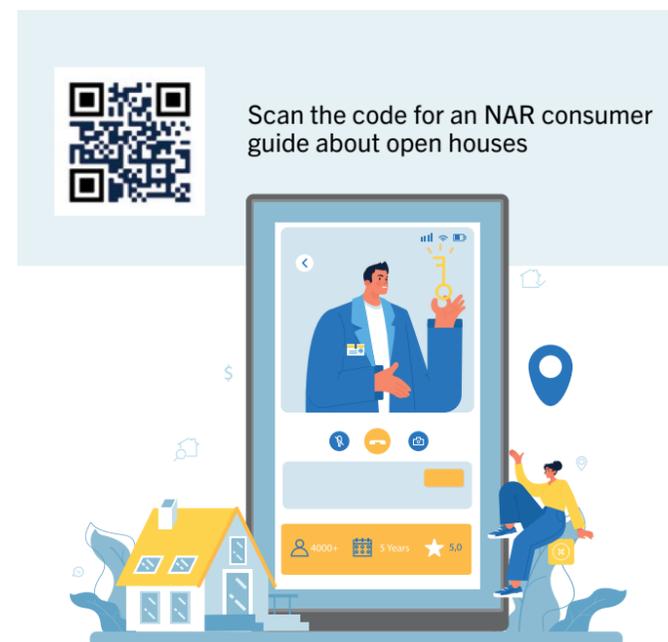
Another area that brokers and agents should consider is the recent change to the NAR MLS policy, which requires an MLS participant working with a buyer to obtain a written agreement with that buyer prior to showing a home.

As stated previously, license holders must provide a clear understanding of who they are representing. If the hosting agent has obtained the consent of the listing broker to become a subagent of the seller, then the hosting agent is working with the seller and would not need to obtain a written agreement for buyers to tour the home during the open house.

However, if the hosting agent has not obtained the consent of the listing broker to be a subagent of the seller or if the hosting agent is opening the home to work with buyers, then the hosting agent would need to obtain a written agreement from each buyer before that buyer could enter the home for a tour.

Similarly, if the hosting agent is a subagent of the seller, and a buyer would like to utilize the hosting agent's services with respect to showing the buyer other homes, the hosting agent would be required to obtain a buyer written agreement with that buyer before touring any homes other than the open house.

Brokers should be clear and make sure their agents are clear on who they represent and how they share this with potential buyers entering the open house to reduce their risk of liability. If the hosting agent is serving as a subagent of the seller, the hosting agent can use Texas REALTORS® *Representation Disclosure* (TXR 1417) to disclose that the agent represents the seller.



# What Goes Into Listing Commercial Properties



by Joe Olivieri

Posting to commercial real estate listing platforms is often an important part of your overall marketing plan for a commercial property. These platforms reach thousands of potential buyers and tenants. Where and how you post can make a big difference in your transaction.

The answer isn't necessarily to post every property to every platform. There are other considerations and strategies to best serve your clients using listing platforms. Here's what three experts have to say.

## What are the major platforms?

The major platforms for commercial real estate include CoStar, Catylist, LoopNet, and Crexi.

CoStar boasts up to a million lease and sale listings on its site. Catylist runs on the Moody's Analytics commercial real estate database.

LoopNet is marketed as the world's largest commercial real estate marketing platform. Crexi, short for the Commercial Real Estate Exchange, Inc., offers free listings for a variety of commercial real estate property types.

Other smaller platforms include Brevitas, CommercialSearch, PropertyShark, SharpLaunch, and TotalCommercial. There are also platforms provided by local REALTOR® associations and MLSs.

## What about MLSs?

Most commercial real estate agents and brokers do not join MLSs and would not put their commercial listings on MLSs. However, in mid-sized and smaller markets, some professionals find that it's the best way to reach their target audience, says David Schnitzer of Ascend Commercial Real Estate.

Jennifer Gray with TIG Real Estate Services says she has joined MLSs to facilitate commercial deals. It is part of her larger marketing strategy to find the right tenant or buyer for the property. She also advocates commercial practitioners joining local REALTOR® associations, building relationships with residential agents and brokers, and visiting chambers of commerce to cast a wide net.

**“It may make sense to use smaller or more local platforms if that is where your target audience is looking.”**



**Bill Cox, SIOR,** is a principal with Carey Cox Company in McKinney. He serves on the board

of directors of Collin County Area REALTORS® and Texas REALTORS®. He is a past recipient of the North Texas Commercial Association of REALTORS® Stemmons Service Award. Cox has been active in commercial brokerage in Collin County for over 30 years.



**Jennifer Gray, CCIM,** is the Dallas-based broker of TIG Real Estate Services. She has more

than 39 years of experience in commercial real estate with expertise in marketing, sales, and leasing.



**David Schnitzer, CCIM,** of Ascend Commercial Real Estate specializes in

market expansion in Texas and Oklahoma, as well as nationally. He served as the 2023 global president of The CCIM Institute.

## “High-quality, comprehensive property photos are key to any commercial listing.”

### Who pays for listings?

It depends, says Bill Cox of Carey Cox Company. Some brokerages pass on listing costs to clients at closing or lease execution, or agree to split the marketing costs. Other brokerages will pass the costs on to their agents as part of their desk fees. Who pays may be negotiable.

In Schnitzer’s experience, brokerages often pay for CoStar subscriptions, while individuals usually pay for Crexi subscriptions.

### How do you maximize your listing?

The first step for marketing your client’s property is to figure out who your target audience is—what type of tenant or buyer you are looking for. Once you determine your audience, you need to attract that audience.

High-quality, comprehensive property photos are key to any commercial listing. It has become much more sophisticated in recent years, Schnitzer notes. “It’s gone from someone on the street with a camera to using a smartphone—then came video, then 3D videos from companies like RICOH360 and Matterport,” he says. “Drone photography has been great and become really enhanced in the last year or so with overlays and animations.”

Listings typically include a property description, the physical features, information about parking and traffic counts, rates of return, and relevant regional data, Cox says.

Leave nothing blank, advises Gray. Include useful information such as site plans, area maps, demographic information, and a marketing flyer, she says.

### What’s your listing strategy?

“When you have a listing, you want it to be exposed to as many prospective buyers or tenants as possible,” Cox says. The major national platforms are a logical first step toward that goal, Gray adds.

Schnitzer says his brokerage’s philosophy is to post listings to as many platforms as makes sense for that property. That often includes the major platforms and some smaller ones.

Gray recommends listing properties everywhere. One reason she subscribes to national portals is to see commercial listings that do not appear on other platforms.

“A lot of brokers don’t want to subscribe to certain portals because they don’t want to get phone calls from the public,” she says. Those brokers would prefer to work with other commercial brokers or

tenant representatives, but she believes they are missing out on business opportunities.

LoopNet offers several tiers of subscriptions. Gray’s brokerage pays so she can offer her clients free access to the Silver tier, a step above the Basic level. By selecting the upgrade, her clients’ listings are better positioned in search results on LoopNet and CoStar. She feels she is not doing her clients a service unless she puts their listings on at the Silver level.

Although LoopNet is owned by CoStar, LoopNet only lists a percentage of the listings shown on CoStar, she explains. By connecting the public with commercial listings, LoopNet helps Gray find prospects she wouldn’t otherwise find or have access to. LoopNet inquiries are primarily from business owners and investors who aren’t represented by an agent—a target market in Gray’s overall marketing plan.

Depending on the property you are marketing, it may make sense to use smaller or more local platforms if that is where your target audience is looking, Cox says.

Many large brokerages may also have their own internal networks for commercial real estate listings, Schnitzer says. That’s another avenue for marketing. “The business has changed,” he says. “Commercial properties used to be sold through face-to-face interactions, marketing flyers, and trade shows. We still do those things, but most initial searches are online now. You have to have a presence online. The best way to get all of your clients’ info out there is to use these property aggregators. It’s the best value for the dollar and the best exposure for their properties.”

**JOE OLIVIERI** is a business writer who frequently writes for Texas REALTOR®.

“When you have a listing, you want it to be exposed to as many prospective buyers or tenants as possible.”

## Find Your Audience

Who needs to see your clients’ property? Your answer may guide where and how you post.

### Fellow Commercial Brokers

Let’s say your clients are selling a tall building in a mid-sized city. It’s likely your target buyers will be using a commercial broker to help them find their dream property. Broker-facing platforms such as Catylist and CoStar often offer market analytics and insights, as well as marketing tools, to help you attract serious prospects.

### The Public

Small business owners and local companies may be in the market for your client’s property. Public-facing platforms like Crexi and LoopNet offer high exposure for commercial properties. Commercial brokers look at them, too.

### MLSs

For brokers who are looking for additional or local platforms, many MLSs around the state will accept these listings. Arrangements will vary based on the MLS. HAR.com’s CommGate is a standalone commercial platform where members can pay to post unlimited listings for locations throughout Texas. Others may just have sections of the same MLS system as residential listings. Remember that you or your brokerage must join the MLS in order to list properties on it.



# WORKING WITH FOREIGN BUYERS

How REALTORS® who help international clients got started and advice they have for others interested in this niche.

by Kellie Bartlett



## STAY IN THE GLOBAL LOOP

Would you like the Texas REALTORS® global email newsletter every quarter? To subscribe, scan the QR code or visit [texasrealestate.com/](https://texasrealestate.com/) email and click the “Send Subscription Preferences Email.” You will receive a message in your email inbox with further instructions.

For even more global resources, visit [texasrealestate.com/members/specialties/global/](https://texasrealestate.com/members/specialties/global/)



Living in a border city and tourist area makes working with foreign buyers a natural fit for Jonathan Lindley, Broker at RE/MAX Platinum in McAllen, but he didn’t start out with that goal. “I wasn’t really marketing myself to international buyers,” he says. “I was just marketing my properties.” Over time, though, potential buyers from out of the country contacted him about his listings. Even if the property that initially caught a buyer’s eye didn’t work out, Lindley often was able to find the right one. “That’s when the referrals started,” he says.

### Get Them Talking

“What I have learned about working with international buyers is it’s all referrals,” says Lindley. “If you treat them well, they’re going to tell friends and family about you. I sold a little condo to a couple from Canada, and next thing you know, within six to eight weeks, I already had eight Canadians that were looking to buy. They were all from the same town. So, word of mouth is big in the international community.”

Susan Annoura, Broker at Annoura Realty Group, can trace much of her extensive client list back to one referral. She knew she wanted to specialize in helping international buyers, but was unsure of how to start. Annoura speaks fluent Japanese, which she listed in her profile on the Houston Association of REALTORS® website. She thinks that is where a colleague found her, when the CEO of a Japanese company needed help with a relatively minor transaction. “And because I didn’t have any other clients,” she says, “I kind of just stuck around. Every time he had an issue, he’d call me.” She sent a cousin over to fix his mini blinds and told him how to deal with a tricky thermostat. “He ended up telling all the other CEOs of Japanese companies in Clear Lake, ‘Hey there’s a kid here who speaks Japanese and she’s super helpful.’ So then whenever new Japanese expats came in, they would hire me to do their housing.”

### Use What You Know

Pius Dawson, Agent at The Virtual Realty Group, is an expat himself. Born in the U.K., Dawson spent 26 years in Germany, where he became fluent in German and gained deep insight into European culture. “I travelled all over Germany and over to East Germany when the wall came down in ’89 and saw all the changes that happened over there,” he says. Dawson came to real estate and to Texas at the same time, through his work as marketing director for a development company. Once he got his real estate license, it made sense for Dawson to work with international clients. “I had a lot of connections around Europe and the U.S.,” he says, “and that’s really all I focused on.” Dawson has been happy with his choice. He is heavily involved in the Texas REALTORS® Global Committee. And as an NAR global ambassador, he travels to Germany and Austria each year to represent NAR at real estate organization functions in those countries. “I have a lot of fun with it,” he says. “I enjoy what I do tremendously.”

### Commercial Real Estate Draws International Interest, Too

Cesar Cepeda, Broker Associate at RE/MAX Associates, started working with foreign clients before he became a real estate agent. His international background in franchises and business brokerage led him to commercial real estate, where he now specializes in income-producing investment properties. Cepeda says that he was hooked on real estate as soon as he closed his first commercial deal. “I loved it,” he says. “It was not emotional. It was black and white. It was numbers.”

While “numbers don’t have language,” Cepeda says, the international element can add another level of difficulty. Clients from other countries may need help navigating unfamiliar U.S. systems, like banking. Deals may fall through because the buyer doesn’t realize how long it can take to transfer funds into a U.S. account. “That transfer may take three weeks or two months because banks don’t open accounts for foreign nationals just because they’re nice people,” says Cepeda. “Banks have regulations, so they need to follow a process,” he says. And REALTORS® can help clients understand those requirements and potential delays.



Susan Annoura



Cesar Cepeda



Pius Dawson



Jonathan Lindley

**JONATHAN LINDLEY**  
Broker at RE/MAX Platinum



**WHAT I HAVE LEARNED ABOUT WORKING WITH INTERNATIONAL BUYERS IS IT’S ALL REFERRALS. IF YOU TREAT THEM WELL, THEY’RE GOING TO TELL FRIENDS AND FAMILY ABOUT YOU.**



## INTERNATIONAL BUYING ACTIVITY IN TEXAS

April 2023 to March 2024

**6,900**

Texas homes sold to international buyers  
[down 30% from prior year]

**2.1%**

of sales of existing homes  
[down from 2.8%]

**\$3.5 billion**

representing 3.2% of the total dollar volume of sales  
[down from \$4.3 billion]

### COUNTRY OF ORIGIN

**37%**

Mexico

**9%**

India

**6%**

China

**4%**

Canada

**3%**

United Kingdom

**\$374,200 median purchase price**

About \$37,000 more than the median for all home purchases

**17% of REALTORS® from Texas**

worked with at least one foreign client during the year

**5% worked with four or more foreign buyers.**

**73% of international buyer leads came from personal or business contacts.**

Find the full 2024 Texas REALTORS® International Residential Transactions report at [texasrealestate.com/research](https://texasrealestate.com/research).

**SUSAN ANNOURA**  
Broker at Annoura Realty Group



**WHEN YOU WORK WITH FOREIGNERS, YOU NEED TO BE EXTRA CONSIDERATE, BECAUSE THEY'RE AT SUCH A DISADVANTAGE. THEY NEED A LOT MORE HELP.**

### Connect with Culture

Cepeda says the key to working well with foreign investors is understanding their culture. "Cash flow is going to be the same in any language. But different cultures tend to negotiate differently or approach the investment in a different way," he says. With that in mind, Cepeda is sometimes able to keep deals on track by spotting potential misunderstandings before they arise. "We have foreign clients who feel it's completely natural to go back and forth in the negotiation four or five times," he says. "And we have some sellers in America who are not willing to do that. The second time, they shut the door and say, 'That's it.'"

Dawson finds that his clients are pleasantly surprised when he is sensitive to their culture. "In Germany, for instance, you would never, ever call them by their first name," he says. "Not like here in the United States, where everybody's on first-name terms."

Lindley agrees that it's essential to be mindful of your client's culture. "If you don't know their culture, their ways, it's an uphill battle," he says. "Working with someone who is from just across the border is very different than working with somebody who is from interior Mexico." Sometimes small social adjustments can make a big impression, he says. With clients from southern Mexico, "I like the approach of always going to the elder, whether it's a grandparent or a parent. I like breaking the ice with them," Lindley says. "Even though they may not be the buyer, they're the ones typically that I would give my first business card to."

### Keep Learning

Lindley encourages REALTORS® who want to work with foreign buyers to take Certified International Property Specialist classes. He learned a great deal about other cultures there and developed a keen appreciation for the importance of culture. "I have to attribute my success with international buyers to my CIPS courses and designation," he says.

Dawson also earned the CIPS designation and now teaches the classes. He is particularly

proud that the course now offers students a full year of follow-up support "to make sure that they land on their feet," he says. "There's no other designation that has that mentorship program in place." Dawson also encourages all members who are part of the CIPS network to stay in touch and call on their colleagues for resources, like referrals to translators. "We have 96 consulates here in Houston," he says. "We're at the source of a lot of information. And we'd be more than willing and happy to give it to them, because it's our goal to make sure that they are successful."

### Show Up to Build Trust

Annoura, who also teaches CIPS classes, says one of her biggest tips for success in international real estate is to show up where the clients can see you. That starts online, she says. "Being searchable in their language is important," Annoura says. "Most of them are going to Google you before they come, and you need to pop up when they do." Her website, blog, and newsletter are available in Japanese, which she says helps her information surface more readily in Japanese web searches.

Showing up in person is important, too, Annoura says. "I participate in, for example, the Houston Livestock Show and Rodeo's international committee," she says. She also joined the Japanese Business Association of Houston, attending and supporting their golf tournaments and Japan Festival. By branding yourself as an international real estate agent and getting involved in the community, "you're always out in front of the client," she says.

It's easiest to build trust with foreign clients when you can meet them in person, says Cepeda. Before the pandemic, he says, video calls were "almost offensive." Now clients are more receptive to them, "but at least the first time, we have to do some kind of face-to-face," he says. He finds that there is no substitute for a true social connection. "The most complicated business in the world boils down to personal relationships," he says. "At the end of the day, a cup of coffee or a glass of wine will do the job."

### Provide Concierge Service

Knowing your clients as people can also help you see the full picture, so you know what resources to provide. "Whoever is dealing with foreign investors should be a concierge," Cepeda says. In addition to pointing clients toward specialized professionals, like bilingual CPAs who understand international tax concerns, he says "sometimes we refer clients to schools, to doctors, or even to the priest because they don't know anybody. They rely on you."

### Be a Lifeline

Caring for clients moving from abroad can be complicated, Annoura says. Often they need advice on "not only where to live, but how to live here." She and her team step up to be their lifeline, she says. "We help them with their electricity and their water and their gas and their renter's insurance and all that extra stuff." They also give clients a special housewarming present when they move in: a bucket filled with essentials for starting their new life. "They can get that bucket and just survive for a day or two until they can get their bearings," she says.

"When you work with foreigners, you need to be extra considerate, because they're at such a disadvantage," Annoura says. "They need a lot more help. So, it's important to have a spirit of volunteerism and be willing to step up. As long as you have that helping spirit, you'll succeed." ★

**KELLIE BARTLETT** is assistant editor for Texas REALTORS®.

**A FORMS RESOURCE FOR CLIENTS WHO SPEAK SPANISH OR VIETNAMESE**

Texas REALTORS® has Spanish and Vietnamese translations of some forms. They are for informational purposes only. Your clients will still need to use the English versions for any legally binding transactions, but they may appreciate seeing the

**CESAR CEPEDA**  
Broker Associate at RE/MAX Associates



**THE MOST COMPLICATED BUSINESS IN THE WORLD BOILS DOWN TO PERSONAL RELATIONSHIPS. AT THE END OF THE DAY, A CUP OF COFFEE OR A GLASS OF WINE WILL DO THE JOB.**

**PIUS DAWSON**  
Agent at The Virtual Realty Group



**IN GERMANY, FOR INSTANCE, YOU WOULD NEVER, EVER CALL THEM BY THEIR FIRST NAME. NOT LIKE HERE IN THE UNITED STATES, WHERE EVERYBODY'S ON FIRST-NAME TERMS.**

translated versions to help them better understand the English forms.

Find these translations and all Texas REALTORS® forms at [texasrealestate.com/realtorforms](https://texasrealestate.com/realtorforms)

# ANSWERS TO YOUR QUESTIONS ABOUT THE NEW FORMS

With so many new forms and forms revisions, you may have run across a scenario or two where you'd like additional explanation. Don't worry—we have answers! Find even more FAQs at [texasrealestate.com/lawsuit](https://texasrealestate.com/lawsuit).



## **A broker includes offers of compensation on his brokerage website for his listings. If my buyer submits an offer on a property with compensation from the broker listed on the website, do we still need to sign a compensation agreement?**

Yes. You can use the *Compensation Agreement Between Brokers* (TXR 2402). Compensation listed on a broker's website does not create a binding obligation to pay the buyer's broker. The brokers must still sign an agreement to create a binding contract for compensation. If the listing broker has agreed to compensate a buyer's broker that procures a buyer in his listing agreement with a seller, the listing broker should execute a compensation agreement for the amount that was agreed to in the listing agreement.

## **What should we include as the term in the Compensation Agreement Between Broker and Owner (TXR 2401) and Compensation Agreement Between Brokers (TXR 2402)?**

The date of the term should provide enough time for the parties to negotiate and sign the sale or lease agreement. For compensation to be earned under the compensation agreements (TXR 2401 and TXR 2402), the owner of the property must enter into a binding agreement to sell or lease the property during the term. The parties to the compensation agreement can

agree to extend the term if additional time is needed for negotiations. Note: If the sales contract was executed during the term, the compensation is still payable even if the sale closes after the term has expired.

## **Can a VA buyer pay for buyer's broker compensation?**

Yes. The Department of Veterans Affairs issued a temporary rule that went into effect on August 10, 2024, that allows VA buyers to pay reasonable and customary amounts for buyer's broker fees if the property is located in an area where either the listing broker is prohibited from setting buyer's broker compensation through an MLS or the buyer's broker compensation cannot be established or flow through the listing broker. If a VA buyer purchases a home that was listed in an MLS that prohibits advertising broker compensation, the buyer can pay reasonable and customary amounts for buyer's broker compensation. However, buyer's broker compensation cannot be included in the loan amount.

## **My buyers say they don't want to see any property that doesn't offer compensation or seller concessions. How should I handle this situation?**

MLS policy prohibits participants and subscribers from filtering out MLS listings provided to clients and

consumers based on compensation offered to buyer's brokers. REALTORS® must provide the buyer with all property that otherwise meets the buyer's criteria. Allow buyers to choose which properties to visit. REALTORS® should also explain to their clients that even though a property may not have an advertised offer of compensation or concession up front, it's still possible to negotiate seller concessions when the buyer submits an offer.

## **I was taught that we can choose to treat a buyer as a client or a customer. Can we use a non-agency agreement to comply with the new NAR rules and treat a buyer as a customer to show a home without representation?**

No. Texas law does not allow agents to provide services in a non-agency capacity. When providing brokerage services, such as showing property, a license holder must represent someone in a transaction. An agent can only choose to treat a party to a transaction as a customer if the agent already represents the other party.

For example, when a listing agent interacts with an unrepresented buyer who wants to purchase the listed property, the agent can take that buyer on as a client, or the buyer can remain unrepresented, and the buyer would be considered a customer. This arrangement is only possible because the listing agent is already representing the seller. However, if the agent who wants to show a property is not the listing agent, the agent cannot treat the buyer as a customer. The agent would have to represent someone, either the buyer as a buyer's agent or the seller as a subagent. If the agent represents the buyer, the agent must get a written representation agreement to show the home. Listing agents and subagents do not have to get written agreements with buyers to show a home if they only represent the seller.

## **Are we required to get a written representation agreement signed with a tenant before showing a rental property under the new NAR rules?**

No. NAR's MLS policy only requires written agreements with buyers prior to showing one to four family residential properties for sale. However, MLSs have discretion to adopt additional policies. Check your local MLS rules for specific requirements that may apply to other types of properties.

## **Do I have to get a written agreement signed with a buyer when hosting an open house on behalf of the seller only?**

No. When hosting an open house on behalf of the seller only, agents are not required to enter into written agreements with buyers that attend the open house. This applies to the listing broker, any associated broker or sponsored sales agent, and an agent outside of the listing brokerage firm that gets permission from the listing broker to host an open house. If the open house is being held on behalf of the seller only, then

agents are not working with the buyer.

While hosting the open house, it's important to remember that your fiduciary duty is owed to the seller! If an agent subsequently agrees to represent a buyer, that agent will need a written agreement before showing homes going forward.

Texas REALTORS® offers two agreements that can be used to satisfy the written agreement with a buyer requirement: *Residential Buyer/Tenant Representation Agreement - Long Form* (TXR 1501) and *Residential Buyer/Tenant Representation Agreement - Short Form* (TXR 1507).

## **How do I complete the Broker's Fee paragraphs 5A or 5B on the updated Residential Real Estate Listing Agreement, Exclusive Right to Sell (TXR 1101)?**

The listing broker and seller must first determine if the listing broker will share compensation with a buyer's broker that procures a buyer. Paragraph 5A should be used to indicate the broker's fee that will include a total amount for the listing broker and the buyer's broker. Paragraph 5B should be used if the seller will only pay a broker's fee that will be retained by the listing broker and no portion will be shared. Both 5A and 5B include blank lines to allow the broker's fee to be expressed as a percent of the sales price or a flat fee. Only one line should be filled in. The other space will be left blank. Both 5A and 5B also include a blank line for alternative broker fee structures like an hourly rate.

## **How is listing broker compensation covered with unrepresented buyer transactions when using Paragraph 5A versus 5B in the listing agreement?**

Under Paragraph 5A in the listing agreement, the seller agrees to pay the listing broker a total negotiated broker's fee that includes compensation for the listing broker and the buyer's broker. The listing broker agrees to pay a portion of that total fee to the broker who procures the buyer. The total amount for broker's fees is inserted in 5A(1). The portion of the total that will be paid to the buyer's broker is inserted in 5A(2).

In a transaction with an unrepresented buyer, there will not be another broker. Under 5A(4), if there is no other broker, the listing broker retains the total broker's fee in 5A(1). By using 5A, the seller has agreed to pay broker's fees for the buyer-side of the transaction. Even though the listing broker is not representing the buyer, the listing broker will have to perform certain buyer-side tasks that would normally be performed by the buyer's agent to get to a successful closing. The listing broker is entitled to retain the fees intended for the buyer-side of the transaction for this additional work.

Under 5B, the seller only agrees to pay the listing broker for the broker's services. No compensation is being offered to a buyer's broker.

Since the seller has only agreed to pay the listing broker's fees for the seller-side of the transaction under 5B, the listing broker may want additional compensation for the additional work required to get

a successful closing. Once an unrepresented buyer transaction is contemplated, the listing broker and seller can agree to additional compensation using the *Amendment to Listing* (TXR 1404). The listing broker and seller can also add compensation for unrepresented buyers in the listing agreement using the blank line on 5B(1)(b).

**When using the Addendum Regarding Brokers' Fees (TXR 2406), what box do we check if the seller agrees to pay the buyer's broker fee?**

First, check the box next to Paragraph D(2) which states, "Seller shall pay." Then check either D(2)(a) or D(2)(b) depending on which contract is used to establish buyer's broker's compensation.

- Check box D(2)(a) if the seller has signed a separate compensation agreement with the buyer's broker, such as the *Compensation Agreement Between Broker and Owner* (TXR 2401).
- Check box D(2)(b) if the seller agrees to pay any of the buyer's broker's fees as an additional term under the sales contract. This option creates a new obligation for the seller to pay the buyer's broker's fee as stated in this addendum.

**When should the listing broker and buyer's broker sign the Compensation Agreement Between Brokers (TXR 2402)?**

TXR 2402 should be negotiated and executed by the listing broker and buyer's broker before the offer from the buyer is presented. Whether the listing broker will compensate the buyer's broker will have a significant impact on the terms of the offer the buyer may want to present to the seller. For example, if the listing broker will not pay the buyer's broker at all or not enough to cover the broker's fee in the buyer's representation agreement, the buyer may want to submit an offer requesting the seller compensate the buyer's broker. Therefore, the brokers should determine what, if any, compensation the listing broker will pay to the buyer's broker before the buyer presents the offer to the seller.

**IMPORTANT NOTE REGARDING ETHICAL DUTIES.**

REALTORS® cannot refuse to present an offer from their buyer client to force the listing broker to offer compensation or pay any specific amount of compensation (Article 16, Standard of Practice 16-16 of the NAR Code of Ethics). After a buyer's agent negotiates possible compensation with the listing broker, the buyer's agent must inform the agent's client about the results of such negotiation, whether the listing broker agreed to compensation or not. REALTORS® must then discuss with their buyer whether their client wishes to submit an offer and, if so, what terms regarding compensation should be included with that offer.

**Under the new MLS rules, can you show your own listings without signing a written agreement with a buyer before showing a home?**

Yes. A listing broker and REALTORS® associated with the listing broker represent the seller, so they would

not need a buyer's representation agreement to show the house to a potential buyer. The listing agent may want to use the *Representation Disclosure* (TXR 1417) to establish that the listing agent does not represent the potential buyer.

**As a listing agent, am I responsible for making sure a buyer's agent has a signed buyer's representation agreement?**

No. Local MLSs are responsible for enforcement of MLS rules and regulations. If you suspect an MLS participant is not complying with the written buyer agreement requirement, you should contact your local MLS.

**Can REALTORS® advertise offers of compensation for their own listings on their brokerage website?**

Yes. Under NAR policies, brokerages are allowed to post offers of compensation on their own websites but only for their own listings, even if their websites receive MLS data through an IDX feed. NAR rules also permit brokers to post a link to their brokerage website in MLS platforms, such as in an agent remarks field. However, the link cannot lead to the webpage with the broker's offer of compensation. The link can lead to the broker's website homepage. There could then be a link from the homepage that goes to the page with the compensation information. In other words, the homepage cannot have offers of compensation, but the next click could.

**NOTE:** Local MLSs have discretion to adopt additional rules. Check your local MLS rules for any restrictions regarding agent remarks.

**Can listing brokers advertise buyer's broker offers of compensation on signage outside of a home?**

Yes. Offers of compensation are only prohibited from being included on an MLS.

**Scan the code for additional FAQs on the forms changes.**



**For additional questions, call the Texas REALTORS® Legal Hotline at 512-480-8200.**

# Flowchart for Use of Addendum Regarding Brokers' Fees (TXR 2406)

**Paragraph A**

**Addendum Controls.** This paragraph states that if there is any conflict between this addendum and the sales contract, the terms of this addendum will control.

**Paragraph B**

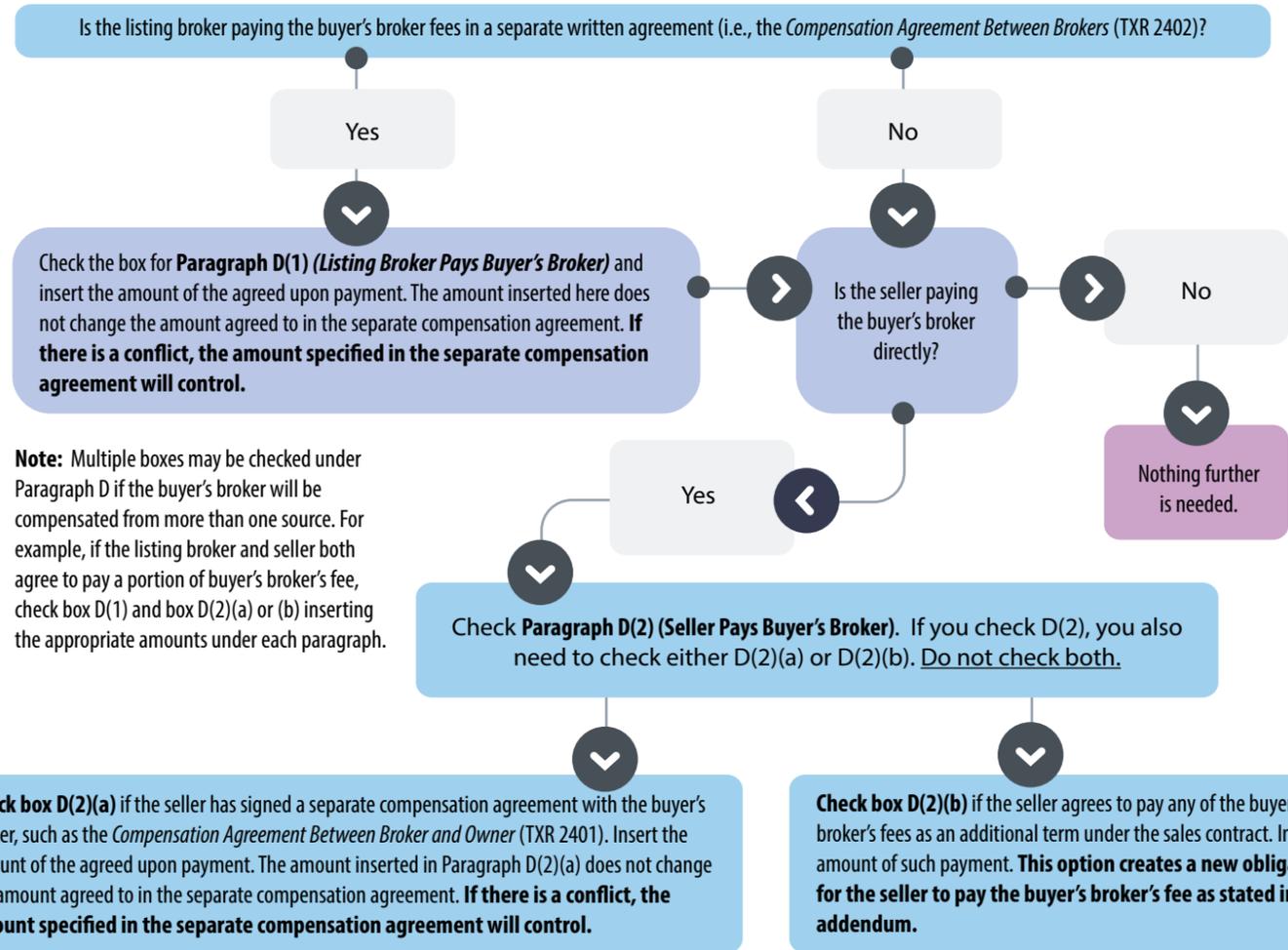
**Fees.** Insert the county in Texas where the fees must be paid in cash. This county can be where your brokerage office, the property, or the title company that is closing the transaction is located.

**Paragraph C**

**Listing Broker's Fees.** States that the listing broker will be paid a fee by the seller as specified in a separate written agreement (i.e., a listing agreement)

**Paragraph D**

**Other Broker's Fees.** States that the buyer's broker may be paid by the seller or listing broker, depending on which box, if any, is checked. Also states that the buyer shall pay any remaining amount due to the buyer's broker as specified in a separate written agreement (i.e., a buyer representation agreement). Any payment from the seller or listing broker will be applied before the buyer's payment. Both D(1) and D(2) may be checked depending on how the buyer's broker will be paid.



**Note:** Multiple boxes may be checked under Paragraph D if the buyer's broker will be compensated from more than one source. For example, if the listing broker and seller both agree to pay a portion of buyer's broker's fee, check box D(1) and box D(2)(a) or (b) inserting the appropriate amounts under each paragraph.

**Paragraph E**

**Intermediary Broker's Fees.** This option creates a new obligation for the seller to pay an amount to the broker that will be in addition to any amount the seller has agreed to pay the broker under a listing agreement. Insert the additional amount the seller will pay the broker who is acting as intermediary. This amount will be applied to the broker's fees the buyer has agreed to pay the broker under a buyer representation agreement. Only use Paragraph E if the broker is representing both the seller and the buyer in the transaction (intermediary).

**Paragraph F**

**Authorization.** Authorizes the title company to disperse funds in accordance with this addendum.

# 2024 SHAPING TEXAS CONFERENCE HIGHLIGHTS

This year's annual Texas REALTORS® conference brought more than 2,000 REALTORS® to Grapevine to discuss the latest real estate issues, connect with colleagues, and conduct association business. The event equipped members with actionable insights and tools to better showcase their value as real estate professionals.

[Names in **Bold** denote photo reference.]



## KEYNOTE KICKED OFF THE CONFERENCE (PUN INTENDED)

NFL Hall of Famer and Dallas Cowboys legend **Emmitt Smith** [1] took attendees in the standing-room-only Opening Session through his journey, on and off the football field. He delivered a powerful message of leadership and overcoming adversity. "Change is scary if you're not willing to adjust," said Smith. "We have a lot of changes in this industry, and we have to be open and ready." Immediately following, attendees enjoyed a fun evening at the '80s-themed Welcome Reception.

## EDUCATION AND FORUMS PROVIDED SOMETHING FOR EVERYONE

Education sessions and forums delivered personal and professional growth on a variety of topics, including housing affordability, risk reduction, farm and ranch, commercial, property management, AI, marketing, and more.

During the Governmental Affairs Forum, keynote speaker **David Wasserman** [2], Senior Editor and Elections Analyst for "The Cook Political Report with Amy Walter," provided an insightful analysis of the upcoming presidential election, saying it was too close to call a clear advantage for either candidate. He then analyzed key state races across the U.S. and gave a breakdown of key Texas House and Senate races.

At the Public Policy Forum, **Luis Saenz** [3, left], former Chief of Staff to Gov. Greg Abbott; **Logan Spence** [3, center], former Chief of Staff to Lt. Gov. Dan Patrick; and **Gavin Massingill** [3, right], former Chief of Staff to Speaker of the House Dennis Bonnen, shared stories about the work, stress, and collaboration needed among these offices and with legislators from both parties.

## TEXAS REALTORS®/REACH LABS INNOVATION SHOWCASE: BATTLE OF THE BEST PITCH

This annual event featured a pitch battle, "Shark Tank"-style, among four innovative real estate tech startups: **Curb Hero** [4], **Jointly** [5], **KeyPleaz** [6], and **Pitch59** [7]. The CEO of each business made a five-minute pitch followed by Q&A. The winner, chosen by audience members, was Pitch59.

## INSTALLATION GALA SETS A HIGH STANDARD

*Gold standard* was the theme of the Texas REALTORS® Installation Gala, which was reflected in attendees' attire and the event's décor. After entertainment by singer-songwriter **Kelly Willis** [8], 2025 association leaders were installed by emcee and installing officer **Cindi Bulla** [9, left], 2020 Chairman of Texas REALTORS®: **Tony Lloyd** [9, center] as Secretary/Treasurer, **Jennifer Wauhob** [9, right] as Chairman-Elect, Jef Conn as Immediate Past Chairman, and **Christy Gessler-Whetsel** [10] as Chairman.

In her remarks, Gessler-Whetsel spoke of the Japanese practice of Kintsugi, the art of repairing chips and cracks in fine china by gluing them back together with gold. She explained that family and friends, mentors, and other REALTORS® on her leadership journey are the gold that puts her back together after challenging times. She also thanked Texas REALTORS® President and CEO Travis Kessler and his wife, Shelley, for decades of service to the REALTOR® family. Kessler will retire at the end of March 2025 after more than 40 years working for the REALTOR® association.

## GLOBAL PARTNERSHIPS STRENGTHENED

The Global Reception, a conference highlight, celebrated the ongoing partnership between Texas REALTORS® and AMPI [11]. This event included a gift exchange and a presentation that honored the commitment of both organizations to strengthen U.S.-Mexico real estate collaboration. The reception underscored the importance of the partnership and recognized the signing of a memorandum of understanding (MOU) by Texas REALTORS® President and CEO **Travis Kessler** [12, center] and **Emilio Rojas Cobián** [12, right], AMPI President and **Gabriela Hernández Chargoy** [12, left], AMPI International Director. The MOU sets forth the understanding of the parties related to connecting and establishing a mutually beneficial relationship for its respective association members. The AMPI delegation also attended the VIP Dinner and the Installation Gala, which provided additional networking opportunities with key figures in the real estate industry.





See more photos from the Shaping Texas Conference by scanning the QR code.

### BOARD OF DIRECTORS MEETING

The association's Board of Directors met to conduct the business of the association and hear important updates.

- Texas Real Estate Commission Chairman **Scott Kesner [13, left]** and Executive Director **Chelsea Buchholtz [13, right]** spoke of proposed forms changes, improved timelines for enforcement activities, and a new rule allowing more time for broker succession after the death of a designated broker of a business entity.
- NAR 2026 First Vice President candidate **Colin Mullane [14]**, a broker from Oregon, assured members that "we do our best work when stuff gets hard." He also promoted the value of the three-tiered agreement of national, state, and local associations.
- NAR Region 10 Vice President Marvin Jolly encouraged members to continue to check facts.realtor for the latest updates related to the settlement. He also shared that NAR has come out against a proposal for rent caps, saying it would actually make housing less affordable.
- Texas REALTORS® General Counsel Lori Levy provided an update on how the NAR settlement affects REALTORS® in Texas and explained several form changes. She pointed out that the changes increase the choices for how brokers and their clients conduct business.
- **Kenzie Honey [15]**, Finance Director of the Abilene Association of REALTORS®, was honored for earning the REALTOR® Association Certified Executive (RCE) designation.
- **Michael DeHart [16, center]** was recognized for his upcoming retirement after 14 years leading the Fort Hood Area Association of REALTORS® as its association executive.
- Secretary/Treasurer Jennifer Wauhob provided an update on the finances of the association, presenting a balanced budget that includes annual dues of \$117 per year (unchanged since 2012). Directors approved an Issues Mobilization/Political Advocacy Fund assessment of \$30 per year and a Legal Fund Assessment of \$10 per year, an increase from \$5 previously.
- Directors received updates from all association committees on recent activities. The board also approved the association's 2025-2026 Strategic Plan. ★

# SHARE THIS

Help clients better understand real estate transactions by giving them this information. Download a PDF of this page at [texasrealestate.com/sharethis](https://texasrealestate.com/sharethis).

Photos & Images: © TA design - stock.adobe.com

## WHAT TO KNOW WHEN HIRING A TEXAS REALTOR®

No one is better at guiding you through a real estate transaction than a REALTOR®. Your REALTOR® is a trusted professional who can help you understand local conditions, find and market properties, negotiate, and keep your transaction on track through closing. Here are a few things to know when hiring a REALTOR®:



### THERE IS NO STANDARD COMPENSATION

There are no rules that set the amount brokers charge. Each brokerage independently decides what to charge and what services to provide. Some brokers charge a commission, while others charge a flat fee, hourly fee, or fees for specific tasks.

Just like when you hire a lawyer, car mechanic, or architect, you get to shop around for the real estate brokerage that best suits you—the one that provides the services you want for a price you are willing to pay.

Some brokers may choose to negotiate fees and services with clients, while others may decide not to. It is an independent business decision up to each broker.



### EXPECT A WRITTEN AGREEMENT (EVEN IF JUST LOOKING)

Business relationships work best when all parties are on the same page. Whether you're buying or selling, you and your REALTOR® will sign a written agreement that spells out what services the broker will provide and how you will be charged. Even if you're just looking and a broker agrees to show you homes for no charge, you should expect a written agreement noting those details.



### COOPERATIVE COMPENSATION IS AN OPTION

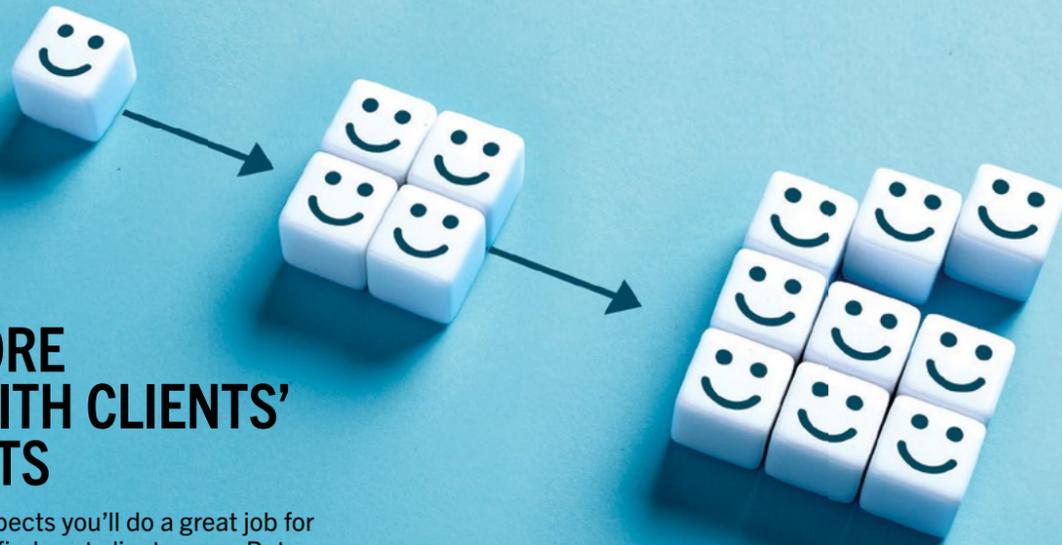
Selling brokers are not required to share their compensation with the buyer's broker (a process referred to as cooperative compensation). However, many homesellers and listing brokers do offer cooperative compensation to help market the home. Why? Most mortgage lenders don't allow broker compensation to be added to home loans, and many buyers do not have the financial ability to pay their buyer's broker out of pocket on top of the other costs of buying a home. Cooperative compensation can make a home more affordable to a greater number of buyers.



Your REALTOR® is the professional who can make your next move as smooth as possible. REALTORS® have the knowledge and skills to help you make informed decisions and reach your real estate goals.

# TAKE 5

Images: © Caglan - stock.adobe.com



## ATTRACT MORE BUSINESS WITH CLIENTS' COMPLIMENTS

One way to convince prospects you'll do a great job for them is to share how satisfied past clients were. But effective testimonials don't often happen by chance. Here are ideas to get recommendations you can use in your marketing and presentations.

- ASK**
- REQUEST SPECIFICS**
- MAKE IT EASY**
- GET REAL**
- LOOK FOR TESTIMONIALS IN THE WILD**

Many people would happily sing your praises but are unlikely to do so without a request. When a transaction goes well, don't wait around for unsolicited compliments; tell your clients that providing a testimonial will help other buyers and sellers—and help you grow your business.

General compliments are fine, but details about how you helped solve specific challenges carry even more weight. When you've assisted clients with a significant obstacle—say, dealing with a difficult financing situation or managing the timing of a sale and purchase several states apart—ask those clients to focus on the role you played to guide them to their goal.

Let people know they can provide testimonials however it's convenient for them—email, text message, or even a video clip that you can use or transcribe. You could also ask them a few questions by phone, write the testimonial, and then send it to them for their approval or changes.

Nothing's worse than a fake testimonial—or one that appears so. You can boost credibility by using real names and photographs. Putting testimonials in quotation marks signifies that these are real words from real people.

Your clients may say something to you in person or via email that would make an excellent testimonial. When that happens, let them know that you'd like to turn that into a testimonial.



Get permission before you use anyone's testimonial, and make sure to specify all the ways the testimonial might be used.



## THE DATA YOU WANT, THE WAY YOU WANT IT

MarketViewer gives you the market statistics you define and infographics you can share with clients and prospects. And as a member of Texas REALTORS®, you already have exclusive access to this powerful tool.

Select a city, county, ZIP code, neighborhood, school district, or other geography. You can then download stats and trends for sales, listings, median price, days on market, days to close, home sizes, year built, and other key real estate metrics.

You'll also find data on mortgage rates, apartment stats, and new construction.

MarketViewer's residential market analytics are brought to you through a partnership between Texas REALTORS® and MLSs across the state, while commercial data is provided by REIS/Moody's Analytics. Residential data is corrected for errors and duplicate listings, so you get the most accurate data available.



Visit [texasrealestate.com/marketviewer](https://texasrealestate.com/marketviewer) or scan this code to get the data you want today!



**COMMERCIAL MEMBERS—CHECK OUT MARKETVIEWER'S NEW COMMERCIAL DATA!**

Click the red Report Menu button and look for the Commercial Dashboard to get market stats on 11 commercial property classes.

# Where else do you get more than you pay for?

For the \$152 you pay in state dues, you get thousands of dollars worth of benefits as a member of Texas REALTORS®. Not bad—and not an exaggeration.

You receive Transactions zipForm Edition, a contract management solution that would cost \$239 each year if you weren't a member.

Membership also includes unlimited calls to the Texas REALTORS® Legal Hotline. You get model guides, policies, and manuals to help you stay on the right side of regulations.

What would you pay a lawyer to draft a contract? Your Texas REALTORS® membership comes with exclusive use of 140+ forms for residential, commercial, property management, farm and ranch, representation, and others. You also get Spanish and Vietnamese translations of the most-used forms.

And it doesn't stop there. Lobbying at the Capitol has brought you savings and a better business environment, such as stopping a property tax on business use of your car and preventing countless attempts to tax you and your clients.

You get accurate, custom real estate data through MarketViewer, business info from *Texas REALTOR*® magazine, networking events, education, discounts on products and services, and more.

Best of all, your membership makes you part of something much bigger than yourself: a voice 150,000 members strong ready to fight for our industry.

**Business is Better as a Member**

