

# How To Find The **Right** Real Estate Agent To Join Your Mastermind Group



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# **How to Find the Right Real Estate Agent to Join Your Mastermind Group**

**Real Estate Agents are not all the same.  
Finding and partnering with the right one  
is key for your successful investment career.**

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# WHO REPRESENTS WHOM IN REAL ESTATE?

One of the interesting debates that occurs periodically has to do with agency. Attorneys had some real problems with what is called DUAL AGENCY where a broker or an agent represents both the buyer and seller. Their argument was that this was the same as an attorney representing both the plaintiff and the defendant in the same case.

The real estate industry's response to that was that in court there was a party that won and a party that lost. In a real estate transaction, the escrow didn't close unless both parties felt that they had won.

One of the first documents that a buyer or seller will sign is an agency disclosure. It states that:

The seller's agent (listing agent) has a fiduciary duty of utmost care and integrity in dealings with the seller.

The buyer's agent has a fiduciary duty of utmost care and integrity in dealings with the buyer.

Both agents have the responsibility to both the buyer and seller:

- Diligent exercise of reasonable skill and care in performance of the agent's duties.
- A duty of honest and fair dealing and good faith.
- A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of the parties.

As I mentioned, an agent can represent both a seller and a buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer.

- A fiduciary duty of utmost care, integrity, honesty, and loyalty in the dealings with either Seller or the Buyer.
- Other duties to the Seller and the Buyer as stated above in their respective sections.

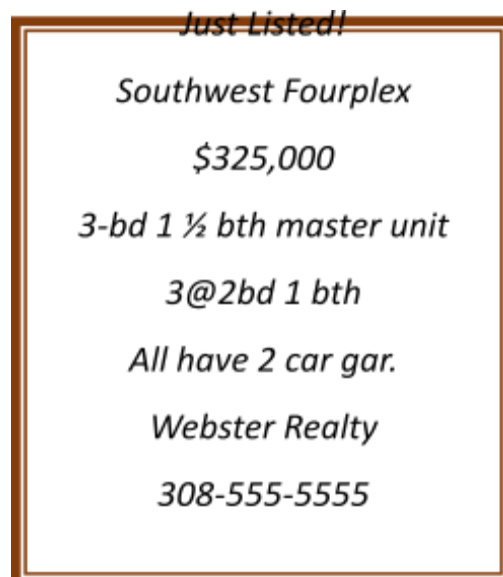
One thing to be aware of is what properties your agent is showing you or recommending that you purchase. Of course, there is a real benefit for your agent to sell you one of his listings because he gets both ends of the commission. He may also get a higher commission if he sells one of his office listings.

An ethical agent will show you all the properties that are available that will meet your goals.

There is an advantage to working with an agent who specializes in residential income and gets lots of listings. He will usually contact you and his other clients about a listing before he places it in the Multiple Listing Service. But that is only a good deal if it is a property that you are interested in.

## **DON'T MAKE THIS MISTAKE**

One day, you are checking your local newspaper's classified ads under investment property for sale. You see the following ad that looks interesting to you.



You know that Webster Realty is one of the largest real estate companies in your city. You dial the phone number and a secretary answers. You tell her you want to talk to a salesperson and she transfers you to Joe Blaine. At the bottom of the newspaper page, you notice a picture of Joe showing he was one of top listing agents in the office for the previous month.

You tell Joe that you saw an ad in the newspaper for a southwest fourplex and you would like more information. You hear Joe shuffling thru some papers for several seconds and then he says, "Oh, yes, that is a very nice property, would you like to get together and I will show it to you?" You say "yes" and arrange to meet with Joe at his office.



When you meet with Joe, he gives you his card and you notice some initials behind his name. One group of letters is GRI which stands for Graduate REALTOR® Institute. Another group is CRS which stands for Certified Residential Specialists. These mean that Joe has taken some advanced training so that he can be even more professional. Joe seems like a very nice and friendly guy and you like him right away.

### **Let's talk about Joe for a minute.**

When you called the office and Joe answered the phone, he was what is called "sitting the floor." During a few hours a day, different agents sign up or are assigned to be available to accept calls from buyers or sellers who call the office without a specific agent in mind. These are called "floor calls."

Joe has had his license for 15 years and has done quite well during his career. He is a licensed real estate agent, which means he took a few hours of classes and then passed a real estate exam monitored by the State Department of Real Estate. Once this has happened, Joe is now allowed to sell real estate in the state that he received his license. He must follow certain laws and procedures authorized by the State Department of Real Estate (DRE). His license allows him to sell:

- Owner-occupied homes
- Mobile homes
- Vacant land and lots
- Residential income property
- Commercial property
- Businesses
- Farm land

Joe is also a Realtor®, a licensed real estate agent who has joined the local, state, and National Association of Realtors®. He subscribes to a code of ethics and must answer complaints filed by consumers to the local board.

When you get to the property, you get out of the car with Joe and start looking at the outside of the property. Joe mentions that he will not be able to show you the inside of the property because after he hung up with you, he noticed the listing said “Make Offer Subject To Inspection.”

Joe has a copy of the listing with him and he starts telling you about all of the amenities. The master unit has a fireplace and all the units have washer/dryer hookups and private patios. He also tells you that the units have 4200 square feet which makes the price only \$77 per square foot. Houses on the next block are selling for \$96 square foot.

Joe next says, “You can see that the property is in very good shape, it has only been on the market for a few days and I have heard that there are several people interested. If you are interested, I would advise you to make an offer right away so that you can beat everyone else.”

Now Joe may be one of the top real estate agents in your area, *at selling single family homes*. He is like 95% of the agents in your area that focus on houses.

**WHAT JOE DIDN'T TELL YOU AND DOESN'T WANT YOU TO KNOW IS THAT HE IS NOT QUALIFIED TO SELL THIS OR ANY OTHER RESIDENTIAL PROPERTY TO YOU OR ANYONE ELSE!**

**Now my fellow real estate agents are not going to like me to tell you this but:**

**THERE IS A DIFFERENCE BETWEEN BEING LICENSED TO SELL SOMETHING AND BEING QUALIFIED TO SELL SOMETHING.**

When it comes to residential income property, **Joe is an amateur**. Don't work with him!

So, whose fault is it that you are meeting with an agent who really doesn't know how to professionally represent you in the purchase of this property?

Well you might say its Joe's fault because he should have referred you to an agent who is qualified. But, Joe's sales have slowed down the last couple of months and he needs to get an escrow closed so he can make his mortgage payment.

Unfortunately, the real estate profession doesn't require an agent to take a series of classes and get a special designation to sell the different types of property that can be marketed by licensed real estate agents. During my 30 years of selling property, it was amazing to me how many agents tried to sell something they knew nothing about.

**The truth of the matter is that it is your fault, if you use an agent that is not a professional residential income property specialist.**

You know that:

## **IF YOU NEED BRAIN SURGERY, YOU DON'T GO TO A PODIATRIST!**

Why would you work with a real estate agent just because he works for a big company or answered the phone when you called? Your money is too valuable to risk by working with an amateur agent when it comes to residential income property.



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Every once in a while I come across someone who wants to sell their home. Now, I could have thought to myself that I can do that because my license says I can. **But I know better.** I always refer that person to an agent who was one of the top residential sales people in the area and he would give me a referral fee for my action.

**I tell people it was against my religion to sell houses.**

The truth of the matter was I knew I was unqualified. I didn't keep up with the single family market, the financing involved, new construction or values.

**Unfortunately most agents are not honest enough to tell you to find someone else if you want to buy a type of property that they are not knowledgeable about. And the Department of Real Estate won't force their agents to take the classes and get the designations necessary before they try to sell.**

## **SO HOW DO YOU FIND YOUR QUALIFIED RESIDENTIAL INCOME PROPERTY SPECIALIST AGENT TO WORK WITH?**

### **BUYER'S INTERVIEW QUESTIONNAIRE**

Of all the real estate agents in your area, how do you determine which ones are really qualified? Approximately 95% of them specialize in selling single-family homes. This questionnaire is designed to allow you to determine an agent's qualifications in helping you buy your income property.

1. Do you personally own any rental properties?
2. *How many residential income properties did you personally sell this year? Last year?*
2. *How many residential income properties did your office sell in this year? Last year*
3. *How many income properties do you personally have listed at this time?*
5. *Do you know how to determine yield on an investment property?*
6. *Do you know what the terms "gross rent multiplier" and "cap rate" means?*
7. *What kind of financing is available for purchasing income property?*
8. *What do you know about 1031 tax deferred exchanges?*



*How many have you done in the last 2 years?*

9. *How much do you know about rental property management, market rents, vacancy factors and expenses for income properties?*

10. *If I buy multiple properties from you, would you be willing to carry some of your commission in the form of a note.*

**Your goal should be to find an agent who can accurately provide you with the properties and information that will help you make an intelligent decision. Finding an agent and company that has the knowledge, experience and track record, is of utmost importance.**

## **SHOULD YOU HAVE MORE THAN ONE REAL ESTATE AGENT WORKING FOR YOU?**

Now I know that there are some buyers who call a bunch of different agents trying to find out information about a specific property that they saw advertised. They think that if they have a lot of agents who know about them, every agent is going to call them each time they see a new property. Would that be a smart thing for a buyer to do?

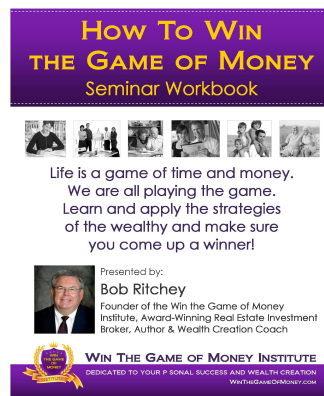
I may be prejudiced, but I would have to strongly respond with a “no” to that question.

Having more than one agent may cause some duplication of effort and some bad feelings.

My philosophy as an agent is that I refuse to compete with other agents. Either you are loyal to me or I won't work with you. The main reason for this belief is that I have enough loyal buyers to keep me busy.

Next, I personally won't work with a buyer unless they participate in two of my seminars – either live or online.

- **HOW TO WIN THE GAME OF MONEY**
- **HOW TO BUILD A REAL ESTATE MONEY MACHINE**



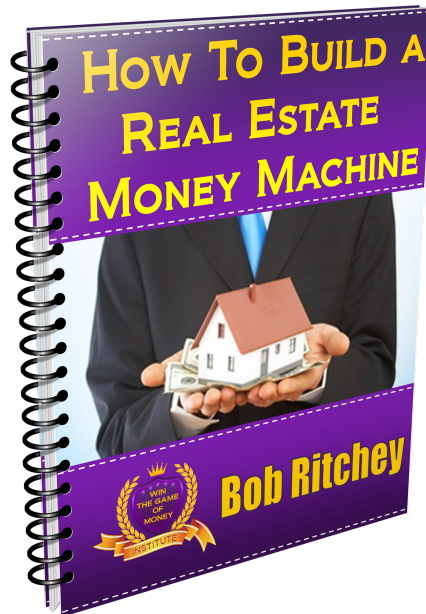
**How To Win  
THE GAME OF MONEY**  
Seminar Workbook

Life is a game of time and money.  
We are all playing the game.  
Learn and apply the strategies  
of the wealthy and make sure  
you come up a winner!

Presented by:  
**Bob Ritchey**  
Founder of the Win the Game of Money  
Institute, Award-Winning Real Estate Investment  
Broker, Author & Wealth Creation Coach

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My **How to Win the Game of Money Seminar** teaches the principles of becoming Financially Independent. We discuss the value of assets, especially cash flow assets and building enough residual income that you don't have to go to work anymore.



In my **How to Build a Real Estate Money Machine Seminar** I will teach you more about investing in real estate than 98% of the real estate agents in your area will know. My goal is to put you into a position that you don't have to trust me or any other individual in making your investment decisions. You will have enough knowledge to determine if a property is a good investment or not.

If you view my seminars and see the information that I teach, in almost every case, I will be the agent you will work with if you decide to commit to buy rental property.

You should know that anytime you see a property advertised, even "for sale by owners" you should call me to get the details about the property. If you call the listing agent, get all the information, and then have me write up the offer, it will probably tick-off the listing agent and he won't want to cooperate quite so much.

This next statement is very important. **Once you have picked me, make sure you respond to any calls that I make to you immediately.** When a great property hits the market, I will call all my buyers that I think might be interested and tell them about the property. I tell them to go by the outside of the property and take a look and if they are interested, call me back right away to get together. If I called a buyer and leave a message and he doesn't respond back to me, I will not be as enthusiastic to work with him. Agents want responsible buyers.

# THE REAL ESTATE GAME

One of the unique features of purchasing or selling real estate is that agents, loan officers, escrow and title companies do not receive any payment unless that transaction closes escrow. They don't have billable hours like many other types of professionals. A doctor charges you so much an hour or visit whether he cures you or not. Lawyers also have billable hours. A real estate agent can invest hour after hour into a transaction and receive no compensation for his efforts. A commissioned loan officer can spend hours putting together a loan package and getting it accepted and if the buyer does not consummate a purchase, the loan officer gets zip. The escrow company can produce the escrow instructions and preliminary title polity and if the escrow does not close, they work is for nothing.

**So why am I telling you this? A real estate agent has a fiduciary duty of utmost care, honesty and integrity as a representative of a client. He also has a responsibility to pay his bills and feed his family. Could there ever be a conflict?**

## A STRONG RECOMMENDATION

I strongly recommend that when you are discussing ideas with me or any other agent, either as a buyer or a seller, that you do not show us "your hand!" We probably will act as your agent in a fiduciary method, but why take a chance? In fact, a smart agent wouldn't try to find out this information.

Example: When writing an offer on a property with a list price of \$220,000, you tell us that you want to "start" with an offer price of \$207,000 and see what happens but you feel the top price you would want to offer is \$112,000.

Example: You decide to sell one of your properties. The agent appraises the property and states that he thinks it will sell for between \$240,000 and \$255,000. You tell the agent to list it for \$259,950 but your bottom line is \$245,000.

Not only is it a bad idea to tell your agent what you will do before hand, it is extra especially bad if you agent is the one that finds the other party and wants to act as a dual agent.

**You should be the only one that knows what you are going to do during negotiations.**

**LET'S SUMMARIZE THE IDEAS I AM TRYING TO TEACH YOU IN THIS SECTION.**

**“DON'T LISTEN TO A SALESPERSON OR A POOR PERSON!”**

Just because a person has a real estate license doesn't qualify him for the job of selling residential income property. In fact if he did try, I think he should be open to being prosecuted for malpractice.

Put the time and effort in to search for the most qualified agent in your area. I hope you will take the time to check out my knowledge and track record and compare it with other agents.

**You will now have added the most valuable member to your mastermind group.**

However, I hope you will take the time to study my material so that you are in position that you don't have to trust me or any other real estate agent. You want to make an intelligent decision based on your knowledge, not ours.

When we tell you something, ask questions. Double-check our answers with other knowledgeable people. Protect yourself!

I hope you will consider the Ritchey Team for all your real estate investment needs.

**THIS REPORT IS BROUGHT TO YOU BY:  
The Ritchey Team**

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