

The New Challenges of Real Estate

Terri Murphy of The Data Advocate interviews [Melanie McLane](https://thedataadvocate.com/the-new-challenges-of-real-estate-trainers/)
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TERRI: Hi. I'm Terri Murphy from The Data Advocate, and we always like to have women in real estate that are experts. And today, we have a terrific expert. Her name is Melanie McLane. She's kind of amazing. She has more acronyms behind her name than I think all of us put together. She's a practicing appraiser, she's a broker, she's an educator, and she's a lifetime realtor. She has a huge amount of experience.

And one of the reasons I wanted her to join us here on The Data Advocate was because of all the chaos, myths, misunderstandings, and whatever. As a trainer, Miss Melanie has to have her act together, and she does. Welcome, Melanie.

MELANIE: Thank you so much. I really appreciate the opportunity.

TERRI: Well, Melanie, as you know, you and I have been in the real estate business a really long time. We won't go into how long. And part of the issue here is the confusion, the myths, and and the misconceptions, and the fact that most--I'll say some--agents in the industry, are not keeping up with some of the nuances of the impact of the DOJ NAR lawsuits. You're a person of position because you're one of our experts in the field. Tell us, what do you think is impacting that average agent today?

MELANIE: Well, okay. So first of all, I will say that some, not all, of the agents in the industry helped bring this upon us by saying really stupid things like, 'We charge X the same as everyone else. We have to charge Y in the MLS for a buyer fee or no one will show it.' You and I know that's really stupid stuff.

But, Terry, I've been saying, unfortunately, for a long time, people have been using what I call the 'hope and pray method.' They didn't want to have that awkward conversation with a buyer, so I hope and pray you'll stay loyal to me and not go out on me with another realtor. And I pray you'll buy something out of MLS and there's a fee and I don't have to address this. And if I can just go on a little further, one of the things that's goofy about this is we've never been that way with sellers. We've always with sellers, they understand 'I'm gonna sign a contract. I want you to sign sell my house. I have to sign something.' So we if we do this right with buyers, they're going to go, 'Oh, yeah. I have to do that.'

TERRI: You know, that's such an interesting thing because as an agent, as a practicing agent for a million years myself, I recall having a very detailed, intensely comprehensive listing presentation. And I think that was missing, especially in the last 10 years, Melanie, as the market was so fast, that we didn't feel the need to do that. At the end of the day, I think one of the easiest ways to explain that is, you know, you go to the grocery store and you buy a can of beans, there's a service charge in there. It's a transaction fee. And I don't know that we've ever explained that as well to a buyer.

So do you think this is settled? I mean, it seems like every day there's a new nuance that's come out. We know about, you know, the Northwest MLS Association, the new California thing. Some MLS is because they're not all one. I've had different requirements, disclosures, whatever. Tell us what do you think.

MELANIE: It's northwest. It's the one up in the Boston, New England area. Privately owned MLS is saying, no. We're not going to sign on to this. I was in Delaware earlier this week. They were, like California, slated to put out new forms. Now they've pulled back. They're not sure they're going to put them out. I don't think it's settled because, quite frankly, I think Northwest MLS and the other MLSs have a very valid point about how the DOJ has approached this. And you and I know the first and fundamental problem with this settlement with the DOJ is the DOJ does not understand how real estate works.

They have no clue. And we had a very efficient marketplace. It allowed all buyers access to all properties. It allowed small brokerages to compete with larger brokerages. It was a unique marketplace, and it worked.

And it's like they're to use the old expression, they want to throw the baby out with the bathwater.

TERRI: Yeah. You know, you're absolutely right. It's from my understanding of John Riley, who's an attorney and and one of the partners here at The Data Advocate, is that whoever was doing the background on that didn't really understand the process of the industry. You've gotta have a compensation factor for business, any business.

Any business needs a compensation fact. Now how it's disclosed or shared or whatever may be another topic, but you're absolutely right on that. So as a teacher, as a leader, as a visionary, what do you think agents need to do to pivot in these discussions?

MELANIE: Well, you and I have been saying for a long time: 'Articulate your value.' And I've been teaching ABR a lot.

We talk about that. But it's kind of the big picture thing. They need to have counseling sessions with buyers. The value needs to be articulated on both sides of the transaction. So there's a thing I do in class as a 'for instance.'

Suppose there is a seller who has said (let's just make the seller an attorney to make life interesting) 'I'm not paying a buyer agent fee because they don't represent me.' Okay? That's my listing. You ask me, is there compensation offered?

I say 'no.' You ask your client, 'Do you still wanna see it?' Your client has a contract with you. They say, 'Sure.' Your client comes back, and they ask my seller for compensation.

They ask them to credit them with an amount sufficient to satisfy that contractual agreement they have with you. I present this to my seller, and, of course, immediately, he goes ballistic and says, 'I didn't wanna pay a fee.' And if I'm a good agent, I'm going to say, 'We need to look at this contract. You need to not be thinking about what you are paying to whom. You need to look at the net. You need to look at the terms and conditions, including the closing date, what's included, any inspections, and look at that net. And if you're happy with that, then why wouldn't you take this contract?'

Because contracts are always price terms and conditions, and everyone keeps focusing on price. And the DOJ is silly enough to think that if sellers don't pay buyer agent fees, they will miraculously reduce their prices by a whole lot of money. That is not happening.

Supply is incredibly low. I don't think that's going to happen anytime soon, and I also think that even if they did, it would not be a significant amount with the affordability issue.

TERRI: You know, that's such a good point, and thank you for that. I will just say that in any relationship, because I'm a communications speaker, as you might know, is understanding the process because you're having a conversation that is heard. Articulating value is not what you do, but it's more about how you do it.

So agents are now faced with upping their game. Your knowledge and your expertise has now been elevated because it can't be, oh, we sell lots of houses or, this is a really good price. That's your opinion. How can you make someone else see the value of the agreement, of the terms, of the process so that everybody has making more informed decisions? Would you agree?

MELANIE: Absolutely. And here's the other thing. You and I know as long time practitioners that, first of all, a lot of people will hire the 1st realtor they interview, which is scary. Second of all, there is a huge spectrum among agents.

And at the lower end of the spectrum, we have people who honest to gosh think, 'I unlock the door and I write up the contract,' and that is clearly not what you do as a buyer agent. But you also have the seller side, people who think 'I throw a sign in the front yard and put it in MLS, and that's all I have to do.' And that's not all you have to do there either. I'm hearing and I'm seeing in my own market, and I'm hearing in every market I teach in about agents who are really not being supervised. The broker is geographically distant as well as just completely distant.

I had a friend who was going into an ethics hearing, and he asked one of the participants, 'What's your broker's name?' And that person said, 'I don't really know.' Oh, okay.

Now I just did ABR for a large company in Delaware. The brokers were there. They care enough to get their agents trained. That's the level you need to be up here. But I know and you know as professional educators, there are people who will do the absolute bare minimum of CE just enough to keep that license. Don't care if you'll learn a new skill or anything else. But if the broker leads, they will, and the broker has to lead.

TERRI: So you bring up a really good point because studying communication on every level, when there's a sense of community, when there's a sense of support recruiting today, we just finished putting together a ginormous recruitment program, is what we found was it was not about, going out and soliciting agents, but attracting them.

And the attraction was not obviously money. It was what can you do to help me grow my business? How can you help me advance my skill set? And so you're so right. If a broker is remote or you're not having, I would say I know that there's independent contractor, but meet you know, meetings on a regular basis, updates, accountability, just just even for your own strategic plan, let alone something, as massive as this, You're missing the point on how to grow your business and theirs.

So, Melanie, that was brilliant and I had to make sure that we got your input on that because I think the brokers, the owners, the managers, the companies, and the associations need to hear that hands on, regular accountability, focus, and

making sure that people understand just not a check mark I took the course. So thank you for continuing to educate us. I hope that you come back to us another time.

MELANIE: A real pleasure to be with you.

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