



**How to  
Successfully  
Sell or Acquire  
a Thriving Real  
Estate Business**

**By Judy LaDeur**

A Power Strategy for Making the Most  
of Your Real Estate Business  
From Start to Finish

## **How to Successfully Sell or Acquire a Thriving Real Estate Business**

**By Judy LaDeur**

Copyright © 2013 Judy LaDeur International

All rights reserved. No part of this book may be reproduced or transmitted in any form or by any means, electronic or mechanical, including but not limited to: photocopying, recording, or by any information storage retrieval system without the written permission of the publisher, except for the inclusion of brief quotations in a review or brief excerpts shared through social media.

Printed in the United States of America.

**LaDeur, Judy: How to Successfully Sell or Acquire a Thriving Real Estate Business**

Judy LaDeur

[Judy@JudyLaDeur.com](mailto:Judy@JudyLaDeur.com)

[www.JudyLaDeur.com](http://www.JudyLaDeur.com)

## How to Successfully Sell or Acquire a Thriving Real Estate Business

### Table of Contents:

#### Index:

<a href="#">Page 4</a>	<a href="#">Program Intro</a>
<a href="#">Page 5</a>	<a href="#">Is This For You?</a>
<a href="#">Page 5</a>	<a href="#">Components of a Good Data Management System</a>
<a href="#">Page 6</a>	<a href="#">Formula to Building a Business That Can Survive Any Market</a>
<a href="#">Page 8</a>	<a href="#">Transition Period</a>
<a href="#">Page 9</a>	<a href="#">Teams and Family Members</a>
<a href="#">Page 10</a>	<a href="#">How Does it Work?</a>
<a href="#">Page 11</a>	<a href="#">What Forms Will I Need?</a>
<a href="#">Page 11</a>	<a href="#">Sample Financials</a>
<a href="#">Page 12</a>	<a href="#">Sample Incomes</a>
<a href="#">Page 12</a>	<a href="#">Collection of Data</a>
<a href="#">Page 13</a>	<a href="#">Broker Basics</a>
<a href="#">Page 15</a>	<a href="#">Sample Guidelines</a>
<a href="#">Page 16</a>	<a href="#">Suggestions for Training</a>
<a href="#">Page 17</a>	<a href="#">Search for Candidates Outside Your Office</a>
<a href="#">Page 17</a>	<a href="#">Sample Letters</a>
<a href="#">Page 19</a>	<a href="#">Recruiting Opportunities</a>
<a href="#">Page 20</a>	<a href="#">Forms and Collateral</a>
<a href="#">Page 20</a>	<a href="#">Agent Profile Forms</a>
<a href="#">Page 24</a>	<a href="#">Behaviour Styles</a>
<a href="#">Page 28</a>	<a href="#">Sample Letters and Follow Up</a>
<a href="#">Page 34</a>	<a href="#">Sample Contracts and Schedules</a>

## Program Introduction

A Recruiting/Retention tool that allows a company to capture the market share of retiring agents within their market as well as jump start newer agents through the acquisition of a retiring agents business.

**“The Best Way To Predict Your Future Is To Create It.”**

Recent NAR predictions state that nearly 70% of active real estate agents will exit the business over the next 5 – 10 years, most intending to simply walk away from the business they have spent years building. Of the agents that would like to sell their business most don't know how and without help would likely experience problems with tracking, second party referrals, the buying or selling agent going to another company as well as trying to determine who is responsible for keeping the business going through advertising, marketing and mailing.

But what if an agent could retire **whenever** they wanted and someone else would continue to market to their database? Whenever anyone in their database had a transaction the agent would automatically receive a check – no work but they still get paid?

**This program makes that possible.** And it's not just for agents that are considering retirement in the next five years, it's also a great opportunity for agents with five or less years in the industry who want a jump start by purchasing someone else's business, as well as the agents who find themselves in between these two scenarios who want to learn how to make their business saleable in order to get top dollar in the future.

### **National Association of REALTORS® Prediction:**

Over 50% of the REALTORS® who currently sell real estate will retire / relocate/ leave due to serious illness in the next ten years.

### **Current Statistics from National Association of Realtors:**

- Median age of today's realtor is 54.
- 54% of Realtors® surveyed planned to retire between the ages of 55 to 70, however the market conditions of the 2006-2012 real estate market has changed that!

[Click here to see a video introduction of this program!](#)

## AGENT STRATEGIES:

### Is This For You?

Which of the following best describes you?

1. An Agent 1 - 5 years from retirement.
2. An acquiring Agent with 0 - 5 years in the business that would benefit from a "jump start".
3. An Agent somewhere in the middle that could benefit from learning how to make your business more saleable.
4. A top producer/team leader whose retirement plan has been pushed back 5-10 years due to recent market conditions. Someone who could easily acquire another top producer's business and create a profitable business for both parties.

**The question is...Do you have a saleable business?**

If your business is not currently set up in a contact database management program, then the answer is probably NO. To leverage your business and take advantage of this particular program (and have the ability to sell your real estate business at some point in the future) - that is the first thing you must do. The program you select should have the ability to set up several categories and to place your clients into more than one category. The more categories you have, the more valuable your business will be.

### Components of a good data management program:

1. **Easy to use.** When we get busy, we are less likely to use a program that requires a lot of steps to enter the data.
2. **Robust.** The notes area should be sufficient to make 20-30 notes on each client after each call and or visit. Remember, you will have this data base for many years and the notes are important when you sell.
3. **Diverse.** You should be able to create a minimum of 20 categories such as: Great for referrals, Buyer, Seller, purchased 2-5 properties from me, investor, seller prospect, buyer prospect, farming area, bowling club, family member, friend, out of area friend who refers clients, Facebook, LinkedIn, Twitter, leads that were referrals, etc.

4. **Intuitive.** If you have taken my course on how to know how they will make their decision based on their behavior pattern, you would also add the categories of expressive, amiable, analytical, and driver.
5. **Searchable.** Remember, you can have 1 client in 6 different categories, but you want to be able to say, "I have 267 people who have purchased a home from me, but 198 of them have purchased 2 or more homes from me. However, note that 190 people in my data base were sent to me as referrals from a client in my data base."
6. **Detailed.** Keep all details about the clients, their families, their referrals, property details, etc. on their contact sheet.
7. **Have the ability to create alerts.** You should be able to put reminders about when you will make contact with them on your calendar from this program.
8. **Exportable.** You should be able to easily export from the data base for your mailings.
9. **Group-able.** You should be able to set up groups for purposes of sending group emails or specific group mailings.
10. **Visual.** A great feature is the ability to have their photo on their contact sheet!

The more people that you know and that you add to your base, the more valuable your business is when you decide to retire, relocate or leave the business for any reason. With regard to your database while you are still selling real estate, the more names you have, the more successful you should be if you work the system properly. This is a relationship business, and your job is to build and maintain relationships on a daily basis. Your best sources of business in any market are the people you know.

A recent survey showed that 87% of people surveyed reported that they definitely **would use** their agent again, **but didn't** because they can't remember who they are or how to find them!

## **The Formula to Building a Business to Survive ANY Market!**

**Stay in touch 12 times per year with something of value in writing!**

1. Newsletters that tell of your success and results with homeowner tips
2. Social Media postings
3. Just Listed/ Just Sold notices to your entire database
4. Information on the real estate market in general

**See your past clients and sphere of influence at least twice per year.**

1. Stop by and visit when you are in the area
2. Client parties 1-2 times per year

3. Schedule lunch with clients who are great for referrals and encourage them to invite a friend to join you

**Send personal notes 4 times per year.**

1. An update on the value of their home
2. A thank you note for a referral
3. Thanks for listing or buying your home with me
4. Just writing to say hi and to see if you have anyone who could use my services

**Talk to your clients at least 3 times per year.**

1. Here is a sample script to stay in touch with your clients.

**Scripts for calling your Base of Business**

Hi...this is \_\_\_\_\_ with \_\_\_\_\_. I hope you and your family are well. Do you have minute to talk?

Many people are curious about today's real estate market. I was wondering if I could help you with any real estate questions you might have at this time?

Are you curious about the value of your home or perhaps you might have some questions with regard to what is going on in your neighborhood pertaining to market times, prices, etc.?

Are you looking to sell your home sometime this year?

As you know.... I want to be your resource for everything real estate related. Please call me if you ever have any questions.

Hi...\_\_\_\_\_ (name).....my business is based on referrals from great clients (friends, people) like you. So before I go, can you think of anyone you know who might want to buy or sell a home now or in the near future?

I appreciate your help and if anyone should come to mind please don't hesitate to call me! Thank you!

Remember the 10% rule. 10% of the number of people in your base of business will give you business or refer business to you every year if you ask for it. So, for a base of 500 people that would be 50 sales/referrals each year. Treat your past clients and centers of influence with respect

because they are an asset that will allow your business to grow, and more importantly, will increase the value of your business when it is time to sell it!

## **THE TRANSITION PERIOD:**

The time between where you decide to sell or acquire a business and when the initial closing takes place is called the transition period. The transition period should be for a minimum of six months, but the preferred transition period is one year.

### **This is a time for you to determine the following:**

- Do they have your same values?
- Do they have a similar communication style and follow up?
- Do they have your same vision for the business?
- Do you like working with that person?
- How do your clients feel about that person?
- Will they continue to market to that business and grow it?

You do not have to sign the contract to buy/sell at this time, but you should discuss the potential terms and conditions that you would like to see from this transaction. If you are both agreeable to the list/sale, you would then work out a temporary agreement to work together as a team and structure compensation accordingly.

You should send a letter to each of your databases telling that you and the other agent are working as a team. Explain that if they cannot reach you, they can contact the other person and you will work together to resolve any questions or concerns that they may have.

### **Here are some examples of how you may choose to work together during the transition period:**

**Option 1:** The agent who is selling may want to keep all their listings, but start referring buyers to the agent who is buying. You could agree that the SELLER would receive 25% of all buyer sides that are referred to the BUYER and close. After six months, the SELLER may decide that they want to start co-listing their listings with the agent on a 50/50 split.

**Option 2:** You could agree to split all business 50/50 for a period of up to one year. All buyers and all sellers of both the BUYER and the SELLER. If the person

who is leaving the real estate business is trying to reduce their time in the business, this might not be the best option for that person.

**Option 3:** You could agree to split all business 50/50 for a period of up to one year. All buyers and all sellers of both the BUYER and the SELLER. However with this option, you would also start marketing to each of your databases separately that you are operating as a team for all business. I would only recommend this when you are fairly certain that the person you are working with will be taking over the business.

Whatever you agree upon, you should put it in writing and give a copy to your broker. At the time of the initial closing of the purchase of the business, the terms of the **Schedule A** would take place and this agreement would cease to exist.

**Your broker should create and agree to this financial agreement since there are several factors to consider, such as:**

- The two agents might be on different splits, so the team split will need to be determined.
- Some companies have fees that are deducted from the top prior to splits.
- Volume for awards could change based on agents working as a team.

## **TEAMS AND FAMILY MEMBERS:**

This is a great way to sell your business to a team member or family member. It has also been a very effective way to dissolve a business when an existing team is breaking up for various reasons such as health or divorce. It is always a bit uncomfortable if you are selling your business to a family member, friend, etc. No one wants to feel awkward asking for monies or asking about referrals. This insures that you get paid on all their business, until the agreed upon amount is paid, and the best part is that the broker is collecting the money and sending it to you, wherever you are. Even if it is Bali or the beaches in the South of France!

As a reminder, you should always build it TO SELL IT!

## How Does the Program Work? K.I.S.S.

1. Once you, the agent have a potential fit, both should meet with the broker. Review the details of how the program works, discuss your business, and honestly give feedback with regard to how and why your partnership will work, or possibly may not be a good fit. If you agree to work together, both agents enter into an agreement to work together as a team, without any further obligation for a period of 6 months to 1 year. This agreement should cover details with regard to how you will be paid on listings, sales, and referrals. It will also address any costs, if applicable, and how you will market and report your production. Keep in mind that, as agents, you might be on different splits or financial plans with the company, so the broker should have a written policy with regard to how to determine their new compensation.
2. During the period of time that you work as a team, you are known as The Team of \_\_\_\_\_ & \_\_\_\_\_. Both of you will need to have an active license. When you are working as a team, you should work on a referral fee basis. For example, the retiring agent might decide to work together on all listings, and can pay the other agent 25-40% of the commission upon closing, based on the amount of work the other agent does. They might refer some of the buyers, for a referral fee of 25-50%. At this stage of the relationship, you can let them refer whatever business they want on whatever arrangement they work out at this level, but be sure that it is in writing.
3. After the trial period is over, if you, as agents, decide to continue your relationship, at this time, you will need to meet with your broker to insure that all the terms of the sale are agreed upon and understood by all parties. If you decide not to work together, you will continue to work together on all pending business and listings and then send a letter to their clients to inform them that you are going to be handling all your own business, or perhaps will announce that someone else will be assisting in the business.
4. If you agree to work together, you should establish time frames in which the agent who is retiring will begin to pull out of the business, and then the final date for business.
5. The 15% fee on all business done by the acquiring agent would begin when the retiring agent leaves the business. This is when the fee for the business begins to be paid out to the retiring/exiting agent. That fee is paid to the agent who has left the business on ALL business done by the acquiring agent until exiting agent is paid in full, or until contract terms are met. The only exception will be properties purchased by the agent for the personal use of the agent.
6. The best agents to take over their business are fairly new to the business. (1-4 years). However if you have a large business, a seasoned agent with a large

- business might be better, because they might already have a team in place, and they know how to keep a large business going.
7. The amount of business being done by the retiring agent may also determine how many agents will take over the business. A team could be developed, and the team could have a team leader who benefits from all business being done by the team. Some top producers already have a team, and this plan could be used to turn the business over to their team.

## **What Forms Will I Need?**

1. Contract between the retiring agent and the acquiring agent
2. Contract between the acquiring agent, the retiring agent and the broker for purposes of disbursement of monies, and the management of the data base
3. Guidelines for agents to follow
4. Policies for the program
5. Confidentiality agreement for agents regarding forms and terms of the program

## **Sample Financial Breakdown**

The value of your business is valued at the time of the sale. There are many factors that determine the true value of a business. You should start with the standard that a business is usually worth about 1.5 times the amount of the past 12 months of revenue. However, bottom line is that the business is worth “what a buyer is willing to pay you for your business”. As the seller, you will set the price that you want for your business, based on the value set forth in the earlier part of the program.

### **Sample financial breakdown for the sell or purchase of a business:**

EXAMPLE: \$200,000 current income of agent who is leaving the real estate business. Sells to an agent who currently earns \$100,000 per year. They sell the business for \$300,000.

Agent who acquires the business has a potential income of \$300,000 per year. (\$200,000 from acquired business plus their \$100,000 business)

Each time the agent has a closing, an amount of 15% of EVERY closing they have will be sent to the retiring agent for a period of 5 years or until the agreed amount has been paid for your business.

## Sample breakdown of transaction at closing:

- \$400,000 sale \*3% commission on the list or sell side of transaction. (If agent has both sides of transaction, retiring agent is paid 15% of both sides.)
- \$12,000 total commission to agent. (Subtract any franchise fees if applicable. For this example, we will not subtract any franchise fees.)
- \$12,000 net commissions to agent
- 15% or \$1,800 to retiring agent.
- \$10,200 is net to agent, after referral fee but before their split of financial arrangement with their company.

If the business was sold for \$300,000 and all transactions were \$400,000 with the above breakdown, the number of closings needed to pay agent in full would be 167 closings, or 33 closings per year. \*Sample commissions received are only samples for purposes of explanation and in no way reflect a suggested or implied commission per side.

## Sample income of agent who acquired business:

- \$100,000 income prior to acquired business
- New potential income: \$300,000
- 15% to agent who left business \$45,000
- \$255,000 net to agent, (before their split with their company) who acquired the business or an increase of \$155,000 per year.

\*PLEASE NOTE THAT IT COULD TAKE A COUPLE OF YEARS TO BUILD UP TO THE POTENTIAL INCOME OF BOTH BUSINESSES, HOWEVER, THE INCOME THAT YOU CAN EXPECT WILL BE BASED ON SEVERAL FACTORS SUCH AS: THE AMOUNT OF MARKETING TO BOTH DATASBASES, THE RELATIONSHIP THAT THE AGENT HAS WITH THEIR DATABASE AND THE NUMBER OF HOURS THAT AN AGENT WILL WORK TO BUILD THE NEW BUSINESS. THESE ARE FACTORS THAT SHOULD BE TAKEN INTO CONSIDERATION WHEN DETERMINING THE PRICE/VALUE OF THE BUSINESS.

## Collection of Data From Qualified Agents

All agents who are interested in the program will need to complete an **Agent Profile Sheet**.

Agent profile sheets can be completed by agents within your firm, as well as agents in other firms. The identity of those who complete the form will be kept confidential until a possible match is determined. This program is only available to agents with your firm's

name. However, the company will interview and compile information from potential agents for the program who are currently with other firms. If a potential match is determined, that agent will be contacted by the broker to see if they are interested in an interview and potential position with the firm of (your firm's name). An agent who has been with (your firm's name) will be eligible for this program.

Agents will also complete a **Behavior Assessment** to determine certain work habits and behavior traits. This is a very important part of the selection process to select an individual who is similar to you in their work habits and personality. Your clients are accustomed to a certain level of service and follow up. Selecting an agent who is similar to you in all aspects of their business and service will result in a better and more successful match.

The profile form and behavior test are both located in the forms section of this program.

## **Broker Basics**

### **Why should brokers support the sale or acquisition of a real estate business?**

When an agent leaves for illness, relocation or retirement, that business/market share is lost unless the company has a solid plan in place to capture or recapture it, for the mutual benefit of all parties concerned.

*“The companies that position themselves now, with a plan to **capture and recapture** their market share will come out the winners over the next 5 to 10 years.”*

### **How can brokers assist agents in the selling and acquiring of real estate businesses?**

- Assist in the selection of the right person to purchase their business or guidance with regard to those agents who might want to sell their business.
- Provide a contract to dictate terms and protect their referral commissions.
- Provide marketing support for agents.
- Provide training with regard to building and maintaining a business that can be sold.
- Offer guidance and third party advice to work through areas of conflict.
- Provide accounting services to maintain records and insure payment to agent.
- Maintain agent profiles of agents in your marketplace who are interested in selling or acquiring a business, and develop relationships with those agents.

## **How Does the Program Work? K.I.S.S.**

1. Keep a notebook as well as an electronic file of those agents who are interested in the program. You can also have a section of agents who are interested in the program, who are not with your company, but do not show their names since they are not yet with the company. You can contact those agents and let them know that you have an agent who is interested in their profile, and ask if they would like to come in for an interview. They must be a member of your team to be in the program.
2. Once you have a potential fit, meet with both agents. Review the details of how the program works, discuss their business, and honestly give them feedback with regard to how and why their partnership will work, or possibly may not be a good fit. If they agree to work together, both agents enter into an agreement to work together as a team, without any further obligation for a period of 6 months to 1 year. This agreement should cover details with regard to how they will be paid on listings, sales, and referrals. It will also address any costs, if applicable, and how they will market and report their production. Keep in mind that the agents might be on different splits or financial plans with the company, so the broker should have a written policy with regard to how to determine their new compensation.
3. During the period of time that they work as a team, they are known as The Team of \_\_\_\_\_ & \_\_\_\_\_. Both agents will have an active license. When they are working as a team, they should work on a referral fee basis. For example, the retiring agent might decide to work together on all listings, and can pay the other agent 25-40% of the commission upon closing, based on the amount of work the other agent does. They might refer some of the buyers, for a referral fee of 25-50%. At this stage of the relationship, you can let them refer whatever business they want on whatever arrangement they work out at this level, but be sure that it is in writing.
4. After the trial period is over, if the agents decide to continue their relationship, at this time, you will need to meet with the agents to insure that all the terms of the sale are agreed upon and understood by all parties. If they decide not to work together, they will continue to work together on all pending business and listings and then send a letter to their clients to inform them that they are going to be handling all their business, or perhaps will announce that someone else will be assisting in their business.
5. If they agree to work together, they should establish time frames in which the agent who is retiring will begin to pull out of the business, and then the final date for business.
6. The 15% fee on all business done by the acquiring agent would begin when the retiring agent leaves the business. This is when the fee for the business begins to be paid out to the retiring/exiting agent. That fee is paid to the agent who has left the business on ALL business done by the acquiring agent until exiting agent is paid in full, or until contract terms are met. The only

exception will be properties purchased by the agent for the personal use of the agent.

7. The best agents to take over their business are fairly new to the business. (1-4 years) However if you have a large business, a seasoned agent with a large business might be better, because they might already have a team in place, and they know how to keep a large business going.
8. The amount of business being done by the retiring agent may also determine how many agents will take over the business. A team could be developed, and the team could have a team leader who benefits from all business being done by the team. Some top producers already have a team, and this plan could be used to turn the business over to their team.

### **Sample Guidelines You May Wish to Consider:**

1. You must be with the company a minimum of one year prior to retiring/leaving to be part of the program. This is to establish yourself as an agent with the company for the benefit of their clients.
2. If the retiring/exiting agent is currently marketing to their base of business on a regular basis, they might want to insert a clause in their agreement that the acquiring agent will continue to market to the base of business. The agents could work out an agreement whereas the cost is shared between the two agents for the first few years while the business is being established. Another idea is to put an additional 5% of the net amount (after the retiring agent is paid) of each closing into a fund that must be used to maintain and build the business of the retiring agent until the retiring agent is paid in full. The account/marketing would be controlled by the acquiring agent. The retiring agent should be added to the marketing list. Guidelines for the marketing should be outlined in the referral agreement between the two parties.
3. If the agent who has acquired the business decides to leave the company, then the business that has been generated remains the property of the original referring agent, and a new agent will be put in charge of that business. The broker will send announcements to the original data base, plus additional clients who have been added. The cost of the announcements and postage will be paid by the agent who takes over the business.
4. The retiring agent must remain a current real estate license to receive fees. They might want to keep their license with their company and pay the appropriate fees, or in most cases, the agent will place their license in referral status, with a referral company in their area. In many cases, the company is affiliated with a referral company, which is established for purposes of holding licenses for purposes of receiving referral fees. If the retiring agent is a broker, they can hold their own license and receive referral fees.
5. This agreement will stay in effect for a period of 5 years, or until an amount of \$ \_\_\_\_\_ has been paid to the retiring agent, whichever comes first. (You can

- also establish guidelines that have the fee increasing if the business drops to insure payment to the retiring agent.)
6. A referral agreement and contract which specifies the terms of the agreement would be signed by all parties.
  7. Some companies charge a management fee of up to 3%, which is charged by the broker to manage the program. That fee comes off the top of the commission, prior to the retiring agent being paid. Many companies offer this program without additional fees, as part of their value added services.
  8. The retiring agent will have the option of taking the business back if the conditions of the agreement are not being met. The terms by which as agents can take back a business should be very clearly spelled out.

## **What Forms Will I Need?**

1. Marketing flyers/recruiting flyers to promote the program to your agents as well as potential agents from other companies
2. Contract between the retiring agent and the acquiring agent
3. Contract between the acquiring agent, the retiring agent and the broker for purposes of disbursement of monies, and the management of the database
4. Guidelines for agents to follow
5. Policies for the program
6. Confidentiality agreement for agents regarding forms and terms of the program

## **SUGGESTED TRAINING**

**The following will be discussed in the training program which will be held for potential Acquiring and Retiring agents:**

- 1) Explain in detail the placement/selection service.
- 2) Explain the timeline for transition once a mutually agreeable match occurs, share sample introduction letter and retiring agent exit letters.
- 3) Review contracts and discuss.
- 4) Discuss potential problems as well as ways you can help them overcome these issues.
- 5) Discuss the profile form which the agent should have already completed.
- 6) Remind them that the info will be released absent of their name and only to potential matches who have signed a similar confidentiality agreement.
- 7) Remind agents that there is no charge or obligation and they may contact you directly to remove themselves from the placement service at any time they wish,
- 8) Discuss their ideal timeline for retirement or the acquisition of a business

9) Stress the importance of tracking and working by referral and the best tools to build the value of their business (congratulate them if they are already doing these things). Recommend a database program (ACT, Top Producer, Outlook Business, etc.) to help with tracking.

## **Collection of Data From Qualified Agents**

All agents who are interested in the program will need to complete an **Agent Profile Sheet**.

Agent profile sheets can be completed by agents within your firm, as well as agents in other firms. The identity of those who complete the form will be kept confidential until a possible match is determined. This program is only available to agents with your firm's name. However, the company will interview and compile information from potential agents for the program who are currently with other firms. If a potential match is determined, that agent will be contacted by the broker to see if they are interested in an interview and potential position with the firm of (your firm's name). An agent who has been with (your firm's name) will be eligible for this program.

Agents will also complete a Behavior Assessment to determine certain work habits and behavior traits. This is a very important part of the selection process to select an individual who is similar to you in their work habits and personality. Your clients are accustomed to a certain level of service and follow up. Selecting an agent who is similar to you in all aspects of their business and service will result in a better and more successful match.

The profile form and behavior test are both located in the forms section of this program.

## **The Search for Candidates Outside Your Real Estate Firm**

The opportunity to sell your real estate business is an exciting one and not one that will be offered to many of the firms in your area. For that reason, this is a great opportunity for brokers to call other agents in the area to see if they are interested in selling their real estate business or acquiring a real estate business to enhance their real estate career.

Here is a sample letter that can be send to those agents in other firms that might be looking to retire in the not too distant future or rising stars who want to get to the top...FAST.

### **Sample Letter for Outside Candidates:**

## **“Do you have a plan to sell the real estate business you’ve worked so hard to build?”**

Recent NAR predictions state that more than 70% of active real estate agents will exit the business over the next 5-10 years, most intending to simply walk away from the business they have spent years building. In fact, 87% of agents surveyed said that they had not even thought about selling it! Most agents would like to sell their business, don’t know how and without help would likely experience problems with tracking, second party referrals, and getting paid their commissions. In addition, who would be responsible for keeping your business going through advertising, marketing, mailing.....

What if an agent could retire whenever they wanted and someone else would continue to market to their data base and do all the work? Whenever anyone in their database had a transaction the agent would automatically receive a check from the broker – no work but they still get paid. In addition, they would receive additional monies toward the purchase of their business.

Today, agents can sell the real estate business they worked so hard to build, as well as acquire businesses of agents who are leaving the business or relocating out of the area. It’s also a great opportunity for agents with five or less years in the industry who want a jump start their career by purchasing someone else’s business, as well as the agents in-between who need to learn how to make their business sellable in order to get top dollar in the future. This is a great program for ANY agent!

I will be personally following up with you in the next few days to answer any questions you might have on this exciting new program, or feel free to call me on my direct line at \_\_\_\_\_.

Sincerely,

(Broker’s name)

### **Follow up phone call dialog:**

“Hi, am I talking to \_\_\_\_\_? This is (Broker’s name) and I am calling to follow up the letter that you should have received a few days ago. The reason for my call is to see if you have ever thought about selling your business or perhaps purchasing the existing business of another agent? (Allow them to respond)

- Did you get a chance to read the letter?
- Are you currently building your real estate business in a way which would allow you to sell it in the future?

- Of the two options; Selling your own business or acquiring someone else's business, which currently appeals to you more?
- Does your current brokerage have a program in place to assist in the sale of your business if you decide to leave the business for any reason?
- Is this something you would like to know more about?

**Let's do this.** I would like to set up a time to review the program with you. If you want to be part of the program, we will look at the benefits of being part of our team, or you can actually continue to work at your current firm until you are ready to sell, or until an opportunity comes along for you to buy or sell. You have everything to gain and nothing to lose. Can we get together later today, or I am also available first thing tomorrow morning?"

### **Recruiting Opportunities for Your Broker:**

1. Recruit new agents that have a business background. Upon hiring, offer them a chance to be in the program if they meet minimum production requirements for their first 12 months in real estate. Example: Closed \$100,000.00 in gross commissions their first year, then qualify to work with an agent who is planning to retire. Work 6 months as a team, and if the relationship works, let them take over the business when the agent retires.
2. Recruit the retiring agents from the other companies. Those agents 60+ are saying that they are too old to make a move. Their company does not have this plan, and most agents are excited about the prospect of selling their business.
3. Recruit average agents from the other companies, who have always wanted to 'go to the next level'. It's an easier way to the top.
4. Recruit the "Rookie of the Year" agents from your competitors.
5. It's a great way to retain your own agents. Don't let them "slow down", help them create an additional income from the sale of their business.

## Forms and Collateral Necessary for the Successful Sale or Aquisition of a Real Estate Business

### Agent Profile Form

(All information provided by you will be considered confidential and released only to potential matches with your personal and company info removed.)

Name: \_\_\_\_\_

Name of company you are licensed with: \_\_\_\_\_

Cell phone: \_\_\_\_\_ Office phone: \_\_\_\_\_

E-mail: \_\_\_\_\_

Home Address: \_\_\_\_\_

**Out of the following three categories, which would best describe you (circle one)?**

1. An agent who is 1 to 5 years from retirement.
2. An acquiring agent with 0 to 5 years in the business who would benefit from a "jump start" by acquiring another agents business.
3. An agent who would benefit from learning how to make their business more salable for future increased value.
4. A team leader/top producer who wants to acquire a business for purposes of getting their retirement plan back on track.
5. Agent who is relocating out of the area in 1-5 years.

6. Agent who is leaving the business for personal reasons in 6 months to 2 years.

Years in real estate: \_\_\_\_\_ Years at current company: \_\_\_\_\_

Areas of specialization: (Check all that apply)

Residential real estate: \_\_\_\_\_ Luxury Real Estate: \_\_\_\_\_ Commercial real estate: \_\_\_\_\_ Leasing: \_\_\_\_\_ Short Sales: \_\_\_\_\_ Auctions: \_\_\_\_\_ Farm/Rural/Horse: \_\_\_\_\_ Other: ( please explain) \_\_\_\_\_

Professional designations you hold: \_\_\_\_\_

Do you have a team? (If yes, list number of members and describe their positions)

\_\_\_\_\_  
\_\_\_\_\_

Do you have a mission statement? (If yes, please write it here)

\_\_\_\_\_  
\_\_\_\_\_

What was your production over the past 12 months: \_\_\_\_\_

# of transactions: \_\_\_\_\_ Percentage of that production that was repeat/referral business: \_\_\_\_\_

Has your average annual production increased, decreased or stayed the same for the past 3 years?

\_\_\_\_\_

Is your data base set up in a contact management program?

\_\_\_\_\_ Yes \_\_\_\_\_ No

If yes, what program do you currently use?

\_\_\_\_\_

How many clients/customers/sphere of influence are in your data base? \_\_\_\_\_

How many times per year do they receive a marketing piece from you via the postal service? \_\_\_\_\_ What do they receive via postal service? \_\_\_\_\_

How many times per year do they hear from you via social media? \_\_\_\_\_

How many handwritten cards do they receive each year? \_\_\_\_\_

How many times per year do you see your clients/customers in person? \_\_\_\_\_

Do you host client appreciation parties for your clients? \_\_\_\_\_ If so, how often?  
\_\_\_\_\_

In looking at your records, how many of your closed transactions for the past 12 months were in your contact data base/sphere of influence? \_\_\_\_\_

In looking at your records, how many of your closed transactions for the past 12 months were referrals from someone in your contact data base/ sphere of influence?  
\_\_\_\_\_

What additional methods, other than sphere, do you currently use to increase the number of prospects in your data base each year? (answers should reflect business from past 12 months)

Open houses \_\_\_\_\_ How often? \_\_\_\_\_ # of closings resulting from open houses? \_\_\_\_\_  
Internet leads \_\_\_\_\_ How many sales per year? \_\_\_\_\_ Company  
generated leads? Yes No Cold calling \_\_\_\_\_ Door Knocking \_\_\_\_\_  
Expired Listings \_\_\_\_\_ FSBO \_\_\_\_\_ Just Listed/Just Sold Cards \_\_\_\_\_ If  
so, how many and how often? \_\_\_\_\_

Average gross commission earned from a closed transaction? \$ \_\_\_\_\_

Average net commission earned based on split or after fees? \$ \_\_\_\_\_

Approximate gross commissions earned from your data base annually? \_\_\_\_\_

Total dollars spent marketing and advertising to you database annually? \_\_\_\_\_

### **How you prefer to do business/treat your clients and customers**

The following questions are designed to help us match you with the best person to handle your clients. Please answer each with as much detail as possible.

What was the score on your behavior assessment? \_\_\_\_\_

Your primary behavior pattern is: \_\_\_\_\_

Your secondary behavior pattern is: \_\_\_\_\_

### **When you first meet a new client, which is most correct? (Circle one)**

1. I feel that it is important to establish rapport and have them like me.

2. I spend most of my time showing stats, results, and facts that prove I am the most qualified person to represent them.
3. I determine their behavior style and approach them in the appropriate manner.)

**Which best describes those qualities or services that you currently provide to your clients? (check all that apply)**

1. Weekly follow up with listings from date of listing until closing. \_\_\_\_\_
2. Monthly marketing to data base/ sphere of influence. \_\_\_\_\_
3. Sending just solds / just listed cards around all sales. \_\_\_\_\_
4. Communication via text and email. \_\_\_\_\_
5. Communication via phone or personal visits. \_\_\_\_\_
6. Attend closings/ closing gift/ follow up visit to home 1 week later. \_\_\_\_\_
7. When a buyer does not buy a home after two appointments of looking at homes, I lose interest and work with buyers who are more serious about buying a home now. \_\_\_\_\_
8. I will show homes to a buyer for as long as it takes to make the sale. \_\_\_\_\_
9. When I ask someone to buy a home or list their home, and they say “no”, I move on and work with other prospects. \_\_\_\_\_
10. When a prospect decides to work with a different agent, I send a follow up note and “keep the door open.” \_\_\_\_\_
11. When a prospect decided to work with another agent, I move on to other prospects and do not follow up. \_\_\_\_\_
12. I think it is important to break the ice, find things in common and have a good relationship with my clients/customers/prospects. \_\_\_\_\_

**If my current clients were describe the services I provide, and /or the reasons they choose to work with me and refer me to others, the top 5 things they would say are:**

- 1.
- 2.
- 3.
- 4.
- 5.

**If you are selling your business: In your own words, describe the type of person that you would like to see acquire your business, and why those things are important:**

**If you are acquiring a business: In your own words, describe the type of business that would best suit your needs and that you would like to acquire:**

**Thank you for your interest in this program. A confidential interview will be setup within the next 10 days to determine and assess your needs/potential matches for the program.**

## Understanding Behavior Styles When Choosing a Partner

The following section references the many different behavior and personality types in the world and suggests which work best together. When choosing a business partner in this endeavor, these tips will come in very handy!

### *Amiable Agents*

*These are the support people of the world*

*Their traits are...*

- Active listeners; like friendly, close relationships...their clients usually *like* them.
- Very patient and great follow-through.
- Warm and approachable; open with their feelings.
- Agreeable, reliable and dependable; hardly ever cause problems in the office.
- Rely on feelings to make decisions, so they need to *like* you. They also place a great deal of emphasis on the relationship, which means they also need to be comfortable with you.
- They avoid conflict, which means they might not tell you their true objections.
- They work very hard at being the best they can be; they are willing to be coached.
- They avoid risks and resist change, which means they move at a much slower pace.
- They are motivated by security. What guarantees can you offer them?
- They need strong support systems that make them feel secure; do you have it in writing?
- You should look for common ground; listen and be empathic to their concerns.
- They consider financial matters very private; keep your voice low when talking about their finances.
- Relates best to Expressive and Amiable agents. Can also work well with Analytical agents.
- This personality is not as comfortable with strong Driver agents. If the agent who is selling their business is very amiable, their client base will be more comfortable working with someone who is also an emotional decision maker, with attention to detail. A driver is more matter of fact in their business practice. The best match for this person will probably be any of the expressive traits or an agent who is amiable.

## *Expressive Agents*

*This personality is considered to be a natural in sales...*

*Their traits are...*

- Strong people skills; open and talkative; natural tendency to smile and put people at ease.
- Good at developing client loyalty; strong intuition and very emotional.
- Operate at a very fast pace; can do several things at once.
- Dramatic/performers/exaggerate; spontaneous, feelings-oriented.
- Add fun and energy to an office; they like to play hard & work hard; very competitive.
- They have a very strong drive and are very ambitious.
- They can be very undisciplined with their time; they do talk a lot.
- They are challenged to stay focused on a task, however they usually undertake several tasks at one time, as they don't know how to say "NO!"
- They always have lots of ideas on how to do things but sometimes lack the follow-through (even though their intentions are good).
- They develop a strong following and will have a strong sphere-of-influence.
- They are not detail-oriented and will not enjoy paperwork.
- They tend to "fly by the seat of their pants" but seem to always land in the right spot!
- They are motivated by recognition; they need to know they are appreciated and liked.
- They need to *like* you and trust you; chit-chat & small talk is good. They like eye contact.
- They are very loyal and produce best when they are happy.
- They are emotional decision makers; it is not about the money; if they are happy, the money will be there; they will make their decision based on how they feel.
- Fun, food & recognition are key elements in their environment.
- They can work well with Driver agents, who have an emotional side as well. However, they become easily frustrated with the Analytical agents. If this person were selling their business, they would work well with any of the expressive agents. This would insure that the person taking over their business would have a similar style of selling. An expressive driver or amiable driver would be a good match., and possibly a driver/amiable personality.

## Analytical Agents

*Their knowledge of technology is a true asset...*

*Their traits are...*

- They are good planners and good organizers.
- They are task-oriented; they work best with a plan.
- They work well alone and always perform best when they take the time to get organized.
- They value education and are always looking for ways to expand their knowledge.
- They are very detail-oriented and very technology-oriented; they like to collect facts & data.
- Very good farming agents because they are organized and patient.
- However, sometimes they overdo the planning process; they strive for perfection.
- They are more serious than most; they do not warm up to people as quickly as the expressive.
- They are motivated by stability and security; they are very stable and hardly ever change jobs.
- They are extremely patient and are usually not concerned about a lack of success in the first few months because they know things take time.
- They base their decisions on facts & logic; be prepared to prove whatever you present.
- They do not need to *like* you; they make solid business decisions that are backed up with facts, data and statistics.
- Don't try to win them over or make them like you; keep it business-like and professional.
- If this person were selling their business, they would work well with the driver personality, the analytical personality and perhaps the driver/amiable or the analytical/expressive.

## *Driver Agents*

*Their natural abilities are running/operating their own business...*

*Their traits are...*

- Very task-oriented and self-controlled; very goal-oriented; good leadership qualities
- Assertive and fact-oriented; they move at a fast pace & get straight to the point.
- They initiate action and possess a business-like attitude.
- They are self-starters and are usually in business for themselves because they like being in charge.
- They usually work alone, not as a team. They are very competitive and hate to lose.
- They have the potential to be mega-agents and have a team of agents working for them.
- They run their business like a business; they keep home life & business separate.
- They are very competitive, ambitious & driven; they want results quick.
- They will appear agitated if you do not get right to the point.
- They don't smile a lot, but that does not mean that they do not like you or respect you.
- Do not try to win them over by being nice. No small talk or chit-chat.
- They are logical decision makers; they need facts and results.
- They are motivated by money and recognition.
- They are high achievers and usually do well at things if they don't get discouraged and give up.
- They are impatient so they need quick results.
- They want to hear the details and the money, first!
- Keep the presentation moving fast; 45 minutes is the perfect time frame for the Driver.
- They get along fine with the Driver/Expressive agents and other Drivers, however two strong Drivers might be a challenge. Amiable/Driver works well with the other Drivers.

## Sample Introduction Letter

**Introduction Letter:** (To database from retiring agent, introducing the potential acquiring agent as a team member.)

[Date]

Dear [Client Name],

I have some very exciting news to share. It has been my sincere pleasure to serve you, your friends and family over the years. As one of my valued clients I'm excited to announce a new addition to my business. [Acquiring Agent's Name] will be joining me to offer my clients even more accessibility with the same strong commitment to service and excellence that you have come to expect.

As my business continues to grow, it is important to add members who can assist in follow up, phone calls, listing appointments and showings as well as knowledgeable about market conditions which could impact the marketing of your home. (Insert first name) will also be available when I am on vacation or unavailable for any reason, to insure that you do not have to wait for time sensitive answers.

I personally met with and interviewed several agents before selecting (name). You will have the opportunity to meet (name) in person very soon, however, here are a few of their credentials as well as their personal code of business. (Insert brief bio.)

As always I truly appreciate the opportunity to serve you, your friends and your family. Your display of trust and confidence in my services through the referrals of your friends and family is so appreciated. I and [Acquiring Agent's Name] look forward to continuing to serve all of your real estate needs in the future.

Yours Sincerely,

[Retiring Agent's Info]

\*This letter should be sent out via postal service to the data base. A shorter version of this announcement should also be posted on your various social media sites.

### **Sample social media posting:**

I am excited to announce that I have teamed up with (Agent's name) who will be joining me to offer my clients more accessibility and additional services, with the same strong commitment to service and excellence that they have come to expect. Their credentials are (insert agent info). We look forward to personally serving you, your friends and family soon!

### **Sample follow up verbiage if you get an answering machine:**

"Hi, \_\_\_\_\_, this is (insert your name). I am calling to follow up the letter I recently sent you. As you can see, I have decided to team up with (acquiring agent). Nothing changes, except there is one more person to handle calls, inquires, marketing and follow up. I am excited to be working with (agent) and look forward to personally introducing you to (agent). It's an exciting time in real estate, so if you know anyone who we can serve, or if you would like to get an updated opinion of value on your home, please don't hesitate to call. I look forward to serving you soon."

**Introduction Letter #2:** (To BUYER'S database of potential acquiring agent to announce they are working with another agent)

[Date]

Dear [Client Name],

I have some very exciting news to share. It has been my sincere pleasure to serve you, your friends and family over the years. As one of my valued clients I'm excited to announce that I will be teaming up with (retiring agent). (Retiring agent) is a well known and well respected agent in the real estate community. Together, we are committed to offering the outstanding service that you have always experienced. In addition, we will be offering several new services, all designed to get your home sold quicker, and to better serve our clients.

You will have the opportunity to meet (name) in person very soon, however, here are a few of their credentials as well as their personal code of business. (Insert brief bio)

As always I truly appreciate the opportunity to serve you, your friends and your family. Your display of trust and confidence in my services through the referrals of your friends and family is so appreciated. I and [Acquiring Agents Name] look forward to continuing to serve all of your real estate needs in the future.

Yours Sincerely,

[Acquiring agent's Info]

\*This letter should be sent out via postal service to the data base. A shorter version of this announcement should also be posted on your various social media sites.

**Sample social media posting:**

I am excited to announce that I have teamed up with (agent's name) who will be joining me to offer my clients more accessibility and additional services, with the same strong commitment to service and excellence that they have come to expect. Their credentials are (insert agent info). We look forward to personally serving you, your friends and family soon!

**Sample follow up verbiage if you get an answering machine:**

“Hi, \_\_\_\_\_, this is (insert your name). I am calling to follow up the letter I recently sent you. As you can see, I have decided to team up with (acquiring agent). Nothing changes, except there is one more person to handle calls, inquires, marketing and follow up. I am excited to be working with (agent) and look forward to personally introducing you to (agent). It’s an exciting time in real estate, so if you know anyone who we can serve, or if you would like to get an updated opinion of value on your home, please don’t hesitate to call. I look forward to serving you soon.”

## Sample Follow Up Letter SELLER

(To database from selling agent, introducing the potential acquiring agent as a team member.)

[Date]

Dear [Client Name],

Not long ago, I shared with you that I have teamed up with the very talented (Selling Agent's Name) to provide the best possible service our community. [Selling Agent's Name] brings tremendous value and resources to our group and shares my strong commitment to service and excellence that you have come to expect.

I'd love to have the opportunity for you to meet (name) in person very soon. Until then, here's a brief bio for you to learn more about what he/she brings to the team! (Insert bio.)

As always I truly appreciate the opportunity to serve you, your friends and your family. Your trust and confidence is no small thing in today's world – and we're proud and privileged to serve you and our community. Should you or someone you know have a real estate question or need – feel free to call myself or [Selling Agent's Name] at any time or shoot us an email. We're always here to help!

Warm regards,

[Acquiring Agent's Info]

\*This letter should be sent out via postal service to the data base. A shorter version of this announcement should also be posted on your various social media sites.

## Sample Follow Up Letter BUYER

(To database from acquiring agent.)

[Date]

Dear [Client Name],

Not long ago, I shared with you that I have a new team member working alongside me to best service our community. [Acquiring Agent's Name] brings tremendous value and resources to our group and shares my strong commitment to service and excellence that you have come to expect.

I'd love to have the opportunity for you to meet (name) in person very soon. Until then, here's a brief bio for you to learn more about what he/she brings to the team! (Insert bio.)

As always I truly appreciate the opportunity to serve you, your friends and your family. Your trust and confidence is no small thing in today's world – and we're proud and privileged to serve you and our community. Should you or someone you know have a real estate question or need – feel free to call myself or [Acquiring Agent's Name] at any time or shoot us an email. We're always here to help!

Warm regards,

[Retiring Agent's Info]

\*This letter should be sent out via postal service to the data base. A shorter version of this announcement should also be posted on your various social media sites.

### **Sample social media posting:**

I am excited to announce that I have teamed up with (agent's name) who will be joining me to offer my clients more accessibility and additional services, with the same strong commitment to service and excellence that they have come to expect. Their credentials are (insert agent info). We look forward to personally serving you, your friends and family soon!

## Sample Exit Letter (to client, from retiring agent, announcing their retirement)

[Date]

Dear [Client Name],

It has been my sincere pleasure to serve you over the years. As you know, I have been working very successfully with (agents) for the past \_\_\_\_\_ months, and after much deliberation, have decided that after \_\_\_\_\_ years, it is time to retire from the real estate profession.

I wanted to make sure that as one of my valued clients you are still represented by someone of excellent character and superior professionalism.

[Acquiring agent's name] has proven to be that individual. Over the past [time you have worked together] I have had the opportunity to work side by side with [Acquiring agent's first name] and [he/she] has continued to earn my respect and show [his/her] commitment to serving our clients unconditionally. If I were thinking of real estate in the future, I would use [Acquiring agent's first name's] services.

I hope to stay in touch with each of you via Facebook and LinkedIn and of course, I am always available via email or home phone should you wish to contact me. [Acquiring agent's first name], like me, works exclusively by referral, and I feel good knowing how well [he/she] will take care of you, your friends and your family in the future.

Thank you for the opportunity of serving you in the past.

Yours Sincerely,

[Retiring Agent's Info]

## TRANSFER OR SALE OF BUSINESS SAMPLE CONTRACT

THIS AGREEMENT is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.  
The parties to the transaction are \_\_\_\_\_, a  
licensed real estate agent/broker referred to as the Seller and  
\_\_\_\_\_, a licensed real estate agent/ broker referred to as  
the Buyer, and the real-estate brokerage of \_\_\_\_\_, referred to  
as Broker, located at \_\_\_\_\_.

**WHEREAS**, the Seller, a real estate professional, has developed a business over the years built upon relationships with current and former customers, referrals and other contacts and Seller desires to transfer and sell this ongoing business to another licensed real estate agent (Buyer), and the Buyer desires to purchase the business and continue to operate and develop the business.

**In Consideration** of the agreements contained in this contract, the SELLER, BUYER AND BROKERAGE agree upon the following:

1. **The Sale of Transfer of Assets: Initial Closing.** Upon agreement of all parties, subject to the terms and conditions of this Agreement and in reliance on the representations, warranties and covenants contained herein, SELLER shall transfer, sell, convey and assign to BUYER, and BUYER shall acquire those certain Assets of SELLER as described in attached Schedule A. The transfer of these Assets shall be in exchange for the payment by BUYER through shared commissions to SELLER in accordance with the payment schedule described in Schedule A attached hereto. Upon full payment in accordance with Schedule A, all assets in Schedule A shall become the property of the Buyer. From the date of the initial closing until the terms of Schedule A are met, the buyer shall have full access to the assets in Schedule A and will benefit fully from those assets for as long as the terms of the agreement are met.
2. **Final Closing Date.** The final closing shall not take place until the completion of all payments by Buyer through shared commissions to Seller has occurred in accordance with Schedule A attached. The Seller's assets shall include the database of clients/customers, applicable data base management systems, marketing collateral and those other items which are deemed to be necessary to

continue the successful marketing of said business. Said business shall not become the exclusive property of the Buyer until the final Closing Date.

3. **Representations of SELLER:** The SELLER represents and warrants the following to the BUYER:
- a. SELLER is a licensed real estate Agent/Broker, and is in good standing under the laws of the State/Province of (STATE/PROVINCE) and the (STATE/PROVINCE) Real Estate Commission and has all necessary power and authority to claim its Assets as now owned and to carry on the business as now conducted.
  - b. SELLER represents that there are no outstanding warrants, law suits, arbitration hearings or ethics complaints pending against said SELLER. Said complaints or hearings could adversely affect the value of said assets and would establish cause to terminate the agreement.
  - c. SELLER has full power and authority to enter into this Agreement and to complete the initial closing as well as the final closing.
  - d. SELLER represents that the assets are free and clear of any liens, restrictions on or conditions that would prohibit the transfer or assignment of assets to BUYER.
  - e. SELLER is responsible for any outstanding accounts, debts, bills and/or liabilities against the assets which are being transferred by said SELLER and will become the sole responsibility of said SELLER to be paid in full prior to the final Closing Date.
  - f. SELLER agrees to work with BUYER after the initial closing for a pre-determined amount of time, per Schedule A, to insure the smooth transition of the assets. With regard to marketing to the assets during this period of time, SELLER and BUYER shall set forth in Schedule A the terms with regard to payment and or cost of said marketing, postage, etc.
  - g. If SELLER is an LLC, SELLER warrants that there are no provisions, contracts, agreements, or any document, instrument or license which is binding upon the SELLER which would affect the sale of the Assets, or of any federal, state or local law, rule or regulation, which conflicts with or in any way prevents or will be violated by the execution, delivery or carrying out of the terms of this Agreement. Seller further represents that SELLER has full authority from all required members of SELLER, if SELLER is an LLC.
  - h. SELLER has no obligation with regard to employee pension plans, retirement plans, employee profit sharing plan, severance agreement or

any other agreement or arrangement providing remuneration or benefits to employees or their dependents. If said agreements exist, SELLER assumes all liability and responsibility for payment of said plans.

- i. No representation or warranty made by SELLER in this Agreement or any Schedule attached and made part of this agreement contains or will contain any untrue statement of material fact or will omit to state a material fact necessary to make the statement contained herein not misleading.

**4. Representations of BUYER:** The BUYER represents and warrants the following to the SELLER:

- a. BUYER is a licensed real estate Agent/Broker, and is in good standing under the laws of the State/Province of (STATE/PROVINCE) and the (STATE/PROVINCE) Real Estate Commission and has all necessary power and authority to claim its Assets as now owned and to carry on the business as now conducted.
- b. BUYER represents that there are no outstanding warrants, law suits, arbitration hearings or ethics complaints pending against said BUYER. Said complaints or hearings could adversely affect the successful completion and final sale of said assets and would establish cause termination of this agreement. If said termination occurs due to any of the above, said assets would revert back to SELLER with no further obligation to BUYER.
- c. This Agreement constitutes, and each other instrument to be executed and delivered by BUYER in accordance herewith will constitute, when executed and delivered pursuant hereto, the valid and legally binding obligations of BUYER.
- d. The execution and delivery of this Agreement by BUYER, the consummation of the transaction contemplated hereunder and the performance by BUYER of this Agreement and the agreements and instruments which are executed and delivered in connection herewith in accordance with each of their terms will not violate the Articles of Incorporation, By-Laws, or shareholder agreement of BUYER, nor will they violate any judgment, order, writ, injunction, decree or demand against BUYER of any court or federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality.

- e. No representation or warranty made by BUYER in this Agreement or any Schedule hereto or in any document or instrument delivered by BUYER in connection with this Agreement contains or will contain any untrue statement of material fact or will omit to state a material fact necessary to make the statement contained herein not misleading.

**5. Covenants of BUYER:**

- a. BUYER agrees that in the event the final Closing is not consummated for any reason, all copies of proprietary documents and information provided to BUYER by SELLER will be returned to SELLER by BUYER.
- b. In recognition of the proprietary interest of SELLER with regard to their existing client data base of names, addresses, contact info, details of transactions, sales, listings, personal information of clients and customers, and any information being transferred to the BUYER as a result of this transaction. BUYER agrees that during the term of this Agreement and until the final closing date for the purchase of said business, BUYER shall not use, permit, suffer or tolerate the use of any information gained from the files or business of the SELLER for the BUYER'S own advantage, or for the advantage of any other person or entity,, other than permitted in the agreement between the BUYER and the SELLER for the sale and marketing of real estate for the BUYER.
- c. BUYER further agrees that any sales materials, manuals, brochures, training, listing and sales materials provided hereunder by Seller are the exclusive property of Seller until the final closing date and buyer shall return all such materials to seller upon default or termination of this Agreement for any reason. Furthermore, BUYER shall neither utilize any such material or information in connection with any business hereafter conducted by BUYER nor divulge such material to any third parties.
- d. BUYER will maintain the assets on a current basis and in customary repair, order and condition.
- e. BUYER will use its reasonable best efforts to keep the assets organized, intact, and maintain the relationship and goodwill of its clients and customers.
- f. BUYER will not, without the prior written consent of SELLER, purchase, sell or otherwise dispose of any property or assets, or incur any liability, obligation, or commitment against said assets.

**6. Covenants of SELLER:**

- a. Immediately upon the execution of this Agreement, SELLER shall give BUYER and its counsel, accountants and other authorized representatives' full access to all properties, books, accounts, records, agreements and documents of or relating to the SELLER and the business, exclusive of Broker records or accounts.
  - b. SELLER will not purchase, sell or otherwise dispose of any property or assets, or incur any liability, obligation, or commitment or engage in any activity or transaction which could create a liability for the BUYER in the period of time between the initial closing and the final closing, where all assets are to be delivered to the BUYER free and clear on any encumbrances.
7. **Indemnification.** SELLER and BUYER agree to indemnify and hold each other harmless against any and all loss, liability, damage, claim, cost and expense of any nature including, without limitation, attorney's fees, arising from or in connection with any representation or warranty made by each respective party not being complete, accurate, and true at the date of this Agreement and on the final Closing Date, or the failure by either party to fulfill and fully perform each covenant or agreement to be performed on the part of each other under this Agreement or under any other instrument or document executed and delivered by either party in connection with the transaction contemplated hereby, as any of the same may be amended from time to time. SELLER and BUYER further agree and understand the materials, contracts, attachments, provided by the Broker to the Seller and the Buyer are offered as a service. Seller and Buyer also agree to indemnify and hold harmless the Broker from any actions taken by any parties to this agreement and recognize the materials provided are offered as guides and examples only. Both SELLER and BUYER should seek independent legal counsel to review final documentation.
8. **Broker's Program Eligibility Requirements.** The Broker shall have the ability to maintain reasonable requirements and policies for agent eligibility for this program, and Broker reserves the right to make reasonable adjustments or additions to these policies as necessary and appropriate. Some of these initial requirements include the following:
  - a. Both BUYER and SELLER must have maintained their licenses with BROKERAGE for at least one year.

- b. Both BUYER and SELLER must maintain active real estate licenses in order to receive commissions (proceeds of the business sale). SELLER may maintain license through BROKERAGE, as an independent broker or through a referral company. Any commissions or fees paid through a REFERRAL COMPANY will be subject to any rules and regulations which pertain to said company. Any fees charged by said REFERRAL COMPANY will be subtracted prior to the payment of commissions or fees to the SELLER.
  - c. BUYER agrees to maintain his/her real estate license with BROKER. If BUYER leaves brokerage for any reason, the BUYER agent must turn over the business to BROKER upon departure from BROKERAGE. Broker will then consult with SELLER regarding suitable replacement agent to complete the performance of the Contract.
  - d. The exception to this is as follows: If the BUYER becomes ill or is unable to perform, but keeps his license with the broker, the BUYER can build a team of agents who can continue to perform and carry out the contract to the final closing.
  - e. BROKER recommends that BUYER and SELLER engage in a transition period before the sale in which they operate as a team. An introductory letter should be sent to both BUYER'S and SELLER'S databases of clients/customers announcing this team, and marketing pieces should be sent from the team during this period. BROKER recommends a twelve month transition period. During this transition, BUYER and SELLER shall enter into a separate written agreement with regard to compensation, duties, marketing and costs thereto. At the end of the transition period, the parties would enter into a formal agreement.
9. **Default.** In the event any party defaults in the performance of any of its material obligations under this Agreement and such default is not cured within thirty (30) days after notice of such default, then the other party may recover damages or obtain specific performance of this Agreement. In any litigation, including breach, enforcement, or interpretation, arising out of this Agreement, the prevailing party in such litigation shall be entitled to recover reasonable attorneys' fees, costs and expenses.
10. **Payment of Commissions by Brokerage.** BUYER and SELLER acknowledge and agree that BROKER is a party to this Agreement and BROKER is authorized and directed to disburse commissions to BUYER and SELLER in accordance with this

Agreement. Buyer and Seller hereby agree to hold harmless and indemnify BROKER for any loss or damages based upon the wrongful or negligent disbursement of commissions by BROKER in contravention of this Agreement.

In Witness Whereof, the undersigned have entered into this Agreement this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

SELLER

By: \_\_\_\_\_

Date: \_\_\_\_\_

BUYER

By: \_\_\_\_\_

Date: \_\_\_\_\_

BROKERAGE NAME

By: \_\_\_\_\_

Date: \_\_\_\_\_

Sample

**BROKERAGE NAME**  
**TRANSFER AND/OR SALE OF BUSINESS RECOMMENDED DOCUMENT LIST**

- A. TRANSFER AND/OR SALE OF BUSINESS AGREEMENT
  - a. Transfer of Assets
  - b. Closing Date
  - c. Representation of SELLER
  - d. Representation of BUYER
  - e. Covenants of BUYER
  - f. Covenants of SELLER
  - g. Indemnification
  - h. BROKER'S requirements
  - i. Default
  - j. Payment of Commissions by BROKER
- B. DESCRIPTION OF ASSETS and PAYMENT SCHEDULE
  - a. Sample Schedule "A"
  - b. Referrals
  - c. Fee to be paid to Seller
  - d. Commission agreement for transition period.
  - e. Sample model showing payments to determine sales price.
  - f. Commission payment schedule after transition period until the time of the final closing.

# SAMPLE SCHEDULE "A"

1. Referrals: All referrals of additional potential clients from the SELLER after the initial closing should be referred to the BUYER.
2. The fee to be paid to the SELLER should be set by the BUYER and SELLER.
3. A separate agreement will be put into writing with regard to the sharing of commissions during the transition period, and prior to the initial closing.
4. Description of Assets, Determination of Value and Payment Schedule, Disclaimers and signatures.

## **You Should Describe the Basic Model Using the Appropriate Numbers For Your Market: (here is an example)**

The estimated value of the business is 1.5 times the average annual revenue of the business. It is suggested that you total the revenue for the prior three years then divide by 3 to determine the current average annual income.

SELLER: Annual Commissions prior to sale	\$200,000
BUSINESS is sold for	\$300,000

BUYER: Annual Commissions <b>prior</b> to purchase	\$100,000
POTENTIAL VALUE of BUYERS ASSETS/BUSINESS	\$300,000

### **ANNUAL SHARED COMMISSIONS TO SELLER (15% OF EACH CLOSING ON BUYER ON ALL BUSINESS)**

If buyer has \$300,000 in volume for the calendar year, the fees due the seller would be 15% of \$300,000 or \$45,000. \*Please note that if the real estate brokerage has a franchise fee, the franchise fee may be deducted prior to any fees being paid to either of the parties involved.

BUYER'S ANNUAL SHARED COMMISSIONS AFTER BENEFIT OF TRANSFER AGREEMENT	\$155,000
--	-----------

Based on the above numbers, if the BUYER increased their annual business by \$200,000 in volume, after the \$45,000 to the SELLER, the net annual increase with regard to volume to the BUYER would be \$155,000 minus any applicable fees.

## Description of Assets, Determination of Value and Payment Schedule.

SELLER agrees to convey at the initial closing to the buyer the following assets which shall be referred to as BOOK OF BUSINESS. The BOOK OF BUSINESS which will be transferred to BUYER on \_\_\_\_\_ consists of the following:

Registered buyers \_\_\_\_\_

Registered sellers \_\_\_\_\_

% of Business from referrals \_\_\_\_\_

Notes and information on clients in the book of business are:

Very complete: \_\_\_\_\_ Somewhat complete: \_\_\_\_\_ Not complete: \_\_\_\_\_

Describe current marketing schedule and monies invested into marketing to the data base (if applicable): \_\_\_\_\_

---

---

---

---

BUYER agrees to the following investment into the continuation of marketing to the BOOK OF BUSINESS (if applicable) : \_\_\_\_\_

---

---

---

---

### Confirmed Sales Volume from BOOK OF BUSINESS for past 3 years:

20\_\_\_\_ Gross Commissions Generated \$ \_\_\_\_\_

20\_\_\_\_ Gross Commissions Generated \$ \_\_\_\_\_

20\_\_\_\_ Gross Commissions Generated \$ \_\_\_\_\_

The ASSETS being sold/ transferred, which are referred to as the BOOK OF BUSINESS has generated \$ \_\_\_\_\_ in Gross Commissions for the past three years, or an average of \$ \_\_\_\_\_ in commissions per year for the past three years. The value of the BOOK OF BUSINESS shall be determined to be an amount of \_\_\_\_\_ (1.5 is the average number used) times the average income being currently generated, or a sales price of \$ \_\_\_\_\_.

The parties agree that \_\_\_\_\_% of the commission received per side of all transactions for the BUYER (minus any franchise fees or other applicable fees which are determined by the company to be subtracted prior to the agents split/ commissions paid for the sale of the business) for a period of 5 years or until the

amount of \$ \_\_\_\_\_ has been paid to the SELLER, whichever occurs first.

This is a fee to be determined between the BUYER and the SELLER. The recommended fee is 15% however, it is recommended that the fee be no less than 15% of each transaction, and no greater than 25% of each transaction. The higher the fee to the SELLER, the sooner the amount due will be paid and the BUYER can take full control of the BOOK OF BUSINESS.

Both parties acknowledge that market conditions may affect the future sales volume and or commissions which are being generated.

It is also understood that the percentage stated above will be paid to the SELLER regardless of the source of the client, with the exception of the purchase of a home by the BUYER for their own personal residence.

BUYER and SELLER acknowledge and agree that BROKER is a party to this Agreement and BROKER is authorized and directed to disburse commissions to BUYER and SELLER in accordance with this Agreement. Buyer and Seller hereby agree to hold harmless and indemnify BROKER for any loss or damages based upon the wrongful or negligent disbursement of commissions by BROKER in contravention of this Agreement.

In Witness Whereof, the undersigned have entered into this Agreement this \_\_\_\_ day of \_\_\_\_, (YEAR).

SELLER

By: \_\_\_\_\_

Date: \_\_\_\_\_

BUYER

By: \_\_\_\_\_

Date: \_\_\_\_\_

BROKERAGE NAME

By: \_\_\_\_\_

Date: \_\_\_\_\_

**DISCLAIMER: This sample contract and Schedule A are for training purposes only and are enclosed as a source of reference. Governing laws vary from state to state and in each country. All parties are directed to consult with their own attorneys and draft an agreement which is binding and appropriate in their area.**