

Anatomy of a team

Description



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Over the last 10 years there has been a clear trend towards real estate ‘teams’ – i.e. 2 or more licensed real estate operators joining up to operate as one.

The obvious question that arises is whether this is beneficial to you the consumer. Recognizing some personal bias (since I am not a team nor intend to have one) I strongly suggest that one experienced individual licensee is better for you than a team headed by one experienced licensee but operating through as many as 20 team members.

Let us examine the evolution of the team structure, its pitfalls and its benefits, and its impact on the real estate industry.

A group of Realtors in Anchorage have recently submitted proposals to the State Real Estate Commission that would modify legislation to regulate ‘Real Estate Teams’ in the business.

The effort is commendable in light of the fact that real estate teams are a growing phenomenon.

It is said that John D. Rockefeller began his massive wealth – building career at the age of 25 by persuading friends to invest a total of \$500,000 so he could go purchase some oil wells on their behalf.

Many wealth building exercises begin with such a creative and bold move. Around 10 years ago entrepreneurial Realtors perceived a similar business opportunity. Instead of sweating a 60 hour week showing properties, meeting people and filling out paperwork, why not hire someone else to do it? This sounds a perfectly sound business expansion plan.

The complication was that real estate services can only be performed by State approved personnel after a rigorous 40 hours of education and examination to approve them as real estate "Licensees".

Not only so but their activities were to be supervised by a Broker of further qualifications, and in an established and registered real estate office.

The team has risks to the Office Broker and even more to the Consumer.

Each office has one Broker and any other member of that office with broker qualifications (e.g. David Windsor) is called an 'Associate Broker'. The Broker is, in fact, liable and responsible for all licensees working in that office.

The reason for such strict regulation is the enormous responsibility of a real estate transaction and its legal complexity. In Australia, by comparison, only an Attorney (fondly called 'Solicitor') can handle a real estate transaction once the 'salesperson' has executed the sales agreement.

It still shocks me that the Bar Associations of America have not taken on the powerful real estate associations in this regard because licensees are obviously 'practicing law' in many aspects of the transaction – such as writing terms of a contract beyond the pre-printed form established by the local Multiple Listing Service (MLS).

The standard Purchase and Sale Agreement, though approved by an Attorney engaged by MLS, is still inadequate in many ways because the legal forms are essentially designed by real estate people.

The real estate industry, regulated by the State Government, requires 90% of the aspects of a real estate transaction to be conducted only by properly licensed people. Activities permitted by an 'unlicensed' person are very limited.

Now, how many licensees, without any college degree and just a 40 hour week in class and passing an exam online are really suitable to represent you in one of the biggest transactions in your lifetime? After all, you are not buying a car here but paying a considerable fee (either directly as a seller or indirectly as a buyer) to your real estate representative. The only qualification to sit in the class is that you must be at least 19 years old.

This is why less than 10% of licensees attract 90% of the customers – professionals with credentials.

Evolution of the 'Team'

Real Estate 'Rockefellers' saw a business opportunity when, as individuals, they could not possibly work themselves the full field of oil wells.

So the 'team' arose, smart Realtors taking under their wing younger licensees and delegating the different pieces of the transaction to the assistants or team members.

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Team leader operations, whose names (individuals or corporately structured) are prominent for marketing, are themselves supervising younger licensees that have an individual independent contractor agreement with the Broker and for whom the Broker is legally responsible and, under current regulations, that broker is supposed to conduct supervision and oversight.

Hence, the 'teams' are providing huge headaches for brokers. Brokers are responsible for, but do not supervise, team members – the team leader does.

Consumer Alert!

All teams are not equal. To be fair, some are handled quite responsibly by the team leader, even though the whole concept is outside the intentions of the original Statutory provisions.

A good team leader will undoubtedly explain to you the 'benefits' of this member or that showing you houses or processing your paperwork, while team leader will review and, in some cases, write up your contract.

I will admit that, for my health services, a Physician's Assistant can be extremely capable to guide me through the lower levels of a health problem but, if you are encouraged by legislation to have an experienced surgeon operating your home sale, or home to buy, why settle for anything less?

There are many in the industry, highly qualified and experienced, who are happy to accept a lower gross annual income in order to be their best for you. I am proud to be one such. I handle fewer clients at a time but no aspect of your deal is delegated to another licensee.

When you engage my services, you receive my personal attention to every aspect of your sizeable, life-changing event. I even pick up the telephone, or at least return your call promptly, even on the weekend.

Dave

Wilson

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1. Real Estate
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