Protecting, Leveraging and Accuracy of the PCS

Ryan DeMar, Vice President/Regional Manager, Sacramento

John Horowitz, Vice President/Regional Manager, Brooklyn
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Agenda:

1. Importance of protecting the PCS
2. Understanding how to leverage the PCS
3. Accurately projecting deals onto the PCS
Protecting the PCS

• Protecting the PCS = Protecting the “Revenue Stream”
  o Understanding
  o Managing
  o Influencing
  o Enhancing

• Increase the probability of deals closing (protect the PCS)

• Own it

• Proactive approach

• Consistent repetition
Protecting the PCS

What I am looking for:

- Due diligence and closing dates (escrow timelines)
- Books & records
- Deposit verification
- Title (liens, easements)
- Survey requirements
- SNDA
- Lender, application, appraisal and closing
- Estoppel certificates
- Who are the third parties and what is our influence?
- Ineffective OBR representing buyer/seller

- Client drivers on both sides
- Do we understand the seller and buyer history/resume
- Environmental & physical issues
- Potential fee concessions
- Who is the lead agent and how good of a QB are they?
- Agent thought process
- Do they understand the contract?
- Buyer and seller motivation
- Potential re-trade opportunities
- Lack of clarity in answers to any of my questions
- Red flags
## Protecting the PCS

<table>
<thead>
<tr>
<th>ID(1)</th>
<th>Description</th>
<th>U</th>
<th>Name / Address</th>
<th>Listing Price</th>
<th>UC/Selling Price</th>
<th>UC Date</th>
<th>Proj. COE Date</th>
<th>P</th>
<th>Contr. COE Date</th>
<th>Gross Comm</th>
<th>Coop Fees</th>
<th>Referral Fees</th>
<th>Gross Comm To Office</th>
<th>Gross Comm To Other Offices</th>
<th>Listing Agents</th>
<th>Selling Agents</th>
<th>Category</th>
<th>Expire Date</th>
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<tbody>
<tr>
<td>Y0026022</td>
<td>Multifamily 42</td>
<td>1</td>
<td>Lamplighter Apartments 1411 Carver Road Modesto, CA</td>
<td>$3,250,000</td>
<td>$3,270,000</td>
<td>02/19</td>
<td>05/15/17</td>
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<td>ADeLoney 003</td>
<td>Financing</td>
<td>03/31/17</td>
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| 20284-001 | Multifamily 42 | 1 | Lamplighter Apartments 1411 Carver Road Modesto, CA | $2,180,000 | $2,180,000 | 05/15/17 | M | $21,000 | $0 | $0 | $4,380 | $17,44 | Stampley 001 | ADeLoney 003 | Financing | 03/09/17 |
| Notes: Physical Inspection Buyer Deposit: $60,000 |
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<th>Remove Date</th>
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<tbody>
<tr>
<td>20105:005</td>
<td>Shopping Strip</td>
<td>Victory Plaza 7500 Elke Avenue Sacramento CA</td>
<td>$1,282,530</td>
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<td>$20,773</td>
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<td>1,854</td>
<td>$17,044</td>
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<td>jshaddy 003 jshaddy 999</td>
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<td>Shopping Strip</td>
<td>Victory Plaza 7500 Elke Avenue Sacramento CA</td>
<td>$2,825,000</td>
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<td>W</td>
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<td>jshay 002 jshay 993 vachwab 002</td>
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**Notes:** OBR, Mike Perez of Perez Financial is repping buyer. Lender requires estops and SNDAs.
Leveraging the PCS

Track & Predict Office Revenue

Identify Problems

Develop & Implement Message
Leveraging the PCS

TRACKING INCOME STREAM

- Goal of each office is to first reach & then exceed budget
- To achieve, must be ahead of office in real time
- RM/SM must be able to project office revenue 120 days out (beyond the quarter)
- Requires a PROACTIVE approach
PREDICTING YOUR CLOSED REVENUE 120 DAYS OUT

\[ \text{Closed to Date} + (\text{Will/May Close} - 10\%) + (\text{Shadow PCS} - 20\%) = 120 \text{ DAYS CLOSED} \]

Closes in 90 Days  Under Contract in 30 Days
Leveraging the PCS

How Does This Number Help?

RM can either:

- Get ahead of an impending problem
- Continue to focus on what is working

If going to fall behind budget, 3 ways to increase income:

- Close More Deals
- Get Bigger Fees
- Die Fewer Deals
## IDENTIFY PROBLEMS

### NET NEW DEAL FEE

<table>
<thead>
<tr>
<th></th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
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<tbody>
<tr>
<td>Amount Placed Under Contract</td>
<td>$1,015,965</td>
<td>$1,534,152</td>
<td>$2,314,516</td>
<td>$1,203,074</td>
<td>$1,643,573</td>
<td>$971,376</td>
<td>$775,360</td>
<td>$333,000</td>
<td>$1,006,301</td>
<td>$807,787</td>
<td>$581,248</td>
<td>$501,864</td>
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<td>Amount Died</td>
<td>$29,088</td>
<td>$67,680</td>
<td>$173,152</td>
<td>$23,500</td>
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<td>$223,624</td>
<td>$10,000</td>
<td>$12,000</td>
<td>$45,825</td>
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<tr>
<td>Net New Deal Fee</td>
<td>$986,877</td>
<td>$1,466,472</td>
<td>$2,142,063</td>
<td>$1,179,574</td>
<td>$1,643,573</td>
<td>$971,376</td>
<td>$775,360</td>
<td>$333,000</td>
<td>$782,677</td>
<td>$797,787</td>
<td>$569,248</td>
<td>$456,039</td>
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### Monthly Budget

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<tr>
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<th>January</th>
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<th>May</th>
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### Net New Deal Fee Ratio

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<th>January</th>
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<th>May</th>
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<th>December</th>
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<tbody>
<tr>
<td>Net New Deal Fee Ratio</td>
<td>0.80</td>
<td>1.19</td>
<td>1.73</td>
<td>0.95</td>
<td>1.33</td>
<td>0.79</td>
<td>0.63</td>
<td>0.27</td>
<td>0.63</td>
<td>0.85</td>
<td>0.46</td>
<td>0.37</td>
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### Floor - 1.05x

<table>
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<tbody>
<tr>
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<td>$1,297,188</td>
<td>$1,297,188</td>
<td>$1,297,188</td>
<td>$1,297,188</td>
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### Target - 1.15x

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<tr>
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<th>April</th>
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<tr>
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<td>$1,420,729</td>
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### Game - 1.20x

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<th>November</th>
<th>December</th>
</tr>
</thead>
<tbody>
<tr>
<td>Game - 1.20x</td>
<td>$1,482,500</td>
<td>$1,482,500</td>
<td>$1,482,500</td>
<td>$1,482,500</td>
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Leveraging the PCS

DEVELOP & IMPLEMENT MESSAGE

Developed Series of Workshops:
- How to adjust underwriting in a flat market
- Overcoming seller objections to price PRIOR to listing
- Managing seller expectations
- Price reductions
- Managing Sellers/Buyers/Attorneys During the Contract Phase
- Creating Urgency throughout Continuum

What Were the Results:
- Over $1MM net new first 2 months of 2017
- Overcome narrative that a down market
- Maintain positive outlook of agents
KEY TAKEAWAYS

- Byproduct of Protecting & Leveraging
- Early Knowledge = Accurate Projections
- All About the Agents
  - Relationships
  - Know Their Weaknesses/Trends
  - Agents Who Give Wrong Dates = Agents With Greatest Died Deal Numbers
  - Stay in front of agents, deals and deadlines
    - Understanding
    - Managing
    - Influencing
    - Enhancing
- Repetition
**Breakout Session:**

**GOALS:**

1) Demonstrate the work each manager has done to protect their PCS

2) Share best ideas and best practices regarding the need to protect, leverage & accurately project the PCS

3) Connect to how an understanding of the PCS can help grow your income stream
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