

*Training for the Commercial Real Estate Professional*

## Welcome ...

Performance Realty Solutions (PRS) is a commercial real estate sales and technology training company committed to providing you with the best results-based training in the industry.

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## Your Roadmap to Successful Deal Closings

Congratulations! Both parties of your commercial real estate deal just agreed on the basic business terms and conditions of a sale or lease transaction. But don't start giving high-fives to everyone in your office just yet. Experienced commercial real estate agents will tell you that you have a long way to go before you can start celebrating. Why? Because every step of the deal closing process has its potential pitfalls, so you shouldn't celebrate until the deal is actually closed.

### How accurate is your paper trail?

Perhaps the single most important step of the transaction is the paper trail you have completed up to this point. Unlike residential agents, commercial agents do not prepare lease or sale agreements—all of the business conditions are transmitted in writing to the attorneys, who then prepare the final agreements. As a result, you have to provide as much information as possible in your requests for proposals (RFPs), letters of intent (LOI), and counterproposals. If you do not have detailed information regarding the business provisions of the deal, you increase the chances of misinterpretation, confusion, and delay.

To ensure a smooth paper trail, you have to start with a well crafted RFP or offer letter. Include details such as the price, term of lease, options to renew or extend, work letter descriptions,

necessary security or damage deposits, broker commissions, building expense history, and architectural allowances. Comprehensive records benefit both parties. In fact, thorough documentation puts both parties at ease—neither side will feel as if they are being taken advantage of.

### How details affect your deal

When the RFP is submitted, the tenant must respond to it—point by point—in writing. Until the deal points are finalized, those points are reduced to a LOI. Both parties will sign the LOI subject to mutually agreeable and fully executed contracts or leases. At this point the LOI is sent to the attorneys to be incorporated into the final contract.

Too many new or inexperienced agents are either unaware of these proper deal procedures or don't want to take the time to prepare the appropriate paperwork. If the deal points are agreed upon before the documents go to lease, the negotiations should go a lot smoother than if you rely solely on the attorneys' interpretations. As it is, even the most detailed documentation has a way of being misunderstood or overlooked.

### Accuracy and attorneys: Protect your client

Once the contract has been prepared, you must insist on getting your own copy (and subsequent copies of re-drafted documents) and volunteer to deliver the documents to the client, unless they are sent via e-mail. The reasons for this are simple: You want to review the documents, make sure all the business terms and conditions as set forth by the LOI are included, and ensure the documents are written in clear, easy-to-understand language. Although you are not a lawyer, you are obligated to your client to guarantee the documents' accuracy.

After you check the documents, you will be able to give your client input about their accuracy. You

can discuss the overall complexity or simplicity of the documents and explain what obstacles need to be addressed. Being informed of the deal's status every step of the way empowers you to manage potential issues from the start instead of reacting to problems and putting out fires.

If your client is not using an experienced real estate attorney, recommend a few attorneys you know. This is important! The last thing you want is an attorney with no commercial real estate experience negotiating with an experienced one. If your client uses a novice attorney, he or she runs the risk of delaying the closing or even killing the deal you worked so hard to put together.

If you do not understand commercial leases and the proper structures of RFPs, LOIs, and counteroffers, you should invest in a course on commercial leases and contracts. PRS provides in-depth training regarding all of the above and uses actual case studies to support the learning process.

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## Be a Stand-Out Agent... Guaranteed!

*Separate yourself from your competition by giving your clients a work guarantee.*

As an agent, you may find it impossible to guarantee anything. After all, there will be circumstances out of your control—unforeseen events, decisions, or deal negotiations. Although this is true, you *can* guarantee to meet your professional responsibilities from start to finish.

### Put it in writing

To prove your commitment to your clients, submit your guarantee in writing,—give them an outline or list of bulleted items that explains every action you plan on taking for the potential client. You cannot guarantee the successful conclusion of a deal, but you can guarantee your work.

When you guarantee your work, the prospective client is confident that you can perform the duties

you outlined in your agreement. You can guarantee actions such as:

1. Providing written monthly updates on your client's activity, including contacts, property showings, building submittals, inspections, etc.
2. Running an open house
3. Canvassing prospective tenants or buyers
4. Preparing a comparative market analysis (CMA) for tenant, buyer, or landlord
5. Placing a sign on the property in a timely manner
6. Sending out notices to other brokers
7. Preparing and sending out marketing materials and mailers to prospects
8. Attending property showings
9. Providing feedback from property inspections and recommendations
10. Analyzing leases and contracts
11. Preparing RFPs or counterproposals
12. Reviewing and comparing offers and counteroffers
13. Providing a space occupancy needs analysis

These are just a few of the duties you perform in your average deal, so why not put them in writing? Guaranteeing your work will give your client confidence in your abilities and help you stand out from your competition.

*Next Issue... How to get your client to focus.*



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