

LESSON

8

When you create an agreement, be clear; be specific

The process of creating a contract is dicey on a good day; there is simply no excuse for conflict that arises because no one could read the writing or understand what the contract says. A contract is not literature. Use short sentences and say exactly what you mean. It can't be said enough: be clear, be clear, be clear. You will save yourself and your client untold grief simply by being clear.

The added bonus of writing simple, clear contracts is that everyone involved in the transaction will be happier. They'll understand their responsibilities and obligations better. And you will be protected in the event a dispute does arise. But to protect yourself, to protect your client, it's critical that you be clear, be concise and be thorough.

TIPS

- 1:** If a contract has been faxed back and forth multiple times, and all or part of it is no longer legible, consider redrafting the entire contract with the agreed-upon terms and obtaining signatures from all parties.
- 2:** Keep a paper trail of all written offers and counteroffers, and be sure to check carefully for any changes in terms with each new contract—"the latest faxed counteroffer was so blurry, I couldn't tell your client had proposed a new price" won't hold much water.
- 3:** If writing your own addendum, consider asking your sales manager or managing broker to read the language to ensure that the content is clearly written from a third party's perspective.
- 4:** Providing more rather than fewer details in writing will always serve your client well, and will assure a smooth process to closing. Don't rely on assumptions—spell out all of your client's expectations in the contract.
- 5:** Consider putting dates next to initials so everyone can follow the contract chronologically.



"Luckily our contract is crystal clear!"



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Instructor's Notes

- Try to create conversation; lectures are less interesting. Try to talk about personal experiences. Encourage newer agents to talk about situations that might be confusing. In the long run, dialogue is good for your business.
- Ask your agents to sketch out the details of their most convoluted contracts/transactions.
- Share with the group whatever confusion these contracts caused and how to avoid it.
- For agents that miss your meetings, these lessons are also available online at thecodeisgoodbusiness.com/va/lessons.

