

FIVE STAR Real Estate AgentSM Award Program



Program Overview and Summary of Research Methodology

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FIVE STAR Real Estate Agents

Program Overview and Summary of Research Methodology

Crescendo Business Services contracts a third party research firm, QMI Research, to conduct the FIVE STAR Real Estate Agent research methodology using objective market research methods. The intent of the research is to develop a list of real estate agents in a given market who score highest in overall satisfaction, based on an objective market research methodology that takes into account client evaluations (C) in nine categories, with adjustments to reflect inputs from peers (P^{adj}), regulatory compliance reviews (R^{adj}), and Blue Ribbon Panel reviews (BRP^{adj}). The foregoing can be expressed as:

$$\text{Overall Score} = C - P^{\text{adj}} - R^{\text{adj}} +/- BRP^{\text{adj}}$$

QMI Research administers a survey, by mail and phone, to recent homebuyers (all area residents who purchased a home over \$100,00-\$200,000 within a 12-36 month period depending on market size), readers of the partnering city/regional magazine, and approximately 200 Mortgage and Title Companies. Each respondent is asked to evaluate only real estate agents whom they have worked with and evaluate them based upon nine criteria: customer service, integrity, market knowledge, communication, negotiation, closing preparation, finds the right home, marketing of home, and overall satisfaction. Additionally, respondents are asked whether they would recommend the agent to a friend. This information is incorporated into a scoring algorithm as a cross check against their average rating. Recent homebuyers and readers of the partnering city/regional magazine may evaluate up to two real estate agents (buy and sell side), while Mortgage and Title Companies may evaluate up to three agents.

After the evaluation surveys are received, each real estate agent is given a Client Score and a Peer Adjustment Score. Both favorable and unfavorable evaluations are incorporated. Safeguards are in place to eliminate any bias including; self-nominating, “back-scratching,” and “stuffing the ballot.”

Each real estate agent is reviewed for regulatory/disciplinary action as reported by state regulatory agencies and given a Regulatory Adjustment Score. In order to be named a FIVE STAR Real Estate Agent, an individual must hold a current real estate license and be in good standing.

QMI Research then prepares a preliminary list of results for review by a company-selected panel (Blue Ribbon Panel) of local real estate industry executives, professional and trade-association officers and others directly involved in the real estate industry. The Blue Ribbon Panel reviews each real estate agent appearing on the preliminary list. As part of their review and evaluation, panelists are able to recommend additional real estate agents for inclusion and to recommend real estate agents for removal from the preliminary list (based on objective criteria). Checks and balances are in place to avoid conflicts of interest; specifically, panelists remain anonymous, only receive a portion of the preliminary list and, in most cases, cannot add or remove a real estate agent by themselves.

After review by the Blue Ribbon Panel, QMI Research determines each real estate agent's Overall Score. The Overall Score is calculated using the following formula:

$$\text{Overall Score} = C - P^{\text{adj}} - R^{\text{adj}} +/ - BRP^{\text{adj}}$$

where:

C = Client Score, a statistically valid, objective measure of client responses

P^{adj} = Peer Score, an objective measure of peer feedback

R^{adj} = Regulatory Adjustment, an objective measure of regulatory history

BRP^{adj} = Blue Ribbon Panel Adjustment, an objective analysis of comments received from a panel of local experts.

The final list is set by sorting the real estate agents by their Overall Score in descending order. The Cutoff Score is determined to be the point where the number of Overall Scores that exceed the Cutoff Score is equal to or less than 7% of the market's real estate agent population. Those real estate agents with an Overall Score equal to or greater than the Cutoff Score are included on the qualifying FIVE STAR Real Estate Agent list.

QMI Research then sends a notification letter and confirmation form to the qualifying FIVE STAR Real Estate Agents. Within the confirmation form, the real estate agent is asked to certify that their license has never been suspended or revoked by a regulating authority. Real estate agents that are unable or unwilling to verify contact information or to provide the required certifications are excluded from the final list. Real estate agents are required to submit their completed business contact confirmation form to Crescendo to be listed.

Once the list is finalized, the partnering city/regional magazine will publish an article, prepared by Crescendo, which describes the evaluation process and presents the resulting list of FIVE STAR Real Estate Agents. The Program is not administered in the same market more often than once each year.

Real estate agents do not pay a fee to be included in the evaluation process or to be named as a FIVE STAR Real Estate Agent. In connection with publication of the article, real estate agents may elect to pay a fee to include a photo and certain profile information in the "profiles" section that accompanies the article. For additional fees, Crescendo will (i) provide reprints of the section article and (ii) provide the real estate agent with strategies for further publicizing being named as a FIVE STAR Real Estate Agent. A real estate agent's purchase of a profile, reprints or company services does not influence Crescendo's determination whether or not to include or exclude a particular real estate agent from a later list of FIVE STAR Real Estate Agents.

Please remember the final list identifies precisely what the evaluation process is designed to do:

- it identifies those real estate agents who scored highest in overall satisfaction, of those real estate agents evaluated;
- based on extensive surveying of homebuyers and Mortgage and Title Companies on nine client satisfaction criteria;
- based on a review of regulatory history;
- and review of the list by a Blue Ribbon Panel of local industry experts.

Research Declarations:

The list is not intended to be exhaustive – in fact the section article in the magazine will state:

“Although this list will certainly be a useful tool for anyone looking for a real estate agent, it should not be considered exhaustive. Undoubtedly, there are many other excellent real estate agents who, for one reason or another, are not on this year’s list. But don’t be surprised to see them next year.”

The following additional declarations are included in the section article:

- *The 2010 FIVE STAR Real Estate Agents do not pay a fee to be included in the research or the final list of FIVE STAR Real Estate Agent.*
- *The overall evaluation score of a real estate agent reflects an average of all respondents and may not be representative of any one client’s experience.*
- *The FIVE STAR Award is not indicative of the real estate agent’s future performance.*
- *The inclusion of a real estate agent on the FIVE STAR Real Estate Agents list should not be construed as an endorsement of the real estate agent by Crescendo Business Services or the partnering area magazine.*
- *The research process for the FIVE STAR Real Estate Agent Program, managed by QMI Research, incorporated a statistically valid sample in order to identify the real estate agents in the local market that score highest in overall satisfaction. QMI Research does not include real estate agents on the list unless their score is statistically valid.*

Possibilities with the Evaluation/Selection Methodology:

- Some top producers may not make the list. It all depends on whether the respondents (clients, readers, M&T companies or the BRP) chose to evaluate them and scored them highly. The award is based on client satisfaction, not volume or sales dollars.
- Some agents who have had relatively few transactions in the last year may make the list. It all depends on whether the respondents (their clients, readers, M&T companies or the BRP) chose to evaluate them and scored them highly. The award is based on client satisfaction, not volume or sales dollars.
- Some assistants of Real Estate Teams may make the list even though they did not officially sign the closing documents. Many times the homebuyer sees the assistant as their agent. Please note that the assistant must hold a current real estate license to have made the list.
- Some agents who have not had any recent transactions could make the list. The respondents may have worked with the agent over a year ago (this is often the case with magazine reader survey respondents).
- There are agents who make the list that some fellow agents do not believe should have made the list. The research methodology is very rigorous, but like any research process, there are always a few awardees that are questioned. Generally, less than ¼ of 1% of the names on the list are questioned.