

Five Star Real Estate AgentSM Award Program



Program Overview and Summary of Research Methodology

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—PROPRIETARY—

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Program Overview

- Five Star Professional contracts a third party research firm, QMI Research, to conduct the Five Star Real Estate Agent research methodology using objective market research methods. The research objective 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 a Experts reviews (E^{adj}). The foregoing can be expressed as:

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

- The final list of Five Star Real Estate Agents for each market is published in the market's leading city and regional magazine and/or business publication.
- The list presented in the special section is not a ranking of real estate agents, but rather a roster of real estate agents who score highest in overall satisfaction, of those evaluated. The list is not intended to be exhaustive.
- The Program is currently conducted in the following markets:

Market	Market	Market
Austin/San Antonio	Hampton Roads	Philadelphia
Charlotte	Houston	Pittsburgh
Chicago	Indianapolis	Portland
Cincinnati	Kansas City	Rhode Island
Connecticut	Milwaukee	Sacramento
Dallas/Fort Worth	Minneapolis/St. Paul	San Diego
Delaware	New Hampshire	Sarasota
Denver	New Jersey	Seattle
Fort Myers/Naples	Oklahoma	St. Louis
Fresno	Orange County	Westchester
	Orlando	

Summary of Research Methodology

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 250 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 the real estate agent's 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 of local real estate executives, professional and trade-association officers and others directly involved in the real estate industry. These experts review 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 industry experts, QMI Research determines each real estate agent's Overall Score. The Overall Score is calculated using the following formula:

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

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

E^{adj} = Experts Adjustment, an objective analysis of comment 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 percent 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 in the qualifying Five Star Real Estate Agent list.

QMI Research then sends a notification letter with business contact confirmation form submission information 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 online to be listed.

Once the list is finalized, the partnering city/regional magazine will publish an announcement section, prepared by Five Star Professional, 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 and list of award winners. For additional fees, Five Star Professional 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 Five Star Professional'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 a review of the list by industry experts.

Research Declarations:

The following research declarations are included in the section article:

- *The 2011 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 Agents.*
- *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 Five Star Professional or the partnering area publication.*
- *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.*

For more information on the Five Star award and the research/selection methodology, go to: fivestarprofessional.com.

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 industry experts) 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 industry experts) 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 percent of the names on the list are questioned.