

# The Ultimate Guide To Selling Your Home On Your Own ...while avoiding all the common pitfalls

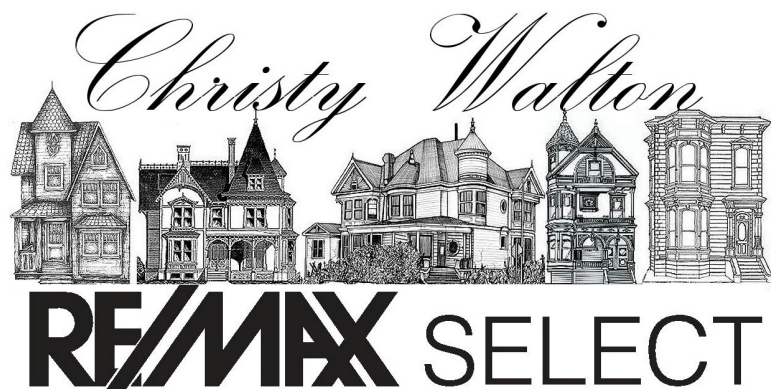


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# 1. Preface/An Agent Point of View

It probably seems a little weird that I want to help you sell your home on your own, being that I'm a real estate agent. You're probably thinking there's gotta be a catch...

The truth is, I get it. I understand wanting to try and sell your home on your own and save some money.

I do some things on *my* own and don't hire a professional (when I can), to save some money. Sometimes I do it as good or better than someone I could've hired. Sometimes I struggle and get it done OK enough. And sometimes, I get into the middle of it and end up hiring someone anyway.

Let's use painting my house, for example:

Let's say I decided to paint the outside of my house on my own, and a professional painter saw me trying. And, instead of just driving on by and letting me be, every chance he got he kept coming up and bugging me...

"Hey, you want me to paint your house for you? I can do a better job than you can..."

There's no *way* you can do as good a job as me. You're gonna make mistakes. You should let me do that for you."

I'd be thinking, if not saying, get out of my face. And just you watch me...I'll get this done on my own.

Now, *on the other hand*, if a painter saw me out there and came up and said, "Hey, here's a few things you may not think about that you can only know by doing a whole lot of painting. I hope it helps you out!"

Well, if things didn't go so well for me, or I was sick of doing it on my own, or whatever, *that's* the painter I'd be calling.

Especially if the tips and tricks he shared with me showed me that he knew his trade.

That's all I'm doing here...

In the course of trying to sell your home on your own, you'll find many agents will try and convince you that you can't possibly succeed or that you're going to make costly mistakes. Or otherwise, try and scare you. Or trick you into working with them.

I want to help you give selling on your own the best try possible.

And, if you give it your best shot, and you still don't have any luck, sure, I hope it leads to doing business with you. But, I want to have earned that opportunity and give you a preview that I know my trade.

But for now, I wish you luck on selling your home on your own! And I truly hope this guide gives you some in-between-the-lines insight you're not going to find anywhere else. This is beyond the basic baloney some agents give people in your shoes.

Also, if you have any questions during the course of trying to sell your house on your own, or about the information in this guide, please feel free to reach out to me!

**You can find all my contact information on the last page.**

OK, onto the first and most important thing you need to do...

## 2. Pricing Your Home

Obviously, you want to *keep* as much money as possible from the sale of your home if you're selling it on your own.

You most likely want to sell it for as high a price as possible, too.

Everybody does. But most people don't. Regardless of whether they sell on their own or with a real estate agent.

The number one killer of that dream is overpricing.

Nothing gets in the way of selling a home for top dollar more than overpricing a home.

It leads to:

- Losing the attention of buyers when it matters most — the first few weeks your house is on the market.
- A lack of showings.
- Buyers who *do* come to see it often just disappear and end up buying houses that are priced appropriately.
- Longer days on the market.
- The house becomes "stale," and buyers perceive it as: there's something wrong with the house since it's been on the market so long.

This doesn't mean you need to underprice your home or "give it away." You merely need to know and be realistic about what your home is truly worth in the market.

The best way to do that is to analyze the recent *sale prices* of homes like yours in the area. Notice how I emphasize what things have recently *sold* for, not what other houses are *listed* for on the market currently.

The best, easiest way to get this information is through a local real estate agent.

Since you're selling on your own, you should be upfront about this with any agent you ask for help. Believe it or not, a good real estate agent will still be willing to help you. Just expect that he/she would appreciate the opportunity to list your home if and when you decide to hire a real estate agent.



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# 3. Going On "The Market (Where Is That Anyway?)

You've probably heard the term, "I'm putting my house on the market." Or, "That house will hit the market next Sunday."

But, what exactly is "the market"?

It isn't like there's one big mall every buyer goes to to shop for a house.

(And if you're like most homeowners, you *do* want *every* buyer in the market to know your house is for sale.)

Well, there kind of is one big mall where every buyer goes to look for a house...the Internet! For all intents and purposes, that is now "the market" when it comes to real estate.

But the Internet is a big place. And there are tons of sites a buyer may, or may not, look at when looking for a house. So, how do you get your house on pretty much every real estate site a buyer could stumble upon?

By using what's called "IDX," or Internet Data Exchange. That will feed a real estate listing to more real estate sites than you can find. A listing is fed to any site that belongs to the IDX feed.

However, that system is tied to the "MLS" systems, or Multiple Listing Service systems, which are used primarily by real estate agents.

You can still get your house listed on the MLS, even if you are For Sale By Owner (FSBO), in various ways, but we will discuss the downsides of that in the next section.

For now, your best bet at getting the eyeballs of every buyer in the market is to list your house on a website devoted to people selling their house on their own. You'll get the attention of buyers who look at those sites at least. But not all buyers look at them.

**So, make sure you list your house on Zillow.com and Trulia.com (which is actually owned by Zillow). These are free for you to post your listing on, and most buyers look at these sites.**

You can probably find other sites that allow you a free listing, but those are the two biggies right now.

**But beware, think twice about listing anywhere or buying into any offer a site makes to put you in the local MLS. Don't do it...at least not until you've read the next section and truly understand what you are doing and why.**



## 4. The Downsides Of Using The MLS As A FSBO

If you know anything about real estate, you're probably aware that you can now get on the local "MLS" even if you're selling on your own.

This wasn't always the case. That privilege used to be only available to licensed real estate agents who were hired to sell a client's house.

However, now there are companies, of licensed agents, who will list your home on the local MLS for a much smaller "flat fee," lower than the percentage commission would be. It varies, but let's say it'll cost you a few hundred dollars to do so.

That might sound super appealing to a homeowner. All that exposure at a lower cost.

But there are problems with doing this that many homeowners don't think about before they do so.

Here are four reasons why you shouldn't list your home on the MLS when you're selling your home on your own.

- **You're going to have to offer a buyer's agent a commission.** While legally there is no "normal" or expected commission percentage, you need to know what other listings are offering to buyer's agents. And, it would make sense to be competitive. So, find out what that would be in your area. You will likely find it to be somewhere between 2.5% to 3%.
- You're going to have to be willing to **deal with buyers who are working with a buyer's agent.**
- Regardless of how smart you are, or how good of a negotiator you are, **you're putting yourself in the position of having to deal with someone who knows a lot about selling real estate.** This could cost you, without you ever even realizing it. It's like walking into court and representing yourself when your opponent has a skilled attorney.
- **Your house will have a digital record.** As soon as you list on the MLS, your house will be recorded as having been on the market. It will show how long it was on the market. It will show how many times that you list it and relist it. Doesn't sound that bad maybe, but buyers and agents look at this information, and it affects how buyers and agents perceive your home.

If you're truly trying to sell your house on your own, then you should consider what we'll get into in the next section...



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## 5. Be a True FSBO

It's tempting to put your house on the MLS. Everybody knows that's the greatest exposure you can get for your house when it's on the market.

**If the Internet is a mall where buyers all go to find the home of their dreams, then the MLS is the department store *within* the mall that every home buyer will at least check out.**

Usually, because they're all working with a real estate agent to some degree.

Most buyers are not all that bent on not working with a real estate agent because (to them at least) the services of a real estate agent seem "free." So, why *wouldn't* they be working with a real estate agent?!

Sure, they might also be on the lookout for a house for sale by owner, but not every buyer is. But every buyer *is* looking at houses on the market listed through real estate agents.

So, yes, it's appealing to most "FSBOs" to list their home on the MLS for one of those reduced fees, limited service listings.

But the minute they do that, they're getting entirely away from the whole concept of selling on their own... to save as much money and make as much money as possible.

And, there are plenty of people who will get in your ear trying to convince you that you should list your house on the MLS. Maybe you should. At some point. But not while you are for sale by owner.

Stay true to your intentions. Give it the best effort and try all you can.

And if it doesn't work out in a reasonable amount of time, sure, *then* list it on the MLS.

But, when and if you do, list it with a real estate agent who will truly represent you and your interests. Not someone who's a floating salesperson in a mall kiosk trying to peddle some wares. Rather, an agent who's more like the head of security in your store, making sure nobody takes anything they shouldn't from you.

**There shouldn't be any middle ground. Sell your house on your own, and keep agents out of it entirely by staying away from the MLS. Or, get yourself into the store within the mall, and hire someone to protect your interests. Otherwise, you're just asking to lose something of value along the way.**



## 6. Be Fair And Be Aware...Of “Fair Housing”

Most people know better than to discriminate nowadays. However, many people aren't entirely aware of the fact that they may be doing something discriminatory when it comes to selling a house.

There are a tremendous amount of rules, regulations, laws, and acts a homeowner needs to abide by when selling their home.

There is too much to cover in this guide, and they should be read as they are written, not summarized.

My suggestion? Visit [HUD.gov](http://HUD.gov) and type "fair housing" into the search bar. It's not the fun kind of reading, but it's important if you want to avoid a potential lawsuit.

The bottom line is this...

Don't discriminate. In any way. With anybody. Treat people the way you would want to be treated if you were that person. Put yourself in their shoes.

But it can be tricky since we all live in our own shoes and might not necessarily think something would be considered offensive or discriminatory. So make sure you know all of the protected classes covered by these laws.





# 7. Be Careful How You Describe Your House

Most homeowners are super proud of their house, so the natural tendency is to gush about how great their house is and list every little thing they've ever done to their house. Which isn't necessarily the best thing to do... ("Brand new toilet seat installed in 2015!!!")

When it comes to advertising and marketing, one of the smartest things to do is speak to the buyer. Get in their head...

- Who are they?
- Who is the most likely person to buy your house?
- What do they want in a home?
- What do they hope and dream about?
- What's their family look like (insert loud record scratching sound!!!)

What just happened?! Why'd the record scratch?!

Well, because of the word "family."

Crazy as it might sound, using the word "family" in your advertising, marketing, or description of your home could be taken as discriminatory.

So, for instance, you can't say, "Located in a great family neighborhood!" Or, "Perfect for your large family."

And that's just *one* example. Don't even mention "perfect for your kids to play out back." Probably should watch out for saying "you can walk to the park..." because some people can't walk.

Might sound like that's being over-sensitive and cautious, but it's not when it comes to advertising and marketing your house for sale.

When you're writing anything about your house, stick to the facts about the house, without being too bland or basic. Use the facts and features of your home to paint a picture, but a picture that nobody could take offense with.



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# 8. Disclosures

How's that for a boring title for this section?

Well, it's one of those boring things that you need to be aware of and have ready for interested buyers. You'll want to give them your disclosures prior to them making an offer.

(NOTE: The required disclosures vary from area to area. Make sure you are aware of all of the disclosures you need to have in your area.)

Basically put, disclosures of any kind are how you let the buyer know about any problems your house currently has...or *had*, and you have remedied.

Don't lie or hide anything. That can easily come back to bite you.

So, if in doubt, disclose a problem. In other words, if you think to yourself, "Should I tell a buyer about this issue?" The answer is yes. Tell the buyer.

Telling buyers about issues doesn't necessarily mean they'll get scared away and not buy the house. Nor does it necessarily mean they'll expect you to fix it, give them a credit to get it fixed or accept a lower price for your home. It might mean any one of those things, but not necessarily.

However, if you don't disclose something, and they find out later on about the issue and figure out that you knew it was a problem...then you are going to have a different kind of problem on your hands.

**Don't get sued. Disclose everything and anything that is an issue with your house.**



# 9. Be Safe: Precautions To Take During Showings

At some point in the process of selling your home, you are going to need to let strangers inside so they can look around. Following are a few simple rules to help ensure that visits from potential buyers go smoothly and that you as the seller maintain your safety.

## Before You Show the House: Screening Potential Buyers

Ideally, you will want to screen every potential buyer during an initial phone call in which you'll try to determine whether the caller is a legitimate potential buyer. After getting a name and phone number(s), you can describe your home, then ask the caller a few questions: What part of town do you live? Are you a homeowner now? Is your house for sale? When are you hoping to move? If you think the caller is a legitimate buyer to whom you feel comfortable showing your home, make an appointment to do so. Before the appointment, call back to confirm it, just so you are assured that the caller truthfully represented his or her phone number.

You will probably want to keep an organized log of all the calls you receive about your house, and a "visitors book" of those who you show the house to, listing their names, phone numbers, and addresses. This way, you can call back potential buyers later to see how their house hunt is going, if they seemed like good prospects.

## *Minimizing Risk With "Drop-Ins"*

Make sure that the "For Sale" sign in your yard also says "Shown by Appointment Only," with your phone number. (Any flyers you post or hand out should say the same.) This will discourage passers-by from coming to your door to ask about the house on the spot and will give you the opportunity to speak to them instead by phone, and get their names, phone numbers, and other information.

Of course, some people will knock on your door anyway, despite the "appointment only" sign. Some may be good prospects, but you should be careful before allowing them in your home.

If you are considering letting the "drop-ins" see your home right away, insist upon getting them to write down their names, phone numbers and addresses before you show them your house. Then you can at least go to your phone book and verify their number (providing they live locally).

Never show your home to drop-ins if you are alone.

Never show your home to drop-ins after dark. In fact, some sellers choose not to show their homes after dark at all.

If for any reason you do not wish to show your home immediately, tell the drop-ins it's inconvenient right then, and set up an appointment for later. Make sure to get their names and numbers so you can call and confirm!

## *While You Are Showing the House*

Try to have another person with you when potential buyers visit.

Make sure that people on the street can see into your house — keep the curtains or shades open. Safeguard your valuables. As a smart seller, you know that in order to make potential buyers feel comfortable in the house and not pressured, you need to stand back and let them walk through the house themselves at first. Thus, before showing the house, you must remove all easily portable valuables! Don't just put them in a drawer, either. Jewelry, watches, small antiques, precious knick-knacks (anything you wouldn't want someone to walk off with) —Make a list of the items, then store them in a safe-deposit box or with a friend or relative.

Pro tip: If you do walk through the house with them, make sure you are behind them. Never walk with your back turned to a buyer, especially into a room with no escape. Not that most people are out to do harm, but there are some people who are.

# 10. Don't "Over-Show" Your House

This might not seem like something you need to think much about. A buyer schedules an appointment, they show up, and you show them around the house. How hard could that be?

Well, many homeowners tend to "over"-show the house.

- They hover over the buyer.
- They overemphasize features of the house that usually mean little to the buyer.
- They oversell the buyer...pushing too much and creating false urgency.

One of the main reasons many buyers avoid houses that are for sale by owner is simply because it can be awkward. Few people want to be rude or hurt someone's feelings. And when you look at a house with the owner of the house, if you don't like it, it can be a bit awkward. (So, expect buyers to sound more interested than they are at times. Don't read into how nice they say the house is.)

The truth is, most buyers won't want your house for one reason or another. That doesn't matter. They don't matter. The only one(s) that matter are the ones who absolutely want your house. Nobody else will be sold on wanting it. But those who want your house will let you know without even having to push or ask.

So, start from the very beginning. Give your buyer space. Don't follow them every step of the way. Begin by saying you want to give them space to view the home on their own, and once they're done, you can ask if they noticed a few key features they may have overlooked.

Walking around and pointing out every little detail is tedious to any buyer. And it won't sell anyone on loving your house if they don't anyway. So, don't. Just don't.

To sum it up:

- Give them space
- Be friendly, but don't insist on making conversation the whole time.
- Let them talk and ask questions. Answer them honestly, but try not to divulge too much about why you are moving or any motivations you might have.

If the buyer has interest, they will let you know. Don't push or try and "close the deal." Let them come to you and show you they are motivated. Otherwise, you look and sound desperate, and you lose leverage.



# 11. Open Houses — Are They Worth Doing Or Not?

Open houses are one of the most visible things in real estate. You see them being done. Real estate agents hold them seemingly every weekend on every house on the market. So, you have to figure; if they're doing them, they must work. They must be useful and lead to getting a house sold...

Nope. Not usually. Rarely actually.

The statistics are hard to nail down, but it's often said that only 1% of open houses lead to the sale of a house. And that's when real estate agents hold them!

So, statistically speaking, they're not all that useful. At least to get a house sold. They're useful for agents to meet new potential clients who come through to see a house. They're useful in the sense that many owners expect their agent to hold open houses. And, occasionally, an agent does sell a house to a buyer who comes through.

That's a real estate agent's profession and livelihood. So, whether they happen to sell very few open houses, or they are an agent who happens to sell a lot of the houses they hold open (and some agents do), that's what they do to earn a living and build a career.

But, for your purposes, is it all that useful to sit home and wait around to let people into your house on a Sunday for 4 hours? Not likely.

You'll probably get some people that swing by. But many might just be nosy. Many are likely not even ready or able to buy yet.

Also, a buyer who truly wants to see your house, and is a serious, qualified buyer, will make an effort to schedule a time to see your home even if you don't have an open house.

But then again, maybe, just maybe, your perfect buyer won't feel comfortable scheduling to see your home by appointment and would like the opportunity to see your house without feeling obligated.

The point is, there's no absolute yes or no answer to this.

But at least if you're going to hold an open house, now you have a proper perspective on how much success to expect. Don't be discouraged if you hold your house open and have very few visitors and don't get offers from any of them.



# 12. Twelve Open House Tips

OK, so if you do decide to hold an open house, here are a few tips to help you...

Remember back to the section on not "over"-showing your home? Regarding "showing" buyers the house, it's pretty much the same approach here:

- Give people their space and freedom to walk around and look.
- Don't hover, and don't oversell them.
- Be available to answer questions, and be friendly of course. But let them talk to you more than you talk to them.

Here are a few things you might want to consider doing:

- Make sure to have signs indicating your house is "open." You may want to have signs all around town directing people to your house.
- You can advertise in local papers, but that might be a waste of money. But do make sure you indicate that you have an open house on any online sites your house appears on.
- Perhaps have some refreshments available in the kitchen.
- Have flyers or brochures of the house available, and hand them to the people as they walk in the door. (Or put them near the refreshments.)

Be safe:

- Make sure you have more than one person home when you have an open house. (Or any showings for that matter!)
- Hide and secure all valuables. (Including prescription drugs.)
- Ask people to sign in as they enter. (This will also give you their contact information so you can follow up with them after the open house.)
- If you're really cautious, you might want to ask to see a copy of their driver's license. (Do know that this may come across as a bit much to ask, but safety is important!)

If you do ask for proof of identity, make sure to ask every single person for the same info and insist upon it. If you do not, someone could claim that you were discriminatory or profiling them.



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# 13. Dealing With Calls From Agents

This is going to aggravate you, but the majority of calls you will get about your house will be from real estate agents.

Some will be trying to get you to list your house with them.

Some will be saying they “might” have a buyer for your house and want to come see if it’s “right for their buyer...” (Keyword is “might.” They probably don’t. They just want to get into your house and see if they can get the conversation going with you to list your house with them.)

Some will be giving you scary “statistics” about how few owners successfully sell their house on their own, and those who do usually lose money when doing so.

The point is, nothing all that good or useful for you come out of answering their calls.

At the same time, if you do take their calls, don’t be rude or hateful. Just say you’re not interested, but thanks for the call. And leave it at that.

Be prepared. Most agents will call once or twice, but there’ll be an agent or two who will call you non-stop. They will claim this is proof of why you should list with them — they are “persistent.” That alone does not mean they are the best agent to hire. Nor does it truly mean they will get your home sold, and for top dollar. It just means they are persistent.

Your best approach is to just screen your calls. Don’t answer calls. Return calls to people who left messages — if, and only if, they’re a buyer.

You may get calls from agents who truly do have a buyer they represent and has interest in your home, and you may want to entertain that notion. (We’ll get into that in the next section...)

But most agents are calling simply because they are trying to get you to list your house with them. Period. End of story.

So, until and unless you’re looking to do that, avoid those calls. When it is time to find an agent to list with, go with the one who truly knows the ins and outs and is out trying to help you, not sell you on doing something you don’t want to do. That’s a horrible start to any trusting relationship.



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# 14. Six Things To Consider If An Agent “Has A Buyer For Your Home”

“I might have a buyer for your house...” is the real estate agent’s equivalent to a cheesy pick-up line at a bar. But it’s meant to break the ice with a “FSBO.”

As mentioned earlier, the key word in that sentence is “might.” If the agent “might” have a buyer, you should probably chalk that up to “doesn’t.”

On the other hand, you may hear from agents who sincerely *do* have a buyer that wants to see your house.

So, should you agree to work with an agent who has a buyer for your house, or not?

That’s your call. Here are a few thoughts to help you figure it out:

- You can’t have your cake and eat it too. If you want the buyer to see your house, you can’t say, “But I’m not going to pay you a commission.” It doesn’t work that way. You will most likely need to agree to pay the buyer’s agent a commission. That amount is negotiable, but do be sensitive to what they are expecting to earn when they sell this client any other house on the market.
- You could just say no and hope the buyer comes to you directly. But, some buyers are extremely uncomfortable buying a home without the help of their agent. And some are just plain loyal and won’t see your house if their agent can’t be involved.
- If you do agree to allow this, have your conversations and hammer out your agreement with the buyer’s agent as to compensation and what they will and won’t handle during the process *before* they show the house. And do it in writing.
- Think about whether a “bird in hand” is better than waiting for an unrepresented buyer to come along. Is it worth the amount you have to pay the agent to get a good buyer under contract right now?
- Be cautious. Now you are dealing with a professional on the other end. Are you knowledgeable and skilled enough to represent yourself? Maybe you should hire your own agent to assist you if this is the route you’re going.
- If you *are* going this route, would it maybe make sense to hire an agent to represent you and put you on the formal real estate market and open it up to *all* buyers represented by buyer’s agents? Perhaps being on the open market will bring you *more* qualified buyers than just this one.

All just food for thought. There is no “right” or “wrong” answer. But, you should give it more thought than just saying an outright “take a hike,” or “sure, bring your buyer!”





# 15. Watch The Market Weekly

Real estate markets go up and down, but not overnight. So, during the time you're trying to sell your home, it isn't likely the market will crash or that values will increase significantly.

But, things do change regarding your competition from day to day, week to week, month to month. So you should be aware and on top of everything that happens within your local market and price range.

Here are a few things you want to monitor at least weekly:

- Have any new listings come on the market?
- If so, how is your price compared to theirs?
- Is the new listing as good, not as good, or a better choice for a buyer?
- Did any homes on the market go under contract?
- If so, why did that house go under contract? Why did the buyer choose that house and not yours?
- If not, is it just a slow market, or are you and all other homes on the market priced too high in the eyes of the current buyers?
- Did any houses on the market lower their price? If so, should you consider lowering yours to compete or stay put and wait for that one to sell and no longer be an option for buyers?
- Did any houses close in the past week?
- If so, what did they actually sell for? Was the sales price in line with the sales prices you based your asking price on? Or is it lower and will affect how your home compares when it's time for the appraisal process.

This isn't the easiest thing to accomplish, but you may be able to do it by simply following the online listings of your competition. But most real estate sites aren't meant for this type of research. They're primarily marketing platforms to expose homes that are for sale to the largest audience...not for analytical research.

However, real estate agents can easily access this data. Perhaps...*perhaps*...an agent will be willing to supply you this data for a small fee per week, or at least an agreement that if and when you do list your house with an agent, you'll do so with him or her. (NOTE: No promises this will be something every agent will agree to do, but it may be worth a shot since it's the only way to get this data this easily.)



# 16. Make Sure Your Prospect / Buyer Is Qualified

Notice that the heading says “prospect/buyer.” They are two different things.

For the sake of what you are trying to accomplish, a **prospect** is someone who is interested in your home and wants to see it.

A **buyer** is a person who is serious enough to be making you an offer you might accept.

So, what do we mean by “qualified”?

You want to make sure that the people you are showing your home to are qualified to even buy your home. Otherwise, what’s the point of even letting them see your home?

So, you should make sure to ask anybody who wants to come see your home if they have been “qualified” or “pre-approved” for a mortgage through a reputable lender already. Also, ask them to send that along to you before showing them the house.

This sounds pushy, but it isn’t. Any good real estate agent would never take an unqualified buyer out to see homes. So why should *you* let them in your house?

Now, when asked for this, you will likely meet resistance from some people. If that’s the case, you should sincerely question why they are so resistant. This is not too much to ask of someone.

But expect people to say something along the lines of, “I’m sure I can afford it. I’ll get pre-approved once I see your house...if I even like it. What’s the point of doing it before I know if I even want to buy it?”

Again, you should just decline to show them your house. Just know you will “lose” people this way. You will find that many of your prospects just say forget it, don’t provide you with a pre-approval, and never call again.

This often leads people selling their own home to cave in and allow people just to see the house without proof of funds or a pre-approval. If you find yourself doing this, and the prospect becomes a buyer and makes an offer you are considering, at that point, you must insist that they provide you with a pre-approval letter from a reputable lender. There’s no use moving forward until and unless you see one.



# 17. Buyers Will Try And Pick Your Pocket

One of the biggest reasons you're trying to sell on our own, without real estate agents being involved, is to pocket the amount you'd otherwise have paid in real estate commissions.

That's no secret to whoever wants to buy your home. They realize you're saving a good chunk of change. And neither one of you is benefitting from the services that money would have otherwise paid for.

So, to the buyer, they see your savings as an amount that should be taken entirely off of your asking price. (And no, the trick isn't to just tack more onto your asking price so you can "give" it to them. Doing that will likely lead to buyers not even coming to look at your home, let alone make an offer. You need to price your home in line with the true market value.)

Ahhhh, "true market value." What exactly is that based upon? So many of the homes sold, which create the data that value is established upon, were sold by real estate agents and therefore had the commission included.

Think of it like this...

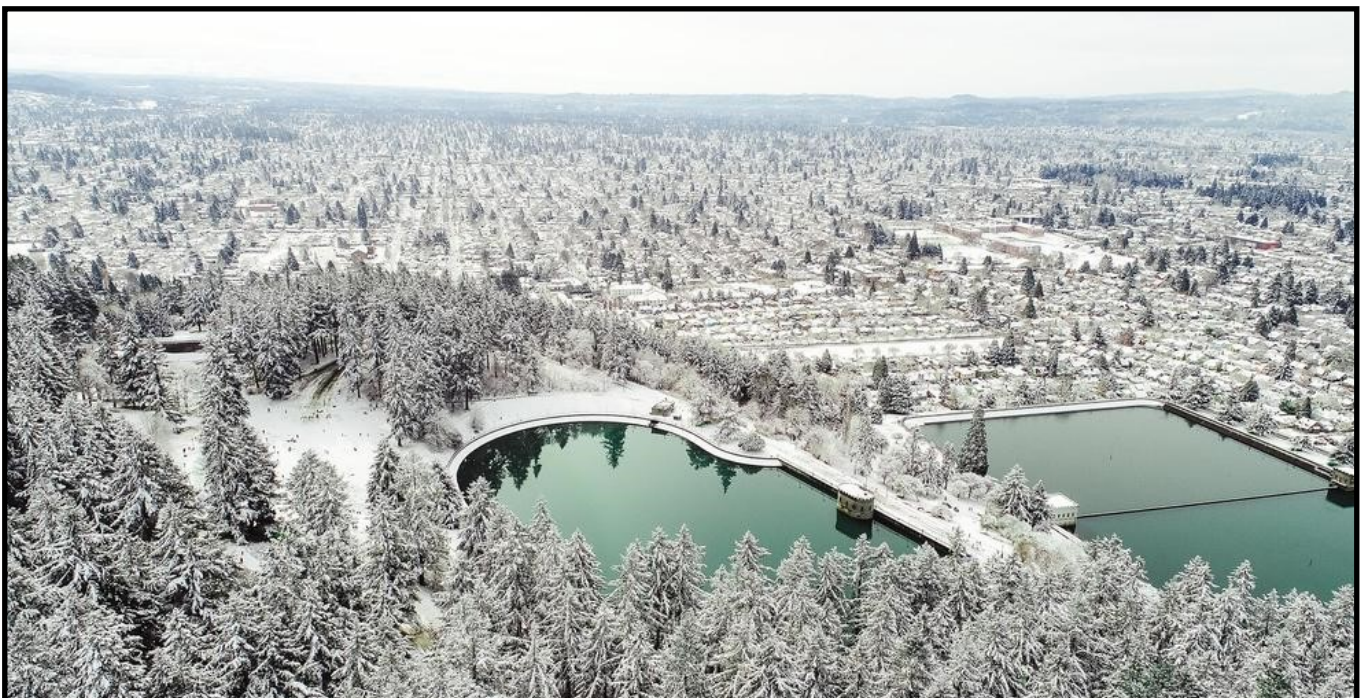
If you go to a buy a car and look up values in one of those websites that do that, they provide values based upon whether it's through a dealer or not. If it is, the "value" is higher. It's being sold retail. But if a car is being sold privately, they list the value as lower.

It can be seen the same in real estate. Most likely, you're going to have to deal with a buyer who wants some, if not all, of the commission you would've paid taken out of the price.

This is a matter of perspective and negotiation. This is another case where there is no absolute answer or way of calculating.

The simplest way to look at it is this:

Come to some agreement that the buyer is getting the house for less than they would have paid "retail," and you're selling for less than you would have "retail," but you're netting more than you would have that way.



# 18. D.B.D. X 2 = ?

Once you have a buyer interested in your home, you should keep these two things in mind:

- **Don't Be Desperate.**
- **Don't Back Down.**

It's tough to keep your emotions in check when you're so personally involved. Now, some people get a bit greedy and perhaps too stubborn and won't negotiate at all. That often leads to getting nowhere very fast.

On the other hand, there are homeowners who get too nervous once they have a buyer with any interest. They don't want to lose the buyer. They want to get the buyer to make an offer.

And they come across as *desperate*. This won't do you any good. Just remain calm. Don't push. Don't show any signs that you're desperate. On the contrary, show signs that you "care less." Because, in negotiations, he or she who cares less wins.

Another thing...

*Don't back down* too much or too easily. There are many ways this could happen, but a good example would be to look back at the last section where we talked about buyers trying to pick your pocket for the entire real estate commission.

What good would it do if you agreed to *that*?! If you don't net more (much more) than you would have if you hired a real estate agent, then what's the point of selling on your own? So don't back down. Stand your ground.

**Pro tip:** A buyer who truly wants your house doesn't need to be "sold" or pushed. It's almost the opposite...they're more nervous about "losing" the house than you should be about scaring them away. Don't be scared or nervous. Stand your ground. You'll be surprised at how much more you can get out of a buyer just by knowing this.



# 19. Negotiating

Negotiating is as much an art as it is a science. Negotiation is about more than giving and taking. It's the skill of crafting an agreement to everyone's satisfaction. Some people are just naturally good at it. Many are not.

If you're good at it, and truly understand the ins and outs, you're in a better position.

But if you're not, you might want to spend some time reading a few books on the subject. It makes sense since the amount of money involved in this is likely as much money as you ever deal with in your life (for most people).

However, even if you consider yourself a great negotiator in your own field or profession, real estate can be an entirely different thing altogether.

Negotiating isn't just...

- Buyer makes an offer
- You counter their offer
- They come back a little bit higher
- You play "tough" and come down a little bit
- They play "tough" back at you and come back a bit higher
- Annnnd, eventually you meet in the middle... "split the difference" as they say.

Sure, it can and does work that way. But it isn't all about price! It's about so many other terms of the contract. It's about setting the tone of the deal. It's about keeping the buyer honest from the moment you sign an agreement all the way to the closing table.

And this all begins from moment one. That first phone call or email back and forth to set up that first showing. It is setting the tone and your posture from minute one.

You may have some luck with the following tips:

- Get your home in first class condition so the buyer cannot bring-up any significant objections. A home warranty goes a long way to overcome these objections.
- Learn (if possible) the buyer's motivations and pressures. Don't disclose your own motivations or pressures. "We'll be looking to purchase a bigger/smaller property after we sell our current property."
- Have your facts at hand about any recent, local sales to support your asking price. If you have had your house appraised, have the appraisal available. Use the appraisal and sell the features and benefits of your house.
- Practice your presentation and be ready to handle the typical "buyer's tactics" which are discussed below.
- In 80% of the cases, you will be better prepared than the buyer who won't have done his homework and who won't have a clue about your property. He will try to deal in weak generalities. You will have specifics.

# 19. Negotiating

## Buyers' Negotiating Tactics

Here are some of the buyers' tactics, for which you should prepare. These can drive you crazy when you are trying to offer a fair deal. Have a sense of humor about things, smile and speak slowly. The more common tactics, which normally occur after a home purchase agreement has been reached:

- The “*higher authority*” negotiator. This tactic uses a third party who will need to see the home or review the contract before the sale is completed. “My parents who are giving us the down payment.” “My attorney needs to review the contract.” These are last-ditch attempts to grind down the price. An effective way to counter this tactic is to ask (before setting a negotiations appointment), “Is there anyone else whom you would want to be here when we finalize all details?”
- *Nibblers* – the non-stop negotiators. Sometimes referred to as “nickel and diming”. Don't pull out your hair. The best way to avoid nibblers is to document all items and details thoroughly that you previously agreed upon. Make sure that everything to be included in the sale is clearly documented. “A deal is a deal.” If they want to change things, it creates a counter-offer, which you have no obligation to accept . . . they can lose their purchase. They should be informed that their counter-offer must be in writing and that you may or may not accept it. Often this will stop the nibbling. Other tactics you can use are SILENCE and The WINCE discussed below.
- *Good Guy / Bad Guy*. This is a similar situation to the “higher authority” tactic. In order for this tactic to work, the good/bad team must be in different places so that you don't have access to the bad guy who has all the objections. The resolution of this situation is to set an appointment, which is convenient for all parties to attend. If a joint consensus is necessary, don't negotiate unless everyone is present.
- *Wouldjatake*. This is normally a sudden statement blurted out by a buyer – often a “trial close” designed to catch you somewhat by surprise and get your confirmation on a deal favorable to the buyer. The best response to a “wouldjatake” is: “I'll look at any offer that you present me in writing.” This response diffuses the situation immediately and allows you time to consider things.
- *The Trial Balloon*. Trial balloons are questions designed to assess your position without giving any clues about your counterpart's position. Essentially, these questions allow them to gain information without making a commitment. When you're on the receiving end of a trial balloon question, you may feel compelled to answer it thoroughly. Resist and counter with another question. For example, if someone asks, “Would you consider financing the house yourself?” respond, “Well, if I did, what would your offer be?” The expected response should be a higher offer from the buyer.

## Smoothing Negotiations

Here are some thoughts to keep in mind, which may assist you in smoothing the negotiation process:

- Start with a fair price and you immediately remove a significant point of contention. Any lower counter-offer thereafter must be reasonable and fair.
- Respect the buyer's important issues. You may be able to strengthen your own positioning by knowing and respecting items of particular importance to the buyer.
- Be prepared to compromise. If you try to win every point, you could sour the deal. Both parties should walk away “relatively” satisfied with the final terms.
- Put minor issues aside. If you cannot agree on minor issues, put them aside and complete the main agreement. With the main agreement completed, you'll find minor issues are far easier to settle.

# 19. Negotiating

Here are some tactics for you to use.

## *Silence*

Used strategically, SILENCE is a powerful negotiating tactic for you to bring into play.

If you've stated your price and you're waiting for a response, just sit back and wait. Most people feel uncomfortable when conversation ceases. The buyer (and his agent) will be expecting you to start equivocating on your price just like many real estate agents who have no stake in the sale other than a commission check. Don't say a word! Almost without fail, your counterparts will start whittling away their position when you use this tactic. Buyers will have been primed to expect you to back off your price or qualify it. You'll see their discomfort in their body language when they perceive by your silence that you mean business.

Suppose the buyer also understands the importance of silence. After several long moments, simply, restate your price. Don't make suggestions or offer concessions. Just repeat your terms. This maneuver forces the other person to respond, and more often than not, they respond with a concession.

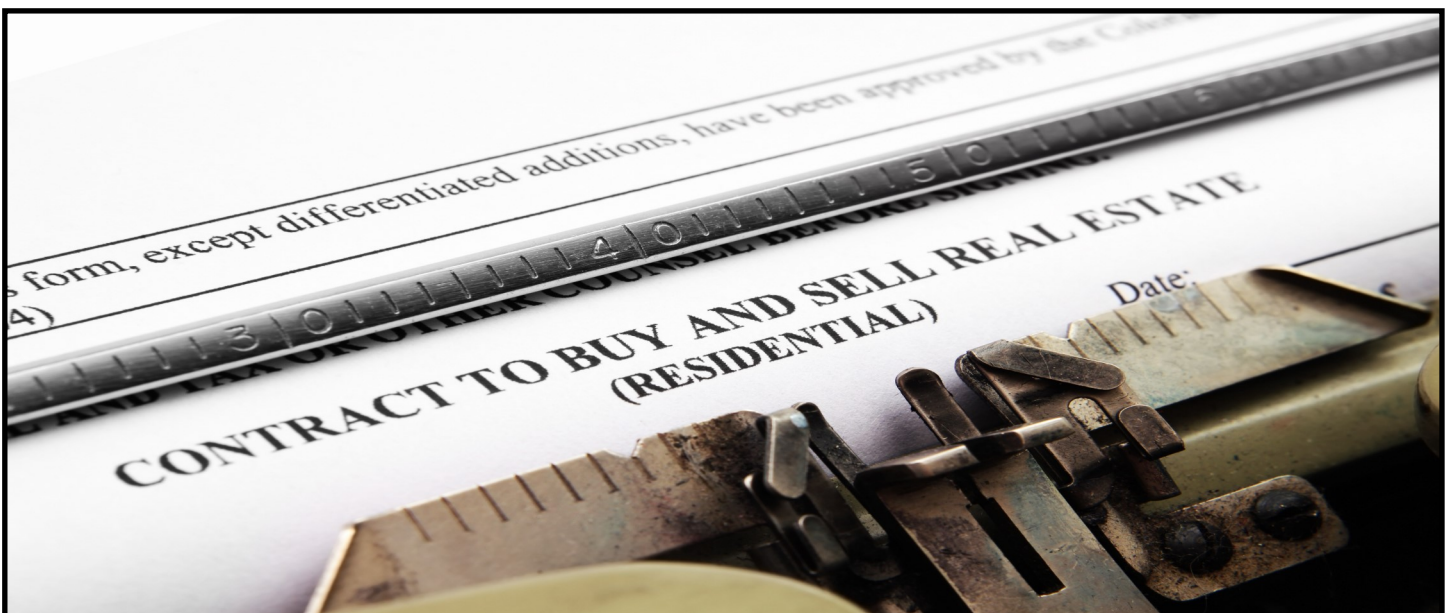
## *The Wince*

The WINCE is a way to convey via body language your negative reaction to something the buyer or his agent is suggesting without resorting to argument or other negative verbal responses. It alerts your counterparts to the fact that you know your limits and they may be approaching them.

If you are on the receiving end of the wince, you must counter with SILENCE. To do anything else will weaken your position.

Take time to practice both of these techniques so that you are comfortable using them and alert to the precise moments when you should use them. Indeed, you will be pleasantly surprised when you watch the results.

Everybody has a different personality and style. So there's no way to teach you exactly how to negotiate. But do give it enough time and consideration before you're actually negotiating; preparation and practice are important. If you don't have a lot of confidence in your ability to negotiate, you may just want to hire an agent. Because, as we mentioned, this is a large amount of money we're talking about.



# 20. Dealing With Buyer's Remorse

Once you've received and negotiated an offer with a buyer, you'd think the hard part is over. But it's just beginning, and the first hurdle you need to deal with is "buyer's remorse."

People tend to regret decisions and purchases. This is natural. But even more so with large purchases. Real estate is easily the largest purchase in most people's lives.

So, it isn't uncommon for a buyer to get cold feet not too long after the thrill of the chase is over. Once a buyer feels the security of having "won" and is in position to get what they've been going after, they start to wonder if they've made a mistake...

- "Did I pay too much?"
- "What if this isn't *the* house for me?"
- "What if a better house comes on the market?"

Those are just a few of the typical reasons people experience buyer's remorse. But sometimes buyers cite less logical reasons...

- "My psychic told me this wasn't the house for me."
- "I had a dream that I was going to win the lottery, so I'm going to wait and buy something better."
- "I feel like the house may be haunted."

Buyer's remorse comes into the picture pretty much right after the deal has been agreed upon. Usually within the first few days.

**The only thing you can do is try to *prevent* it.**

As with so many things in real estate sales, there is no one perfect way to do this. Every buyer is different. Every situation is different.

The universal solution is to (*subtly*) instill within the buyer that they are getting a good deal and that they are fortunate to have been chosen as the buyer, regardless of whether there was any other buyer interested in the house.

They need to feel that they could potentially lose the deal and the house if they don't mind their P's and Q's.

But, you need to do this without sounding too deliberate. And you don't lie or fabricate a false sense of other interest. It is more about creating the notion that someone else could have gotten the house...but they are the lucky one to be getting it. And, at such a good price.



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# 21. What's That In Your Ear?!

There's a very good chance that any buyers you end up dealing with are working with a real estate agent.

Let's say you avoided their agent getting involved:

Maybe they tried to have their agent involved, but you said no, and they moved forward without their agent's involvement in the deal. Or they may just have come to you directly and never even mentioned they were working with a real estate agent.

Almost every buyer in the market is working with an agent to some degree.

And once your buyer starts focusing on your house, or has made an offer, there's a good chance that the agent they've been dealing with is going to "get in their ear."

Their agent will start casting doubt as to whether your house is the best house for them. Or they'll start telling them about how hard it is to deal with the process without an agent involved. Maybe the agent will say that they are overpaying for your house, especially since there's no commission involved.

Unfortunately, there's not a whole lot you can do about this. You aren't in contact with the agent. You have no control over how they think, feel, or what they say to your buyer. After all, it's also *their* buyer. And agents are supposed to protect their client's interest.

So, if the agent feels they are making a mistake or is advising against purchasing your house for one reason or another, they may have good reason to do so...and not just because they are possibly going to lose a commission.

So, just be aware that this can occur. And know that your best defense is to know your buyer and all of their potential choices, as well as their agent, would. (Which shouldn't be an issue if you've been watching the market weekly.) You just need to be able to assure the buyer that your house is the best house for them and that they couldn't possibly get a better house, at a better price, for their wants and needs. If you can do that, anything their agent says should not affect them moving forward with your deal.



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## 22. How Earnest Is Your Buyer?

You probably know that buyers are supposed to “put some money down” on your house. This is “good faith” money, commonly known as “earnest money.” And it’s usually part of their down payment, but not the entire amount.

So, how much should you demand your buyer put down at the beginning of the deal?

The only answer is, “It depends.”

You might hear people say it should be 5% or 10% of the purchase price. You might hear others say a thousand dollars or maybe a few thousand dollars total.

But, the truth is, it depends upon the price of your home and your buyer’s situation.

The higher the sales price, the more likely your buyer will be to have a good amount of money to put down. On lower-priced homes, buyers often can’t put much money down.

But even on some higher priced homes, a buyer may not have a lot of money to put down and might be going after a low down payment mortgage.

What it boils down to is this...

Get a sense of your buyer’s situation, abilities, needs, and preferences. Be flexible (to a degree) about how much, or how little; they are putting into escrow during the deal. Ultimately, as long as you feel it is an amount that your particular buyer wouldn’t easily or willingly walk away from, you’re probably safe.

In case you aren’t aware, in most cases, this money isn’t just given to you for you to put in your bank account. (We’ll get into that a bit more in the next section.) Nor is it necessarily yours to keep if the deal falls through or they decide to walk away. It might become yours to keep...but not necessarily.

In many ways, this money is more of a gesture of good faith. It shows that your buyer is “earnest.” In some ways, it’s to protect you from your buyer not having any skin in the game and just taking off on you for no reason.



## 23. You Can't Do Everything Yourself...

While you can certainly try to sell your home without the assistance and skills of a real estate agent, there are certain parts of the process that will require other people and companies to get involved and cost you some money.

You can't handle much of the legal paperwork and finance end of things on your own (at least easily or for the most part).

So, most likely you'll need to hire either a title company to help with the process and close the deal or hire an attorney. Or you may need to hire both.

Handling the escrow, title searches, and mortgage paperwork isn't something most homeowners are qualified to do. There needs to be an objective third party for both sides to be protected.

It's a good idea to start searching and shopping for your title company, and/or attorney *before* you actually have a buyer and a contract. So, make sure you know your local choices and line them up before you have that deal in hand.



# 24. Dealing With Inspection Issues

The inspection usually takes place within ten business days of signing the contract. The buyer pays for the inspection. The buyers' agent or the inspector will contact you to arrange a time for the inspection that is convenient for you.

The inspector will flag structural and system problems that will or might soon need repair. Home inspectors usually do not check to make sure that the house complies with local building codes. If you have not gotten the appropriate permits and inspections for home improvement projects, it is your responsibility to get the projects approved by the local building inspector. This might involve paying fines and fees.

If you do not bring your house into code compliance, the buyer has the legal right to sue you for reimbursement for the fines and fees he had to pay to correct your illegal work. If you are in doubt, request an inspection from the local building code staff.

If the inspector finds substantive problems, the buyer will ask you to cover some or all of the cost of fixing them. It is reasonable to ask you to pay for essential structural and mechanical repairs that you would have to address even if you continued to live in the house.

Expect to negotiate on the cost of the repairs. The buyer will ask to have qualified contractors furnish estimates. The buyers might ask, but it is not customary for the sellers to pay for redecorating, new finishes, new carpet, to refinish floors, put in new landscaping or to address other features that are strictly for their preference.

If you can't agree with the buyer about fixing substantive flaws, the buyer has the right to cancel the contract.

During the course of negotiations on price, you'll feel like you bent more than you should have on your price. You'll feel like your buyer got a good deal and that they shouldn't squawk about any nit-picky home inspection issues...

You're going to want your buyer to accept your home "as-is."

While that would be ideal, it is unrealistic.

Any savvy buyer will have a home inspection done. Inevitably, the home inspector will find some things that are wrong with your house.

Now, your buyer shouldn't be going after "nit-picky" items, but that can be a subjective term. What you see as nit-picky, your buyer may see as a much bigger problem.

## **Expect to concede to at least some items.**

There are a couple of ways to address any home inspection issues your buyer requests to be addressed:

- You can say no; you won't address the issue. And if they agree, then the issue is resolved.
- You can agree to get a second opinion. That may just lead to more debate and negotiation though. Unless the second party gives valid proof that there is not truly an issue.
- You can agree to hire a professional to fix, service, or replace whatever the issue is.
- You can agree upon a fair credit to the buyer and let them fix it themselves once they close on the house.

No matter what you agree to with your buyer, make sure to put it in writing, and in detail. Do not be vague. If it's not in writing, it doesn't exist. And this leads to problems down the road.

# 25. Dealing With The Appraisal

No matter if you got more than you hoped for your house, or less, you're not out of the woods yet regarding the value of your house.

"Market value" in real estate is essentially what a ready, willing, and able buyer is willing to pay, and a homeowner is willing to accept. Pretty straightforward.

If you and your buyer come to terms on the price, and your buyer can afford to pay it, that should be enough, right?

Not exactly. Most buyers you will deal with will be getting a mortgage. So, an appraisal will be necessary. (Even a cash buyer may require an appraisal in terms of a deal.)

An appraiser is a third-party who will come in and look at your home, write a report, and give an opinion of value on your house. That may very well be the amount you and your buyer agreed upon or even a little bit more. But, it could also "come in low."

Ask any real estate agent how they feel about appraisals and appraisers, and you'll probably see some tears form in their eyes, and maybe a nervous tic.

Appraisers often come in with a lower appraisal than the house is worth. And it's hard to argue with them and persuade them to change their stance.

If your appraisal comes in low, you can:

- Contest it and provide the appraiser with better comparable sales (i.e., "comps"). But it isn't easy or a guarantee that the appraiser will amend it.
- Lower your sales price to match the appraised amount.
- Get the buyer to agree to make up the difference by putting more money down on the deal. (Which is often difficult or impossible for many buyers to do.)
- Part ways and hope that the appraisal on any future deal you strike doesn't come in low as well.

An unraveling deal is upsetting to everyone involved. Though it is a bitter pill, you might have to accept that your property is not worth what you thought it was. The only opinion that ultimately counts is that of the appraiser.

**Pro tip:** Meet the appraiser at the house with the listing sheet and your list of improvements and major maintenance items. Also have copies of recently sold comparable properties and any other factors that you believe support the contract price. Accompany the appraiser as he walks your home and answer any questions honestly. Be careful not to be too pushy or seem like you're asking them to appraise it for what you want it to appraise for. That doesn't go over well and could actually have an opposite effect. Expect the process to take between an hour or two.

## 26. Stay On Top Of The Mortgage Process

Earlier I wrote about the need to make sure that your buyer is pre-approved. The pre-approval is a good indication that your buyer should be fine and will get their mortgage.

But that doesn't mean they will get their mortgage approved or that it will be smooth and easy. In fact, expect it not to be smooth or easy.

**The mortgage process is easily one of the most aggravating parts of the process.** And the lenders almost always take longer to get things done than they should be based on contract dates and timelines. However, you and your buyer are pretty much at their mercy.

When real estate agents are involved in the sale of a home, both the buyer's agent and the seller's agent make it their business to keep this process going forward. If there are issues, they help to resolve them as quickly as possible.

Don't ignore the mortgage process. Be on top of it. **Ask your buyer for weekly, if not daily, the status of the mortgage process.** If possible, get permission to contact their lender for updates and questions.

It's impossible to teach you everything to look out for, let alone how to resolve many of the issues that could arise. So, the best advice to give you is to stay on top of the process and keep the pressure on at all times. Otherwise, you could get to a couple of days before you're supposed to close, only to find out that the buyer's mortgage is nowhere near being approved...or worse, it is being declined.

**Pro tip:** Many of the issues in the mortgage process stem from buyers not getting all of the required documentation and paperwork done in a timely manner. Make sure they jump on all of this immediately once you have an executed contract. Buyers tend to underestimate how much effort it will take, and how long it will take, and put things off for days and weeks. At first, gently suggest they be diligent. If a week goes by and they haven't made significant progress on their mortgage, start getting firm with them.



# 27. Countdown To Closing Day

A few days before the closing, you stage a final walk-through for the buyer. If the date wasn't stipulated in the contract, schedule one right before closing, ideally after you have moved out. This is the buyer's opportunity to see that the house is in the agreed-upon condition and that any negotiated repairs have been made. Final walk-throughs can bring surprises; missing or damaged sheetrock that was covered by a piece of furniture or problems with flooring that were covered by carpeting are only a few. Often these are things the sellers completely forgot about, so don't be clueless. The house should be clean and any trash removed.

After the walkthrough, have the buyers sign a statement that everything in the home is as it should be and that all work has been completed to their satisfaction.

## At the Closing Table

You may or may not meet with the buyers on the day of closing. The closing itself can take place at the office of your attorney. Be sure all owners of the property bring a driver's license or some photo identification to the closing. Also, don't forget the keys to the home and the garage door opener.

Make sure to keep any warranty information and instruction books for the new owners. Check with your attorney to see what other required documents you will need. If you are in a condo or homeowners' association, check with your attorney to see if you need to bring a copy with you.

The actual closing day refers to the date when all closing documents are recorded instead of the day when the buyer and seller meet to sign all of the necessary documents. Once the recording of the documents has been confirmed, funds and final closing statements will be disbursed.

Lenders are picky so don't be disturbed if they want some last-minute document the day of closing. The delay is usually not long, and in general, your attorney can usually work out a solution.

Pay attention to the property included in the contract. If you agreed to include the curtains, don't take them. The same goes for light fixtures, built-in appliances, and cabinet hardware. Unless they were specifically excluded in the contract, anything affixed to the house stays. If you plan on keeping a light fixture, cabinet pulls or any other fixture, replace them before you put the house on the market.



# 28. How I Can Help

Without a signed agreement, I can only do so much to assist you - like give you my book.

Hopefully, this has given you a lot of the information you need.

I have also made a website to help you advertise your home. The website creates a report about your home and the neighborhood for buyers to examine. Don't worry, it's totally free to you and your buyers.

I just want to help more people meet their real estate goals!

If I forgot to add a letter with your real estate site URL, just contact me for your home's webpage, address.



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## 29. If You're Not Having Any Luck...

Hopefully, all of this information will help you to succeed!

Keep in mind that, statistically speaking, the majority of people who try and sell on their own don't succeed and end up hiring a real estate agent. So, if you *do* succeed, take a lot of pride in having done so.

But if you aren't able to sell on your own, don't feel like you failed. It's a lot harder than it seems.

If you decide to list your home with a real estate agent, please consider hiring me. I hope that what I've provided you here has shown you that I truly know the business and that I have your best interest in mind.

And always feel free to reach out to me with any questions as you move along trying to sell your house on your own. I'll be glad to help to the degree that I am allowed without actually being hired by you.



# 30. A Quick 90 Things You Can't Afford to Neglect

## REPAIR EVERYTHING!

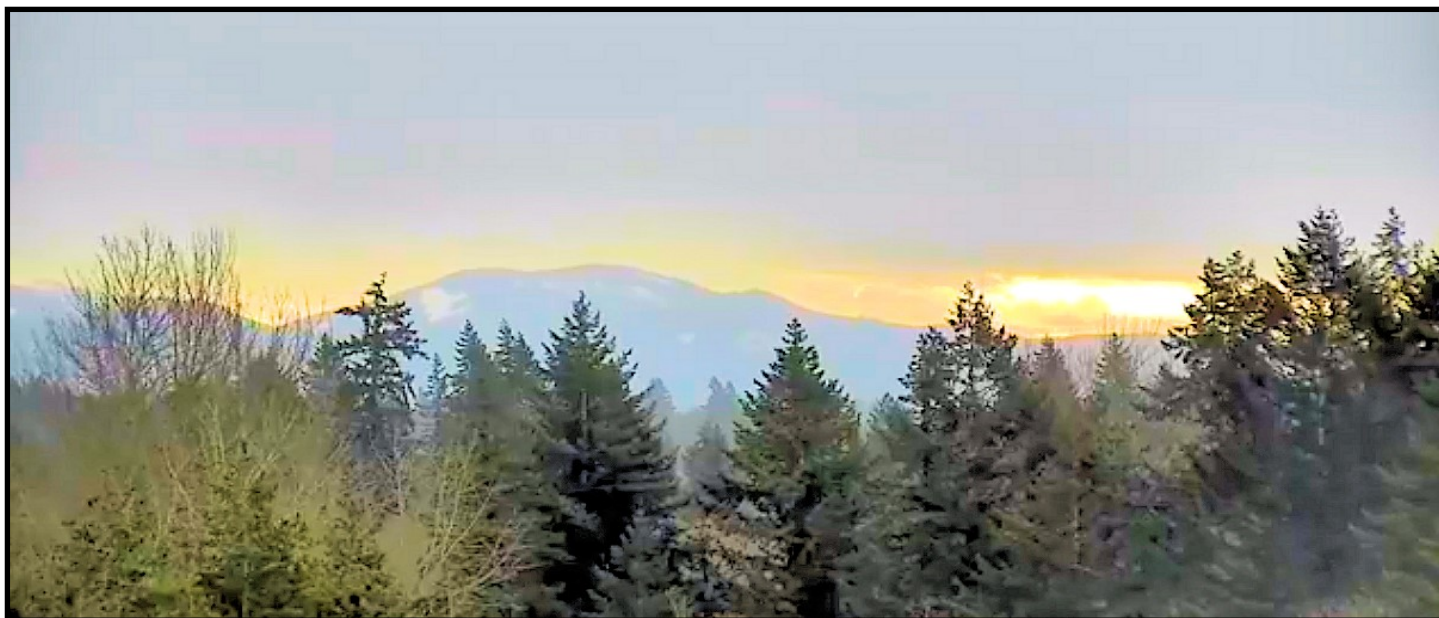
1. Always repair everything that needs to be repaired. When prospective buyers see something that needs to be taken care of, they often become skeptical of the entire house. Don't give them a chance to doubt a thing. Even if it is small, the small things add up to create the perception of neglect. Nothing is more of a deterrent to potential buyers.
2. If a repair is too large for you to handle right away, and you need to be out of your house by a specific date, remember to be as transparent with your prospective buyers as possible. Set aside some money for your buyers so they can pay for the repairs themselves. If there is any little bit of relevant information about the repair, tell them. There's no sense in telling white lies here. You will be found out, and it will have a negative effect.
3. Go through your house and check for peeling paint and wallpaper.

## DO NOT SETTLE FOR ANYTHING LESS THAN SPARKLING!

4. This is obvious. You would never purchase a dirty car or a dirty new jacket. Get everything as clean as possible and try to make your house look brand new. Anything that isn't in pristine condition will be a huge deterrent to potential buyers.
5. Make all of your woodwork and cabinetry shine. This is the most important in the kitchen, which is a huge selling point for most buyers.
6. Get all of your carpets and rugs professionally steam cleaned. If pets have damaged your carpet, you may need to replace it.
7. Go through all of your light fixtures and clean them. Nobody wants to see the dead bugs that have accumulated there throughout the years.
8. Thoroughly clean all of your windows. It isn't enough to clean them on the inside. Get out the ladder and clean them on the outside as well.

## APPEAL TO AS MANY BUYERS AS POSSIBLE

9. What you like doesn't matter. The only important thing is what your buyers will like. That's why you will want to select neutral tones for your carpeting and paint. Sure, there might be someone out there who appreciates your tastes, but you don't want to take the chance of having your home sit on the market and enter the death spiral. Appeal to as many buyers as you can, and that won't happen.
10. Think about this too. How many of the people moving into your home will be able to use their own furniture without having to make too many modifications to the walls and carpeting? These are the kinds of things people think about when they are buying. Extra unnecessary labor will deter many people from wanting your home.



# 30. A Quick 90 Things You Can't Afford to Neglect

## CREATE MORE SPACE

11. Even though we all eventually clutter up our homes with our possessions. Part of the dream of owning a new home is getting more space. In fact, it's often one-way people rationalize an emotional decision. When you create the illusion of having more space, you're allowing their rationalizing mind to do its work.

12. Rent a storage locker for the entire time you show your house. Any unnecessary items like collectibles and other things like large furniture should go in here. Only keep items that add a little bit of personality to your home.

13. Move your furniture around to create more space. In some cases, you may have to remove furniture from a room in order to open it up a little more.

14. Place your off-season clothing in storage and clear out your closets as much as possible. People like to feel like they're going to have a lot of space in the closets for their clothing. Never leave anything on the floor.

15. The more light you have in your home, the more spacious it will seem. People can't see past dark areas, so open up your drapes and place lighting in where there is none. As a rule of thumb, nothing in your house should ever be dark.

## MAKE YOUR BUYERS FEEL COMFORTABLE AND AT HOME

16. Smells are very important to your buyer. Your house should smell clean and inviting. Your first step is to remove every offensive odor. Go through each room and take a mental inventory of what you smell.

17. It's okay to try and cover up some smells, but most of them won't go away with a few simple products. You have to remove the source.

18. Pet urine is especially heinous, and there is only way to remove it. You have to go in and replace the carpet where the accident happened. Although it might seem like an expensive task, it is worth every penny.

19. Think about steam cleaning your carpet and dry cleaning your drapes to remove other offensive odors that have built up over the years.

20. Unwashed clothing can easily create a distracting mildew smell. Launder your clothing regularly, and never allow it to accumulate in hampers on in your closets.

21. Set the stage with positive smells that people associate with good times. Think about baking chocolate chip cookies in the oven or adding fresh flowers. Smells tell your buyers what they can do with their home. Give them their dream.



# 30. A Quick 90 Things You Can't Afford to Neglect

## OPEN THEIR MINDS TO THE POSSIBILITIES

22. Your buyers want to see what they can do with your home. Accessories, lighting, and color can make all the difference. No detail is too small to consider. When setting the stage in a room, do your homework. Attend a few professionally run open houses and jot down some ideas.

23. Open books on coffee tables, fresh logs for the fire, and baskets of fruit in the kitchen all set the stage for a homey environment. Use them where appropriate.

24. Do everything you can to allow more light into your rooms. If you have heavy curtains, consider replacing them with something more transparent like white veneer blinds. Clean all of your windows, and add lamps or other lighting to dark corners of your house. Double check all light fixtures, and make sure they are clean.

25. Give your buyers an idea of what it will be like to live in your house through all four seasons. Find pictures in your photo album from every season and place them where they will be clearly visible to buyers. This will allow them to open their minds and think of even more possibilities.

26. If there's something you can't change, don't say anything about it. Your buyer will take note of it anyway. Be honest and allow the buyer to make the decision on her own.

## CREATING FIRST IMPRESSIONS

27. The outside of your home is your buyer's first impression. If it isn't immaculate and attractive, it will give the buyer negative expectations for the rest of the house. The exterior is the most important part of feature of your home, and you need to do a spectacular job presenting it.

28. You can start with the front door. Is it clean? Has it been painted recently? Are there any seasonal decorations present that will invite people into your home? As a rule of thumb, make sure all doors open smoothly. Your prospective buyers will notice little annoying things like that. Get them fixed.

29. Always set the stage with colorful flowers and plants. Don't settle for a stale entryway or porch.

30. Sometimes a seasonal wreath, pumpkin, or flower pot can spruce up your entryway. Try to use plants with strong and earthy aromas like pine.

31. Go ahead and buy a doormat that says, "Welcome Home." It's a subtle psychological suggestion that tells your buyers they need not look any further.



## 30. A Quick 90 Things You Can't Afford to Neglect

32. Window and screens should be completely in tact and hole free. Don't let your buyer think of things that need to be replaced. The imaginary expenses add up too quickly.
33. Check your locks to make sure they open smoothly and work properly. You want to remove any potential annoyances. Getting stuck on a lock is hardly any fun, and your buyers will remember it.
34. Have a look over your roof, and clear out your gutter. Spot loose shingles and get them replaced. You might not think people see it, but they do.
35. I'll say it again. Wash the outside of every window and replace any broken ones. Shattered glass is a huge turn off.

### GIVE YOUR BUYER A LUSH GREEN YARD

36. Your yard should be as neat and well kept as possible. Rake, mow, and edge. Don't leave any detritus lying around.
37. Keep your shrubs under control. Shape them in a pleasing way that accentuates your home.
38. Add some seasonal flowers to your front walkway. Use some old iron buckets or a child's wagon, and fill them with impatiens, nasturtiums, or alyssum. Most of these varieties are easy to maintain and require no more than a few waterings.
39. Don't forget to set the scene. Take a section of your backyard and use it to set up some tables and a grill. It's okay to set the table with glasses and plates, even though you won't be there. The more realistic it is, the more people will be swept away by what they can do. If you have any big items, like a trampoline, that might take away from the feeling of spaciousness, put them in storage.

### A PERFECTLY CLEAR DRIVEWAY

40. Okay, maybe I lied a little. Your entryway isn't the most important part of your home. Your driveway is. Your buyers will see your driveway before they see anything else. Don't skimp on this one. It has to be perfect. Fill cracks and sweep away any debris. Wash away stains and make it immaculate.
41. I see this amateur mistake all the time, so I should mention it. Get rid of all children's toys in your driveway. They're big, ugly, and dangerous. Enough said.



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# 30. A Quick 90 Things You Can't Afford to Neglect

## THE FRONT ENTRYWAY

42. As people enter your home for the first time, they will take note of all the little things. Pay extra attention to the flooring and walls in this room. Consider adding centerpiece plants and dried flowers to your otherwise dull entryway tables.
43. If you have a closet in your entryway, make sure it is extra roomy. Remove any out of season clothing and put it in storage. Give it a nice smell with some potpourri. Don't color your buyers' first impression with smoky old jackets.
44. Consider adding a rug to your entryway. Because people are extra discerning about the flooring in this room, it will be a wise investment.
45. It doesn't matter if your entryway is big or small, it could always stand to look a little bigger. Try to strategically place a mirror to create the illusion of extra space.

## LIVING ROOMS

46. There is one sure fire way to know how you should present your living room. Head over to the furniture store and copy what they do in their showrooms. Add the same kinds of personal touches they do.
47. Decorate your mantle with something colorful and attractive. Try to avoid tacky items.
48. Get rid of extra furniture and create more space. If a piece of furniture impedes your motion through a room or makes it feel cramped, you need to put it in storage.
49. Take advantage of high ceilings. Draw attention to them with fancy light fixtures.
50. Clear out your fireplace. Keep it neat and well swept. If you are selling your home in the winter or fall months, go ahead and start a fire. The aroma is irresistible.

## THE DINING ROOM

51. Remove unnecessary furniture to create extra space. If you use extra chairs for your guests, put them in storage. If your table has extra leaves, remove a few of them. It's better to have a smaller table than one that crowds the space. It makes the rest of the room look bigger.
52. Get out your finest flatware, plates, and glasses. Use fresh flowers as an attractive centerpiece. Know when too much is too much. A lot of people mistakenly put too much effort into their dining room while neglecting the rest of the house.

## THE KITCHEN

53. Your kitchen is another high-priority room. Many families spend a lot of time in the kitchen. It is a room associated with holiday traditions and get togethers. Everything in your kitchen should work perfectly. Buyers are going to pay a lot more attention to this room than anything else.
54. One of the biggest selling points of any kitchen is its space. If your prospective buyers see a lot of unnecessary kitchen tools, they might get the idea that your kitchen isn't spacious enough. Do a sweep and put everything you don't use all the time into storage.
55. Everything should be immaculate and shiny. This is especially important for appliances.
56. Polish your wooden cabinets.
57. Clear any clutter from the top of your refrigerator. Try not to use this as a storage space.
58. Don't go overboard on your kitchen table setting. Keep it casual with a bowl of strawberries or apples as a centerpiece.
59. Speaking of food, throw a loaf of bread into the oven or bake an apple pie. Use powerful smells to remind your buyers of the holidays and happy times.
60. If it's too hot outside for the aromas of fall and winter, consider placing fresh citrus fruits on your countertop.
61. Get rid of any small appliances that could make your kitchen appear less spacious. Little things matter. Clear away your dishwashing liquid and other utensils before every showing. Remove clutter from your cabinets and other storage spaces.
62. Emphasize your windows. Many people are attracted to kitchens with large windows. If you need to replace your blinds or curtains, do so now. People will scrutinize them heavily.

# 30. A Quick 90 Things You Can't Afford to Neglect

63. Tell your buyers what they can do with your extra countertop space. Place some stools in front of the counter top with a few extra place settings.

64. A little bit of staging can go a long way. Open up a cookbook or keep a bowl with a wire whisk on the countertop. Place some fresh chocolate chip cookies on a baking sheet.

## THE LAUNDRY ROOM

65. Although a lot of people try to hide their laundry room, it is actually an asset that should be flaunted. If your laundry room is in a dark part of your house, spruce it with some new wallpaper or a fresh coat of paint.

66. A lot of laundry rooms have bare cement floors. Cover it up with a nice decorative rug.

67. Keep all of your storage areas organized.

68. Make sure your washer and dryer are absolutely spotless and sparkling clean.

69. Make your buyer feels like there's a lot of space in your laundry room. Clear away any unnecessary items and dirty clothes.

## STAIRWAYS

70. Stairways are one of the more dangerous places in a home. Make sure yours are as safe as possible. Remove any of your children's toys and provide extra lighting if necessary. Double check your stairway railings to be extra certain they are tight and secure.

71. Accessorize your stairways with pictures and ornate lighting fixtures. Repaint your walls and consider adding new wallpaper.

## Bedrooms:

72. Increase the space in your master bedroom by removing extra unnecessary furniture and items. Change the sheets on your bed to the nicest ones you can find. If your walls are a dark color, consider painting them a lighter color. Try to create a relaxing atmosphere.

73. Make sure your private bathroom matches the color scheme and decor of your bedroom. Doing so extends the reach of the bedroom and makes buyers consider as one cohesive unit.

74. Get your kids involved. You don't have to explain everything about marketing your home. Just tell them it's important to make your home appeal to as many buyers as possible. Get them to help clean up before every showing, and offer rewards for excellent cooperation.

75. Get your kids to go through all of their things and throw away old toys they don't use.

76. Every closet should be properly lit. If your closet doesn't already have its own lighting, find some battery operated lights. Dark closets feel cramped. Bright closets feel spacious.

77. Open up your closets by getting rid of extra clothing. If you don't need your winter layers right now, put them in storage. Organize your shelves and don't leave anything on the floor. Give your buyers the feeling of spaciousness.

78. If you have any bad laundry odors in your closet, get rid of them. Wash your clothes and use a cedar air freshener if necessary.

79. Put every questionable wall hanging or poster into storage until your house is sold. Anything too strange will distract your buyers.

## BATHROOMS

80. Buyers are going to take extra steps while inspecting your bathrooms. They all need to be perfectly spotless and clean. Put extra time into this one. It will pay off.

81. Replace all of your worn out shower curtains. Repair bathtub and shower caulking. Repair leaky faucets and clear away any calcium, lime, or rust deposits wherever you see them.

82. Put away your personal products after every use. They clutter up the bathroom and make it appear less spacious.

83. Organize all of your cabinets and storage areas. Remove old products that you don't use anymore.

84. Use a fresh fragrance. Just a spritz is all you will need.

## 30. A Quick 90 Things You Can't Afford to Neglect

85. Keep your floors clean and shiny. Wax them and cover as much as you can with a rug.
86. Add a few aromatic and decorative items. Consider adding some flowers and scented soap. Pretend for a moment that some very important people will be staying in your home and using the bathroom.
87. If you have a dominant bathroom color, consider toning it down a bit. You want to have mass market appeal. On the other hand, if your bathroom is too white or neutral, add a few colored towels to spice it up a bit.

### THE GARAGE

88. Increase the space in your garage by organizing everything. Remove unnecessary tools or toys and put them into storage.
89. Remove all cars from the garage before each showing. A garage without cars always looks bigger.
90. Garages tend to be one of the most poorly lit areas of any home. Add more lighting so it appears more spacious.





# 31. What Does a Realtor® Do for a Home Buyer?

What does a Realtor® do? These professionals are members of the National Association of Realtors®, and they can help you buy or sell a home.

For most Americans, a home is the most expensive purchase they'll make in their lifetime. It's a serious transaction with significant financial and emotional ramifications for the parties involved, and having proper representation is critical. So, what's [a Realtor®](#) going to do for you ... and is it really necessary to hire one?

## What does a Realtor® do?

In 2012, a full 89 percent of buyers used a real estate agent, and so did 88 percent of sellers. Realtor® representation during a real estate transaction is important for both buyers and sellers. Here are six of the chief reasons:

### They take on fiduciary responsibility

When you work with a Realtor®, their fiduciary responsibility is to *you*. That means you have an expert who is looking out for your best financial interests, an expert who's contractually bound to do everything in their power to protect you. That's *big*—the value of that commitment cannot be overstated. "For more than 100 years, Realtors® have subscribed to the NAR's strict [Code of Ethics](#) as a condition of membership," says National Association of Realtors® President Gary Thomas. "Realtors® have the expertise and experience to help sellers protect their investment and help buyers build theirs."

### They keep up with changing real estate regulations.

Buying or selling a home is not like purchasing a plane ticket. Every home is different, and laws change every year and vary from state to state. Generally speaking, people purchase a new home every 7-10 years, and a lot can—and usually does—change between transactions. Realtors® are immersed in real estate, and they *must* stay current with all the updates in regulations, laws, contracts and practices. Once you retain your Realtor®, they put that knowledge to work for you.

### A Realtor® helps you find the right home, beyond square footage and baths.

Browsing online is a terrific way to start a home search—in fact, almost 90 percent of people start their home search online. But when it's time to buy, knowing all the pros and cons of a property can help you make the *right* decision. Realtors® live and breathe real estate, and they can share information about a home that you wouldn't otherwise know. For example, they can tell you about the perils of polybutylene piping (a plumbing material that's prone to bursting), or the concerns with FRT plywood (a [roofing material](#) that can spontaneously combust in higher temperatures, like those in attics). Your Realtor® can go beyond the aesthetics and tell you important details about homes you're considering.

### Contracts and negotiations

Finding the right home is the fun part. Then the real work begins. Today's [contracts](#) can be 50 pages long, not counting addendums and riders. Realtors® can help you navigate these complex documents and craft an attractive offer that makes sense for you. Plus, when it comes to negotiation, your Realtor® is *your* advocate and can bring an objective voice to a very subjective situation.

### Realtors® follow a code of ethics

When you work with a Realtor®, you're partnering with a professional who operates according to a strict code of ethics. In place for over 100 years, the Realtor® [Code of Ethics](#) ensures that consumers who work with a Realtor® are treated professionally and ethically in all transaction-related matters.



## 32. Not Your Typical REALTOR® Bio

You loathe typical real estate agent bios. Don't worry, I do too. They're like cardboard -- stiff, bland, and identical to every other bio out there. If you're hungry for one, there is a "typical" bio on the next page (I doubt you'll read it, I don't think I have since I wrote it.) Instead of boasting ad nauseum about awards and accomplishments you're not interested in, I'm taking the novel approach of actually giving you what you want -- real answers to questions you're probably wondering right now.

### **Will you return my calls and emails?**

Yes. Without question. I realize this is one of the major frustrations the general public has with dealing with agents. I get dozens of calls and emails daily, and I work hard to reply as quickly as possible. I even answer Facebook messages quickly.

### **I've met many Realtors who are jerks. Are you?**

Depends on who you ask. If you ask certain agents who have stood between my clients and their real estate goals, they'll probably say "yes". A handful of people think I leave golden footprints in the sand. Those are the two extremes, and most people's opinion falls somewhere in the middle.

Here's what I can tell you: I'm honest and candid. I take pride in being approachable and friendly. And if you need a quick real estate brain, or a strong dose of honesty, you're in the right place. Loyalty to family, clients, and friends is one of my core values. Want to really find out if I'm a jerk? Mess with one of those people.

### **Do You Have experience doing exactly what I need?**

Until you tell me what you need, there is no way of knowing.

These are "strong suits" of mine:

- All that nasty paperwork.
- Relocations, both local and distant
- First time homebuyers.
- Listings

If your goal or situation isn't represented on that list, don't worry. Contact me anyway. If I can't help, I can get you referred to another agent who can.

### **What kind of work are you really good at?**

On a personal level, I'm pretty good at cooking (I make a mean lasagna!), and I'm not too shabby at gardening (I can make orchids rebloom). On a professional level, here are the skill-sets that I've developed over the years:

- Listening. Unfortunately, it's a lost art these days.
- Marketing
- Negotiations



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## 32. Not Your Typical REALTOR®

Christy has heard every “The Waltons” joke ever written and knows all about “Goodnight, John Boy” and “Goodnight, Christy”!

She’s also moved a lot, living in 18 different houses so she knows all about looking for the perfect home. Though Christy has lived in Oregon since 2005, she’s lived in the San Francisco area; Los Angeles; and Atlanta, Georgia. Christy has also lived in Milan, Italy; and Manila, The Philippines.

Before starting in her career in the real estate world in 2002, Christy worked managing a fabric and craft store and spent close to 15 years in theater – most of that as a stage manager. She also is an artist, making carnival masks, jewelry, and art glass for wearing and wall. You can see those at GoddessMasks.com.

Christy is a casual, knowledgeable, professional, non-intimidating real estate broker (in fact, she’ll probably be wearing jeans). Her job is to find out what you want and need in a home and neighborhood and then work hard to make you happy! She specializes in that annoying, scary paperwork and is always here to explain it so you understand it, too.

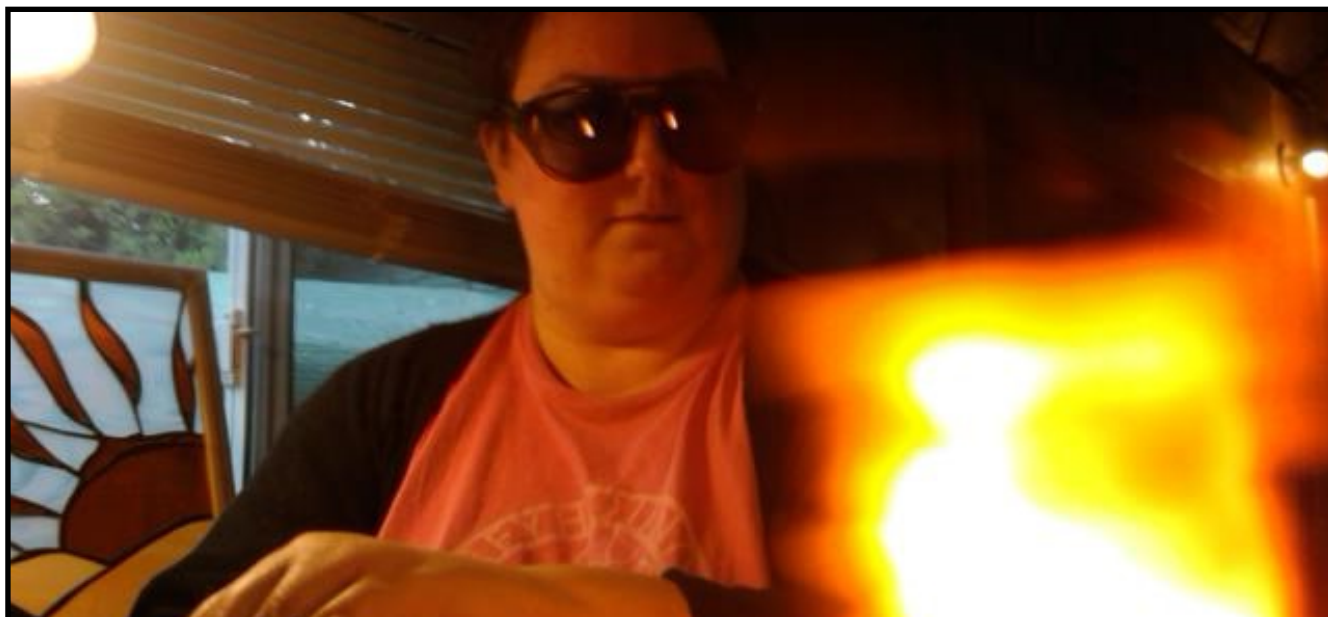
Real estate transactions often bring stress and hassle and can be among the biggest financial decisions that people make. Christy’s goal is to provide a relaxed, pleasant, positive, and stress-free experience for her clients. Christy works tirelessly with her clients to find the best ways to fulfill their real estate goals! She works with a skilled, experienced team consisting of fellow agents, mortgage brokers, title and escrow officers and home inspectors to ensure her clients’ real estate needs are filled.

Christy understands that buying or selling a home is more than just a transaction: it’s a life-changing experience. That’s why her team of highly-seasoned real estate professionals is dedicated to providing exceptional, personalized service for all of her clients. She takes great pride in the relationships she builds and always works relentlessly on the client’s behalf to help them achieve their real estate goals.

Her team of experts represents the best and brightest in the industry, and she’s always striving to lead the field in research, innovation, and consumer education. Today’s buyers and sellers need a trusted resource that can guide them through the complex world of real estate. With Christy’s extensive knowledge and commitment to providing only the best and most timely information to her clients, she is your go-to source for real estate industry insight and advice.

When she’s not out with buyers or sellers or making masks, Christy reads voraciously, volunteers with the local greyhound adoption group, and enjoys spending time with her small zoo, husband, Clark, and playing with her two children, Chiara and the beastie, Cooper.

Let Christy find the perfect home for your, “Goodnight.”



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# 33. Real Estate Glossary

**80-10-10:** A type of blended mortgage loan which avoids private mortgage insurance (PMI). It consists of an 80% - 30 year first lien at market rates, a 10% - 15 year second lien at a slightly higher interest rate, and a 10% down payment. Instead of having to come up with a 20% down payment, a buyer is able to avoid PMI with only 10% down. While the interest rate on the second note is a bit higher, the total monthly payment is usually lower than a 90% mortgage with PMI. In addition, the extra interest paid for the second lien is tax deductible, whereas PMI is not. It is also possible to payoff just the second lien, thereby lowering the future monthly payments. Some lenders also offer 75-15-10 and 80-15-5 programs. This type of mortgage also gives the consumer the option of having a non-escrowing loan without a 20% down payment.

**Abandonment:** Failure to occupy and use property; may result in loss of rights.

**Abatement of Nuisance:** The act of ending or terminating a nuisance; a type of legal action brought to end a nuisance.

**Absentee Owner:** A property holder who does not reside on the property and who usually relies on a property manager to supervise the investment.

**Abstract of Title:** A summary of the instruments affecting title to a parcel of real property as shown by the public records.

**Abstraction:** A method of valuing land. The indicated value of the improvement is deducted from the sale price.

**Abstraction Method:** Method of appraising vacant land; allocation of the appraised total value or sale price of the property between land and building either on a ratio basis or by subtracting a figure representing building value or price from the total appraised value or price of the property. Also called Allocation Method.

**Abutting;** The joining, reaching, or touching of adjoining land. Abutting pieces of land have a common boundary.

**Accelerate:** To make a note all due and payable at one time.

**Acre:** A measure of land equal to 43,560 square feet.

**Ad Valorem Designates:** an assessment of taxes against property. Literally, according to value.

**Additional principal payment:** A payment by a borrower of more than the scheduled principal amount due in order to reduce the remaining balance on the loan.

**Adjustable Rate Mortgage (ARM):** A mortgage loan whose interest rate fluctuates according to the movements of an assigned index or a designated market indicator--such as the weekly average of one-year U.S. Treasury Bills--over the life of the loan. To avoid constant and drastic fluctuations, ARMs typically limit how often and by how much the interest rate can vary.

**Adjusted Basis:** The original cost of a property plus the value of any capital expenditures for improvements to the property minus any depreciation taken.

**Adjustment Date:** The date on which the interest rate changes for an adjustable-rate mortgage (ARM).

**Adjustment Period:** The period that elapses between the adjustment dates for an adjustable-rate mortgage (ARM).

**Adjustments:** Money that the buyer and sellers credit each other at the time of closing. Often includes taxes and down payment.

**Adverse Possession:** The right of an occupant of land to acquire title against the real owner, where possession has been actual, continuous, hostile, visible, and distinct for the statutory period. The requirements for adversely possessing property vary between states, but usually include continuous and open use for a period of five or more years and paying taxes on the property in question.

**Affidavit:** Written statement signed and sworn to before some person authorized to take an oath.

**Agency:** The legal relationship between a principal and an agent. In real estate transactions, usually the seller is the principal, and the broker is the agent; however, a buyer represented by a broker (i.e., buyer as principal) is a growing trend. In an agency relationship, the principal delegates to the agent the right to act on his or her behalf in business transactions and to exercise some discretion while so acting. The agent has a fiduciary relationship with the principal and owes to that principle the duties of accounting, care, loyalty, and obedience.

# 33. Real Estate Glossary

**Amenities:** Non monetary benefits and satisfactions derived from property ownership, such as a pleasant view, pride in home ownership, etc.

**Amendment:** A modification to an existing contract, mutually agreed to by all parties. Examples might include a change in the purchase price due to a low appraisal, or a change in the closing date. Usually by addendum.

**Amortization:** The operation of paying off indebtedness, such as a mortgage, by installments. The conventional amortization periods are 15 or 30 years.

**Annual Percentage Rate (APR):** The cost of a loan or other financing as an annual rate. The APR includes the interest rate, points, broker fees and certain other credit charges a borrower is required to pay

**Appraisal:** A written opinion of market value based upon a factual analysis of relevant local market information.

**Appreciation:** An increase in the market value of a home due to changing market conditions and/or home improvements.

**Appurtenance:** Anything so annexed to land or used with it that it will pass with the conveyance of the land.

**ARM:** Adjustable Rate Mortgage.

**Assessment:** The imposition of a tax, charge or levy, usually according to established rates.

**Assessor:** A public official who evaluates property for the purpose of taxation.

**Assignor:** One who makes an assignment. For example, the assignor of a mortgage or contract.

**Balloon Mortgage:** A mortgage that is amortized over a specific period of years, but requires a lump-sum payment in full at an earlier date.

**Breach of Contract:** Failure, without legal excuse, of one of the parties to a contract to perform according to the contract.

**Brokerage:** For a commission or fee, bringing together parties interested in buying, selling, exchanging, or leasing real property

**Bundle of Rights:** Ownership in real property implies a group of rights, such as the right of occupancy, use and enjoyment, the right to sell in whole or in part, the right to control the use, the right to bequeath, the right to lease any or all of the rights, the right to the benefits derived by occupancy and use of the property, etc.

**Buy Down:** A cash payment, usually measured in points, to a lender in order to reduce the interest rate a borrower must pay.

**Cap:** The maximum allowable increase, for either payment or interest rate, for a specified amount of time on an adjustable rate mortgage.

**Capital Gains:** The profit on the sale of a capital asset, such as stock or real estate. If you sell your primary residence, you can exclude \$250,000 in profit from capital gains tax. A couple can exclude \$500,000.

**CC&R's:** Covenants, Conditions, & Restrictions The restrictions governing the use of real estate, usually enforced by a homeowners' association and passed on to the new owners of property. For example, CC&Rs may tell you how big your house can be, how you must landscape your yard or whether you can have pets. If property is subject to CC&Rs, buyers must be notified before the sale takes place.

**Ceiling:** The maximum allowable interest rate over the life of the loan of an adjustable rate mortgage.

**Certificate of Eligibility:** The document given to qualified veterans which entitles them to VA guaranteed loans for homes, business, and mobile homes. Certificates of eligibility may be obtained by sending DD-214 (Separation Paper) to the local VA office with VA form 1880 (request for Certificate of Eligibility). chain of title A history of conveyances and encumbrances of a property from some starting point, whereby the present owner derives title.

# 33. Real Estate Glossary

**Changed Circumstance:** In accordance with the TRID Rule, events which allow a creditor to revise a Loan Estimate or a Closing Disclosure include: (i) an extraordinary event beyond the control of any interested party or other unexpected event specific to the consumer or transaction; (ii) information specific to the consumer or transaction that the creditor relied upon when providing the Loan Estimate and that was inaccurate or changed after the disclosures were provided; (iii) new information specific to the consumer or transaction that the creditor did not rely on when providing the Loan Estimate; (iv) revisions requested by the consumer; (v) when the Loan Estimate expires; or (vi) on the day of the rate lock.

**Chain of Title:** A term applied to the past series of transactions and documents affecting the title to a particular parcel of land.

**Cloud on Title:** An irregularity, possible claim, or encumbrance which, if valid, would affect or impair the title.

**Closing:** Also known as “escrow” or “settlement.” The process of executing legally binding documents, such as deeds and mortgages, most commonly associated with the purchase of real estate and the borrowing of money to assist in the purchase.

**Closing Costs:** Expenses for services incidental to a sale of real estate, such as sales commissions, loan fees, title fees, appraisal fees, points, credit report fee, document preparation fee, mortgage insurance premium, inspections, prepayments for property taxes, deed recording fee, and homeowners insurance. Closing costs can vary considerably from one financial institution to another.

**Closing Disclosure:** The five-page Closing Disclosure, also referred to as CD, must be provided to the consumer three business days before they close on the loan. The Closing Disclosure details all of the costs associated with the mortgage transaction.

**Closing Statement:** A summation, in the form of a balance sheet, made at a closing showing the amounts of debits and credits to which each party to a real estate transaction is entitled.

**Clouded Title:** An encumbered title. **Coinsurance:** A form of insurance underwritten by two or more title insurers sharing a single risk under separate title insurance policies in proportional amounts.

**Common Interest Community (CIC):** Ownership characterized by mutual ownership of common areas, either jointly or through membership in an association, e.g., condominiums, planned unit developments and townhomes.

**Comparables:** Properties which are similar to a particular property and are used to compare and establish a value for that property.

**Compound Interest:** Interest which is computed on the principal and any unpaid accumulated interest. Contrast with simple interest.

**Condemnation:** Taking private property for public use through court proceedings. *Also see “Eminent Domain.”*

**Condominium:** A system of individual fee ownership of units in a multi unit structure, combined with joint ownership of common areas of the structure and land.

**Consummation:** Consummation is not the same thing as closing or settlement. Consummation occurs when the consumer becomes legally obligated to the creditor on the loan, not, for example, when the consumer becomes contractually obligated to a seller on a real estate transaction.

**Consumer’s Intent to Proceed:** Unless a particular manner of communication is required by the creditor, a consumer indicates intent to proceed with the transaction when the consumer communicates, in any manner, that the consumer chooses to proceed after the Loan Estimate has been delivered. This may include (i) oral communication in person immediately upon delivery of the Loan Estimate; or (ii) oral communication over the phone, written communication via email, or signing a preprinted form after receipt of the Loan Estimate. A consumer’s silence is not indicative of intent to proceed.

**Contingency:** A provision in a contract stating that some or all of the terms of the contract will be altered or voided by the occurrence of a specific event. A common example is a Buyer who enters into the purchase of another home before his current home is sold. The Buyer will usually ask for the Seller to make the sale contingent upon the sale of the Buyer’s current home. If the Seller receives another offer for the property, the first Buyer must either agree to buy the home without any contingency, or step aside and let someone else purchase the home.

**Convey:** The act of deeding or transferring title to another.

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**Conveyance:** An instrument by which title is transferred, e.g., a deed. Also the act of transferring title.

**Co-Tenants:** Two or more tenants who rent the same property under the same lease or rental agreement. Each co-tenant is 100% responsible for carrying out the rental agreement, which includes paying the entire rent if the other tenant skips town and paying for damage caused by the other tenant.

**Credit Score:** In the mortgage lending world, credit scores either make or break you when it comes to obtaining a home mortgage or getting the best rate you can. There are three different scores available to a mortgage lender each being generated by the three different credit agencies. The most popular, known as a Fico score is from Experian (formerly TRW), then there is a Beacon score from Equifax, and finally a Emperica score from Trans Union. This is the “mortgage scoring” system used to get a conventional mortgage. Simply, credit scores are numbers calculated based upon your credit history. The better your credit, the higher your number or score will be - the worse your credit, the lower the score.

**Cul-de-Sac:** The terminus of a street or alley. Usually laid out by modern engineers to provide a circular turnaround for vehicles.

**Debt-Service Ratio:** The measurement of debt payments to gross household income which may include, in addition to the main wage earner’s salary, salaries of other wage earners, commissions, bonuses, overtime, etc.

**Deed:** A written document by which the ownership of land is transferred from one person to another.

**Deed in Lieu (of foreclosure):** A means of escaping an overly burdensome mortgage. If a homeowner can’t make the mortgage payments and can’t find a buyer for the house, many lenders will accept ownership of the property in place of the money owed on the mortgage. Even if the lender won’t agree to accept the property, the homeowner can prepare a quitclaim deed that unilaterally transfers the homeowner’s property rights to the lender.

**Disclosure:** The making known of a fact that had previously been hidden; a revelation. You must disclose physical defects in a house you are selling, such as a leaky roof or previous floods.

**Discount Points (or points):** The amount paid either to maintain or lower the interest rate charged. Each point is equal to one percent (1%) of the loan amount (i.e., two points on a \$100,000 mortgage would equal \$2,000).

**Dominant Tenement:** Property that carries a right to use a portion of a neighboring property. For example, property that benefits from a beach access trail across another property is the dominant tenement.

**Down Payment:** An amount of money the buyer pays which is the difference between the purchase price and the mortgage amount.

**Dual Agency:** Representing the buyer and the seller in the same transaction by the same agent. TREL A requires that all parties to a dual agency have full knowledge and consent (Disclosed Dual Agency).

**Due-on-Sale Clause:** Provision in a mortgage or deed of trust which requires loan to be paid in full if property is sold or transferred.

**Earnest Money:** Advance payment of part of the purchase price to bind a contract for property.

**Easement:** An interest in land owned by another that entitles its holder to a specific limited use, such as laying a sewer, putting up electric power lines or crossing the property.

**Easement by Prescription:** A right to use property, acquired by a long tradition of open and obvious use. For example, if hikers have been using a trail through your backyard for ten years and you’ve never complained, they probably have an easement by prescription through your yard to the trail.

**Egress:** An exit. The right to leave a tract of land.

**Emblements:** Annual crops produced by cultivation. They are deemed to be personal property.

**Eminent Domain:** The power of the state to take private property for public use upon payment of just compensation.

**Encroachment:** A trespass or intrusion onto another’s property, usually by a structure, wall or fence.

# 33. Real Estate Glossary

**Encumbrance:** A lien, liability or charge upon a parcel of land, e.g. a mortgage or easement.

**Equity:** The difference in dollars between a house's value and the mortgage amount.

**Escalator Clause:** The clause in a contract permitting adjustments of the payments.

**Escrow:** A procedure whereby a disinterested third party handles legal documents and funds on behalf of a seller and buyer, and delivers them upon performance by the parties.

**Escrow Account:** (i) A third party account that holds money safely while a sale is in progress. (ii) An account used to save monies required for the payment of an eventual debt. Often used by lenders to save for property taxes, hazard insurance, homeowner's dues, etc. Escrow accounts are typically non-interest bearing for the contributors, but may pay interest to the entity holding the account (lenders, title companies, lawyers, etc.).

**Et Ux:** Abbreviation for "et uxor," meaning "and wife".

**Examination of Title:** The investigation and interpretation of the record title to real property based on the title search or abstract.

**Exception:** In legal descriptions, that portion of land to be deleted or excluded. The term often is used in a different sense to mean an encumbrance on title, excluded from coverage in a title insurance policy.

**Exclusive Agency (EA):** A listing agreement which gives the listing agent the right to sell the property for a specified time. The owner reserves the right to sell the property himself without paying a commission to the agent. Brokers run the risk of investing their time, effort, and money in a listing that, even if sold through their marketing efforts, does not produce a commission. Contrast with Exclusive Right to Sell.

**Exclusive Right to Sell (ERS):** A listing agreement which gives the listing agent the right to sell the property for a specified time, with the right to collect a commission if the property is sold by anyone, including the owner, during the listing period. Contrast with Exclusive Agency.

**Fair Housing Act & Fair Housing Amendments Act:** Federal laws that prohibit housing discrimination on the basis of race or color, national origin, religion, sex, familial status or disability. The federal Acts apply to all aspects of the landlord/tenant relationship, from refusing to rent to members of certain groups to providing different services during tenancy.

**Fair Housing Laws:** Federal, state, and local laws, particularly Title VIII of the 1968 Civil Rights Act, Title VI of the Civil Rights Act of 1964, and the Civil Rights Act of 1866, which forbid discrimination because of race, sex, color, religion, or national origin, in the selling or renting of homes or apartments, and in other specified transactions. These laws have been recently been expanded to include familial status (having children) and disabilities (Americans with Disabilities Act).

**Fannie Mae:** Federal National Mortgage Association (also FNMA) is a private corporation, federally chartered to provide financial products and services that increase the availability and affordability of housing by purchasing mortgage loans.

**Federal Housing Administration:** The Federal Housing Administration (FHA), a wholly owned government corporation, was established under the National Housing Act of 1934 to improve housing standards and conditions; to provide an adequate home financing system through insurance of mortgages; and to stabilize the mortgage market. FHA was consolidated into the newly established Department of Housing and Urban Development (HUD) in 1965. Since 1934, FHA has been extremely successful in achieving these goals. FHA loans require special appraisal/inspection that determine if a property meet the agency's minimum property standards. While somewhat more expensive than a conventional loan in terms of interest rates and insurance fees, FHA loans offer slightly more liberal qualifying criteria

**Fee Simple Estate:** The greatest possible estate in land where the title is held completely and without any limitations or conditions. Sometimes designated simply as "Fee."

**Fiduciary:** The relationship of trust, honesty and confidence between agent and principal; the faithful relationship owed by an agent to the principal. .



# 33. Real Estate Glossary

**Fixed Rate Mortgage:** A mortgage on which the same rate of interest is charged for the life of the mortgage.

**Fixtures:** Any item of property so attached to real property that it becomes a part of the real property.

**Flood Certification:** A common term for a Federal Emergency Management Agency (FEMA) Standard Flood Hazard Determination Form (SFHDF). This determines whether land or a building is located within a Special Flood Hazard Area for purposes of flood insurance requirements under the National Flood Insurance Program.

**Flood insurance:** A special and separate type of homeowner's insurance that provides coverage for damages resulting from flooding. Flood insurance is required by most lenders only if the property is located within a designated flood plain. The cost of the policy is related to the associated flooding risk. If a property has a small section of land located within a flood plain, but away from the residential improvements (house), the lender will still require a policy, but its cost will be much lower. Likewise, flood insurance policies for properties not located within any floodplain, are fairly inexpensive. Most flood insurance is underwritten by the federal government through FEMA and the National Flood Insurance Program in cooperation with private insurance agencies.

**Flood plains:** are by definition subject to periodic flooding. They are generally characterized by relatively flat topography and soil types that were laid down during past inundations by flood waters. If your property is in the 100-year flood plain, there is a 1-in-100 chance in any given year that your property will flood. If it is in the 25-year flood plain, there is a 1-in-25 chance in any given year that your property will flood. The statistical chance of flooding is not changed by any one flooding event; but repeated flooding may result in the flood plain being recalculated. A 100-year flood plain is always wider than a 25-year flood plain, and the 25-year flood plain is contained within the 100-year flood plain. The flood prone areas of the United States cover approximately 150,000 square miles or 94 million acres of land, an area roughly the size of the State of Montana. People living in flood plains are 26 times more likely to experience a flooding disaster than they are a fire disaster during the life of the 30-year mortgage on their homes. The changes in flood plain maps reflect changes in land use (such as increased building activity), changes in the waterways, and flood control improvements (such as detention ponds or other flood control measures). As more lots are covered with more buildings and parking lots, the amount of water that flows into creeks and lakes increases because there is less vegetation to absorb the water when it rains. This is one reason why buildings that were not originally built in a flood plain are now in the 25-year or 100-year flood plain.

**Forfeiture of Title:** Provision in a deed creating a condition which will cause title to be passed to another, should certain circumstances occur.

**Freddie Mac:** Federal Home Loan Mortgage Corporation (also FHLMC) is a stockholder-owned corporation chartered by Congress that purchases mortgage loans.

**Front Foot:** One linear foot (12 inches) along the street side of a lot.

**General Warranty Deed:** A deed in which the grantor fully warrants good and clear title to the property. A general warranty deed offers the most protection of any deed.

**Ginnie Mae:** Government National Mortgage Association (also GNMA) is a wholly owned United States corporation that guarantees privately issued securities backed by pools of mortgages insured by FHA (Federal Housing Administration), FMHA (Farmers Home Administration) or VA (Veterans Administration).

**Good Faith Estimate:** A written estimate of closing costs which a lender must provide you within three days of submitting an application.

**Government Survey Method:** A system of land description in some states that uses meridians (north and south lines) and base lines (east and west lines). Areas include quadrangles (24 miles on each side), townships (6 miles on each side), and sections (1 mile on each side). Also known as the Rectangular Survey Method. Contrast with metes and bounds, and recorded plat (Lot and Block Number) method.

**Grace Period:** A period of time during which a loan payment may be paid after its due date but not incur a late penalty. Such late payments may be reported on your credit report.

# 33. Real Estate Glossary

**Graduated Payment Mortgage:** A loan in which monthly payments are relatively small in the beginning and gradually increase in dollar amount over the life of the mortgage.

**Grantee:** A person who acquires an interest in land by deed, grant or other written instrument.

**Grant Deed** A deed containing an implied promise that the person transferring the property actually owns the title and that it is not encumbered in any way, except as described in the deed. This is the most commonly used type of deed.

**Grantor:** A person, who, by a written instrument, transfers to another an interest in land.

**Habendum Clause:** The “to have and hold” clause which defines or limits the quantity of the estate granted in the premises of the deed.

**Highest and Best Use:** The particular use of a real property which will produce the greatest financial return. The optimum use of a site as used in appraisal. This is often determined by location, neighboring properties, deed restrictions and local zoning regulations. A home built on a busy street, surrounded by commercial property, and not restricted from other development, is not fulfilling its highest and best use. Once the property is redeveloped into commercial property, it can meet its economic potential.

**Home Equity Conversion Mortgage:** A reverse or reverse annuity mortgage in which HUD, through FHA, guarantees that the borrower will receive monthly payments from the insurer (FHA), in the event the lender is unable to make payments to the borrower.

**Home Equity Line of Credit (HELOC):** A loan in which the lender agrees to lend a maximum amount within an agreed period (called a term), where the collateral is the borrower’s equity in his/her house.

**Home Warranty:** A service contract that covers a major housing system—for example, plumbing or electrical wiring—for a set period of time from the date a house is sold. The warranty guarantees repairs to the covered system and is renewable.

**Homeowners’ Association (HOA)** An organization comprising neighbors concerned with managing the common areas of a subdivision or condominium complex. These associations take on issues such as maintaining common land and recreation areas, and collecting dues from residents. The homeowners’ association is also responsible for enforcing any covenants, conditions & restrictions that apply to the property. Payment of dues and participation in the homeowner’s association may be either voluntary or mandatory, depending on the neighborhood.

**Homeowners Insurance:** Insurance protection paying benefits for damage to improved real property or possessions in the home. Also provides liability coverage against accidents in the home or on the property.

**Homestead:** (i) The house in which a family lives, plus any adjoining land and other buildings on that land. (ii) Land, and the improvements thereon, designated by the owner as his homestead and, therefore, protected by state law from forced sale by certain creditors of the owner. Homestead protection will not stop foreclosures for delinquent mortgages, taxes or mandatory homeowner’s association dues. (iii) Land acquired out of the public lands of the United States. The term “homesteaders” refers to people who got their land by settling it and making it productive, rather than purchasing it outright.

**Housing and Urban Development, Department of (HUD):** The U.S. Department of Housing and Urban Development. This is the agency responsible for enforcing the federal Fair Housing Act.

**HUD-1:** The HUD-1 is a type of settlement statement which, prior to the TILA-RESPA Integrated Disclosure (TRID) Rule, was required for use with all federally related mortgage loans. It has been supplanted by the “Closing Disclosure” as a required form, but the HUD-1 will continue to be used for reverse mortgage and HELOC transactions. In addition, it may remain in use for some transactions that do not involve federally related mortgage loans since it functions well as a balance sheet of the settlement.

**Improvements:** Those additions to raw land tending to increase value, such as buildings, streets, sewer, etc.

**Index:** A number, usually a percentage, upon which future interest rates for adjustable rate mortgages are based.

**Ingress:** The right to enter a tract of land. Entrance.

# 33. Real Estate Glossary

**Joint Tenancy:** An estate where two or more persons hold real estate jointly for life, the survivors to take the entire interest on the death of one of the joint tenants.

**Latent Defect:** Hidden structural defects and flaws.

**Lease:** A grant of the use of land for a term of years in consideration of the payment of a monthly or annual rental.

**Lease Option:** A contract in which an owner leases his house (usually for one to five years) to a tenant for a specific monthly rent, and which gives the tenant the right to buy the house at the end of the lease period for a price established in advance. This allows a potential home buyer move into a house he may wish to eventually buy without having to come up with a down payment or financing at that time.

**Legal Description:** A description of a specific parcel of real estate which is acceptable to the courts in that state, and which will allow an independent surveyor to locate and identify it. Usually it uses one of the following methods; government survey, metes and bounds, or recorded plat (lot and block number).

**Lender's Policy:** A form of title insurance policy which ensures the validity, enforceability and priority of a lender's lien. This policy does not provide protection for the owner.

**Lien:** A hold, claim or charge allowed a creditor upon the land of a debtor. Some examples are mortgage liens, judgment liens and mechanics' liens.

**Life Estate:** A grant or reservation of the right of use, occupancy and ownership for the life of an individual.

**Lis Pendens:** A notice recorded in the official records of a county to indicate that a suit is pending affecting title to the land in the jurisdiction where the notice is recorded.

**Listing Agreement:** The legal agreement between the listing agent/broker and the vendor, setting out the services to be rendered, describing the property for sale, and stating the terms of payment

**Loan Estimate:** A three-page Loan Estimate (also called LE) must be provided to the consumer no later than three business days after they submit a loan application for most mortgages. The Loan Estimate provides information about key features, costs and risks of the mortgage loan for which the consumer is applying.

**Loan-To-Value Ratio (LTV):** The ratio of the amount being loaned in respect to the appraised value of the property, usually expressed as a percentage. If a buyer was putting down \$20,000, and borrowing a first lien of \$180,000, on a \$200,000 property, then the loan would have a 90% LTV. Loan-to-value ratios can affect interest rates, loan qualifying criteria, and lender requirements for PMI and escrow accounts.

**Lock or Lock In:** A commitment you obtain from a lender assuring you a particular interest rate or feature or a definite time period. Provides protection should interest rates rise between the time you apply for a loan, acquire loan approval, and, subsequently, close the loan and receive the funds you have borrowed.

**Loss Payable Clause:** A clause in a contract of insurance which says any loss will be paid to two or more parties as their interest may appear. Usually the owner and the mortgage lender.

**Lot:** A part of a subdivision or block having fixed boundaries ascertainable by reference to a plat or survey.

**Manufactured Home:** A structure built in a factory, that is later shipped to, and placed on, the homesite. The term can apply to both mobile homes and pre-fab homes.

**Margin:** An amount, usually a percentage, which is added to the index to determine the interest rate for adjustable rate mortgages.

**Marketable Title:** A good title about which there is not fair or reasonable doubt.

**Mechanic's Lien:** A lien allowed by statute to contractors, laborers and material suppliers on buildings or other structures upon which work has been performed or materials supplied.

# 33. Real Estate Glossary

**Metes and Bounds:** A system of land description using distance (metes) and angles/compass directions (bounds), beginning and ending at the same point.

**Mineral Rights:** An ownership interest in the minerals contained in a particular parcel of land, with or without ownership of the surface of the land. The owner of mineral rights is usually entitled to either take the minerals from the land himself or receive a royalty from the party that actually extracts the minerals.

**Minimum Payment:** The minimum amount that you must pay, usually monthly, on a home equity loan or line of credit. In some plans, the minimum payment may be “interest only,” (simple interest). In other plans, the minimum payment may include principal and interest (amortized).

**Mortgage:** An instrument used to encumber land as security for a debt.

**Mortgage Banker:** A specialized lending institution that lends money solely with respect to real estate and secures its loans with mortgages on the real estate.

**Mortgage Broker:** A person or company that buys and sells mortgages for another on commission or who arranges for and negotiates mortgage contracts.

**Mortgage Insurance:** Insurance protecting against the nonpayment of, or default on, an individual mortgage or loan involved in a residential mortgage transaction. It protects the mortgage lender against loss incurred by a reason of nonpayment or mortgage default.

**Multiple Listing Service (MLS):** A system by which a number of real estate firms share information about homes that are for sale. Membership usually provides a monthly book and/or computer service that provides Realtors® with detailed listings of most homes currently on the market.

**Negative Amortization:** Amortization in which the payment made is insufficient to fund complete repayment of the loan at its termination. Usually occurs when the increase in the monthly payment is limited by a ceiling. The portion of the payment which should be paid is added to the remaining balance owed. The balance owed may increase, rather than decrease over the life of the loan.

**Notary:** One authorized to take acknowledgments.

**Note:** The instrument evidencing the indebtedness. A note is usually secured by a security instrument such as a mortgage or deed of trust.

**Nuisance:** Something that interferes with the use of property by being irritating, offensive, obstructive or dangerous. Nuisances include a wide range of conditions, everything from a chemical plant’s noxious odors to a neighbor’s dog barking. The former would be a “public nuisance,” one affecting many people, while the other would be a “private nuisance,” limited to making your life difficult, unless the dog was bothering others. Lawsuits may be brought to abate (remove or reduce) a nuisance.

**Offer:** A proposal to enter into an agreement with another person. An offer must express the intent of the person making the offer to form a contract, must contain some essential terms—including the price and subject matter of the contract—and must be communicated by the person making the offer. A legally valid acceptance of the offer will create a binding contract.

**Open House:** An opportunity for prospective buyers to view a house in a low pressure environment.

**Origination Fee:** The administrative fee charged by the lender to prepare loan documents, run credit checks, inspect and sometimes appraise a property, usually computed as a percentage of the face value of the loan.

**Owner’s Policy:** A policy of title insurance, which insures a named owner against loss by reason of defects, liens and encumbrances not accepted to in the policy or unmarketability of the title. The company also agrees to defend covered claims made against the title.

**Ownership:** The right to possess and use property to the exclusion of others.

# 33. Real Estate Glossary

**Party Wall:** Wall erected on line between adjoining properties for the use of both properties.

**Patent:** A document or grant by which the federal or state government originally transferred title to public land to an individual. The first in the series of transfers by which title comes down to present owners.

**Personal Property:** Property which is tangible, movable, and not fixed to the land. Also called chattel and personalty. Contrast with real property.

**Physical Deterioration:** The loss of value to real property from all causes due to the action of the elements and old age. Physical deterioration can be either curable or incurable.

**PITI:** Principal, Interest, Taxes and Insurance.

**Planned Unit Development (PUD):** In a PUD, the planned unit development association owns and maintains property in a real property development project for the benefit of its members, who are owners of individual parcels of real property in the development and are members of the association because of that ownership. The level of services and fees are similar to a condominium complex, but since each owner has title to a specific parcel of land, lenders may treat units as non-condominiums. This allows higher LTV loans and eliminates owner occupancy percentage requirements.

**Plat or Plot:** A map representing a piece of land subdivided into lots with streets shown thereon.

**P.M.I.:** Private Mortgage Insurance. An insurance contract which insures that the named lender will recover a specific percentage of the loan amount from the insurer in the event the loan goes bad.

**Prepayment Penalty:** A clause in a mortgage or loan contract that says if the mortgage is prepaid within a certain time period, a penalty will be assessed. The penalty can be based on percentage of the remaining mortgage balance or some other calculation as described in the clause.

**Primary Mortgage Market:** Lenders who originate loans and makes funds available directly to the borrowers. Contrast with secondary mortgage market.

**Prime Rate:** The interest, or discount rate charged by a commercial bank to its largest and strongest customers.

**Principal:** The amount of money owed to the lender not including interest.

**Privacy Rule:** The GRAMM-LEACH-BLILEY ACT requires financial institutions (which includes title insurance companies) to give notice to all of their “customers” about their privacy practices. The Privacy Policy is a “clear and conspicuous” written notice describing their privacy policies and practices.

**Private Mortgage Insurance (PMI):** Default insurance on conventional loans, normally insuring the top 20%-25% of the loan and not the whole loan.

**Property Taxes:** Taxes that are paid yearly on real property. Property taxes are ad valorem, based on the assessed value of the real property.

**Prorate:** To allocate between seller and buyer their proportionate share of an obligation paid or due. For example, a proration of real property taxes or fire insurance premiums.

**Quiet Title:** An action in a proper court to remove record defects or possible claims of other parties named in the action.

**Quitclaim Deed:** A deed that transfers whatever ownership interest the transferor has in a particular property. The deed does not guarantee anything about what is being transferred, including an actual ownership interest. For example, a divorcing husband may quitclaim his interest in certain real estate to his ex-wife, officially giving up any legal interest in the property. A quit claim deed may also be used to clear up a cloud on the title to the property in cases where there is a question of a possible ownership claim. Compare with grant deed.

# 33. Real Estate Glossary

**Range:** A part of the government survey, being a strip of land six miles in width, and numbered east or west of the principal meridian.

**Ready, Willing and Able:** A buyer who is prepared to buy on the seller's terms and has the financial capacity to do so.

**Real Estate:** Refers to land and improvements and the rights to own or use them. "A leasehold, as well as any other interest or estate in land, whether corporeal, incorporeal, freehold, or non-freehold, and whether the real estate is situated in this state or elsewhere." {TRELA, Section 2(1)} In popular usage, Real Estate is used interchangeably with real property and realty.

**Real Property:** Land, together with fixtures, improvements and appurtenances.

**REALTOR®:** A federally registered collective membership mark which identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics.

**Recorded Plat:** A subdivision map filed with the county recorder's office that shows the location and boundaries (lot and block number) of individual parcels of land. Contrast with government survey method and metes and bounds.

**Recording:** The act of entering in the public records, the written record of title to real property, thereby giving constructive notice to the public.

**Redisclosure:** For covered transaction under the TILA-RESPA Integrated Disclosure (TRID) Rule and under very specific circumstances, the Loan Estimate and/or the Closing Disclosure may be revised and delivered to the consumer.

**Regulation 'Z':** Truth in lending law developed by the Federal Reserve System which requires lenders to provide full disclosure of the terms of the loan, including interest rates expressed as an annual percentage rate (APR).

**Release:** To relinquish an interest or claim to a piece of property.

**Reserves:** Amounts of money set aside by a mortgage company or an HOA to assure payment of property taxes, homeowners' association dues, and insurance premiums. The money is kept in an escrow account

**RESPA:** Real Estate Settlement Procedures Act is a federal law which deals with the procedures to be followed in a real estate closing, and is intended to make borrowers more knowledgeable about possible costs and charges.

**Reverse or Reverse Annuity Mortgage:** A mortgage for which the borrower pledges home equity in return for regular (monthly) payments, rather than a lump sum distribution of loan proceeds. Repayment is usually not required until the home is sold or the borrower's estate is settled, provided the borrower continues to live in the home and keeps current all taxes and insurance. *Also see "Home Equity Conversion Mortgage."*

**Right of Survivorship** The right of a surviving joint tenant to take ownership of a deceased joint tenant's share of the property. *See "Joint Tenancy."*

**Right of Way:** The right which one has to pass across the land of another. An easement.

**Riparian:** Rights to use of waterways in adjoining lakes or rivers.

**Running With the Land:** A phrase used in property law to describe a right or duty that remains with a piece of property no matter who owns it. For example, the duty to allow a public beach access path across waterfront property would most likely pass from one owner of the property to the next.

**Sales Contract:** A written agreement stating the terms of the sale agreed to by both buyer and seller. *See "Earnest Money Agreement."*

**Second Mortgage:** A second loan on real estate that already has a mortgage. It is subordinate to the first mortgage.

**Section or Section of Land:** A parcel of land comprising approximately one square mile or 640 acres.

# 33. Real Estate Glossary

**Self Amortized Loan:** A loan which will retire the debt by systematic payments of principal and interest, so that at the end of the loan period, the balance will be zero.

**Servicing a Loan:** The ongoing process of collecting your monthly mortgage payment, including accounting for and payment of your yearly tax and/or homeowners insurance bills.

**Set Back Lines:** Those lines which delineate the required distances for the location of structures in relation to the perimeter of the property.

**Short Sale (of house):** A sale of a house in which the proceeds fall short of what the owner still owes on the mortgage. Many lenders will agree to accept the proceeds of a short sale and forgive the rest of what is owed on the mortgage when the owner cannot make the mortgage payments. By accepting a short sale, the lender can avoid a lengthy and costly foreclosure, and the owner is able to pay off the loan for less than what he or she owes.

**Simple Interest:** Interest computed only on the principal balance. Contrast with compound interest.

**Single-Family Home:** A free-standing, residential structure, designed to accommodate one family.

**Special Warranty Deed:** A warranty deed which, instead of warranting the title from sovereignty of the soil to the last grantee, merely warrants the title against every person whomsoever lawfully claiming or to claim the same, or any part thereof, by, through or under the grantor.

**Statutory Year:** A year composed of twelve months, each with thirty (30) days, for a total of 360 days in a statutory year. Also known as a banker's year. Contrast with calendar year.

**Substitution, Principle of:** The principle which states that a buyer will pay no more for a property than the cost of an equally desirable alternative property.

**Sub-Surface Right:** The right of ownership to things lying beneath the physical surface of the property.

**Survey:** The process of measuring land to determine its size, location and physical description, and the resulting drawing or map.

**Tax Lien:** A lien for real property taxes. Attaches only to the property upon which the taxes are due in most jurisdictions. It may be foreclosed for nonpayment.

**Tenancy by the Entirety:** Ownership by married persons. Each owns the entire estate, with the survivor taking the whole upon the other's death.

**Tenancy in Common:** An estate or interest in land held by two or more persons, each having equal rights of possession and enjoyment, but without any right of succession by survivorship between the owners.

**Tenant:** Any person occupying real property with the owner's permission.

**Term:** The actual life of a mortgage, at the end of which the mortgage becomes due and payable unless the lender renews the mortgage.

**Time is of the Essence:** A clause, which if included in a contract, makes failure to perform by a specified date a material breach or violation of the contract.

**Three-Day Review Period:** For covered transactions under the TILARESPEA Integrated Disclosure (TRID) Rule the creditor is generally required to ensure that the consumer (borrower) receives the Closing Disclosure no later than three business days prior to the consummation of the loan.

**Title:** (i) ownership of real property, which stands against the right of anyone else to claim the property; (ii) the evidence of right which a person has to the ownership and possession of land.

**Title Defect:** Any legal right held by others to claim property or to make demands upon the owner.

# 33. Real Estate Glossary

**Title Commitment:** A report issued by a title insurance company or its agent, committing the title insurance company to issue the form of policy designated in the commitment upon compliance with and satisfaction of requirements set forth in the commitment.

**Title Insurance Underwriter:** An insurance company that issues insurance policies either to the public or to another insurer.

**Title Insurance:** An agreement to indemnify the insured against loss arising from a covered defect in title to a particular parcel of real property, which is typically issued to both the buyer to protect their property rights (through an owner's title insurance policy), and the lender to protect its lien rights (through a lender's title insurance policy).

**Title Plant:** The total facilities: records, equipment, fixtures, and personnel: required to function as a title insurance operation in some parts of the country. Technically, the organization of official records affecting real property into a system, which allows quick and efficient recovery of title information.

**Title Search:** An examination of public records, laws and court decisions to disclose the current facts regarding ownership of real estate.

**Total Interest Percentage (TIP):** The total amount of interest that the consumer will pay over the life of the loan as a percentage of the principal of the loan, assuming the consumer makes each monthly payment in full and on time and does not make any overpayments.

**Total Loan Costs:** Fees the lender charges to make the loan, as well as fees paid to providers selected by the lender and fees paid to providers chosen by the borrower. Total Loan Costs are found under Section D of the Loan Estimate.

**Townhouse:** A dwelling unit usually with two, three or four floors, and shared structural walls. It can be individually owned, a condominium, a cooperative, a planned unit development or a rental property.

**Township:** A division of territory approximately six miles square, containing approximately 36 sections or 36 square miles.

**Tract:** A particular parcel of land.

**Underwriting:** The process of verifying data and approving a loan.

**VA:** The Veterans Administration, a federal agency which guarantees loans made to qualified veterans on approved property.

**Variable Rate Mortgage:** A loan in which the interest rate fluctuates with the cost of funds or some other index.

**Variations:** The comparison made between fees and/or charges listed on the Loan Estimate (or Good Faith Estimate) and those listed on the final Closing Disclosure (or HUD-1). Not all fees are exposed to such scrutiny but for those that are the creditor/lender is held accountable for the excessive charges. There are two levels of tolerance based on the type of fee. Variance may also be referred to as Tolerance.

**Vest:** To pass to a person an immediate right or interest. Title may be said to vest in John Smith.

**Voidable:** A contract which appears valid and enforceable on the surface, but may be declared invalid by one of the parties, such as a contract entered into by a minor.

**Walk Through:** Depending on the terms of the contract of sale or based on local custom, a walk-through or pre-settlement inspection may be scheduled prior to settlement or closing of the transaction. The primary purpose of this type of inspection is to make certain the property is in the agreed-upon condition, repairs (if any) from the home inspection are complete, and to confirm that nothing has gone wrong with the property since the buyer's last viewing.

**Warranty:** A limited promise by the grantor of real property that he or she is the owner and will be responsible to the buyer if title is other than as represented.

**Zero Lot Line:** A term generally used to describe the positioning of a structure on a lot so that one side rests directly on the lot's boundary line (no set back).



# 34. Clever InfoGraphics



## Why use a REALTOR® to sell your home?



*Not all real estate licenses are the same!*

Only real estate agents who are members of the National Association of REALTORS® are entitled to call themselves REALTORS®. REALTORS® subscribe to a strict code of ethics and are expected to maintain a higher level of knowledge of the process of buying and selling real estate.

### Setting the Price

Your agent will give you up-to-date information on your local market, and the price, financing, terms and condition of competing properties. They can recommend repairs or cosmetic work that will significantly enhance the salability of the property.

### Marketing

Your agent will also know when, where and how to advertise — which medium, format and frequency will work best for your home and your market.



### Negotiating

Your agent will help you evaluate every buyer's proposal and help you write a legally binding, win-win agreement to help you through the long process of appraisals, inspections, and financing—a lot of possible pitfalls!

### Monitoring the Process

The required paperwork alone can be overwhelming. Your agent will help you through the process and resolve any issues to move the process to closing.

### Providing Security

Not just any stranger can walk into your home. Agents will prescreen and accompany qualified prospects through your property.

## Don't try it alone!

85%

of home buyers would use the same REALTOR® again.



**82%** vs. **10%**

Of all real estate sales result from agent contacts, such as previous clients, referrals, or personal contacts.

Of those who try For Sale By Owner succeed. Most of them already knew the buyer as a friend or family member.



All information and statistics from Realtor.com

[www.houseofbrokers.com](http://www.houseofbrokers.com)

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503.793.3345 | 503.477.9745

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## It Pays to Use a REALTOR®



The typical For Sale By Owner (FSBO) home sold for **\$46,000 LESS** during the past year than homes sold with the assistance of a REALTOR®

On average, FSBO homes sold for **\$184,000**



Homes sold by a REALTOR® during the same period sold for **\$230,000**

### MOST DIFFICULT TASKS FOR FSBO SELLERS:



Understanding and performing paperwork

Setting the right price



Preparing/fixing up home for sale



Attracting potential buyers

Helping buyer obtain financing



Selling within the planned length of time



Having enough time to devote to all aspects of the sale

Source: NAR's 2012 Profile of Home Buyers and Sellers



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## 1 Selling Price

**FSBO**



sell for an average of \$40,100 less than a house listed by a professional

**Realtor**

average home sold by a Realtor  
**\$215,000**

average home sold by owner  
**\$174,900**

**23% higher!**

## 2 Time on Market

**FSBO**



take an average of **19 days** longer to sell and often must be relisted on the MLS

**Realtor**

days on market, sold by a Realtor

**69**

days on market, sold by owner

**88**

**22% faster!**

## 3 Stress on Seller

**FSBO**

**70%** of sellers said they had major difficulties in process



**Realtor**

Realtors have resources for all the common difficulties-



legal paperwork

home repairs



pricing/finance

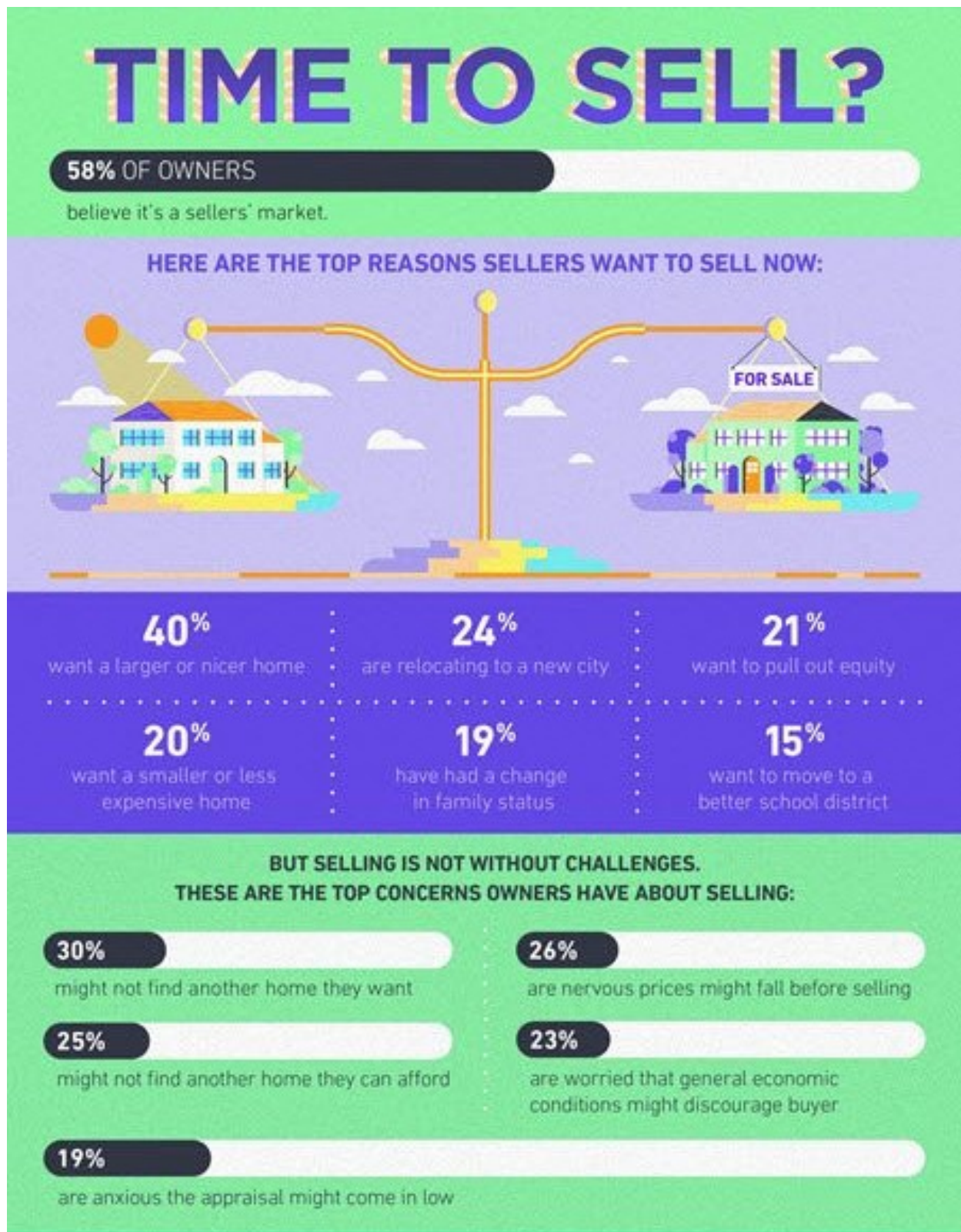
Full Article: [bit.ly/RealtorVsFSBO](http://bit.ly/RealtorVsFSBO)

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## 48 Ways to Speed a House Sale

for sale



### EVALUATE

1. Have a Realtor®, interior decorator or professional organizer walk through your home to evaluate what needs to be updated, repaired or removed

### REPAIR

2. Patch damaged walls
3. Replace cracked floor tiles
4. Oil squeaky doors
5. Fix sticky windows
6. Fix leaky faucets and toilets
7. Re-caulk tubs and sinks
8. Replace broken windows and screens

### BRIGHTEN

17. Take down heavy window treatments that block light
18. Wash all windows
19. Increase the wattage of light bulbs
20. Replace dark lamp shades

### PAINT

13. Paint the interior in neutral colors
14. Paint exterior doors and window trim
15. Paint shutters
16. Repaint exterior, if needed

### UPDATE

9. Replace cabinet knobs and pulls
10. Update lighting fixtures, if needed
11. Update blinds, if needed
12. Replace faucets and shower heads, if needed

### DEPERSONALIZE

21. Remove family photos
22. Store knickknacks



### DE-CLUTTER

23. Thin out the books on your shelves
24. Empty kitchen counters
25. Place out-of-season clothing in storage
26. Rent a storage unit to store unneeded items

### ORGANIZE

27. Organize pantry
28. Organize closets
29. Organize basement
30. Organize garage and shed

### The Value of Professional Staging

Is it worth the cost to hire a professional to stage the home you want to sell? These results from a study by the Real Estate Staging Association says yes.

PRICE	# OF HOMES	STAGED	NOT STAGED	DAYS ON MARKET
\$1 million	69	X		38
\$1 million	13		X	97
\$500K-\$999K	139	X		21
\$500K-\$999K	24		X	140
\$300K-\$499K	170	X		25
\$300K-\$499K	25		X	125
\$100K-\$299K	137	X		19
\$100K-\$299K	20		X	127

### CLEAN

31. Clean all interior surfaces
32. Wash windows and doors
33. Air out and clean in cabinets and under sinks
34. Power wash exterior of house and sidewalks
35. Clean outdoor furniture
36. Clean porch lights of cobwebs and debris



### HIDE SIGNS OF PETS

37. Remove pet smells
38. Hide pet food and bowls
39. Take pets for a walk during showings or send them to day care during open houses

### STAGE INSIDE

40. Reduce the amount of furniture in each room
41. Organize furniture to create seating areas and give each part of the home a purpose
42. Place cut flowers around home during showings



### PRUNE AND LANDSCAPE

43. Remove dead plants
44. Prune or replace overgrown shrubs.
45. Fill open spots with seasonal flowers
46. Add fresh mulch to beds



### STAGE OUTSIDE

47. Make sure front porch/entryway is clean and inviting
48. Use outdoor furniture to create inviting spaces

sold!



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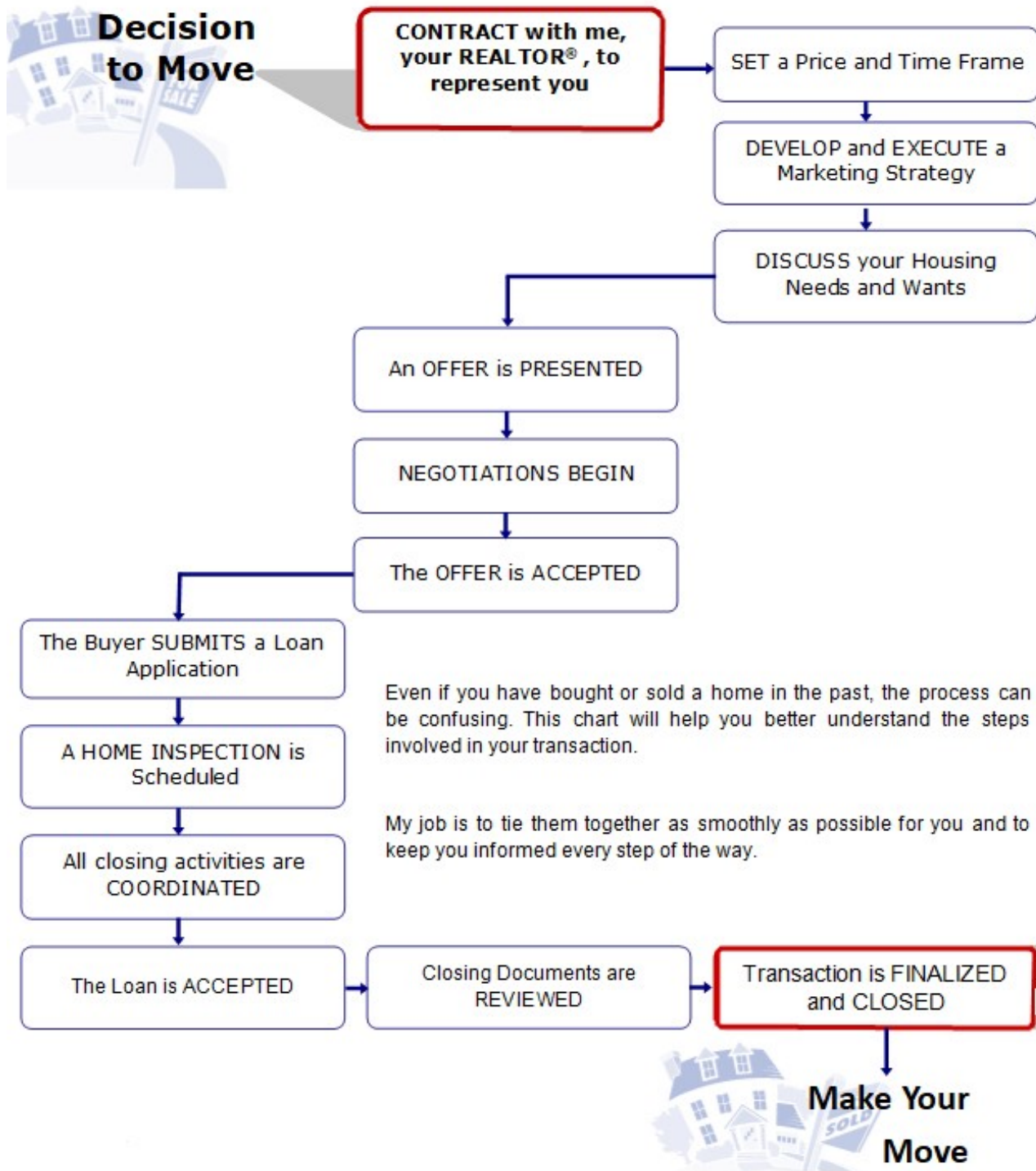
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## 34. Clever InfoGraphics



# 34. Clever InfoGraphics

## THE PROCESS OF SELLING A HOME



# 35. RE/MAX Information

Why RE/MAX?



A RE/MAX AGENT  
**CLOSES A DEAL**  
EVERY :30 SECONDS

That's the sign of a RE/MAX agent®



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# 35. RE/MAX Information

## WHY RE/MAX?

### Power...

- ▶ The power of the brand
- ▶ The power of a global network
- ▶ The power of results
- ▶ The power of advertising that reaches and attracts buyers
- ▶ The power of maximum internet exposure
- ▶ The power of quality service

### Experience, Knowledge and Trust...

- ▶ RE/MAX associates average more real estate experience than other agents and lead the real estate industry in advanced education and production.
- ▶ Globally, RE/MAX associates hold a higher number of professional designations—which denote specialized training and education—than any other real estate organization.
- ▶ RE/MAX has raised more than \$100 million for the Children’s Miracle Network, and is also a National Sponsor of the Susan G. Komen Breast Cancer Foundation.

That experience and education means RE/MAX associates like me are better qualified to help you with all of your needs during your real estate transaction, and you will also be affiliated with a company that chooses to consistently give back to our communities.



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## 35. RE/MAX Information



### Are you thinking about selling your home?

If you're thinking about selling your home, you probably have a lot of questions. When's the best time to put your house on the market? Are we in a buyer's market or a seller's market? What could my home sell for? Why do some homes sell quickly when others don't?

Let me help. As your local agent, I'm happy to answer all of your questions. Just email me or give me a call and let's get started.

# 35. RE/MAX Information

## Global Reach



You never know where your next buyer will come from. RE/MAX is in more than 95 countries.  
Through RE/MAX, your listings are displayed in 41 languages and 48 currencies.









[global.remax.com](http://global.remax.com)



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# 35. RE/MAX Information

## A Winning Edge

	TRANSACTION SIDES PER AGENT (LARGE BROKERAGES ONLY) <sup>1</sup>	U.S. RESIDENTIAL TRANSACTION SIDES <sup>2</sup>	BRAND AWARENESS (UNAIDED) <sup>3</sup>	COUNTRIES & TERRITORIES	OFFICES WORLDWIDE	AGENTS WORLDWIDE
<b>RE/MAX</b>	<b>17.2</b>	<b>1 million+</b>	<b>27.6%</b>	<b>100+</b>	<b>7,343</b>	<b>111,915</b>
	11.0	Not released	0.5%	11	500	8,000
	9.2	Not released	4.3%	1	1,240	42,747
	8.4	727,415	14.2%	49	3,000	88,400
	8.2	420,184	19.7%	77	7,300	110,800
	8.2	128,812	1.1%	31	2,300	37,900
	6.9	70,980	0.6%	3	300	10,900
	6.8	977,603	7.3%	16	800	154,979
	6.5	111,950	2.1%	66	850	20,300

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## 35. RE/MAX Information



A RE/MAX AGENT  
**CLOSES A DEAL**  
EVERY 30 SECONDS



Now's the time.

You've been mulling it over: Should you sell? Could you sell?  
Will you sell?

Now's the time to commit.

As your local agent, I'm here to help. Give me a call and let's  
see what's possible.



**OREGON REAL ESTATE INITIAL AGENCY  
DISCLOSURE PAMPHLET  
OAR 863-015-215 (4)**

*This pamphlet describes the legal obligations of real estate agents in Oregon. Real estate agents and Principal Brokers are required to provide this information to you when they first meet you.  
This pamphlet is informational only. Neither the pamphlet nor its delivery to you may be interpreted as evidence of intent to create an agency relationship between you and an agent or Principal Broker.*

**Real Estate Agency Relationships**

An "agency" relationship is a voluntary legal relationship in which a licensed real estate agent or Principal Broker agrees to act on behalf of a buyer or a seller (the "client") in a real estate transaction.

Oregon law provides for three types of agency relationships between real estate agents and their clients:

- Seller's Agent** - Represents the seller only;
- Buyer's Agent** - Represents the buyer only;
- Disclosed Limited Agent** - Represents both the buyer and seller, or multiple buyers who want to purchase the same property. This can be done only with the written permission of both clients.

*The actual agency relationships between the seller, buyer and their agents in a real estate transaction must be acknowledged at the time an offer to purchase is made. Please read this pamphlet carefully before entering into an agency relationship with a real estate agent.*

**Definition of "Confidential Information"**

Generally, agents must maintain confidential information about their clients. "Confidential information" is information communicated to the agent or the agent's Principal Broker by the buyer or seller of one to four residential units regarding the real property transaction, including but not limited to price, terms, financial qualifications or motivation to buy or sell. "Confidential information" does not mean information that:

- a. The buyer instructs the agent or the agent's Principal Broker to disclose about the buyer to the seller, or the seller instructs the agent or the agent's Principal Broker to disclose about the seller to the buyer; and
- b. The agent or the agent's Principal Broker knows or should know failure to disclose would constitute fraudulent representation.

**Duties and Responsibilities of Seller's Agent**

Under a written listing agreement to sell property, an agent represents only the seller unless the seller agrees in writing to allow the agent to also represent the buyer. An agent who represents only the seller owes the following affirmative duties to the seller, the other parties and the other parties' agents involved in a real estate transaction:

- 1. To deal honestly and in good faith;
- 2. To present all written offers, notices and other communications to and from the parties in a timely manner without regard to whether the property is subject to a contract for sale or the buyer is already a party to a contract to purchase; and
- 3. To disclose material facts known by the agent and not apparent or readily ascertainable to a party;

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**Page 1 of 3**



A Seller's Agent owes the seller the following affirmative duties;

1. To exercise reasonable care and diligence;
2. To account in a timely manner for money and property received from or on behalf of the seller;
3. To be loyal to the seller by not taking action that is adverse or detrimental to the seller's interest in a transaction;
4. To disclose in a timely manner to the seller any conflict of interest, existing or contemplated;
5. To advise the seller to seek expert advice on matters related to the transactions that are beyond the agent's expertise;
6. To maintain confidential information from or about the seller except under subpoena or court order, even after termination of the agency relationship; and
7. Unless agreed otherwise in writing, to make a continuous, good faith effort to find a buyer for the property, except that a Seller's Agent is not required to seek additional offers to purchase the property while the property is subject to a contract for sale.

None of the above affirmative duties of an agent may be waived, except #7. The affirmative duty listed in #7 can only be waived by written agreement between seller and agent.

Under Oregon law, a Seller's Agent may show properties owned by another seller to a prospective buyer and may list competing properties for sale without breaching any affirmative duty to the seller.

Unless agreed to in writing, an agent has no duty to investigate matters that are outside the scope of the agent's expertise, including but not limited to investigation of the condition of property, the legal status of the title or the seller's past conformance with law.

#### **Duties and Responsibilities of Buyer's Agent**

An agent, other than the Seller's Agent, may agree to act as the Buyer's Agent only. The Buyer's Agent is not representing the seller, even if the Buyer's Agent is receiving compensation for services rendered, either in full or in part, from the seller or through the Seller's Agent.

An agent who represents only the buyer owes the following affirmative duties to the buyer, the other parties and the other parties' agents involved in a real estate transaction:

1. To deal honestly and in good faith;
2. To present all written offers, notices and other communications to and from the parties in a timely manner without regard to whether the property is subject to a contract for sale or the buyer is already a party to a contract to purchase; and
3. To disclose material facts known by the agent and not apparent or readily ascertainable to a party.

A Buyer's Agent owes the buyer the following affirmative duties:

1. To exercise reasonable care and diligence;
2. To account in a timely manner for money and property received from or on behalf of the buyer;
3. To be loyal to the buyer by not taking action that is adverse or detrimental to the buyer's interest in a transaction;
4. To disclose in a timely manner to the buyer any conflict of interest, existing or contemplated;
5. To advise the buyer to seek expert advice on matters related to the transaction that are beyond the agent's expertise;
6. To maintain confidential information from or about the buyer except under subpoena or court order, even after termination of the agency relationship; and
7. Unless agreed otherwise in writing, to make a continuous, good faith effort to find property for the buyer, except that a buyer's agent is not required to seek additional properties for the buyer while the buyer is subject to a contract for purchase.

None of these affirmative duties of an agent may be waived, except #7. The affirmative duty listed in #7 can only be waived by written agreement between buyer and agent.

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Under Oregon law, a Buyer's Agent may show properties in which the buyer is interested to other prospective buyers without breaching an affirmative duty to the buyer.

Unless agreed to in writing, an agent has no duty to investigate matters that are outside the scope of the agent's expertise, including but not limited to investigation of the condition of property, the legal status of the title or the seller's past conformance with law.

**Duties and Responsibilities of an Agent  
Who Represents More than One Client in a Transaction**

One agent may represent both the seller and the buyer in the same transaction, or multiple buyers who want to purchase the same property, only under a written "Disclosed Limited Agency Agreement" signed by the seller and buyer(s).

Disclosed Limited Agents have the following duties to their clients:

1. To the seller, the duties listed above for a seller's agent; and
2. To the buyer, the duties listed above for a buyer's agent;
3. To both buyer and seller, except with express written permission of the respective person, the duty not to disclose to the other person:
  - a. That the seller will accept a price lower or terms less favorable than the listing price or terms;
  - b. That the buyer will pay a price greater or terms more favorable than the offering price or terms; or
  - c. Confidential information as defined above.

Unless agreed to in writing, an agent has no duty to investigate matters that are outside the scope of the agent's expertise.

When different agents associated with the same Principal Broker (a real estate agent who supervises other agents) establish agency relationships with different parties to the same transaction, only the Principal Broker will act as a Disclosed Limited Agent for both buyer and seller. If applicable, see Disclosed Limited Agency Agreement for identification of Disclosed Limited Agent. The other agents continue to represent only the party with whom the agents have already established an agency relationship unless all parties agree otherwise in writing. The Principal Broker and agents representing either seller or buyer shall owe the following duties to the seller and buyer:

1. To disclose a conflict of interest in writing to all parties;
2. To take no action that is adverse or detrimental to either party's interest in the transaction; and
3. To obey the lawful instruction of both parties.

No matter whom they represent, an agent must disclose information the agent knows or should know that failure to disclose would constitute fraudulent misrepresentation.

***You are encouraged to discuss the above information with the agent delivering this pamphlet to you. If you intend for that agent, or any other Oregon agent, to represent you as a Seller's Agent, Buyer's Agent, or Disclosed Limited Agent, you should have a specific discussion with the agent about the nature and scope of the agency relationship. Whether you are a buyer or seller, you cannot make an agent your agent without the agent's knowledge and consent, and an agent cannot make you their client without your knowledge and consent.***

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