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PROTECT YOURSELF
CONSUMER PROTECTION TIPS FOR HOME BUYERS AND SELLERS
FROM THE NATIONAL ASSOCIATION OF REALTORS®

HOME BUYERS**· Check your credit report for accuracy and completeness.**

Buyers with inaccurate information on their credit report may have a hard time obtaining financing, or be offered loans at higher-than-market interest rates. The Fair Credit Reporting Act gives consumers the right to a free credit report from each of the three nationwide credit reporting companies every 12 months. Visit <https://www.annualcreditreport.com> to request a report.

· Use the Internet wisely.

NAR research shows that 77 percent of all recent buyers used the Internet to search for homes. Not all real estate Web sites are created equal, however. Buyers who provide personal information online to be referred to a network of real estate professionals are, in effect, authorizing the owners of that site to sell their information to third parties. To find a Realtor®, go directly to the source – NAR's www.REALTOR.com. This Web site also houses the most comprehensive listings database in the country.

Many buyers use the Internet to research mortgage lenders. Be careful when sharing financial or other personal information over the Web – predators can steal this data and the user's identity. Realtors® can refer buyers to reputable, reliable lenders.

· Educate yourself about mortgages and mortgage fraud.

Many mortgage products are available in today's market, but not all of them work for all buyers. NAR warns consumers against exotic loans and predatory lending practices that can poison the home buying process and trap unsuspecting borrowers into years of financial hardship. Visit www.REALTOR.org and search on "specialty mortgage" to read the brochure, "Shopping for a Mortgage? Do Your Homework First," and consult a Realtor® to learn about different financing options and their implications over time.

According to Fannie Mae, mortgage fraud has increased five-fold in the past 10 years. Unsuspecting home buyers who aren't familiar with an area's property values can be victimized by scam artists who have bought a property at a bargain-basement price and have made minor cosmetic changes to sell the home for much more than it's worth. People with blemished credit can also fall prey to unscrupulous individuals who pose as real estate agents or mortgage brokers, offering promises of a new home and mortgage qualification. These buyers end up assuming a loan they can't afford, and the lender forecloses.

To protect yourself, work with a Realtor® who knows the local market, and check his or her credentials with the Realtor® board or association in your area.

· Hire the right real estate professional for the job.

When you're buying a home, would you know what to do if your financing fell through the day before closing, your home inspection found a termite infestation, or your future neighbors had just built a wall on your property?

As a buyer, you want someone who knows the market and who has experience handling the particular needs of home buyers, whether it's identifying homes and neighborhoods, negotiating for the best deal, or coordinating the 20+ steps between contract acceptance and closing.

Realtors® who have earned the Accredited Buyer Representative (ABR) designation have demonstrated their commitment to and expertise in serving home buyers. To earn the ABR designation, Realtors® must successfully complete a two-day designation course that covers agency, service delivery, marketing and promotion, and negotiation and risk management; take an approved elective course, such as buyer representation in new homes, second homes, or relocation; and have completed five transactions in which he or she acted solely as

a buyer representative.

Some real estate professionals offer rebates or may work on a fee-for-service basis, in which buyers may be responsible for their own property searches, negotiating strategies, or other tasks. These different business models give consumers a degree of choice in deciding how they want to work with their real estate professional. Just make certain you know what services are provided and what you can expect from the business relationship.

Remember that you're not just buying a home; you're investing in your future.

HOME SELLERS

· Know your home's value.

Beware of companies offering to buy your home to save you the "hassle" of putting it on the market – these companies often profit at the seller's expense. Ask several Realtors® in your area for a comparative market analysis, or CMA. These real estate professionals will analyze recent sales and market conditions to provide a realistic assessment of your home's value, and can suggest strategies for the best sale.

· Protect yourself and your home.

Don't allow random passersby into your home unescorted. A serious buyer will be working with a real estate professional or should be willing to contact your agent to schedule an appointment. Lock valuables away before an open house – the agent onsite will be monitoring traffic, but it's impossible to be everywhere at all times.

· Understand the purchase contract.

A Realtor® can help evaluate purchase offers and advise you on counteroffers and contract acceptance. It is important to know how contingencies such as appraisal, financing and inspections will affect the transaction, and understand their implications for you as the seller. Remember, a high price offer is worthless if the buyer never makes it to the settlement table.

· Hire the right real estate professional for the job.

Relying on the experience of a real estate agent makes financial sense. An NAR survey of recent home buyers and sellers found that the median home price for sellers who use a real estate agent is 16 percent higher than a home sold directly by an owner; \$230,000 vs. \$198,200.

Today, home sellers can choose from nearly 80,000 real estate brokerages and more than 1.2 million Realtors® with a number of different business models, including full service, fee-for-service, and discount brokerage.

Full service brokerage is just that – agents handle all aspects of the transaction, including marketing the home, qualifying buyers, negotiating offers, and coordinating settlement.

Discount brokers typically offer a reduced package of services at a lower cost to the seller. This may be a good choice for experienced sellers or those who do not need to sell immediately – a recent study by Pennsylvania State's Smeal College of Business and the University of Texas at San Antonio found that homes listed by discount brokers are 12 percent less likely to sell than those listed by full service brokers.

The fee-for-service business model offers consumers a variety of services for specific fees. Major facets of the buying or selling transaction, such as competitive market analysis, counseling and negotiations, are separated.

NAR encourages innovation and competition, and recommends that home sellers interview at least three Realtors® to evaluate their qualifications and fit. Examine each professional's level of experience and service, ask for referrals and talk to past clients. Don't make an agent's commission the sole deciding factor – you wouldn't put your life in the hands of a doctor because he or she had the lowest fee; why would you want to do that with your largest financial investment?

HOW TO CHOOSE A REAL ESTATE PROFESSIONAL

The recent real estate boom has encouraged an explosion of real estate licensees. But getting a license and succeeding as a professional in the industry are two very different things. To find a true real estate professional – one who will represent your interests and provide valuable insight and advice regarding what is likely your biggest investment – follow these steps.

· Do your research.

Drive around your neighborhood or the area you'd like to live in, and make note of the active real estate agents in the area. Call local brokerages for agent recommendations, and specify whether you are buying or selling a home.

Visit www.REALTOR.com to search for Realtors® across the country. This site allows visitors to search for either a specific Realtor®, or for those who specialize in specific neighborhoods or have specific certifications and designations.

· Ask trusted friends and relatives for referrals.

According to the *2005 National Association of Realtors® Profile of Home Buyers and Sellers*, 44 percent of all recent buyers were referred to their real estate agent through a friend, neighbor, or relative.

· **Interview at least three agents.**

Ask each about their business approach and philosophy (do they offer full service, or will you have to assume some responsibilities in the transaction); experience; designations and advanced training; and referral network (home inspectors, lenders, contractors, etc.). Home sellers should also ask about the number of homes sold in the past year, length of time on market, average sales price in relation to asking price, and the agent's marketing plan.


· **Make sure your agent is a Realtor®.**


A Realtor® is a licensed real estate professional who is a member of the National Association of Realtors® and subscribes to its strict Code of Ethics, which obligates Realtors® to be honest with all parties involved in a transaction, whether it is the buyer, seller, or cooperating agent.

Realtors® also have access to educational opportunities and training in real estate specialties that are not available to other licensees. This includes accredited subspecialties such as buyer's representation (ABR), residential real estate expertise (CRS), or Internet readiness (e-PRO).

Through membership in NAR's affiliated institutes, societies, and councils, Realtors® devote themselves to continuous study of the most recent trends in their fields to stay abreast of industry developments in their specialized areas and better address industry issues.

A real estate licensee has passed an exam; Realtors® are real professionals.

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