



BEE REAL ESTATE SAVVY



AGENT FORMULA
The Real Estate Agent's Solution!

-CONTRACTS-

**Do You Know All The Contract
Disclosures**

and

**Understand Their Importance
CE.6656000-RE**



Note: NAC requirements to obtain a CE certificate. Student must be engaged during the class room experience. Cell phones should be *off* and computers are to be used ONLY for taking notes. The Instructor may deny a Certificate to any student that leaves the classroom for any extended period or a student that is a distraction to the learning environment.

If you properly sign in and sign out – your CE certificate will be provided when you turn in the State Course/Instructor evaluation.

Course Objectives;

****Note! This is an ADVANCED course. Attendees are experienced licensees and are expected to bring some level of expertise to the course as a given.**

Students will LIST and then review the 'Disclosures' legally required

Students will review the included checklists and present to another student to insure competence.

Students will complete a "Reasonable Care" Exercise

*We will **practice** the delivery to another person in class.*

Students will complete a 'Case Study' and identify the 'Red Flags' for another student.

Question: Will you use a "Duties Owed" on every transaction? How about a "Residential Disclosure Guide"? Will you have an ESCROW every time? Will there ALWAYS be an RPA - no matter which side you represent?

On a Scale of 1-10 - my explanation of those items would be a _____

Would your last Client AGREE with your assessment?



Introduction:

Real estate transactions have many facets. First we meet a PROSPECT - our obligation to a 'PROSPECT' is Honest, Fair & Disclose MATERIAL Facts.

At a certain point, they *might* become a CLIENT. What IS that point?

At THAT POINT we owe them further Duties and Responsibilities - including the obligation to protect them from "*reasonably foreseeable harm*".

This course has been designed to review some of the mllior areas that a "**licensee**" needs to be aware of under the law and administrative code. " I didn't know. "**OR** " *forgot.*" are not adequate defenses.

Anything that is on the State Exam to get your license is a topic that you are expected to know. There ARE questions on the Exam about Property Condition disclosures, Escrow, Loans/I.ending, so, while you are not an EXPERT, nor are you LICENSED for those areas, you are still expected to foresee the pitfalls.

The easiest way to MAKE SURE you've covered these concerns, CHECKLISTS, *especially, when the CLIENT signs them* is clear evidence that you DID have the discussion with your Client - even though they may have 'selective amnesia.

Exercise 1 - Make a list of all the 'Required Disclosures' your Company requires for a residential transaction:

Duties Owed & Residential Disclosure Guide, HUD Disclosure 'Before You Buy' and 'Did You Know?' CIC disclosure, are 'givens'.

Pair Up -See if your neighbor got some you missed.

Does your Company have some type of 'Receipt' or Checklist for this?



Question: On a Residential E.R. listing-does your Company require a Net Sheet?

How about a signed Market Analysis (C.M.A.)?

NAR Code of Ethics - Standard of Practice 1-3

Realtors®, in attempting to secure a listing, shall not deliberately mislead the owner as to market value.

O.K., now let's check our work - using the 'Handout' the Residential Disclosure Guide - what did you miss?

NRS 645.252 Duties of licensee acting as agent in real estate transaction. A licensee who acts as an agent in a real estate transaction:

1. Shall disclose to each party to the real estate transaction as soon as is practicable:

(a) Any material and relevant facts, data or information which the licensee knows, or which by the exercise of reasonable care and diligence should have known, relating to the property which is the subject of the transaction.

2. Shall exercise reasonable skill and care with respect to all parties to the real estate transaction.

'What would someone with a _____ background do in _____ circumstances?'

****Worth noting NRS 645.252 ACTUALLY EXEMPTS the licensee from...**

1. Unless otherwise agreed upon in writing, owes no duty to:

(a) Independently verify the accuracy of a statement made by an inspector certified pursuant to chapter 645D of NRS or another appropriate licensed or certified expert.

(b) Conduct an independent inspection of the financial condition of a party to the real estate transaction.

(c) Conduct an investigation of the condition of the property which is the subject of the real estate transaction.

Was it ON the Exam?

NRS 645.254 Additional duties of licensee entering into brokerage agreement to represent client in real estate transaction. A licensee who has entered into a brokerage agreement to represent a client in a real estate transaction:

L Shall exercise reasonable skill and care to carry out the terms of the brokerage agreement and to carry out his or her duties pursuant to the terms of the brokerage agreement;



Because you are licensed, the Consumer has the right to **"justifiably rely"** and if it is **"to their harm"** the 'Lawsuit Provision kicks in. To wit;

If they are damaged???

NRS 645.257 Action to recover damages suffered as result of licensee's failure to perform certain duties; standard of care.

1. A person who has suffered damages as the proximate result of a licensee's failure to perform any duties required by NRS 645.252, 645.253 or 645.254 or the regulations adopted to carry out those sections **may bring an action against the licensee** for the recovery of the person's actual damages.

2. In such an action, any **knowledge of the client** of the licensee of material facts, data or information relating to the real property which is the subject of the real estate transaction **may not be imputed** to the licensee.

3. In an action brought by a person against a licensee pursuant to subsection 1, the standard of care owed by a licensee is the degree of care that a reasonably prudent real estate licensee would exercise and is measured by the degree of knowledge required to be obtained by a real estate licensee pursuant to NRS 645.343 and 645.345.

Residential Disclosure Guide

Published by?
Let's review ...
Any surprises?



Do we even have Open Range land in Clark County?

What were your biggest "Aha's" from that exercise? _____

Since there WILL BE an RPA on every transaction - regardless of which party you represent---what do you see as the biggest changes from the old RPA?

***What is the 'Rule against perpetuities, and, what does that have to do with the Due Diligence period and the walk through?*

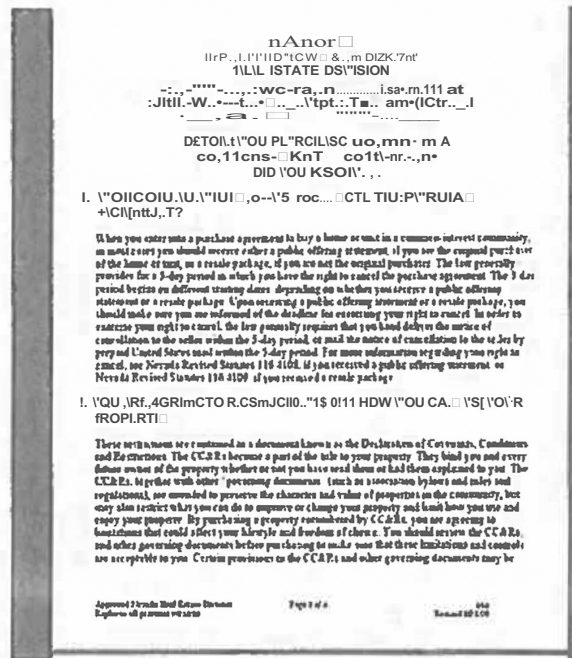
Is the BUYER responsible to check Zoning?

Flood Zones?

What is the Zombie/Ghost - Dead People rule? Diedinhouse.com \$12



Clark County Zoning? 702-455-4314
City of Las Vegas 229-6301
Henderson 565-2474
North Las Vegas 633-1537
Boulder City 293-9282



Handout from Ombudsman's office - what's different?

What% of SFR's in Clark County are a part of a C.I.C.? _____

There is a tax/assessment per door that is used to fund the Ombudsman's office - how much is it? \$4.25/door. (The 2015 legislature did change this amount effective 7/1/2016 and allowed them to go to \$5.00)

Next Exercise - With a NEW partner - whoever has been licensed the longest, show your partner how you present the "Before You Buy" document. *'What do you mean I have to get rid of my 4 dogs?'* *'I can't rent it out?'* *'I have to park my truck outside the community?'* - *'They told me no 'Pit Bulls, nor any 'Pit Bull' mix, - is that legal?'*

*If there is no HOA - might there still be CC&R's?

Who do I call when my neighbor has dead cars?

Would a CLIENT say they were damaged by this?



****NOW, get/give FEEDBACK!**

Exercise 2- WHY/HOW can a Buyer back out (or cancel) a sale after the seller has accepted their offer?

If the Seller turns off/the utilities and the Buyer cannot complete the walk through - what happens to the "Closing Date"?

Question; Do you consider a 'Walk Through' a Disclosure or an Inspection?

Have you EVER had a Construction Defect disclosure given to your Buyer? (NRS 40.600 - 40.695)

NRS 40.688 Disclosure of defects by claimant to prospective purchaser of residence required; timing and contents of disclosure; duty of attorney to inform claimant of disclosure requirement.

I. If a claimant attempts to sell a residence that is or has been the subject of a claim governed by NRS.40,600 to 40,695, inclusive, the claimant shall disclose, in writing, to any prospective purchaser of the residence, not less than 30 days before the close of escrow for the sale of the residence or, if escrow is to close less than 30 days after the execution of the sales agreement, then immediately upon the execution of the sales agreement or, if a claim is initiated less than 30 days before the close of escrow, within 24 hours after giving written notice to the contractor pursuant to NRS 40.645:

The PRIME years for Kitech were 1996-2004 but it could be as early as 1991 and as late as 2006. There's a web site - www.plumbingdefect.com

Are you familiar with 'Chinese Drywall'?

Would the Pre-Lim show a 'Lis Pendens' for a Construction Defects lawsuit?

What's the difference between "Vacant" & "Unoccupied" - and who cares?

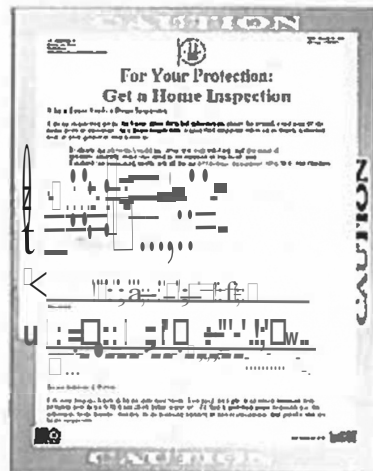
***Clearly - MOST properties will be on 'City Water' BUT, IF there is a Well - what Red Flags does that raise?**

Is it a 'Community Well' and can the Seller provide a copy of the 'Well Agreement'?

The FBI Sex Offender Registry and the EPA's EnviroMapper, where you can search info on air quality, drinking water, hazardous wastes and more by zip code



Does the one you use look like this?
There's a 17 Page version at HUD.gov site.
Home Inspectors are well trained and LICENSED.



Property Inspections- What is the licensee supposed to do? Latent vs. Patent?

Probably your best DEFENSE In this area is the fully executed S.R.P.D. If you meet the Property Inspector at the property- DON'T DISTRACT THEM! If your CLIENT wants to help the Property Inspector- remind them that THEY don't have a license!

Does your Home Inspector have any advanced Certifications? Mechanical v. Structural?

Are they Certified for Mold? Mold Inspections run about \$350-\$1,000

Roof Certifications run about \$300-\$1,500

Pest Inspections; \$45-\$85

What do you know about Asbestos and/or Lead Based Paint?

Meth Labs? Radon? Thermal Imaging?

How much is a re-inspection?

Will the Inspector do the 'Walk Through? How much?

What is 'Ground Subsidence' and how would you know? (Seismic Risk?)

Who does Septic Tank Inspections? ****Answer 'Clark County Health District.'** Even if the home is connected to city sewer - there still might be a septic tank.

Other thoughts:



Case Study What 'Red Flags' do you see with this scenario?

Lorrie licensee met Bill Buyer at her \$850,000 listing she was holding Open. Bill decided to make an offer on the property and told Lorrie that he was pre-approved for up to \$1mill. and that he was aware that he'd need to provide p.o.f. and showed Lorrie his bank statement that reflected \$2 mill.+ on deposit.

Bill asked Lorrie if she thought the Seller would consider \$800,000 cash - close in 7 days, Bill said he had a home inspector that could be there within a day of offer acceptance and that he would get an appraisal - even though he was paying cash. Bill asked Lorrie about the Solar panels and how much the utility bills were running. He also asked Lorrie about parking his 32' RV - and his 3 precious Min-Pins...

Lending Disclosure overview -TRID, RESPA & TILA

Truth in Lending- RESPA- Integrated Disclosures

The image displays two screenshots of a mortgage disclosure form. The left screenshot shows the 'Loan Estimate' section, which includes fields for the loan amount, interest rate, and closing costs. The right screenshot shows the 'Closing Cost Details' section, which provides a breakdown of various fees and charges, including origination fees, processing fees, and other lender charges.

GFE rules and requirements-What is an "estimate?"

What if the amount changes between the "Estimate" and the Closing? Do I need to 're-disclose and what happens to my closing date?

How does a Lender get an Appraisal?

*Oops - no smoke detectors? Re-Appraisal? How much/when?



Appraisal 'Red Flags'

- Improvements to the property!
- Were they permitted?
- How does the roof look?
- How old is the pool?
- Why did they only paint one room?



How long is a NEW ROOF NEW?

Are there 'Earthquake Straps' on the Water heater?

Home Warranties

Probably your *best DEFENSE* in *this* area is to HELP the client review the different policies readily available in this market. The two BIGGEST things to cover are a) what IS covered, and, b) what is NOT covered. As an agent NRS is clear, (in part)...

NRS 645.645 Additional grounds for disciplinary action: Unprofessional and improper conduct relating to sale of insurance FOR home protection. The Commission may take action pursuant to NRS 645.6, against any person selling insurance for home protection, as defined in NRS 6901j.JOO, under the authority of a license issued pursuant to this chapter who:

1. Makes a misrepresentation in the sale of insurance for home protection.
2. Misrepresents the provisions of the contract of insurance for home protection.

****Oh, snap, the a.c. went out and we need a 'Crane' to lift the new unit in and the old unit out. Is that covered? What about 'Earthquake straps'? What is the 'Freon Rule'?**

Escrow Instructions

As an agent- what are you responsible for to deliver "Reasonable Care"?

****Since there will be an ESCROW with every transaction - how much should you know? _____**

Who picks Escrow/Title Company?

Who pays Escrow Fee? Who pays for Title Insurance?

Do you accompany your client to the signing?

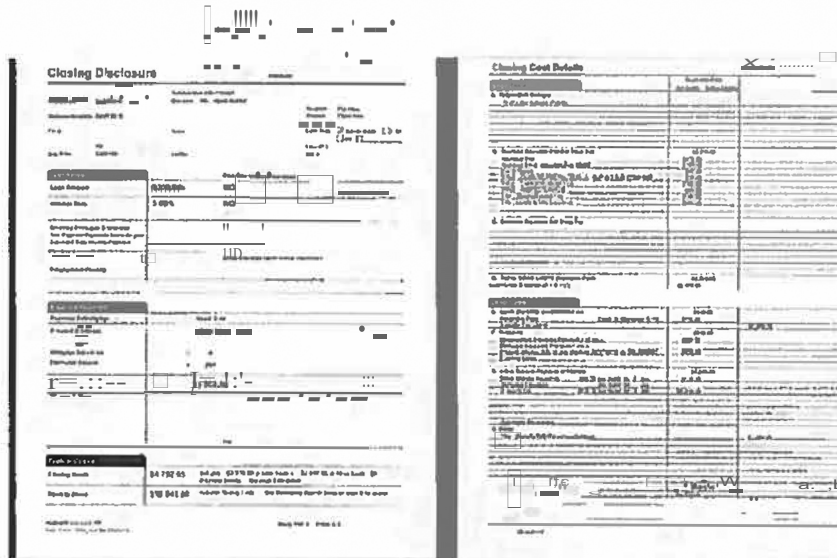
Did they get the opportunity to look over everything BEFORE they went to escrow.



Did they get a 'One Sheet' on Vesting? OMG, they didn't ask YOU how they should take title, did they? And, you didn't answer, did you?

Does your LENDER attend the signing?

At what point did the Escrow officer give them the 'estimate' needed to close?



Prelim & Title Issues – Challenges with Liens

As an agent - what are you responsible for to deliver "Reasonable Care"?

What is "Extended Coverage"? and how much does it cost?

What Is a 'Binder' (*it's MORE than ONE thing!) and how much is *that*?

Have you discussed 'wire transfers'?

UCCI - There is 'Solar' on the house - what red flags does that raise? Oh, and there's a really nice Water Conditioner in the garage. .

Does the Clients Name match everywhere? OOPS!! NOW you tell me, the property Is in the name of a Trust and the Client cannot find the Trust Documents. What do you do?

The Buyers LOAN is in their name - but they want to take Title in the name of a Family Trust - is that o.k.?



Recap & Review—what did you learn?
